

**REGULAR MEETING OF THE
MONTANA BOARD OF INVESTMENTS
DEPARTMENT OF COMMERCE**

**2401 Colonial Drive, 3rd Floor
Helena, Montana**

May 12 & 13, 2009

AGENDA

- | | | |
|------------------------|---|-------------------|
| I. | CALL TO ORDER | 10:00 a.m. |
| | A. Roll Call | |
| | B. Approval of the February 10 & 11, 2009 Regular Meeting Minutes | |
| | C. Executive Session (Closed Meeting) | 10:10 a.m. |
| | D. Administrative Business | 10:30 a.m. |
| | 1. Human Resource Committee Report | |
| | 2. Loan Committee Report | |
| | E. Public Comment - <i>Public Comment on issues with Board Jurisdiction</i> | 10:45 a.m. |
| II. | EXECUTIVE DIRECTOR REPORTS – Carroll South | 10:50 a.m. |
| | A. Legislative Update – Informational | |
| | B. Trust Fund Bond Pool Recommendation - Decision | |
| | C. Revised Job Profile, Alternative Investment Portfolio Manager - Decision | |
| III. | QUARTERLY PERFORMANCE REPORTS | 11:15 a.m. |
| | A. Pension Funds and Investment Pools – R.V. Kuhns and Associates | |
| BREAK for LUNCH | | |
| IV. | SECURITY LENDING REVIEW | |
| | R.V. Kuhns and Associates | 1:00 p.m. |
| | State Street Securities Finance – Mr. Johnson Shum | 1:45 p.m. |
| V. | INVESTMENT ACTIVITIES/REPORTS – Cliff Sheets, CFA, CIO | 2:45 p.m. |
| | A. Retirement System Asset Allocation Report | |
| | B. Private Equity (MPEP) | |
| | 1. Portfolio Holdings and Recent Activity | |
| | 2. Private Edge Reports (as of December 31, 2008) | |
| | C. Real Estate | |
| | 1. Portfolio Holdings and Recent Activity | |
| | 2. Private Edge Reports (as of December 31, 2009) | |
| | D. Investment Pool Strategies | |
| | 1. Domestic Equity (MDEP) | |
| | 2. International Equity (MTIP) | |
| | 3. Manager Watch List | |
| | 4. Fixed Income Strategy Statements | |
| | i. Bond Pools (RFBP and TFBP) | |
| | ii. Short-term (STIP) and Other Fixed Income Portfolios | |
| | iii. Below Investment Grade Holdings Report | |

ADJOURNMENT

5:00 p.m.

**REGULAR MEETING OF THE
MONTANA BOARD OF INVESTMENTS
DEPARTMENT OF COMMERCE**

AGENDA – DAY 2

- RECONVENE AND CALL TO ORDER** **8:30 a.m.**
A. Roll Call
- EXTERNAL MANAGER PRESENTATIONS**
- Quantitative Management Associates – Domestic Large Cap Value** **8:35 a.m.**
- Steven Bloom, Principal
 - John Leib, Vice President – Portfolio Manager
- BREAK 15 Min.**
- Barclays Global Investors – International Large Cap Core** **9:45 a.m.**
- Trey Heiskell, CFA, Senior Client Relationship Officer
 - Daniel J. Blumhardt, CFA, CAIA, Investment Strategist, Active Equities Group
- VI. BOND PROGRAM – Louise Welsh** **11:00 a.m.**
- A. INTERCAP
1. Activity Report
 2. Staff Approved Loans Report
- B. QZAB Bond Resolution No. 223 – Recommendation/Decision – Geri Burton
- VII. MONTANA LOAN PROGRAM – Herb Kulow** **11:30 a.m.**
- A. Commercial and Residential Portfolios Report
- ADJOURNMENT** **12:00 p.m.**

The Board of Investments makes reasonable accommodations for any known disability that may interfere with a person's ability to participate in public meetings. Persons needing an accommodations must notify the Board (call 444-0001) or write to P.O. Box 200126, Helena, Montana 59620) no later than three days prior to the meeting to allow adequate time to make needed arrangements.

Call to Order

**MONTANA BOARD OF INVESTMENTS
DEPARTMENT OF COMMERCE**

**2401 Colonial Drive, 3rd Floor
Helena, Montana
May 12 & 13, 2009**

MINUTES

BOARD MEMBERS PRESENT:

Terry Moore, Chairman
Elouise Cobell – May 13, 2009
Teresa Cohea
Karl Englund
Maureen Fleming
Patrick McKittrick
Jack Prothero
Jon Satre
Jim Turcotte

BOARD MEMBERS ABSENT:

Elouise Cobell – May 12, 2009

STAFF PRESENT:

Polly Boutin, Accountant
Jason Brent, Investment Analyst
Geri Burton, Deputy Director
Richard Cooley, CFA, Portfolio Manager
Kim Dallas, Program Assistant/Board Secretary
Roberta Diaz, Accountant
Tim House, Chief of Investment Operations
Ed Kelley, Alternative Investment Analyst
Teri Kolnik, Alternative Investment Analyst
Herb Kulow, Portfolio Manager
Gayle Moon, Accounting Fiscal Manager

Rande Muffick, CFA, Portfolio Manager
Jon Putnam, Investment Analyst
Nancy Rivera, Credit Analyst
John Romasko, Fixed Income Investment Analyst
Nathan Sax, CFA, Portfolio Manager
Clifford A. Sheets, CFA, Chief Investment Officer
Jon Shoen, Investment Analyst
Carroll South, Executive Director
Steve Strong, Investment Analyst
Louise Welsh, Bond Program Officer
Dan Zarling, CFA, Director of Research

GUESTS:

Jim Voytko, R.V. Kuhns and Associates
Becky Gratsinger, R.V. Kuhns and Associates
Chris Phillips, Montana Board of Investments
Johnson Shum, State Street Securities Finance
Steven Bloom, Principal, Quantitative Management Associates
John Leib, Vice President – Portfolio Manager, Quantitative Management Associates
Trey Heiskell, CFA, Senior Client Relationship Officer, Barclays Global Investors
Daniel J. Blumhardt, CFA, CAIA, Investment Strategist, Barclays Global Investors

CALL TO ORDER

Chairman Terry Moore called the regular meeting of the Board of Investments (Board) to order at 10:00 a.m. in the conference room at 2401 Colonial Drive, 3rd Floor, Helena, Montana. As noted above, the meeting convened with eight members of the Board present. Member Elouise Cobell was absent on May 12, 2009, joining the meeting on May 13, 2009.

Executive Session

Chairman Moore, as presiding officer, determined that the demands of individual privacy clearly exceed the merits of public disclosure, as such; the regular meeting was adjourned and went into a Closed Executive session at 10:07 a.m.

The regular meeting of the Board reconvened at 10:25 a.m.

Approval of Minutes

Member Karl Englund motioned for approval of the February 10 & 11, 2009 minutes; Member Jim Turcotte seconded the motion and the motion was passed 8-0.

Chairman Moore announced that the agenda item Administrative Business - Committee Reports: Human Resource Committee and Loan Committee will be reported tomorrow, Wednesday, May 13, 2009.

Staff Introductions

Ms. Polly Boutin introduced Ms. April Madden as the newest addition to the BOI Accounting Staff.

Ms. Geri Burton introduced Mr. Ryan Lindsay and Ms. Rissy Bell of Galusha Higgins and Galusha. Galusha Higgins and Galusha is the firm hired by the Board of Investments and will be completing the internal audit.

Public Comment

Chairman Moore called for Public Comment of Board-Related Items. *No Public Comment made.*

EXECUTIVE DIRECTOR REPORTS

Legislative Update

The 2009 Legislature adjourned on April 28, 2009 – the 90th day. Out of 2,369 bill drafts requested, 1,316 were introduced and considered by the legislature.

Due to the projected downturn in state revenues, there were no base salary increases approved for state employees for the next two years. State employees whose annual base salary is \$45,000 or less will receive a one-time lump sum payment of \$450.00 in July 2009. The state's contribution to health insurance was increased.

House Joint Resolution 35 which requires a study of state employee bonuses passed the House 99/1 and the Senate 43/7:

A joint resolution of the Senate and the House of Representatives of the State of Montana requesting an interim legislative study of pay policies and practices on bonuses for state government employees; articulating policy goals; and requiring a report of findings and recommendations to the 62nd Legislature.

While the legislature does not “appropriate” funds to the Board, it does set the maximum fee the Board may charge the accounts it manages. The legislature approved the Board's requested fee authority as follows: Fiscal 2010 \$4,819,844 and Fiscal 2011 \$4,768,607

There were two bill draft requests that would have impacted the Short Term Investment Pool (STIP). The first would have split the STIP between state and local government participants (STIP currently includes both state and local government participants). The second would have authorized local governments to create and manage their own pool. Neither bill was introduced.

House Bill 659 authorizes a study of the retirement systems and appropriates \$200,000 so the committee assigned to the study may hire actuaries/consultants. The bill passed the House 55/44 and the Senate 38/12.

An act directing the State Administration and Veterans' Affairs Interim Committee to examine and recommend the 62nd Legislature funding and benefit changes in the statewide Public Employees' and Teachers' Retirement Systems; providing an appropriation; and providing an effective date.

House Bill 11 authorizes the Board to lend up to \$6,512,000 to the Department of Commerce to fund Treasure State Endowment Projects.

Last, Mr. South reported that the five members appointed by Governor Schweitzer to the Board have been confirmed by the Senate.

Trust Fund Bond Pool (TFBP) Recommendation

The TFBP was created on October 1, 1995 to provide a mutual fund type investment vehicle for the state's trust funds. Currently, there are 32 participants, most of which are trusts, and the portfolio holds 240 individual bond issues with an aggregate book value of \$1.62 billion.

Approximately 80.0 percent of TFBP participants are non-expendable trusts, the corpus of which will not be spent. These trusts incur no risk of having to "sell" shares at a loss when the share value has fallen due to the value of the bonds in the portfolio – their shares will be held to perpetuity. They are, however, very sensitive to the monthly amount and predictability of income distributions from the pool. The legislature appropriates all interest income generated by these trusts and the trust administrators depend upon the income distributions to fund operations, grants, etc. The remaining 20.0 percent of the participants are expendable trusts or university accounts that depend upon the monthly income distributions from the pool to fund operations or environmental remediation efforts.

Mr. Carroll South and Mr. Cliff Sheets presented the following staff recommendations relating to the Trust Fund Bond Pool (TFBP) in the interest of diversifying the sources of income within the pool:

Recommendation 1: That up to 8.0 percent of the TFBP be invested in core real estate.

Staff recommends that up to 8.0 percent of the TFBP be invested in open-end commingled "core" real estate funds. The Board currently invests \$165.0 million of retirement fund assets in three core funds and would use one or more of these funds in which to invest TFBP funds. Funds would be invested opportunistically over a period of time to ensure that real estate valuations were at reasonable levels when investments were made.

Recommendation 2: That up to 10.0 percent of the TFBP be invested in high yield bonds.

Staff recommends that up to 10.0 percent of the TFBP be invested in open-end commingled "high yield" bond funds. At its February 2008 meeting, the Board, at the request of staff, approved an allocation of up to 15.0 percent of the Retirement Funds Bond Pool to high yield bonds. The allocation was requested to increase the diversification of the pool, which historically had consisted solely of government securities and investment grade fixed income securities.

Recommendation 3: That the existing bond portfolio be transitioned to a core portfolio.

Staff recommends that the core of the current TFBP bond portfolio be transitioned to a more "core-like" portfolio that will be managed closer to the mix of the Barclays Capital Aggregate Bond Index.

Recommendation 4: That the pool's name be changed to Trust Funds Investment Pool.

Motion: Member Jim Turcotte motioned for approval of the staff recommendations as presented; Member Jon Satre seconded the motion and the motion was unanimously approved 8-0.

Revised Job Profile – Alternative Investment Portfolio Manager

Member Terry Cohea, Human Resource Committee Chair, reported that the recommendation and decision of the Revised Job Profile will take place under Administrative Business - Committee Reports: Human Resource Committee on Wednesday, May 13, 2009.

Ms. Cohea also reported that three revisions were made to the Job Profile:

1. Manages the Private Equity Investment Program – change weight percentage from 65% to 60%;
2. Manages the Real Estate Program – change weight percentage from 35% to 30%;
3. Add “Other” and the weight percentage will be 10%.

CONSULTANT REPORTS

Quarterly Investment Performance Reports

R. V. Kuhns and Associates reviewed the current market environment and the March and April market improvements. The first quarter of 2009 continued much as 2008 ended, with returns of most asset classes down significantly. Information Technology was the only sector in the S&P 500 to post a positive return during the first quarter. The Financial sector was the worst-performing sector during the quarter as well as for the one, three, and five year trailing periods. Growth stocks outperformed their value counterparts and large capitalization stocks outperformed smaller stocks during the quarter. Internationally, no sector, measured by the MSCI All Country World Ex US, has posted a positive return over the trailing three-year period. Emerging markets was one of the few asset classes during the quarter to post a positive return after having the worst returns of the major asset classes during 2008. The Barclays Capital Aggregate Bond Index was led by Asset Backed Securities but only posted slim gains because of the struggles by Long Corporates and Treasuries. The Treasury yield curve increased by between 10 and 90 basis points over all maturity ranges during the quarter.

As of March 31, 2009, the total combined assets of the Montana Board of Investment Retirement Plans were approximately \$5.5 billion. The asset allocation of the total fund vs. peers (other public plans) shows a greater allocation to alternatives and real estate, and less allocation relative to peers to domestic fixed income. The allocation to both domestic and international equity is near the peer universe median.

Over the trailing three year period, a risk/return assessment of the Retirement Plan shows greater return and less risk than both the peer universe median and the plan benchmark. Over the trailing seven years, the Retirement Plan has exhibited greater returns, but an increased risk level relative to the benchmark. Compared to other public plans, the Retirement Plan demonstrated less return and less risk in a reasonable trade-off over the trailing seven years.

Net of fees, the Retirement Plans, as represented by the Public Employees’ Retirement Plan, returned -7.15% for the first quarter and -26.76% for the fiscal year to date, underperforming the benchmark by 13bps and 24bps respectively. This performance ranked below median in a universe consisting of nearly 120 public plans. Over the trailing one, three, five, and ten year periods, the Retirement Plans have outperformed the benchmark. Performance and ranking for the other retirement plans was similar.

Over the trailing three year period, a risk/return assessment of the Retirement Plan shows greater return and less risk than both the peer universe median and the plan benchmark. Over the trailing seven years, the Retirement Plan has exhibited greater returns, but an increased risk level relative to the benchmark. Compared to other public plans, the Retirement Plan demonstrated less return and less risk in a reasonable trade-off over the trailing seven years.

The Domestic Large Cap Equity composite returned -10.21% for the first quarter and -37.42% for the fiscal year to date (net of fees), outperforming the benchmark by 25bps in the first quarter and underperforming the benchmark by 34bps for the fiscal year to date. Relative to the peer universe consisting of other large cap equity managers, performance ranked below median. The Domestic Mid Cap Equity composite returned -7.08% for the first quarter and -37.89% for the fiscal year to date (net of fees), outperforming the benchmark by 190bps and 446bps respectively and ranking above median. The Domestic Small Cap Equity composite returned -11.04% for the first quarter and -37.56% for the fiscal year to date (net of fees), outperforming the benchmark by 391bps and 30bps respectively and ranking above median. The International Large Cap Equity composite returned -12.26% for the first quarter and -48.87% for the fiscal year to date (net of fees), underperforming the benchmark by 155bps and 302bps respectively. Relative to the peer universe of other international large cap equity managers, first quarter performance was slightly above median, and fiscal year to date performance was below median. The International Small Cap Equity composite returned -12.12% for the first quarter and -48.97% for the fiscal year to date (net of fees), underperforming the benchmark by 257bps and 250bps respectively and ranking below median.

The special report of since inception external traditional asset investment manager performance was discussed and requested for future inclusion in Board materials. Since inception, the composites lagging their benchmarks most were the Domestic Large Cap Enhanced, International Large Value, International Large Growth, and International Large Core Equity. Western Asset contributed most to the Domestic Large Cap Enhanced performance due to their fixed income performance issues. Additional manager observations were discussed.

ADJOURNED

The meeting adjourned for lunch at 12:20 p.m.

RECONVEYNE

The meeting reconvened at 1:00 p.m.

INVESTMENT ACTIVITY

Asset Allocation Report

Mr. Cliff Sheets presented the Retirement Systems Asset Allocation Report for the quarters ending December 31, 2008 and March 31, 2009. In addition, the changes between these two quarters were also presented. Notable allocation changes made to the Retirement Systems during the quarter ending March 31, 2009 were: MPEP received an allocation of \$16 million; Real Estate received \$12 million and MTIP received \$20.55 million. These additions were largely funded by sales of the RFBP totaling approximately \$63 million.

Private Equity (MPEP)

Mr. Dan Zarling reviewed the Private Edge reports showing by strategy the total exposure by market value and outstanding commitments, the Attribution Analysis Report and the Portfolio Holdings Performance Report for the period ending December 31, 2008. Mr. Zarling also reviewed the MPEP Holdings Report as of March 31, 2009 and two new fund commitments made since the February Board Meeting.

<u>Fund Name</u>	<u>Vintage</u>	<u>Subclass</u>	<u>Sector</u>	<u>Amount</u>	<u>Date</u>
Hellman & Friedman Fund VII	2009	Buyout	Mid-Large	\$15 M	3/24/2009
TA Associates Fund XI	2009	Venture	Growth Equity	\$10 M	4/7/2009
Total New Commitments				\$25 M	

Real Estate (MTRP)

Mr. Dan Zarling reviewed the Private Edge reports showing the total exposure by market value, the geographic and property type diversification reports, the Detailed Portfolio Performance Report and real estate fund commitments made for the period ending December 31, 2008. Mr. Zarling also reviewed the MTRP Holdings Report as of March 31, 2009. There were no new investment commitments made by staff to report since the February Board meeting.

SECURITY LENDING REVIEW

R.V. Kuhns and Associates

RVK presented a general education presentation on securities lending to the Montana Board of Investments. Securities lending is a commonly used investment strategy in which institutional investors make short term loans of their otherwise idle securities to earn incremental revenues from the holdings of their active managers. The loan results in a transfer of title to the borrower who is obligated to return the same security.

Institutional investors typically lend securities through an agent (typically the custodian). The agent facilitates the securities lending program and benefits through a negotiated split in the incremental revenue received through the program.

Associated risk factors of securities lending must be understood and monitored. General factors to consider include the utilization of securities (on loan balances), cash and non-cash collateral received on loaned securities (102% for US loans, 105% for non US loans), counterparty exposure, reinvestment guidelines of the agent and investment risk

exposure, and earnings and revenue splits. Periodic review of the program with the lending agent is highly recommended.

In the past year, liquidity issues have spread throughout the markets, including securities lending programs. Maturity on cash collateral reinvestment pools has increased; thus increasing risk. As a result, reinvestment parameters have become more conservative. Agents have discouraged participants from exiting securities lending programs entirely.

After RVK finished presenting the overview of securities lending, State Street Securities, the Montana Board of Investments custodian, presented a comprehensive review of their securities lending program.

State Street Securities Finance

Mr. Johnson Shum provided to the Board an in-depth review of the State Street Securities Lending Program. In addition, Mr. Shum reviewed the Board of Investments Securities Lending activity with Board and staff, including a review of the historical earnings, their source, and the investment exposures within the two cash collateral pools managed by State Street. BOI received record earnings from the program of \$12.4 million in 2008, and \$3.5 million during the first calendar quarter of 2009.

INVESTMENT ACTIVITY continued

Chairman Terry Moore was absent from the meeting during this time. Vice Chairman Terry Cohea presided over the meeting during this time.

Domestic Equity (MDEP)

Mr. Rande Muffick presented the Montana Domestic Equity Pool Report as of March 31, 2009 and a summary of recent market trends.

International Equity (MTIP)

Mr. Rande Muffick presented the Montana International Equity Pool Report for the period ending March 31, 2009 and discussed market trends during the quarter.

Chairman Moore rejoined the meeting at this time, and Member Jon Satre excused himself from the meeting at this time.

Public Equity External Managers Watch List

Mr. Rande Muffick presented the External Managers Watch List – Quarterly Update. The Watch List criteria were established in accordance with the Montana Board of Investments Public Equity Manager Evaluation Policy, adopted by the Board on May 14, 2008.

<u>Manager</u>	<u>Style Bucket</u>	<u>Reason</u>	<u>Inclusion Date</u>
Principal Global	International – LC Growth	Performance	March 2008
Western Asset	Domestic - LC Enhanced	Performance, Tracking Error	March 2008
NorthPointe	Domestic- SC Growth	Performance	August 2008
Acadian	International – LC Value	Performance, Process	February 2009
Hansberger Global	International – LC Growth	Performance, Risk Controls	February 2009
Martin Currie	International – LC Growth	Performance, Risk Controls	February 2009
Goldman Sachs	Domestic - LC Enhanced	Organization/Personnel	May 2009
Batterymarch	International – LC Core	Performance, Process	May 2009

During the quarter, two managers were added to the Watch List. Goldman Sachs Enhanced Large Cap was placed back to the Watch List amid renewed organizational concerns. Two of the four executives heading up the

Quantitative Investment Strategies Group retired abruptly, causing further reshuffling of personnel and duties. Batterymarch International was added to the Watch List based upon underperformance and concerns related to the overall effectiveness of their quantitative model.

There were no removals from the Watch List during the quarter. Principal Global International Growth, Acadian International Value, Martin Currie International Growth, Hansberger International Growth, Western Asset Management Enhanced Plus, and NorthPointe Capital Small Cap Growth remain on the Watch List. It should be noted, however, that risk control issues for Martin Currie and Hansberger have been resolved and staff has seen a significant improvement in relative performance as well for Hansberger.

There were no manager terminations during the quarter.

Fixed Income

Mr. Nathan Sax presented the Fixed Income Overview and Strategy.

Mr. Richard Cooley presented the Short-Term Investment Pool, State Fund Insurance, and Treasurer's Fund Portfolio Reports.

Mr. Cliff Sheets presented the Non-Investment Grade Holdings Report.

ADJOURNED

The meeting adjourned for the day at 5:15 p.m.

CALL TO ORDER

The meeting was reconvened Wednesday, May 13, 2009 at 8:30 a.m. with nine members of the Board present.

ADMINISTRATIVE BUSINESS

Chairman Moore presented the following Administrative Business:

Human Resources Committee Report

Motion: On behalf of the Human Resource (HR) Committee, Member Terry Cohea, Human Resource Committee Chair, presented and motioned for approval of the following recommendations:

1. The HR Committee recommends that the Board approve a 3.0 percent annual salary increase for Nathan Sax, the same increase that all state employees received in fiscal year 2009. Mr. Sax has been with the Board for one year.
2. The HR Committee recommends that the Board approve the compensation level for Jon Shoen who will be filling the Alternative Investment Portfolio Manager position.
3. The HR Committee recommends that the Board approve the revised Job Profile for the Alternative Investment Portfolio Manager submitted by staff.

Member Maureen Fleming seconded the motion and the motion was unanimously approved 9-0.

PRESENTATIONS

Quantitative Management Associates

Mr. Rande Muffick introduced Mr. Steven Bloom and Mr. John Leib. Mr. Bloom and Mr. Leib reviewed their firm and management style. Quantitative Management Associates manages a domestic large cap value portfolio held in the Domestic Equity Pool.

Barclays Global Investors

Mr. Rande Muffick introduced Mr. Trey Heiskell and Mr. Daniel J. Blumhardt. Mr. Heiskell and Mr. Blumhardt reviewed their firm and management style. Barclays Global Investors manages an international large cap core portfolio held in the International Equity Pool.

BOND PROGRAM

Activity Report

The Board reviewed this report for the period ending March 31, 2009.

Loan Committee Approved Loans

The Loan Committee reviewed and approved an INTERCAP loan request and authorized staff to proceed with processing and closing this loan using the Board’s standard Bond Program Office procedures:

Borrower:	Montana Department of Transportation (MDT)
Purpose:	Finance vehicle purchases for its State Motor Pool
Loan Committee Approval Date:	April 6, 2009
Board Loan Amount:	\$2,811,962
Term:	7 years

Staff Approved Loans Report

The Board reviewed this report for the period of January 1 – March 31, 2009:

Borrower:	Town of West Yellowstone
Purpose:	Purchase a 2008 Caterpillar 938H Wheel Loader
Staff Approval Date	January 9, 2009
Board Loan Amount:	\$135,500
Term:	10 years

Borrower:	Missoula Rural Fire District
Purpose:	Purchase a 2010 International 7200 Water Tender.
Staff Approval Date	January 26, 2009
Board Loan Amount:	\$200,000
Term:	10 years

Borrower:	City of Laurel
Purpose:	Purchase a 2008 FL-106 Interface 1250C Pumper Truck.
Staff Approval Date	January 27, 2009
Board Loan Amount:	\$200,000
Term:	10 years

Borrower:	City of Bozeman
Purpose:	Finance costs associated with constructing and furnishing Fire Station #3
Staff Approval Date	February 4, 2009
Board Loan Amount:	\$890,000
Term:	10 years

Borrower:	Gallatin County
Purpose:	Finance costs associated with constructing and equipping a 911 Center.
Staff Approval Date	February 5, 2009
Board Loan Amount:	\$1,000,000
Term:	10 years

Borrower:	City of Great Falls
Purpose:	Finance costs associated with design and installation of Bootlegger Addition – Phase 1

	street lights
Staff Approval Date	February 12, 2009
Board Loan Amount:	\$36,346
Term:	15 years

Borrower:	Town of Kevin
Purpose:	Purchase a 1995 International 4900 solid waste (refuse) truck and household containers
Staff Approval Date	February 23, 2009
Board Loan Amount:	\$48,000
Term:	7 years

Borrower:	Lewis & Clark County
Purpose:	Finance costs associated with Sky View Rural Improvement District #2008-9 road improvements
Staff Approval Date	February 25, 2009
Board Loan Amount:	\$76,104
Term:	10 years

Borrower:	Lewis & Clark County
Purpose:	Finance costs associated with Fox Crossing Rural Improvement District #2008-6 road improvements
Staff Approval Date	February 25, 2009
Board Loan Amount:	\$66,908
Term:	15 years

Borrower:	Town of Kevin
Purpose:	Finance costs associated with designing a water system.
Staff Approval Date	March 5, 2009
Board Loan Amount:	\$57,434
Term:	9 years

<u>Commitment Date</u>	<u>Borrower</u>	<u>Project Description</u>	<u>Amount</u>
02/09/09	University of Montana - Missoula	Transit bus purchase for Student Park "N" Ride Program	\$276,603

QZAB Bond Resolution No. 223

Ms. Geri Burton presented to the Board a request from Lewistown Elementary School District #1 to issue a Qualified Zone Academy Bond in the amount of \$2,087,250 to finance projects at its junior high school and three of its elementary schools.

The Board approved Resolution No. 222 on February 11, 2009. Resolution No. 222 authorized staff to enter into a Purchase Agreement between the Board, the District and First Bank of Montana providing the District received approval from the Montana Office of Public Instruction (OPI) for its full QZAB allocation request. OPI authorized the District's entire allocation request on April 6, 2009 and the Board staff entered into the Purchase Agreement on April 30, 2009.

Resolution No. 223 authorizes the issuance and sale of the QZAB for the District in the amount of \$2,087,250. This authorizes the purchase by the Board of the District's general obligation bonds and the sale of the Board bonds to the purchaser for QZAB credit.

Recommendation

Ms. Burton presented the following recommendation:

1. Approval of Resolution No. 223
2. Authorize staff to proceed to complete the QZAB financing.
3. Authorize staff to execute the bond closing documents.

Motion: On behalf of the Loan Committee, Member Jack Prothero, Loan Committee Chair, motioned for approval of Resolution No. 223 as presented by staff; Member Karl Englund seconded the motion and the motion was approved 9-0.

MONTANA LOAN PROGRAMS

Member Jack Prothero, Loan Committee Chair, reported that the Loan Committee reviewed the following loan request:

Borrower:	Frontier Oncology, LLC.
Lender:	Stockman Bank of Montana, Billings
Purpose:	To provide long term financing for a new facility.
Total Loan Amount:	\$13,674,500
Board Loan Amount:	\$6,837,250 (50%)
Term:	25 years

Mr. Kulow also requested that the Board waive the 1.25 DCR requirements for the first year of operation. The lease has a 3% annual escalator provision, which would increase the lease cost to \$46.35 per sq. ft. in year two, which would result in a DCR of 1.26.

This loan request exceeds \$5 million dollars. Therefore according to policy, it must be recommended for approval by the Loan Committee and presented to the full board for decision.

Motion: On behalf of the Loan Committee, Member Jack Prothero, Loan Committee Chair, motioned for approval of the Loan request as presented. Member Jim Turcotte seconded the motion and the motion was approved 9-0.

Commercial and Residential Portfolios Report

Mr. Herb Kulow presented and the Board reviewed this report for March 31, 2009.

NEXT MEETING

The next regularly scheduled meeting of the Board will be August 11 & 12, 2009.

ADJOURNMENT

There being no further business, the meeting was adjourned at 11:15 a.m.

BOARD OF INVESTMENTS

APPROVE: _____
Terry Moore, Chairman

ATTEST: _____
Carroll South, Executive Director

DATE: _____

Executive Director Reports

MEMORANDUM

Montana Board of Investments

Department of Commerce

2401 Colonial Drive, 3rd Floor

Helena, MT 59601 (406) 444-0001

To: Board Members
From: Carroll South, Executive Director
Date: May 12, 2009
Subject: Legislative Update

The 2009 Legislature adjourned Tuesday afternoon, April 28 - the 90th legislative day. Out of 2,369 bill drafts requested, 1,316 were introduced and considered by the legislature. The budgeting process was complicated this session by the receipt of federal stimulus funds that provided a significant source of one-time funding that had to be interfaced with the omnibus budget bill. The legislature was not able to adopt the budget until the last day of the session.

State Employees – Due to the projected downturn in state revenues, there were no base salary increases approved for state employees for the next two years. State employees whose annual base salary is \$45,000 or less will receive a one-time lump sum payment of \$450.00 in July 2009. The state's contribution to health insurance was increased.

There were several bills introduced relating to bonuses paid state employees. All substantive bills failed but a study of bonuses was approved. **House Joint Resolution 35** that requires a study of state employee bonuses during the interim passed the House 99/1 and the Senate 43/7. A copy of the Resolution is attached.

The Board's Budget – While the legislature does not “appropriate” funds to the Board, it does set the maximum fee the Board may charge the accounts it manages. The legislature approved the Board's requested fee authority as follows:

Fiscal 2010	\$4,819,844
Fiscal 2011	\$4,768,607

Short Term Investment Pool – There were two bill draft requests that would have impacted STIP. The first would have split the STIP between state and local government participants (STIP currently includes both state and local government participants). The second would have authorized local governments to create and manage their own pool. Neither bill was introduced.

Retirement Systems – There were several bills introduced that would have significantly impacted the retirement system.

Senate Bill 484 would have increased the minimum retirement age for new employees in the Teachers and Public Employees Retirement Systems to 65 year of age. The bill failed on a 23/24 vote in the Senate.

House Bill 679 would have eliminated defined benefit plans and replaced them with defined contribution plans for all new employees. The bill was tabled in the House Taxation Committee

House Bill 659 authorizes a study of the retirement systems and appropriates \$200,000 so the committee assigned to the study may hire actuaries/consultants. The bill passed the House 55/44 and the Senate 38/12. A copy of the bill is attached.

House Bill 619 would have required the Board to divest in any company doing business in Sudan. Board staff testified against the bill and it was tabled in the House Appropriations Committee.

House Bill 645 (the federal stimulus bill) as introduced contained a \$45.0 million appropriation to the Teachers' Retirement System. The appropriation was removed and used for other purposes.

Coal Tax Trust – There were several bills introduced that would have impacted the Coal Tax Trust.

House Bill 11 authorizes the Board to lend up to \$6,512,000 to the Department of Commerce to fund Treasure State Endowment Projects.

House Bill 413 would have permitted the Board to make loans from the Coal Tax Trust to local school districts for energy conservation purposes. The bill was tabled in the House Appropriations Committee.

MEMORANDUM

Montana Board of Investments

Department of Commerce
2401 Colonial Drive, 3rd Floor
Helena, MT 59601 (406) 444-0001

To: Board Members

From: Carroll South, Executive Director
Clifford Sheets, Chief Investment Officer

Date: May 12, 2009

Subject: Trust Funds Bond Pool (TFBP) Recommendation

RECOMMENDATION

1. Staff recommend that up to 8.0 percent of the TFBP be invested in core real estate.
2. Staff recommend that up to 10.0 percent of the TFBP be invested in high yield bonds.
3. Staff recommend that the existing bond portfolio be transitioned to a core portfolio.
4. Staff recommend that the pool's name be changed to Trust Funds Investment Pool.

HISTORY

The TFBP was created on October 1, 1995 to provide a mutual fund type investment vehicle for the state's trust funds. The pool was created by the transfer of all individually-held bonds in seven trust fund portfolios in exchange for shares of equal value in the pool. The pool immediately provided much broader diversification for the smaller trusts that were holding just a handful of individual bonds. Additionally, it simplified accounting and securities trading for Board staff. On June 30, 1996, the TFBP portfolio held 195 securities with an aggregate book value of \$838.47 million. Currently, there are 32 participants, most of which are trusts, and the portfolio holds 240 individual bond issues with an aggregate book value of \$1.62 billion.

While the TFBP has historically been managed similar to the Retirement Funds Bond Pool, the trust participants are much more sensitive to current income than to total rate of return which includes the price fluctuations of the bonds in the portfolio. Retirement system asset valuations are calculated based on the fair value of their assets on June 30 – trust assets are not. Approximately 80.0 percent of TFBP participants are non-expendable trusts, the corpus of which will not be spent. These trusts incur no risk of having to “sell” shares at a loss when the share value has fallen due to the value of the bonds in the portfolio – their shares will be held to perpetuity. They are, however, very sensitive to the monthly amount and predictability of income distributions from the pool. The legislature appropriates all interest income generated by these trusts and the trust administrators depend upon the income distributions to fund operations, grants, etc. The remaining 20.0 percent of the participants are expendable trusts or university accounts that depend upon the monthly income distributions from the pool to fund operations or environmental remediation efforts.

The state's trust funds are precluded by the state constitution from investing in corporate stock. While there have been several attempts by the legislature to amend the constitution to permit trust investment in stock, the voters have rejected all attempts. Consequently, trust funds invested in the TFBP are invested only in government securities and investment grade fixed income securities. Given the history of the failed attempts to diversify the state's trusts into stocks it is not likely that the voters will grant permission to invest the trust in stocks in the near future. However, it is the responsibility of the Board to diversify trust investments to the extent permitted by law.

RECOMMENDATION JUSTIFICATION

The Board's investment activities are governed primarily by the "Prudent Expert Principle" embodied in state law as follows:

"17-6-201.(1) The unified investment program directed by Article VIII, section 13, of the Montana constitution to be provided for public funds must be administered by the board of investments in accordance with the prudent expert principle, which requires an investment manager to:

- (a) discharge the duties with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity with the same resources and familiar with like matters exercises in the conduct of an enterprise of a like character with like aims;**
- (b) diversify the holdings of each fund within the unified investment program to minimize the risk of loss and to maximize the rate of return unless, under the circumstances, it is clearly prudent not to do so; and**
- (c) discharge the duties solely in the interest of and for the benefit of the funds forming the unified investment program."**

The Board is required to diversify the holdings of the funds it invests to the extent permitted under law. Funds cannot be diversified into investments that are precluded by constitution or law but other prudent investments may be considered if they further the mission and goals of the funds and risk is balanced against return. Currently the only trust investments precluded by law are corporate stock. Investments other than government securities and investment grade fixed income securities may be used to diversify the trusts while still providing a steady stream of reliable income. The law gives the Board sole authority to **"determine the type of investments to be made."**

Another important factor that should be considered for the investment of trust funds is some type of hedge against inflation that will erode the "buying" power of the trusts over long periods of time. This "inflation-protection" element has been one of the motivations driving past attempts to amend the state constitution to permit trust investments in stock and is also addressed in the Board's governing law:

"In discharging its duties, the board shall consider the preservation of purchasing power of capital during periods of high monetary inflation".

This inflation-drain over time is especially problematic with perpetual trusts whose investment income is totally expended. The income is never reinvested and if there are no other sources of revenue, the value of the corpus in "real" dollars will erode over time. For example, the Resource Indemnity Trust Fund, created by the Constitution in the mid 1970's, grew to \$100.0 million in 2002 at which time it was capped and all revenue previously flowing into the trust and all income from the trust was appropriated by the legislature. Since it was capped, its purchasing power represented by the income it generates has diminished due to inflation.

Recommendation 1 – Staff recommend that up to 8.0 percent of the TFBP be invested in open-end commingled “core” real estate funds. The Board currently invests \$165.0 million of retirement fund assets in three core funds and would use one or more of these funds in which to invest TFBP funds. Funds would be invested opportunistically over a period of time to ensure that real estate valuations were at reasonable levels when investments were made. A definition of “core” real estate is embodied in the Board’s real estate pool for retirement funds as follows:

“Core Real Estate. Equity investment in operating and substantially-leased institutional quality real estate in the traditional property types (apartment, office, retail, industrial and hotel). Net returns historically have been in the 4.0 percent to 6.0 percent range (inflation-adjusted and net of fees) and are typically comprised of greater levels of income (i.e., 67.0 percent of total returns) with appreciation matching or exceeding inflation”.

Recommendation 2 - Staff recommend that up to 10.0 percent of the TFBP be invested in open-end commingled “high yield” bond funds. At its February 2008 meeting, the Board, at the request of staff, approved an allocation of up to 15.0 percent of the Retirement Funds Bond Pool to high yield bonds. The allocation was requested to increase the diversification of the pool, which historically had consisted solely of government securities and investment grade fixed income securities. High yield bonds are described in the Retirement Funds Bond Pool Investment Policy Statement as follows.

This sector consists of predominantly U.S. corporate credits, whether in the form of bonds or loans that are rated below investment grade. Specific portfolio guidelines that prohibit or constrain certain types of securities will be addressed in the manager’s specific investment guidelines

Staff issued a Request for Proposals for high yield bond management for the Retirement Funds Bond Pool and subsequently selected two firms to manage future high yield bond allocations within the pool. Staff will consider using these same managers or other existing contractors which offer competitive funds to invest the future allocation to high yield bonds within the TFBP. While high yield bonds are more volatile and have more default risk than do investment grade bonds, over time they will generate greater income, which is very important to the trusts. Furthermore, this sector of the bond market is now trading at historically cheap levels given the recession and fears of increased defaults which presents an opportune time to initiate an allocation.

Recommendation 3 – Staff recommend that the core of the current TFBP bond portfolio be transitioned to a more “core-like” portfolio that will be managed closer to the mix of the Barclays Capital Aggregate Bond Index. This will take some time to accomplish responsibly as the portfolio is significantly overweight in corporate bonds that are currently illiquid and trading at historically cheap levels.

**TRUST FUNDS BOND POOL (RFBP MU41)
INVESTMENT POLICY STATEMENT**

INTRODUCTION

The purpose of this policy statement is to provide a broad strategic framework for investments within the Trust Funds Investment Pool (TFBP). The pool's participants consist primarily of the state's trust funds. The pool is designed to provide the participants exposure to a portfolio of diversified income-producing assets. The pool's assets include an investment grade fixed income portfolio managed internally by MBOI staff, one or more core real estate funds, and one or more high yield fixed income funds. Allocation across these asset classes is limited to the following ranges. The use of high yield fixed income and core real estate investments are justified in order to diversify the sources of income provided by the pool, however are constrained to prudent levels of maximum exposure given their unique and somewhat more volatile return patterns.

Asset Class	Minimum	Maximum
Investment grade fixed income	0%	100%
High yield fixed income	0%	10%
Core real estate	0%	8%

The primary component of the pool consists of the investment grade fixed income portfolio. The investment guidelines governing the management of that portfolio are contained herein. The other asset categories represented in the pool are advised by external managers. Specific portfolio guidelines that prohibit or constrain certain types of securities or real estate investments will be addressed in the managers' specific investment guidelines. A brief description of these other asset classes follows.

High Yield Fixed Income: This sector consists of predominantly U.S. corporate credits, whether in the form of bonds or loans that are rated below investment grade. These assets carry a higher risk of default than investment grade securities and accordingly provide a higher level of income or yield commensurate with that risk.

Core Real Estate: Equity investment in operating and substantially-leased institutional quality real estate in the traditional property types (apartment, office, retail, industrial and hotel). Net long-term returns historically have been in the 4.0 percent to 6.0 percent range (inflation-adjusted and net of fees) and are typically comprised of greater levels of income (i.e., two-thirds of long-term total returns) with appreciation matching or exceeding inflation.

OBJECTIVES: Investment Grade Fixed Income Portfolio

Strategic: Attaining a competitive stream of income in the fixed income markets while diversifying investment risk. The primary objective of the Trust Fund Bond Pool portfolio is to provide diversified exposure to the various sectors of the investment grade bond market for the benefit of fund participants in a prudent and cost effective manner. In this sense the portfolio investment strategy is core-like and is to be benchmarked against the Barclays Capital Aggregate Bond Index. The portfolio will also provide primary liquidity to fund participants and to facilitate allocation between the other asset classes held in the pool.

**TRUST FUNDS BOND POOL (RFBP MU41)
INVESTMENT POLICY STATEMENT**

Performance: The objective of the TFBP is to achieve a moderate yield to advantage to the Barclays Capital Aggregate bond index. Ideally, the annualized time weighted total return will exceed that of the Barclays Capital Aggregate Bond Index over a three year rolling period.

PERMITTED INVESTMENTS: Investment Grade Fixed Income Portfolio

- Debt obligations of the U.S. Government, including its agencies and instrumentalities. These include Treasuries, Treasury Inflation Protected Securities (TIPS) and fixed and floating rate agency obligations.
- Dollar denominated debt obligations of developed country foreign governments.
- Dollar denominated debt obligations of index-eligible supranational agencies.
- Dollar denominated debt obligations of domestic and foreign corporations (Yankee bonds) up to 2% of portfolio assets per issuer. These may include Trust Preferred securities and be fixed or floating rate coupon structures.
- Securitized assets, including U.S. Agency mortgage pass-through securities (MBS), non-agency MBS (limited to 3% of portfolio market value in total), collateralized mortgage obligations (CMO's), commercial mortgage backed securities (CMBS), hybrid ARMS and asset backed securities (ABS).
- When issued securities.
- Rule 144a securities.
- Medium term notes.
- Short term investment pool (STIP).

PROHIBITED INVESTMENTS: Investment Grade Fixed Income Portfolio

- Over the counter derivatives, including interest rate swaps and credit default swaps.
- Short sales and securities margin loans.
- Bank loans.
- Interest only (IO) and principal only (PO) mortgage strips.
- Companion/residual/equity tranches of CMO's or other structured securities.
- Capital securities (convertible from fixed to floating).
- Inverse floaters.
- Convertible bonds.

CONSTRAINTS: Investment Grade Fixed Income Portfolio

Credit quality: Individually held securities must be rated investment grade, or no lower than triple-B minus, by one nationally recognized securities rating organization (NRSRO) at the time of purchase. Split rated securities may not exceed 3% of portfolio market value.

Duration: The weighted average effective duration of the portfolio, including cash, must be within 20% of the duration of the Barclays Capital Aggregate Bond index.

Sector: The portfolio sector exposure will be maintained within the ranges highlighted in the table below. Recent exposures by sector for the portfolio and benchmark index are shown for reference.

**TRUST FUNDS BOND POOL (RFBP MU41)
INVESTMENT POLICY STATEMENT**

ASSET ALLOCATION SECTORS & RANGES

3/31/09
(At market)

<u>Sectors</u>	<u>TFBP</u>	<u>Agg Index</u>	<u>Policy Ranges</u>
U.S. Treasury	7.82	26.17	10-35
Government Related	23.33	13.90	5-25
Total Government	31.15%	40.07%	20-55
MBS (Fixed Rate)	24.47	36.04	20-50
Hybrid ARMS	0.00	2.67	0-10
Asset Backed Securities	1.12	0.55	0-5
CMBS	4.79	3.25	0-10
Total Structured	30.38%	42.51%	20-75
Corporate Credit	35.53%	17.42%	10-35
Cash (STIP)	2.94%	0.00%	0-10
Total	100.00%	100.00%	100.00%

Current portfolio exceptions to the above policy ranges will be addressed over time depending upon market conditions with the objective of moving within compliance.

LIQUIDITY: Investment Grade Fixed Income Portfolio

Liquidity needs for the fixed income program are low, as participant capital allocated to the pool is not expected to change dramatically on short notice. Nevertheless, the underlying assets held are predominantly publicly traded securities which can normally be liquidated in a relatively short period to accommodate asset allocation changes between the internally managed fixed income portfolio and other asset categories held by the Trust Funds pool. Assets considered to be generally illiquid will be limited to 10% of the portfolio's market value.



**STATE OF MONTANA
JOB PROFILE AND EVALUATION
May, 2009**

SECTION I – Identification – Leave Spaces Blank if Unknown

Working Title Portfolio Manager – Alternative Investments		Job Code Number 000112	Job Code Title Board of Investments - Professional
Pay Band 061-01	Position Number 66521		<input checked="" type="checkbox"/> FLSA Exempt <input type="checkbox"/> FLSA Non-Exempt
Department Commerce		Division and Bureau Board of Investments	
Section and Unit Investments		Work Address and Phone 2401 Colonial Dr. 3 rd Floor	
Profile Produced By Cliff Sheets		Work Phone 444-0058	

Work Unit Mission Statement or Functional Description

The Board of Investments invests and accounts for the investment of various long-term retirement and trust accounts including coal trust funds, state treasury cash, and city and municipal funds as permitted by statute. Assets under management approximate \$11.5 billion.

Describe the Job’s Overall Purpose:

This position is the Portfolio Manager – Alternative Investments, for the Board of Investments. The position is responsible for all activities related to the management of the Private Equity Pool (MPEP) and the Real Estate Pool (MTRP). These pools consist of underlying investments in buyout, special situation, and venture capital funds; and real estate funds, respectively. Activities must comply with appropriate statutory requirements and investment policies and procedures.

SECTION II - Major Duties or Responsibilities

Manages the Private Equity Investment Program 65%

The incumbent shall work closely with the CIO in establishing an investment strategy, monitoring the pace of new private equity investments, and communicating with the Board via performance updates, activity reports, and program-related policy matters. The incumbent works through a team and in some cases directly in performing due diligence on potential investments and in recommending these for investment to the CIO. The team consists of alternative investment analysts under the direct supervision of the Director of Research, and so the position requires regular communication and coordination with the D of R on activities and procedures affecting the program.

The upfront analysis of potential fund investments must be thorough and consistent with the strategy for the pool since the investments made are non-marketable and typically must be held to the full term of the fund, often 10-14 years. The identification and analysis of potential fund

investments must be well-organized and conducted efficiently given limited subscription periods and availability, with commitments and closing requiring the completion of documentation in a timely manner.

Tasks:

1. Oversees and prioritizes the search for and review of private equity managers with the objective of finding superior managers that meet the strategic needs of the pool. Selecting qualified managers is done by looking at performance histories, fees, services, etc.; selecting interview teams and arranging and chairing interviews; and presenting recommendations to the CIO for final approval. Successful sourcing of investment opportunities depends on both direct manager contact, which may entail nurturing a long term relationship, and communication with placement agents who act as sale representatives for various funds. May directly analyze and recommend specific funds as well as oversee the selection of funds directly analyzed by others.
2. Works with CIO, D of R, and alternative investment analysts in establishing portfolio strategy and recommends appropriate changes in strategy in response to market conditions and in recognition of existing portfolio characteristics.
3. Monitors portfolio activity of private equity managers currently employed. Reviews performance of Board private equity managers in comparison to expectations and appropriate industry or specific strategy benchmarks. Oversees reporting of portfolio performance evaluations as measured by an outside vendor – State Street Private Edge Group, or successor.
4. Maintains professional communication with private equity managers, and monitors organizational changes at these firms to determine effect upon the fund's investments. Conducts in-person visits with managers to monitor performance and establish and maintain effective working relationships. Ensures information provided by managers is adequate, comprehensive, and in a useful format. Incumbent may fulfill these expectations both directly for assigned managers and indirectly via the alternatives analyst support staff.
5. Works with D of R to establish consistent procedures and best practices to ensure that appropriate statutory requirements, investment policies, and investment procedures established by the Board are followed.
6. Prepares and reviews others' analytical reviews and recommendations on specific private equity commitments for consideration. Presents fund summaries ("investment briefs") on specific private equity commitments made to the Board at the next regularly scheduled meeting. These reports summarize the salient investment characteristics of the particular fund and details of the Board's commitment. The report highlights strengths and weaknesses of the particular fund and the investment strategy expected to be employed by the manager.
7. Works closely with outside legal counsel in reviewing documentation associated with the commitment to a particular fund or in addressing program-wide legal issues. May directly or through analyst support review legal documents, coordinate document signing and provide for safekeeping. Works with manager's legal counsel to affect needed changes and compliance with Montana-specific requirements.
8. Approves individual Private Equity transactions (capital calls) as directed by managers and communicates with Accounting department as needed. Assists with settlement problems for unusual items. In event of receipt of a public equity distribution from a fund, will coordinate delivery and sale of security with Accounting and the head of public equity who will work with an approved broker.

9. Reviews investment policy and makes needed changes; recommends these for Board approval. Works with investment consultant periodically as needed in reviewing pacing analysis of pool and other allocation-related matters. May also write and present other program-wide reports for Board review and approval if needed.
10. Attends private equity-related investment conferences and meetings with fund managers as agreed upon with CIO.

Manages the Real Estate Program

35%

In addition to private equity investments, incumbent also manages the Board's Real Estate Pool by performing duties associated with the selection and closing of investments in underlying funds. In many respects the investment vehicles (funds) used for non-core real estate investments are similar to the fund structures used for private equity investments. In addition to these closed funds a limited number of open-end commingled funds are used to gain exposure to real estate investments.

Tasks:

1. Works with CIO, D of R, and others on alternatives team in reviewing and analyzing real estate investment opportunities for purchase in the Board's Real Estate Pool. As with private equity, the due diligence process may be conducted directly by the incumbent and via alternatives investment analysts under the direct supervision of the D of R. This process entails in-person interviews with fund managers.
2. Works with CIO, D of R, and alternative investment analysts in establishing portfolio strategy and recommends appropriate changes in strategy in response to market conditions and in recognition of existing portfolio characteristics.
3. Monitors portfolio activity of real estate managers currently employed. Reviews performance of Board real estate managers in comparison to expectations and appropriate industry or specific strategy benchmarks. Oversees reporting of performance evaluations as measured by an outside vendor – State Street Private Edge Group, or successor.
4. May directly or through analyst support work with outside legal counsel to review legal documents, coordinate document signing, and provide for safekeeping documentation associated with the commitment to a particular fund or in addressing program-wide legal issues. Works with manager's legal counsel to affect needed changes and compliance with Montana- specific requirements.
5. Approves individual real estate transactions (capital calls) as directed by managers and communicates with Accounting department as needed. Assists with settlement problems for unusual items.
6. Prepares and reviews others' analytical reviews and recommendations on specific real estate fund commitments for consideration. Presents fund summaries ("investment briefs") on specific real estate commitments made to the Board at the next regularly scheduled meeting. These reports summarize the salient investment characteristics of the particular fund and details of the Board's commitment. The report highlights strengths and weaknesses of the particular fund and the investment strategy expected to be employed by the manager.
7. Reviews investment policy and makes needed changes; recommends these for Board approval. Works with investment consultant periodically as needed in reviewing pacing analysis of pool and other allocation-related matters. May also write and present other program-wide reports for Board review and approval if needed.

8. Attends real estate–related investment conferences and meetings with fund managers as agreed upon with CIO.

In connection with both programs, incumbent works with D of R in determining resource needs and evaluating / selecting third-party service providers. Assists D of R with prioritizing analyst workload; provides input into analyst evaluations and makes recommendations for professional development.

In addition to the primary duties associated with the Private Equity and Real Estate Pools, the incumbent will also work with the CIO in identifying and potentially investing in other forms of alternative investments that may be considered by the Board in the future.

1. Examples of the types of **problems solved, decisions made or procedures followed when performing the most frequent duties.**

- Understanding how a specific private equity investment opportunity may perform and deciding whether it is appropriate for investment in the pool.
- Deciding amongst multiple private equity investments available in the market at the same time in the context of a limited annual commitment budget across multiple strategies.
- Coordinating the review and completion of documentation to meet commitment deadlines.

2. What is the most complicated part of the job?

Understanding private equity market conditions and current opportunities and then making appropriate investment recommendations.

3. What guidelines, manuals or written established procedures are available for use by position?

Board investment policies for the private equity and real estate pools.

SECTION III - Minimum Qualifications

Knowledge:

The position requires extensive knowledge and understanding of the concepts, theories, and process of investment theory, financial analysis and portfolio management. There is a unique body of knowledge associated with private equity and real estate investing that is largely gained through experience. Some of the knowledge on best practices may be gained from consultation with peers and outside consultants.

Skills and Abilities:

The position requires skill in choosing appropriate work priorities; conveying specific investment recommendations to the CIO and Board; and in responding to questions from members of the Board of Investments staff and Board members. Ability to expeditiously evaluate a substantial number of potential investment opportunities. Incumbent must be able to show leadership to achieve stated goals and objectives, and be able to establish and maintain effective work relationships with other staff, Board, corporate officers, and the public. Incumbent must be able to communicate clearly and effectively, both verbally and in writing.

Education and experience:

- | | |
|--|---|
| <input type="checkbox"/> No education required | <input type="checkbox"/> 2 year job-related college or vocational training (Associate Degree) |
| <input type="checkbox"/> High school diploma or equivalent | <input checked="" type="checkbox"/> College degree (Bachelor's) |
| <input type="checkbox"/> 1 year job-related college or vocational training | <input type="checkbox"/> Post-graduate degree or equivalent (e.g. Master's, JD) |

Other acceptable fields of study:

Business Administration, Accounting, Finance, Economics

Other education, training (software), certification (CPA), or licensing (pilot, psychologist) required (please specify):

CFA designation preferred
Computer Literate – Excel, Word

Minimum amount of job-related work experience needed as a new employee on the first day of work (not the experience of the person now in the position):

- | | |
|---|---|
| <input type="checkbox"/> 0 to 2 year experience | <input type="checkbox"/> 4 to 5 years job-related experience |
| <input type="checkbox"/> 2 to 3 years of job-related experience | <input type="checkbox"/> 5 or more years of job-related experience |
| <input type="checkbox"/> 3 to 4 years of job-related experience | <input checked="" type="checkbox"/> 8 or more years of job-related experience |

Quarterly Performance Reports

Security Lending Review

Investment Activity

ALLOCATION REPORT

Retirement Systems Asset Allocations as of 12/31/08										
Pension Fund	MDEP	MTIP	MPEP	Total Equity	RFBP	STIP	Mtgs	Real Etsate		Total Assets
								Direct	Pool	
PUBLIC EMPLOYEES	34.4%	14.6%	13.4%	62.4%	29.8%	0.5%	1.0%	0.3%	6.0%	3,005,232,503
TEACHERS	34.4%	14.6%	13.1%	62.1%	29.9%	0.6%	1.1%	0.4%	5.9%	2,299,415,137
POLICE	34.7%	14.8%	13.4%	62.9%	30.7%	0.3%			6.1%	154,831,304
SHERIFFS	33.8%	14.6%	13.2%	61.6%	30.9%	1.5%			5.9%	149,244,799
FIREFIGHTERS	34.5%	14.6%	13.4%	62.6%	30.8%	0.6%			6.0%	151,204,701
HIGHWAY PATROL	34.5%	14.7%	13.2%	62.4%	31.0%	0.7%			5.9%	74,891,564
GAME WARDENS	33.5%	14.6%	13.1%	61.2%	30.4%	2.5%			5.9%	59,560,839
JUDGES	34.0%	14.7%	13.3%	62.0%	31.0%	1.0%			5.9%	46,282,756
VOL FIREFIGHTERS	34.7%	14.6%	13.1%	62.4%	31.2%	0.6%			5.8%	19,679,522
TOTAL	34.4%	14.6%	13.3%	62.3%	30.0%	0.6%	0.9%	0.3%	5.9%	5,960,343,125
Approved Range	30 - 50%	15 - 30%	9 - 15%	60 - 70%	22 - 32%	1 - 5%	0 - 4%	0 - 1%	0 - 8%	

Retirement Systems Asset Allocations as of 03/31/09										
Pension Fund	MDEP	MTIP	MPEP	Total Equity	RFBP	STIP	Mtgs	Real Etsate		Total Assets
								Direct	Pool	
PUBLIC EMPLOYEES	33.4%	14.2%	12.9%	60.5%	30.9%	1.0%	1.0%	0.3%	6.2%	2,774,904,064
TEACHERS	33.5%	14.3%	13.0%	60.7%	30.8%	0.7%	1.1%	0.4%	6.2%	2,115,082,620
POLICE	33.6%	14.2%	13.0%	60.9%	32.0%	0.9%			6.3%	141,892,186
SHERIFFS	32.9%	14.1%	12.9%	59.8%	32.2%	1.8%			6.2%	139,165,677
FIREFIGHTERS	33.6%	14.2%	13.0%	60.8%	32.0%	0.9%			6.3%	138,735,617
HIGHWAY PATROL	33.5%	14.2%	13.0%	60.7%	32.1%	1.1%			6.2%	69,036,900
GAME WARDENS	32.4%	13.9%	12.8%	59.1%	31.6%	3.1%			6.2%	56,232,540
JUDGES	33.2%	14.1%	12.9%	60.2%	32.0%	1.5%			6.2%	42,881,893
VOL FIREFIGHTERS	33.7%	14.1%	12.7%	60.4%	32.3%	1.3%			5.9%	17,831,506
TOTAL	33.4%	14.2%	13.0%	60.6%	31.0%	0.9%	0.9%	0.3%	6.2%	5,495,763,004
Approved Range	30 - 50%	15 - 30%	9 - 15%	60 - 70%	22 - 32%	1 - 5%	0 - 4%	0 - 1%	0 - 8%	

Change From Last Quarter										
Pension Fund	MDEP	MTIP	MPEP	Total Equity	RFBP	STIP	Mtgs	Real Estate		Total Assets
								Direct	Pool	
PUBLIC EMPLOYEES	-1.0%	-0.5%	-0.5%	-1.9%	1.1%	0.5%	0.0%	0.0%	0.3%	(230,328,439)
TEACHERS	-0.9%	-0.4%	-0.2%	-1.4%	0.9%	0.1%	0.0%	0.0%	0.3%	(184,332,517)
POLICE	-1.1%	-0.5%	-0.4%	-2.0%	1.3%	0.6%			0.2%	(12,939,118)
SHERIFFS	-1.0%	-0.5%	-0.3%	-1.8%	1.3%	0.3%			0.3%	(10,079,121)
FIREFIGHTERS	-0.9%	-0.5%	-0.4%	-1.8%	1.2%	0.3%			0.3%	(12,469,084)
HIGHWAY PATROL	-1.0%	-0.4%	-0.2%	-1.7%	1.0%	0.3%			0.3%	(5,854,664)
GAME WARDENS	-1.1%	-0.6%	-0.3%	-2.1%	1.2%	0.5%			0.3%	(3,328,299)
JUDGES	-0.8%	-0.6%	-0.4%	-1.8%	1.0%	0.5%			0.3%	(3,400,862)
VOL FIREFIGHTERS	-1.1%	-0.5%	-0.4%	-2.0%	1.1%	0.7%			0.2%	(1,848,017)
TOTAL	-0.9%	-0.4%	-0.3%	-1.7%	1.0%	0.4%	0.0%	0.0%	0.3%	(464,580,121)

Allocations During Quarter					
MDEP	MTIP	MPEP	Total Equity	RFBP	Real Estate
(\$760,000)	\$20,550,000	\$16,000,000	\$35,790,000	(\$62,830,000)	\$12,000,000
Net New Investments for Quarter					→ (\$15,040,000)

MEMORANDUM

Montana Board of Investments

Department of Commerce

2401 Colonial Drive, 3rd Floor

Helena, MT 59601 (406) 444-0001

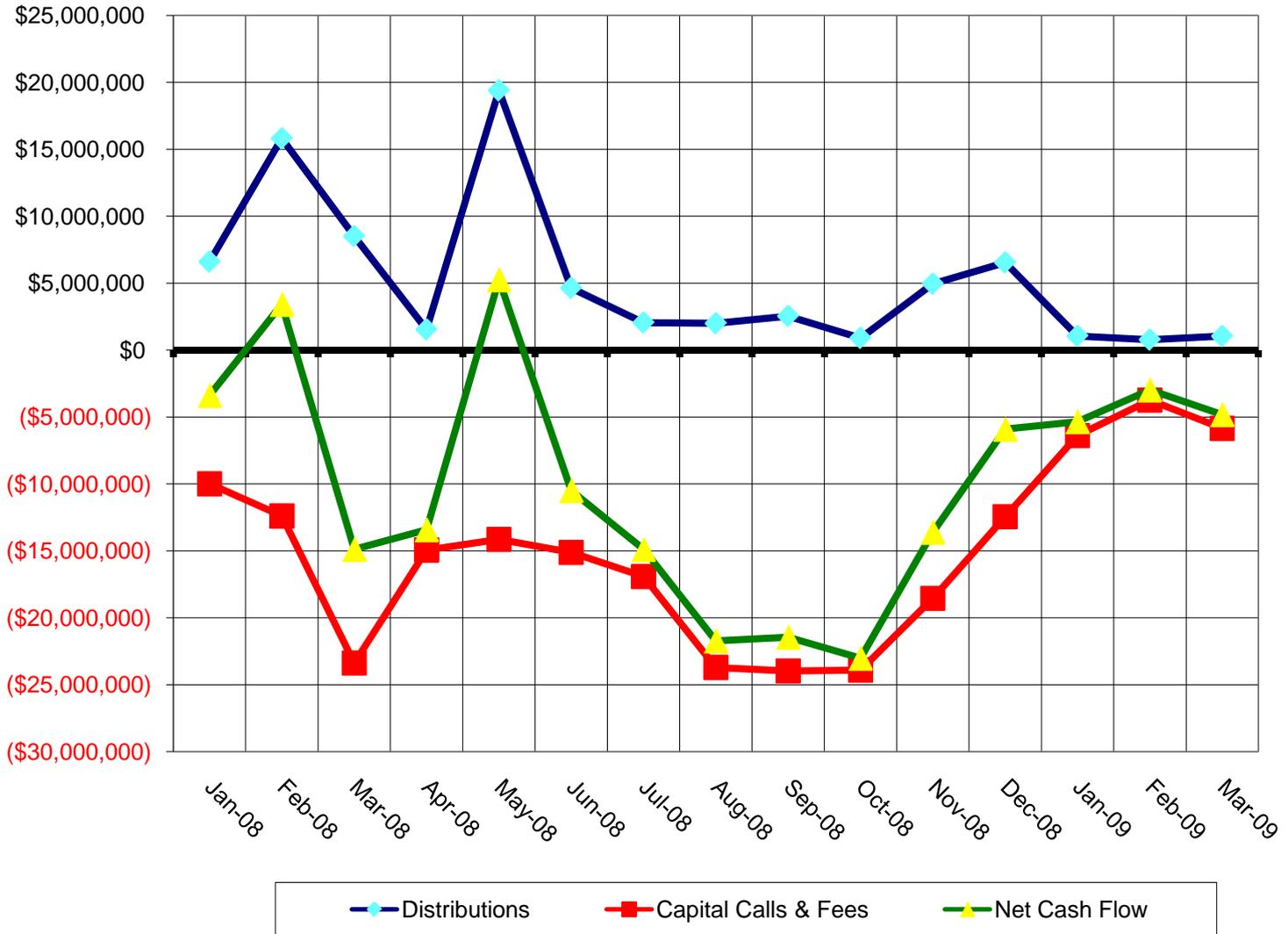
To: Members of the Board
From: Dan Zarling, Director of Research
Date: May 12, 2009
Subject: Montana Private Equity Pool [MPEP]

Attached to this memo are the following reports:

- (i) **Private Equity Monthly Cash Flow Trends – Graph:**
Summary of cash distributions, capital calls, and net cash flow changes.
- (ii) **Private Edge – Table: Performance Attribution by Strategy.**
Summary of investment gains, investment multiple and net IRR by strategy.
- (iii) **Private Edge - Graph: Strategy Total Exposure by Market Value & Remaining Commitments.** Summary of total market value of invested capital plus future capital commitments by investment strategy as of 12/31/08.
- (iv) **Private Edge - Graph: Investment Geography Exposure by Market Value & Remaining Commitments.** Summary of total market value of invested capital plus future capital commitments by geography as of 12/31/08.
- (v) **Private Edge - Table: LP's by Family of Funds All Investments.**
Listing of individual funds and their reported values and Investment performance from inception to 12/31/08.
- (vi) **Private Equity Pool Holdings.**
Portfolio fund holdings by shares, book value and market value as of 03/31/09.
- (vii) **New Commitments.** The table below summarizes the investment decisions made by Staff since the last Board meeting of 02/10/09. The investment briefs summarizing these funds and the general partners follow.

Fund Name	Vintage	Subclass	Sector	Amount	Date
Hellman & Friedman Fund VII	2009	Buyout	Mid-Large	\$15 M	03/24/09
TA Associates Fund XI	2009	Venture	Growth Equity	\$10 M	04/07/09
Total New Commitments				\$25 M	

MPEP Cash Flows



ATTRIBUTION ANALYSIS
as of December 31, 2008

Alternate Investment Sub-Category	Capital Distributed	Ending Market Value	% of Total	Capital Contributed Net	Since Inception Total Gain*	Investment Multiple	Net IRR
Total	\$850,279,012	\$664,289,711	100.0%	\$1,190,187,509	\$324,381,214	1.27	12.15
<i>ASP - Direct VC Funds</i>	\$51,112,485	\$34,391,381	5.2%	\$62,800,000	\$22,703,866	1.36	16.21
<i>ASP - Secondary Funds</i>	\$29,207,564	\$16,780,933	2.5%	\$29,974,163	\$16,014,334	1.53	47.34
<i>ASP - U.S. Partnership Funds</i>	\$114,443,174	\$108,175,376	16.3%	\$177,683,076	\$44,935,474	1.25	9.26
<i>ASP Non-US Partnership Funds</i>	\$15,489,650	\$14,808,967	2.2%	\$22,975,240	\$7,323,377	1.32	11.19
<i>Buyout</i>	\$359,483,513	\$206,006,756	31.0%	\$413,157,700	\$152,332,569	1.37	11.00
<i>Co-Investment</i>	\$5,522,343	\$20,747,277	3.1%	\$29,094,668	(\$2,825,048)	0.90	(7.29)
<i>Distressed</i>	\$121,677,599	\$55,178,305	8.3%	\$153,454,311	\$23,401,593	1.15	35.10
<i>Mezzanine</i>	\$6,297,512	\$17,833,581	2.7%	\$17,380,523	\$6,750,571	1.39	13.06
<i>Non-US Private Equity</i>	\$39,632,289	\$21,152,732	3.2%	\$50,253,976	\$10,531,046	1.21	9.73
<i>Secondary</i>	\$60,959,459	\$67,306,941	10.1%	\$98,134,359	\$30,132,041	1.31	17.88
<i>Special Situations</i>	\$18,865,723	\$65,610,851	9.9%	\$82,464,558	\$2,012,016	1.02	1.89
<i>Venture Capital</i>	\$27,587,701	\$36,296,610	5.5%	\$52,814,934	\$11,069,377	1.21	18.34

*Total Gain = Capital Distributed + Ending Market Value - Capital Contributed Net

Montana Board of Investments
LP's by Family of Funds
All Investments
As of December 31, 2008

5/5/2009

Description	Vintage Year	Since Inception									
		Capital Commitment	Capital Contributed for Investment	Management Fees	Remaining Commitment	% Capital Contributed/Committed	Capital Distributed	Ending Market Value	Net IRR	Investment Multiple	Total Exposure
LP's By Family of Funds		\$1,643,304,033	\$1,124,381,799	\$64,693,329	\$473,885,563	72.12	\$850,279,012	\$664,289,711	12.15	1.27	\$1,138,175,274
Adams Street Partners		\$327,129,264	\$270,064,236	\$23,391,319	\$43,654,749	86.66	\$210,252,873	\$174,156,657	12.71	1.31	\$217,811,406
Adams Street Partners Fund - U.S.		\$94,000,000	\$68,880,270	\$4,027,675	\$21,092,055	77.56	\$20,074,895	\$57,389,841	2.89	1.06	\$78,481,896
Adams Street - 2002 U.S. Fund, L.P.	2002	\$34,000,000	\$28,001,130	\$1,796,815	\$4,202,055	87.64	\$12,206,907	\$22,851,268	6.62	1.18	\$27,053,323
Adams Street - 2003 U.S. Fund, L.P.	2003	\$20,000,000	\$15,115,000	\$862,500	\$4,022,500	79.89	\$4,301,402	\$12,909,516	3.55	1.08	\$16,932,016
Adams Street - 2004 U.S. Fund, L.P.	2004	\$15,000,000	\$10,867,266	\$577,734	\$3,555,000	76.30	\$2,193,173	\$9,112,017	(0.64)	0.99	\$12,667,017
Adams Street - 2005 U.S. Fund, L.P.	2005	\$25,000,000	\$14,896,874	\$790,626	\$9,312,500	62.75	\$1,373,413	\$12,517,040	(7.29)	0.89	\$21,829,540
Adams Street Partners Fund - Non-U.S.		\$16,000,000	\$12,793,028	\$652,394	\$2,554,578	84.03	\$5,851,419	\$9,734,703	7.94	1.16	\$12,289,281
Adams Street - 2002 Non-U.S. Fund, L.P.	2002	\$6,000,000	\$5,475,655	\$301,806	\$222,539	96.29	\$4,309,155	\$3,924,455	15.00	1.43	\$4,146,994
Adams Street - 2004 Non-U.S. Fund, L.P.	2004	\$5,000,000	\$3,914,561	\$195,900	\$889,539	82.21	\$1,128,045	\$3,141,660	2.27	1.04	\$4,031,199
Adams Street - 2005 Non-U.S. Fund, L.P.	2005	\$5,000,000	\$3,402,812	\$154,688	\$1,442,500	71.15	\$414,219	\$2,668,588	(9.69)	0.87	\$4,111,088
Brinson Partnership Trust - Non-U.S.		\$9,809,483	\$9,249,381	\$943,261	\$560,102	94.29	\$11,012,974	\$5,171,557	14.05	1.59	\$5,731,659
Brinson Non-U.S. Trust-1999 Primary Fund	1999	\$1,524,853	\$1,405,782	\$146,627	\$119,071	92.19	\$2,126,897	\$424,535	11.33	1.64	\$543,606
Brinson Non-U.S. Trust-2000 Primary Fund	2000	\$1,815,207	\$1,815,207	\$174,547	\$0	100.00	\$2,469,095	\$829,988	13.08	1.66	\$829,988
Brinson Non-U.S. Trust-2001 Primary Fund	2001	\$1,341,612	\$1,341,612	\$129,007	\$0	100.00	\$1,764,720	\$545,707	12.94	1.57	\$545,707
Brinson Non-U.S. Trust-2002 Primary Fund	2002	\$1,696,452	\$1,696,452	\$163,127	\$0	100.00	\$1,185,275	\$1,306,984	9.86	1.34	\$1,306,984
Brinson Non-U.S. Trust-2002 Secondary	2002	\$637,308	\$601,542	\$61,282	\$35,766	94.39	\$1,374,743	\$97,293	27.04	2.22	\$133,059
Brinson Non-U.S. Trust-2003 Primary Fund	2003	\$1,896,438	\$1,659,040	\$182,358	\$237,398	87.48	\$1,772,356	\$1,301,553	22.87	1.67	\$1,538,951
Brinson Non-U.S. Trust-2004 Primary Fund	2004	\$897,613	\$729,746	\$86,312	\$167,867	81.30	\$319,888	\$665,497	8.39	1.21	\$833,364
Brinson Partnership Trust - U.S.		\$103,319,781	\$95,852,380	\$9,014,703	\$7,467,401	92.77	\$91,406,650	\$53,115,150	10.25	1.38	\$60,582,551
Brinson Partners - 1996 Fund	1996	\$3,950,740	\$3,708,316	\$434,324	\$242,424	93.86	\$6,824,237	\$248,166	15.06	1.71	\$490,590
Brinson Partners - 1997 Primary Fund	1997	\$3,554,935	\$3,554,935	\$385,806	\$0	100.00	\$14,133,470	\$445,691	71.49	3.70	\$445,691
Brinson Partners - 1998 Primary Fund	1998	\$7,161,019	\$7,122,251	\$777,590	\$38,768	99.46	\$10,085,017	\$980,301	6.94	1.40	\$1,019,069
Brinson Partners - 1998 Secondary Fund	1998	\$266,625	\$266,625	\$28,878	\$0	100.00	\$181,932	\$12,408	(7.31)	0.66	\$12,408
Brinson Partners - 1999 Primary Fund	1999	\$8,346,761	\$7,832,823	\$883,421	\$513,938	93.84	\$7,563,083	\$2,166,202	2.18	1.12	\$2,680,140
Brinson Partners - 2000 Primary Fund	2000	\$20,064,960	\$19,079,570	\$1,916,766	\$985,390	95.09	\$17,497,812	\$9,056,375	5.28	1.26	\$10,041,765
Brinson Partners - 2001 Primary Fund	2001	\$15,496,322	\$14,830,208	\$1,232,458	\$666,114	95.70	\$7,585,806	\$1,197,875	4.29	1.17	\$1,863,989
Brinson Partners - 2002 Primary Fund	2002	\$16,297,079	\$15,630,182	\$1,282,150	\$666,897	95.91	\$13,252,344	\$9,360,876	10.72	1.34	\$10,027,773
Brinson Partners - 2002 Secondary Fund	2002	\$2,608,820	\$2,498,592	\$198,841	\$110,228	95.77	\$2,945,202	\$1,444,661	14.44	1.63	\$1,554,889
Brinson Partners - 2003 Primary Fund	2003	\$15,589,100	\$13,272,620	\$1,193,191	\$2,316,480	85.14	\$7,989,926	\$10,691,114	9.84	1.29	\$13,007,594
Brinson Partners - 2003 Secondary Fund	2003	\$1,151,151	\$1,020,460	\$78,556	\$130,691	88.65	\$1,790,278	\$900,182	28.64	2.45	\$1,030,873
Brinson Partners - 2004 Primary Fund	2004	\$8,832,269	\$7,035,798	\$602,723	\$1,796,471	79.66	\$1,557,543	\$6,611,299	2.73	1.07	\$8,407,770
Remaining ASP Funds		\$104,000,000	\$83,289,177	\$8,753,286	\$11,980,613	88.48	\$81,906,935	\$48,745,406	22.46	1.42	\$60,726,019
Adams Street Global Oppty Secondary Fund	2004	\$25,000,000	\$15,880,485	\$379,647	\$8,739,868	65.04	\$5,256,378	\$13,963,575	11.41	1.18	\$22,703,443
Adams Street V, L.P.	2003	\$40,000,000	\$33,976,521	\$3,823,479	\$2,200,000	94.50	\$9,881,519	\$25,871,386	(1.85)	0.95	\$28,071,386
Adams Street VPAF Fund II	1990	\$4,000,000	\$3,621,830	\$378,170	\$0	100.00	\$7,879,041	\$27,636	25.26	1.98	\$27,636
Brinson Venture Capital Fund III, L.P.	1993	\$5,000,000	\$4,045,656	\$954,344	\$0	100.00	\$15,622,448	\$59,155	40.47	3.14	\$59,155
Brinson VPF III	1993	\$5,000,000	\$4,477,021	\$534,517	\$0	100.00	\$14,741,851	\$303,250	29.48	3.01	\$303,250
Brinson VPF III - Secondary Interest	1999	\$5,000,000	\$4,808,750	\$202,788	\$0	100.00	\$8,024,726	\$303,659	41.54	1.67	\$303,659
BVCF III - Secondary Interest	1999	\$5,000,000	\$3,602,735	\$356,520	\$1,040,745	79.19	\$9,634,305	\$59,155	97.02	2.45	\$1,099,900
BVCF IV, L.P.	1999	\$15,000,000	\$12,876,179	\$2,123,821	\$0	100.00	\$10,866,667	\$8,157,590	3.75	1.27	\$8,157,590
Advent Partnerships		\$1,000,000	\$1,000,000	\$48,660	\$0	100.00	\$2,346,542	\$0	19.60	2.24	\$0
Advent V	1989	\$500,000	\$500,000	\$19,798	\$0	100.00	\$576,863	\$0	2.53	1.11	\$0
Advent VI	1988	\$500,000	\$500,000	\$28,861	\$0	100.00	\$1,769,679	\$0	30.67	3.35	\$0
Affinity Asia Capital		\$15,000,000	\$2,884,379	\$628,442	\$11,485,512	23.43	\$0	\$1,363,862	(58.53)	0.39	\$12,849,374
Affinity Asia Pacific Fund III, LP	2006	\$15,000,000	\$2,884,379	\$628,442	\$11,485,512	23.43	\$0	\$1,363,862	(58.53)	0.39	\$12,849,374
Alta Partners		\$1,500,000	\$1,419,719	\$202,312	\$0	100.00	\$4,314,116	\$0	18.41	2.66	\$0
Alta IV, LP	1988	\$500,000	\$500,000	\$35,308	\$0	100.00	\$1,554,862	\$0	21.67	2.90	\$0
Alta Sub Debt Partners II	1988	\$500,000	\$500,000	\$39,599	\$0	100.00	\$1,063,735	\$0	11.18	1.97	\$0
Alta Subordinated Debt Partners III	1993	\$500,000	\$419,719	\$127,405	\$0	100.00	\$1,695,519	\$0	27.79	3.10	\$0
ArcLight Energy Partners		\$50,000,000	\$42,432,622	\$1,629,981	\$6,164,879	87.67	\$18,775,245	\$33,399,195	10.48	1.18	\$39,564,074
ArcLight Energy Partners Fund II	2004	\$25,000,000	\$20,721,278	\$973,284	\$3,405,720	86.38	\$17,277,576	\$12,318,282	16.67	1.36	\$15,724,002
ArcLight Energy Partners Fund III, LP	2006	\$25,000,000	\$21,711,344	\$656,697	\$2,759,159	88.96	\$1,497,669	\$21,080,913	0.64	1.01	\$23,840,072
Austin Ventures		\$500,000	\$424,416	\$129,113	\$1	100.00	\$1,216,717	\$15,776	20.57	2.23	\$15,777
Austin Ventures III	1991	\$500,000	\$424,416	\$129,113	\$1	100.00	\$1,216,717	\$15,776	20.57	2.23	\$15,777
Avenue Investments		\$35,000,000	\$22,824,928	\$869,486	\$11,095,689	68.30	\$80,585	\$13,921,913	(48.96)	0.59	\$25,017,602
Avenue Special Situations Fund V, LP	2007	\$35,000,000	\$22,824,928	\$869,486	\$11,095,689	68.30	\$80,585	\$13,921,913	(48.96)	0.59	\$25,017,602

Montana Board of Investments
LP's by Family of Funds
All Investments
As of December 31, 2008

5/5/2009

Description	Vintage Year	Since Inception									
		Capital Commitment	Capital Contributed for Investment	Management Fees	Remaining Commitment	% Capital Contributed/Committed	Capital Distributed	Ending Market Value	Net IRR	Investment Multiple	Total Exposure
Buerk Dale Victor		\$15,000,000	\$4,807,437	\$742,563	\$9,450,000	37.00	\$0	\$5,032,273	(9.20)	0.91	\$14,482,273
Buerk Dale Victor Fund II, L.P.	2007	\$15,000,000	\$4,807,437	\$742,563	\$9,450,000	37.00	\$0	\$5,032,273	(9.20)	0.91	\$14,482,273
Capital Partners		\$500,000	\$462,921	\$98,538	\$0	100.00	\$1,387,408	\$0	8.82	2.47	\$0
Capital Partners II, L.P.	1990	\$500,000	\$462,921	\$98,538	\$0	100.00	\$1,387,408	\$0	8.82	2.47	\$0
Carlisle Partners		\$60,000,000	\$42,282,926	\$2,671,909	\$15,045,165	74.92	\$3,487,514	\$40,103,380	(1.60)	0.97	\$55,148,545
Carlisle Partners IV, L.P.	2005	\$35,000,000	\$31,027,728	\$1,040,763	\$2,931,509	91.62	\$3,345,190	\$29,021,005	0.43	1.01	\$31,952,514
Carlisle Venture Partners III, LP	2006	\$25,000,000	\$11,255,198	\$1,631,146	\$12,113,656	51.55	\$142,324	\$11,082,375	(10.31)	0.87	\$23,196,031
CCMP Associates		\$30,000,000	\$7,165,353	\$810,877	\$22,023,770	26.59	\$73,524	\$5,949,754	(14.72)	0.76	\$27,973,524
CCMP Capital Investors II, L.P.	2006	\$30,000,000	\$7,165,353	\$810,877	\$22,023,770	26.59	\$73,524	\$5,949,754	(14.72)	0.76	\$27,973,524
Crosspoint Ventures		\$500,000	\$500,000	\$36,405	\$0	100.00	\$1,379,850	\$0	20.35	2.57	\$0
Crosspoint Venture Partners III	1988	\$500,000	\$500,000	\$36,405	\$0	100.00	\$1,379,850	\$0	20.35	2.57	(\$0)
Edison Ventures		\$500,000	\$500,000	\$34,008	\$0	100.00	\$1,324,402	\$0	20.81	2.48	\$0
Edison Venture Fund II	1990	\$500,000	\$500,000	\$34,008	\$0	100.00	\$1,324,402	\$0	20.81	2.48	\$0
First Reserve		\$55,000,000	\$27,491,551	\$529,523	\$26,978,926	50.95	\$90,478	\$23,342,000	(21.34)	0.84	\$50,320,926
First Reserve Fund XI, L.P.	2006	\$30,000,000	\$20,352,885	\$529,523	\$9,117,592	69.61	\$70,853	\$17,757,000	(15.74)	0.85	\$26,874,592
First Reserve Fund XII, L.P.	2008	\$25,000,000	\$7,138,666	\$0	\$17,861,334	28.55	\$19,625	\$5,585,000	(27.05)	0.79	\$23,446,334
Gateway Ventures		\$500,000	\$500,000	\$27,353	\$0	100.00	\$1,001,802	\$0	16.02	1.90	\$0
Gateway Venture Partners III	1990	\$500,000	\$500,000	\$27,353	\$0	100.00	\$1,001,802	\$0	16.02	1.90	\$0
HarbourVest		\$61,823,772	\$8,710,228	\$89,772	\$53,054,165	21.92	\$0	\$6,713,166	(31.68)	0.77	\$59,767,331
Dover Street VII L.P.	2008	\$20,000,000	\$3,354,146	\$45,854	\$16,586,475	17.07	\$0	\$3,471,617	1.84	1.02	\$20,058,092
HarbourVest Direct 2007 Fund	2007	\$20,000,000	\$5,356,082	\$43,918	\$14,643,918	26.78	\$0	\$3,369,060	(41.57)	0.63	\$18,012,978
HarbourVest Intl Private Equity Fund VI	2008	\$21,823,772	\$0	\$0	\$21,823,772	0.00	\$0	(\$127,511)	N/A	0.00	\$21,696,261
Hellman & Friedman		\$25,000,000	\$15,165,286	\$74,215	\$9,760,499	60.96	\$88,371	\$13,476,410	(10.34)	0.89	\$23,236,909
Hellman & Friedman Capital Partners VI	2006	\$25,000,000	\$15,165,286	\$74,215	\$9,760,499	60.96	\$88,371	\$13,476,410	(10.34)	0.89	\$23,236,909
Highway 12 Ventures		\$10,000,000	\$2,730,805	\$526,712	\$6,742,483	32.58	\$0	\$2,281,672	(29.22)	0.70	\$9,024,155
Highway 12 Venture Fund II, L.P.	2006	\$10,000,000	\$2,730,805	\$526,712	\$6,742,483	32.58	\$0	\$2,281,672	(29.22)	0.70	\$9,024,155
Hill Venture Partners		\$500,000	\$500,000	\$39,019	\$0	100.00	\$855,615	\$0	6.88	1.59	\$0
Hill Partnership III, L.P.	1989	\$500,000	\$500,000	\$39,019	\$0	100.00	\$855,615	\$0	6.88	1.59	\$0
Industry Ventures		\$10,000,000	\$8,604,577	\$300,000	\$691,286	93.09	\$1,177,881	\$7,468,332	(6.36)	0.93	\$8,159,618
Industry Ventures Fund IV, L.P.	2005	\$10,000,000	\$8,604,577	\$300,000	\$691,286	93.09	\$1,177,881	\$7,468,332	(6.36)	0.93	\$8,159,618
Interwest Partners		\$500,000	\$500,000	\$31,816	\$0	100.00	\$853,548	\$0	10.09	1.60	\$0
Interwest Partners IV	1989	\$500,000	\$500,000	\$31,816	\$0	100.00	\$853,548	\$0	10.09	1.60	\$0
JCF		\$25,000,000	\$23,173,624	\$527,875	\$1,298,501	94.81	\$208,020	\$6,561,218	(76.70)	0.29	\$7,859,719
J.C. Flowers II L.P.	2006	\$25,000,000	\$23,173,624	\$527,875	\$1,298,501	94.81	\$208,020	\$6,561,218	(76.70)	0.29	\$7,859,719
Joseph Littlejohn & Levy		\$25,548,000	\$17,609,541	\$822,835	\$7,141,651	72.05	\$5,666,856	\$14,828,360	16.01	1.11	\$21,970,011
JLL Partners Fund V, L.P.	2005	\$25,000,000	\$17,076,481	\$796,804	\$7,126,715	71.49	\$4,246,917	\$14,828,360	4.62	1.07	\$21,955,075
Joseph, Littlejohn & Levy Fund, L.P.	1991	\$548,000	\$533,060	\$26,031	\$14,936	97.27	\$1,419,939	\$0	32.38	2.54	\$14,936
KKR		\$175,300,000	\$175,300,000	\$9,585,040	\$0	100.00	\$320,565,661	\$20,587,557	12.42	1.85	\$20,587,557
KKR 1986 Fund - Montana	1986	\$300,000	\$300,000	\$0	\$0	100.00	\$4,933,877	\$0	31.19	16.45	\$0
KKR 1987 Fund - Montana	1987	\$25,000,000	\$25,000,000	\$2,101,164	\$0	100.00	\$55,877,291	\$169,270	8.88	2.07	\$169,270
KKR 1993 Fund - Montana	1993	\$25,000,000	\$25,000,000	\$1,002,236	\$0	100.00	\$48,782,037	\$58,106	17.78	1.88	\$58,106
KKR 1996 Fund - Montana	1997	\$100,000,000	\$100,000,000	\$4,672,807	\$0	100.00	\$171,344,898	\$9,245,421	13.14	1.73	\$9,245,421
KKR European Fund - Montana	1999	\$25,000,000	\$25,000,000	\$1,808,833	\$0	100.00	\$39,627,558	\$11,114,760	18.42	1.89	\$11,114,760
Lehman Brothers		\$50,000,000	\$26,190,423	\$1,114,742	\$22,694,835	54.61	\$5,522,343	\$20,724,802	(2.87)	0.96	\$43,419,637
Lehman Brothers Merchant Banking IV, LP	2007	\$15,000,000	\$3,135,117	\$431,462	\$11,433,421	23.78	\$0	\$3,346,585	(13.26)	0.94	\$14,780,006
Lehman Co-investment Partners, L.P.	2006	\$35,000,000	\$23,055,306	\$683,280	\$11,261,414	67.82	\$5,522,343	\$17,378,217	(2.37)	0.96	\$28,639,631
Lexington Capital Partners		\$110,000,000	\$82,274,940	\$3,137,180	\$24,587,880	77.65	\$59,781,578	\$56,366,992	19.15	1.36	\$80,954,872
Lexington Capital Partners V, L.P.	2001	\$50,000,000	\$46,709,109	\$1,951,314	\$1,339,577	97.32	\$52,777,589	\$25,976,356	23.01	1.62	\$27,315,933
Lexington Capital Partners VI-B, L.P.	2005	\$50,000,000	\$34,909,869	\$1,185,866	\$13,904,265	72.19	\$7,003,989	\$29,734,674	1.59	1.02	\$43,638,939
Lexington Middle Market Investors II, LP	2008	\$10,000,000	\$655,962	\$0	\$9,344,038	6.56	\$0	\$655,962	0.00	1.00	\$10,000,000
Madison Dearborn Capital Partners		\$75,000,000	\$45,463,874	\$1,731,542	\$27,804,584	62.93	\$17,878,626	\$34,180,446	4.82	1.10	\$61,985,030
Madison Dearborn Capital Partners IV, LP	2001	\$25,000,000	\$23,530,829	\$1,181,352	\$287,819	98.85	\$17,397,566	\$19,725,678	14.48	1.50	\$20,013,497
Madison Dearborn Capital Partners V, LP	2006	\$25,000,000	\$19,198,036	\$550,190	\$5,251,774	78.99	\$481,060	\$11,949,608	(25.99)	0.63	\$17,201,382
Madison Dearborn Capital Partners VI, LP	2008	\$25,000,000	\$2,735,009	\$0	\$22,264,991	10.94	\$0	\$2,505,160	(7.45)	0.92	\$24,770,151
Matlin Patterson		\$30,000,000	\$13,904,433	\$645,567	\$15,450,000	48.50	\$1,489	\$8,891,855	(47.57)	0.61	\$24,341,855
MatlinPatterson Global Opps. Ptnrs. III	2007	\$30,000,000	\$13,904,433	\$645,567	\$15,450,000	48.50	\$1,489	\$8,891,855	(47.57)	0.61	\$24,341,855
Matrix Partners		\$500,000	\$335,781	\$152,794	\$48,614	90.28	\$3,906,325	\$0	74.41	8.00	\$48,614
Matrix Partners III, L.P.	1990	\$500,000	\$335,781	\$152,794	\$48,614	90.28	\$3,906,325	\$0	74.41	8.00	\$48,614

Montana Board of Investments
LP's by Family of Funds
All Investments
As of December 31, 2008

5/5/2009

Description	Vintage Year	Since Inception									
		Capital Commitment	Capital Contributed for Investment	Management Fees	Remaining Commitment	% Capital Contributed/Committed	Capital Distributed	Ending Market Value	Net IRR	Investment Multiple	Total Exposure
MHR Institutional Partners		\$25,000,000	\$14,792,457	\$707,543	\$9,500,000	62.00	\$130,728	\$9,733,003	(37.36)	0.64	\$19,233,003
MHR Institutional Partners III, L.P.	2006	\$25,000,000	\$14,792,457	\$707,543	\$9,500,000	62.00	\$130,728	\$9,733,003	(37.36)	0.64	\$19,233,003
New Enterprise Associates		\$500,000	\$443,993	\$87,860	\$0	100.00	\$1,374,820	\$0	29.90	2.58	\$0
New Enterprise Associates V	1990	\$500,000	\$443,993	\$87,860	\$0	100.00	\$1,374,820	\$0	29.90	2.58	\$0
Noro-Moseley Partners		\$500,000	\$500,000	\$44,804	\$0	100.00	\$940,598	\$0	8.33	1.73	\$0
Noro-Moseley Partners II	1988	\$500,000	\$500,000	\$44,804	\$0	100.00	\$940,598	\$0	8.33	1.73	\$0
Oak Hill Capital Partners		\$45,000,000	\$26,959,899	\$1,388,470	\$16,570,278	63.18	\$2,202,864	\$29,038,485	5.91	1.10	\$45,608,763
Oak Hill Capital Partners II, L.P.	2005	\$25,000,000	\$22,181,085	\$1,070,227	\$1,748,688	93.01	\$2,158,797	\$24,292,984	7.28	1.14	\$26,041,672
Oak Hill Capital Partners III, L.P.	2008	\$20,000,000	\$4,778,814	\$318,242	\$14,821,590	25.89	\$44,067	\$4,745,501	(7.76)	0.92	\$19,567,091
Oaktree Capital Partners		\$110,000,000	\$97,234,289	\$2,265,711	\$10,500,000	90.45	\$121,464,797	\$22,631,534	44.17	1.45	\$33,131,534
OCM Opportunities Fund IVb, L.P.	2002	\$75,000,000	\$73,098,896	\$1,901,104	\$0	100.00	\$121,464,797	\$323,975	44.93	1.62	\$323,975
OCM Opportunities Fund VIIb, L.P.	2008	\$35,000,000	\$24,135,393	\$364,607	\$10,500,000	70.00	\$0	\$22,307,559	(20.29)	0.91	\$32,807,559
Odyssey Partners		\$45,000,000	\$21,528,838	\$1,664,708	\$21,806,453	51.47	\$20,429,525	\$19,003,469	34.85	1.70	\$40,809,922
Odyssey Investment Partners IV, L.P.	2008	\$20,000,000	\$0	\$0	\$20,000,000	0.00	\$0	\$0	N/A	0.00	\$20,000,000
Odyssey Partners Fund III, L.P.	2004	\$25,000,000	\$21,528,838	\$1,664,708	\$1,806,453	92.77	\$20,429,525	\$19,003,469	34.80	1.70	\$20,809,922
O'Donnell and Masur		\$1,000,000	\$948,419	\$127,952	\$0	100.00	\$2,348,672	\$0	23.15	2.18	\$0
O'Donnell and Masur	1989	\$1,000,000	\$948,419	\$127,952	\$0	100.00	\$2,348,672	\$0	23.15	2.18	\$0
Performance Venture Capital		\$25,000,000	\$483,547	\$149,452	\$24,367,000	2.53	\$0	\$591,302	(7.93)	0.93	\$24,958,302
Performance Venture Capital II	2008	\$25,000,000	\$483,547	\$149,452	\$24,367,000	2.53	\$0	\$591,302	(7.93)	0.93	\$24,958,302
Portfolio Advisors		\$55,000,000	\$24,720,709	\$1,114,200	\$29,048,344	47.18	\$1,077,014	\$22,868,342	(7.83)	0.92	\$51,916,686
Port. Advisors Fund IV (B), L.P.	2006	\$30,000,000	\$16,005,824	\$648,438	\$13,345,738	55.51	\$1,072,283	\$15,304,293	(1.33)	0.98	\$28,650,031
Port. Advisors Fund IV (E), L.P.	2006	\$15,000,000	\$6,218,209	\$465,762	\$8,316,029	44.56	\$4,731	\$5,458,796	(28.49)	0.82	\$13,774,825
Port. Advisors Fund V (B), L.P.	2008	\$10,000,000	\$2,496,676	\$0	\$7,386,577	26.13	\$0	\$2,105,253	(20.64)	0.81	\$9,491,830
Quintana Energy Partners		\$15,000,000	\$9,527,299	\$833,211	\$4,619,119	69.21	\$0	\$8,869,656	(10.85)	0.85	\$13,488,775
Quintana Energy Partners Fund I, L.P.	2006	\$15,000,000	\$9,527,299	\$833,211	\$4,619,119	69.21	\$0	\$8,869,656	(10.85)	0.85	\$13,488,775
Sierra Ventures III		\$500,000	\$500,000	\$26,068	\$0	100.00	\$555,965	\$0	1.17	1.06	\$0
Sierra Ventures III	1987	\$500,000	\$500,000	\$26,068	\$0	100.00	\$555,965	\$0	1.17	1.06	\$0
Siguler Guff & Company		\$25,000,000	\$9,338,458	\$273,125	\$15,256,129	38.98	\$278,102	\$8,477,850	(13.01)	0.90	\$23,733,979
Siguler Guff Small Buyout Opportunities	2007	\$25,000,000	\$9,338,458	\$273,125	\$15,256,129	38.98	\$278,102	\$8,477,850	(13.01)	0.90	\$23,733,979
South Atlantic Ventures		\$500,000	\$500,000	\$45,517	\$0	100.00	\$1,145,890	\$0	17.38	2.10	\$0
South Atlantic Venture Fund II, L.P.	1989	\$500,000	\$500,000	\$45,517	\$0	100.00	\$1,145,890	\$0	17.38	2.10	\$0
Sprout Capital Partners		\$500,000	\$416,999	\$122,651	\$0	100.00	\$1,071,930	\$8,368	17.71	2.00	\$8,368
Sprout Capital VI	1990	\$500,000	\$416,999	\$122,651	\$0	100.00	\$1,071,930	\$8,368	17.71	2.00	\$8,368
Summit Ventures		\$500,000	\$388,928	\$109,556	\$25,003	95.00	\$1,255,067	\$2,809	28.32	2.52	\$27,812
Summit Ventures II, L.P.	1988	\$500,000	\$388,928	\$109,556	\$25,003	95.00	\$1,255,067	\$2,809	28.32	2.52	\$27,812
Technology Partners West		\$500,000	\$500,000	\$41,952	\$0	100.00	\$1,055,036	\$0	10.72	1.95	\$0
Technology Partners West Fund IV, LP	1989	\$500,000	\$500,000	\$41,952	\$0	100.00	\$1,055,036	\$0	10.72	1.95	\$0
Terra Firma Capital Partners		\$25,432,997	\$11,849,225	\$1,380,406	\$12,186,313	52.08	\$0	\$3,215,314	(70.04)	0.24	\$15,401,627
Terra Firma Capital Partners III, LP	2007	\$25,432,997	\$11,849,225	\$1,380,406	\$12,186,313	52.08	\$0	\$3,215,314	(70.04)	0.24	\$15,401,627
Welsh, Carson, Anderson & Stowe		\$76,000,000	\$57,470,811	\$3,613,452	\$14,817,661	80.50	\$30,525,182	\$50,483,958	11.69	1.32	\$65,301,619
Welsh, Carson, Anderson & Stowe II	1990	\$500,000	\$455,663	\$88,137	\$0	100.00	\$689,495	\$80,979	8.46	1.42	\$80,979
Welsh, Carson, Anderson & Stowe IV, LP	2004	\$25,000,000	\$15,165,071	\$584,929	\$9,250,000	63.00	\$2,848,763	\$17,752,602	10.76	1.31	\$27,002,602
Welsh, Carson, Anderson & Stowe IX, L.P.	2000	\$25,000,000	\$21,907,569	\$1,842,431	\$1,250,000	95.00	\$25,234,030	\$14,271,232	14.01	1.66	\$15,521,232
Welsh, Carson, Anderson & Stowe V, L.P.	1989	\$500,000	\$500,000	\$40,463	\$0	100.00	\$1,752,893	\$0	32.31	3.24	\$0
Welsh, Carson, Anderson & Stowe X, L.P.	2005	\$25,000,000	\$19,442,508	\$1,057,492	\$4,317,661	82.73	\$0	\$18,379,145	(6.62)	0.89	\$22,696,806
Whitney		\$570,000	\$553,925	\$32,190	\$16,075	97.18	\$1,301,943	\$0	20.07	2.22	\$16,075
Whitney 1990 Equity Fund	1991	\$570,000	\$553,925	\$32,190	\$16,075	97.18	\$1,301,943	\$0	20.07	2.22	\$16,075
William Blair Venture Partners		\$500,000	\$500,000	\$34,901	\$0	100.00	\$883,512	\$0	9.57	1.65	\$0
William Blair Venture Partners III, L.P.	1988	\$500,000	\$500,000	\$34,901	\$0	100.00	\$883,512	\$0	9.57	1.65	\$0

3/31/2009 Private Equity Pool Holdings

<u>Fund Name</u>	<u>Shares</u>	<u>Book Value</u>	<u>Market Value</u>	<u>%</u>
ADAMS ST PART FUND 2003 US	13,911,349	13,911,349	12,909,509	1.81%
ADAMS ST PART FUND 2004 NON US	3,719,468	3,719,468	3,141,660	0.44%
ADAMS ST PART FUND 2004 US	10,322,922	10,322,922	9,112,012	1.28%
ADAMS ST PARTNERS FUND 2002 US	24,156,518	24,156,518	22,851,269	3.21%
ADAMS STR GLOBAL OPPORTUNITES	16,587,920	16,587,920	16,438,579	2.31%
ADAMS STREET FUND V	31,428,534	31,428,534	27,471,399	3.86%
ADAMS STREET PARTNERSHIP	3,376,621	3,376,621	2,668,587	0.37%
ADAMS STREET PARTNERSHIP FUND	14,903,934	14,903,934	12,517,039	1.76%
ADAMS STREET PTNRSHP FND	3,943,307	3,943,307	3,924,454	0.55%
ALTA SUB DEBT PARTNERS III	1	0	0	0.00%
AUSTIN VENTURES III	214,255	214,255	15,776	0.00%
BRIN NON US TRUST 2001 PRIM	594,076	594,076	545,707	0.08%
BRIN VEN CAP III SECONDARY	1	1	59,155	0.01%
BRIN VEN PART III SECONDARY	1,192,322	1,192,322	145,592	0.02%
BRINSON NON U.S. TRUST 2000	832,015	832,015	829,988	0.12%
BRINSON NON US 1999 PRIMARY FD	279,000	279,000	424,535	0.06%
BRINSON NON US PARTNERSHIP FND	1,090,463	1,090,463	1,306,984	0.18%
BRINSON NON US PARTNERSHIP TR	656,323	656,323	665,497	0.09%
BRINSON NON US TRUST 2002 SEC	158,767	158,767	97,293	0.01%
BRINSON NON US TRUST 2003 PRIM	785,125	785,125	1,243,443	0.17%
BRINSON PART FUND TRUST 1996	1,347,645	1,347,645	248,166	0.03%
BRINSON PARTNERSHIP	11,245,609	11,245,609	9,056,370	1.27%
BRINSON PARTNERSHIP	6,319,079	6,319,079	6,611,298	0.93%
BRINSON PARTNERSHIP FUND	336,495	336,495	900,182	0.13%
BRINSON PARTNERSHIP FUND TR	9,558,771	9,761,707	9,360,876	1.31%
BRINSON PARTNERSHIP FUND TRUST	1,333,562	1,333,562	445,691	0.06%
BRINSON PARTNERSHIP FUND TRUST	2,974,620	2,974,620	980,301	0.14%
BRINSON PARTNERSHIP FUND TRUST	142,679	142,679	12,408	0.00%
BRINSON PARTNERSHIP FUND TRUST	4,580,647	4,580,647	2,166,202	0.30%
BRINSON PARTNERSHIP FUND TRUST	11,772,363	11,772,363	11,197,872	1.57%
BRINSON PARTNERSHIP FUND TRUST	10,449,535	10,449,535	10,691,118	1.50%
BRINSON PARTNERSHIP FUND TRUST	1,431,358	1,431,358	1,323,956	0.19%
BRINSON VEN CAP FUND IV	6,052,410	6,052,410	8,157,590	1.15%
BRINSON VENTURE CAPITAL FD III	1	1	59,155	0.01%
BRINSON VENTURE PARTNR FD III	960,856	960,856	145,183	0.02%
SPROUT CAPITAL VI	244,756	244,756	8,368	0.00%
SUMMIT VENTURE II	128,881	128,881	2,809	0.00%
VENTURE PARTNERSHIP ACQUIST	190,080	190,080	9,636	0.00%
WCAS CAPITAL PARTNERS II	261,141	261,141	80,979	0.01%
ADAMS STREET Total	197,483,409	197,686,345	177,826,639	24.98%
AFFINITY ASIA PACIFIC FUND III	3,075,440	3,075,440	1,390,646	0.20%
AFFINITY Total	3,075,440	3,075,440	1,390,646	0.20%
ARCLIGHT ENERGY PTNRS FUND III	21,345,608	21,345,608	21,204,193	2.98%
ARCLIGHT ENRGY PARTNERS FD II	12,775,969	12,775,969	14,662,635	2.06%
ARCLIGHT Total	34,121,577	34,121,577	35,866,828	5.04%
AVENUE SPECIAL SITUATIONS V	23,087,428	23,087,428	13,921,904	1.96%
AVENUE CAPITAL Total	23,087,428	23,087,428	13,921,904	1.96%
BUERK DALE VICOTR II L.P.	6,600,000	6,600,000	5,894,770	0.83%
BUERK DALE. Total	6,600,000	6,600,000	5,894,770	0.83%
CARLYLE PARTNERS IV, L.P.	30,813,472	30,813,472	29,020,991	4.08%
CARLYLE VENTURE PARTNERS III	11,875,445	11,875,445	11,082,379	1.56%
CARLYLE Total	42,688,917	42,688,917	40,103,370	5.63%
CCMP II	7,944,068	7,944,068	6,648,406	0.93%

3/31/2009 Private Equity Pool Holdings

<u>Fund Name</u>	<u>Shares</u>	<u>Book Value</u>	<u>Market Value</u>	<u>%</u>
CCMP Total	7,944,068	7,944,068	6,648,406	0.93%
FIRST RESERVE FUND XII	7,138,666	7,138,666	5,854,998	0.82%
FIRST RESERVE XI	21,207,151	21,207,151	22,673,350	3.18%
FIRST RESERVE Total	28,345,817	28,345,817	28,528,348	4.01%
DOVER STREET	3,400,000	3,400,000	3,464,056	0.49%
HARBOURVEST 2007 DIRECT	6,500,000	6,500,000	4,469,062	0.63%
HARBOURVEST INTL PVT EQTY VI	157,000	202,530	208,449	0.03%
HARBOUR VEST Total	10,057,000	10,102,530	8,141,567	1.14%
HFCP VI	15,363,776	15,363,776	14,798,343	2.08%
HELLMAN FRIEDMAN Total	15,363,776	15,363,776	14,798,343	2.08%
HIGHWAY 12 VENTURE II	2,668,305	2,668,305	2,499,839	0.35%
HIGHWAY 12 VENTURES Total	2,668,305	2,668,305	2,499,839	0.35%
INDUSTRY VENTURES FUND IV	8,071,708	8,071,708	8,846,414	1.24%
INDUSTRY VENTURES Total	8,071,708	8,071,708	8,846,414	1.24%
JCF II LP	22,795,488	22,795,488	11,237,742	1.58%
J.C. FLOWERS Total	22,795,488	22,795,488	11,237,742	1.58%
JLL PARTNERS FUND V LP	14,665,814	14,665,814	14,468,265	2.03%
JLL PARTNERS Total	14,665,814	14,665,814	14,468,265	2.03%
KKR 1987	2,021,493	2,021,493	169,270	0.02%
KKR 1993	1,285,300	1,285,300	58,106	0.01%
KKR 1996	18,967,917	18,967,917	9,245,418	1.30%
KKR EUROPEAN FUND	9,053,964	9,053,964	11,114,764	1.56%
KKR Total	31,328,674	31,328,674	20,587,557	2.89%
LEHMAN BROS MERCHANT BANK IV	3,471,692	3,471,692	3,444,734	0.48%
LEHMAN BROTHERS CO	17,796,240	17,796,240	21,145,012	2.97%
LEHMAN BROTHERS Total	21,267,932	21,267,932	24,589,746	3.45%
LEXINGTON CAPITAL PARTNERS VIB	32,523,416	32,523,416	30,319,695	4.26%
LEXINGTON CAPITAL PTRS V LP	5,365,661	5,365,661	25,952,382	3.65%
LEXINGTON MID MARKET II LP	749,669	749,669	749,669	0.11%
LEXINGTON Total	38,638,746	38,638,746	57,021,745	8.01%
MADISON DEARBORN CAP PART IV	18,705,891	18,705,891	17,055,059	2.40%
MADISON DEARBORN CAP PTNRS VI	2,755,899	2,755,899	2,526,049	0.35%
MDCP V	19,083,104	19,083,104	14,361,143	2.02%
MADISON DEARBORN Total	40,544,895	40,544,895	33,942,250	4.77%
MATLIN PATTERSON GLB OPP	15,709,943	15,709,943	16,304,234	2.29%
MATLIN PATTERSON Total	15,709,943	15,709,943	16,304,234	2.29%
MHR INSTITUTIONAL III	14,528,372	14,528,372	9,535,319	1.34%
MHR INSTITUTIONAL Total	14,528,372	14,528,372	9,535,319	1.34%
OAK HILL CAPITAL PARTNERS II	21,854,765	21,854,765	24,286,151	3.41%
OAK HILL III	5,101,234	5,101,234	4,802,623	0.67%
OAK HILL Total	26,955,999	26,955,999	29,088,774	4.09%
OAKTREE CPTL MGMT OPPTY FD VII	24,135,393	24,135,393	22,307,547	3.13%
OCM OPPORTUNITIES FD IVB LP	1	1	323,975	0.05%
OAK TREE Total	24,135,394	24,135,394	22,631,522	3.18%
ODYSSEY INVESTMENT PTNRS IV	49,992	49,992	49,992	0.01%
ODYSSEY INVT PARTN FD III	17,047,475	17,047,475	20,517,472	2.88%
ODYSSEY INVESTMENTS Total	17,097,467	17,097,467	20,567,463	2.89%
PERFORMANCE VENTURE CAPITAL II	1,133,000	1,133,000	1,092,383	0.15%

3/31/2009 Private Equity Pool Holdings

<u>Fund Name</u>	<u>Shares</u>	<u>Book Value</u>	<u>Market Value</u>	<u>%</u>
PERFORMANCE EQUITY MANAC	1,133,000	1,133,000	1,092,383	0.15%
PORTFOLIO ADVISORS FUND V(B)	2,402,654	2,402,654	1,946,585	0.27%
PORTFOLIO ADVISORS IV (B)	15,753,124	15,753,124	15,866,357	2.23%
PORTFOLIO ADVISORS IV (E)	6,215,217	6,215,217	5,435,356	0.76%
PORTFOLIO ADVISORS Total	24,370,994	24,370,994	23,248,298	3.27%
QUINTANA ENERGY PARTNERS TE LP	9,872,030	9,872,030	9,377,609	1.32%
QUINTANA ENERGY Total	9,872,030	9,872,030	9,377,609	1.32%
SIGULER GUFF SM BUYOUT	10,050,520	10,050,520	9,117,972	1.28%
SIGULER GUFF Total	10,050,520	10,050,520	9,117,972	1.28%
TERRA FIRMA III LIMITED PART	9,845,449	13,860,953	4,631,929	0.65%
TERRA FIRMA Total	9,845,449	13,860,953	4,631,929	0.65%
WCAS CAPITAL PARTNERS FUND IV	15,454,335	15,454,335	17,752,596	2.49%
WCAS IX	7,920,978	7,776,262	13,797,464	1.94%
WCAS X LP	19,442,508	19,442,508	18,379,139	2.58%
WELSH CARSON Total	42,817,821	42,673,105	49,929,198	7.01%
STATE STREET REPO	89,001	89,001	89,001	0.01%
STATE STREET SPIF ALT INV	91,101	9,920,620	10,056,040	1.41%
STATE STREET Total	180,101	10,009,621	10,145,040	1.42%
Grand Total	745,446,082	759,394,856	711,984,124	100.00%

MEMORANDUM

Montana Board of Investments

Department of Commerce

2401 Colonial Drive, 3rd Floor

Helena, MT 59601 (406) 444-0001

To: Members of the Board
From: Dan Zarling, Director of Research
Date: May 12, 2009
Subject: Montana Real Estate Pool [MTRP]

Attached to this memo are the following reports:

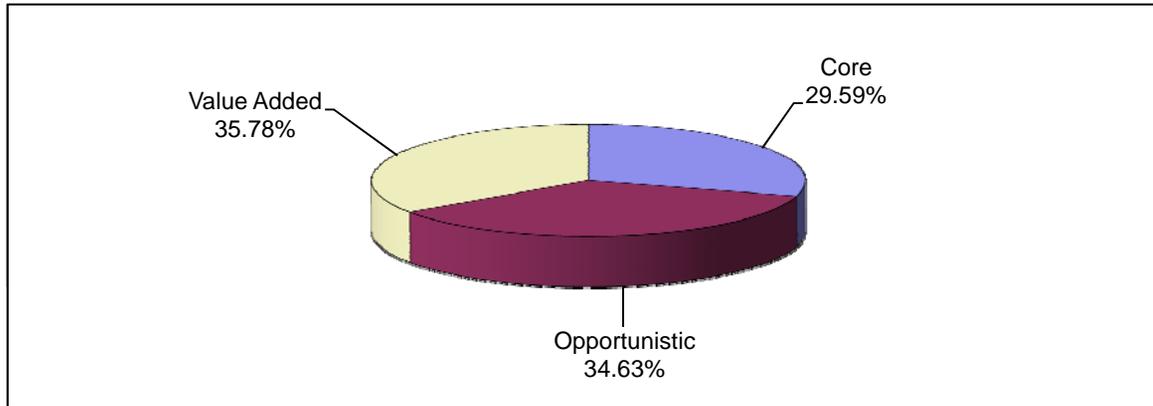
- (i) **Private Edge - Table: Detailed Portfolio Performance.**
Fund manager time weighted returns, net and gross, for various time horizons as of 12/31/08.
- (ii) **Private Edge - Graph: Strategy Total Exposure by Market Value & Remaining Commitments.** Summary of total market value of invested capital plus future capital commitments by investment strategy as of 12/31/08.
- (iii) **Private Edge - Graph: Portfolio Characteristics – Geographic Diversification.**
Summary of the gross market value of MTRP's share of the partnerships' interest in properties by geography relative to the NCREIF Property Index as of 12/31/08.
- (iv) **Private Edge – Graph: Portfolio Characteristics – Property Type Diversification.** Summary of the gross market value of MTRP's share of the partnerships' interests in properties by property type relative to the NCREIF Property Index as of 12/31/08.
- (v) **Private Edge - Table: Real Estate Portfolio Status Report.**
Summary of the total market value of invested capital plus the future capital commitments by investment strategy as of 12/31/08.
- (vi) **Real Estate Pool Holdings.**
Summary of all MTRP portfolio fund holdings by shares, book value and market value as of 03/31/09.
- (vii) **New Commitments.** There were no new fund commitments made to the MTRP since the February Board Meeting.

Detailed Portfolio Performance
Time Weighted Returns (Net of Fees)
(as of December 31, 2008)

	Current Quarter			Year to Date		1 - Year		2 - Year		3 - Year		Inception		IRR
	\$ Mil	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	
Core	148.7	-10.78%	-10.54%	-8.79%	-7.89%	-8.79%	-7.89%	3.15%	4.17%	-	-	3.15%	4.17%	-0.24%
Clarion Lion Properties Fund	40.7	-15.72%	-15.47%	-12.90%	-12.01%	-12.90%	-12.01%	0.93%	1.94%	-	-	0.93%	1.94%	-0.97%
INVESCO Core Real Estate-USA	42.9	-8.51%	-8.28%	-5.30%	-4.42%	-5.30%	-4.42%	-	-	-	-	-0.45%	0.46%	-1.59%
JP Morgan Strategic Properties Fund	65.1	-8.91%	-8.68%	-8.33%	-7.41%	-8.33%	-7.41%	-	-	-	-	1.82%	2.84%	1.06%
Value Added	98.0	-7.33%	-6.66%	-2.17%	0.33%	-2.17%	0.33%	-1.19%	3.29%	-	-	-6.91%	3.67%	-2.69%
ABR Chesapeake Fund III	16.1	-1.85%	-1.40%	-1.04%	1.16%	-1.04%	1.16%	2.91%	6.46%	-	-	4.17%	8.23%	2.13%
AG Core Plus Realty Fund II	6.1	-14.90%	-14.31%	-17.28%	-14.69%	-17.28%	-14.69%	-	-	-	-	-11.70%	-7.48%	-17.51%
Apollo Real Estate Finance Corp.	6.1	-4.06%	-3.44%	8.23%	12.30%	8.23%	12.30%	6.05%	12.51%	-	-	-2.91%	10.92%	4.18%
DRA Growth & Income Fund VI	9.3	-12.59%	-10.18%	-8.08%	-3.23%	-8.08%	-3.23%	-	-	-	-	-4.84%	-1.01%	-6.49%
Hudson Realty Capital Fund IV	22.1	-11.54%	-11.18%	-11.03%	-9.43%	-11.03%	-9.43%	-4.55%	-0.82%	-	-	-4.55%	-0.82%	-10.59%
Realty Associates Fund VIII	17.0	-12.27%	-11.99%	-9.74%	-8.68%	-9.74%	-8.68%	-	-	-	-	-2.38%	-1.03%	-6.50%
Rothschild FARS Fund V LP	4.5	1.28%	3.77%	3.36%	13.43%	3.36%	13.43%	-	-	-	-	3.25%	10.83%	3.85%
Strategic Partners Value Enhancement Fund	16.8	2.73%	3.17%	25.90%	28.33%	25.90%	28.33%	0.04%	6.73%	-	-	-17.27%	1.73%	8.03%
Opportunistic	52.7	-33.36%	-32.48%	-44.99%	-41.89%	-44.99%	-41.89%	-	-	-	-	-39.12%	-33.64%	-48.38%
AG Realty Fund VII L.P.	3.6	-6.22%	-4.43%	-14.02%	-5.68%	-14.02%	-5.68%	-	-	-	-	-27.85%	-15.70%	-22.14%
Beacon Capital Strategic Partners V	8.8	-34.06%	-33.31%	-50.06%	-48.27%	-50.06%	-48.27%	-	-	-	-	-39.10%	-35.46%	-48.72%
Carlyle Europe Real Estate Partners III	5.9	-21.21%	-19.66%	-85.42%	-62.05%	-85.42%	-62.05%	-	-	-	-	-107.08%	-78.90%	-56.53%
CIM Fund III, L.P.	0.8	-20.48%	-10.82%	-57.60%	-19.39%	-57.60%	-19.39%	-	-	-	-	-57.93%	-0.27%	-62.85%
JER Real Estate Partners - Fund IV	10.3	-14.46%	-13.73%	-33.04%	-31.34%	-33.04%	-31.34%	-	-	-	-	-21.87%	-19.90%	-20.87%
Liquid Realty IV ¹	14.6	-5.47%	-5.47%	32.49%	36.74%	32.49%	36.74%	-	-	-	-	1.98%	10.36%	-9.05%
Macquarie Global Property Fund (Asia)	2.9	-28.03%	-25.27%	-39.60%	-32.73%	-39.60%	-32.73%	-	-	-	-	-35.92%	-26.95%	-36.91%
MSREF VI International	2.6	-93.64%	-93.24%	-95.50%	-95.14%	-95.50%	-95.14%	-	-	-	-	-90.54%	-89.86%	-97.63%
O'Connor North American Partners II	3.3	-64.14%	-63.43%	-	-	-	-	-	-	-	-	-66.84%	-64.13%	-72.96%
Montana Real Estate	299.4	-14.45%	-13.95%	-15.43%	-13.53%	-15.43%	-13.53%	-3.86%	-1.22%	-	-	-9.15%	-0.36%	-10.29%
Benchmark (gross)														
NCREIF	305,096.3		-8.29%		-6.46%		-6.46%		8.35%		8.11%		9.71%	

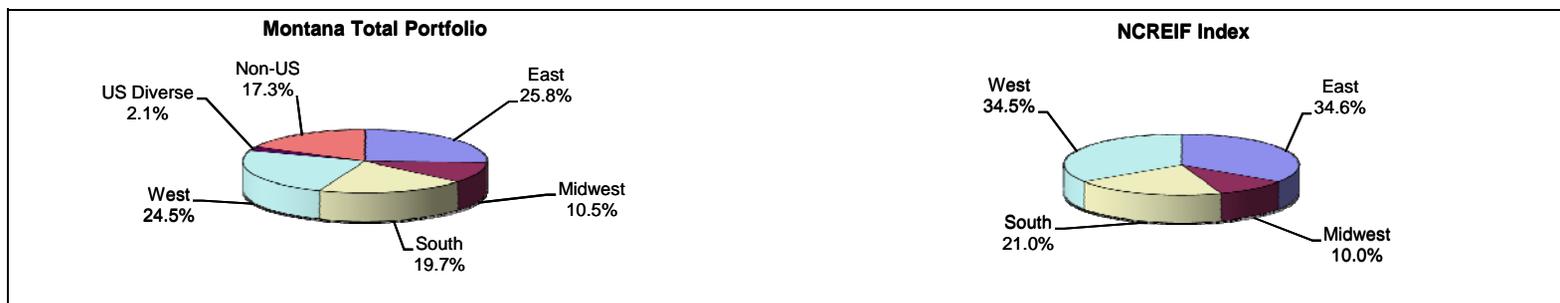
¹ Liquid Realty's net asset value was cash adjusted as the GP did not complete their financial reporting for December 31, 2008.

Real Estate Portfolio Status
Strategy Exposure by Net Asset Value & Remaining Commitments
(Since inception through December 31, 2008)



Strategy	Remaining Commitments	Net Asset Value	Total Exposure	Percentage
Core	\$0	\$148,721,560	\$148,721,560	29.59%
Value Added	\$81,851,491	\$97,976,018	\$179,827,509	35.78%
Opportunistic	\$121,372,209	\$52,686,474	\$174,058,683	34.63%
Total	\$203,223,700	\$299,384,052	\$502,607,752	100.00%

Total Portfolio Characteristics
Geographic Diversification¹
(as of December 31, 2008)



Geographically, Montana's domestic investments were overweighted in the Midwest and South regions and underweighted in the East and West regions when compared to the NCREIF Property Index as of December 31, 2008.

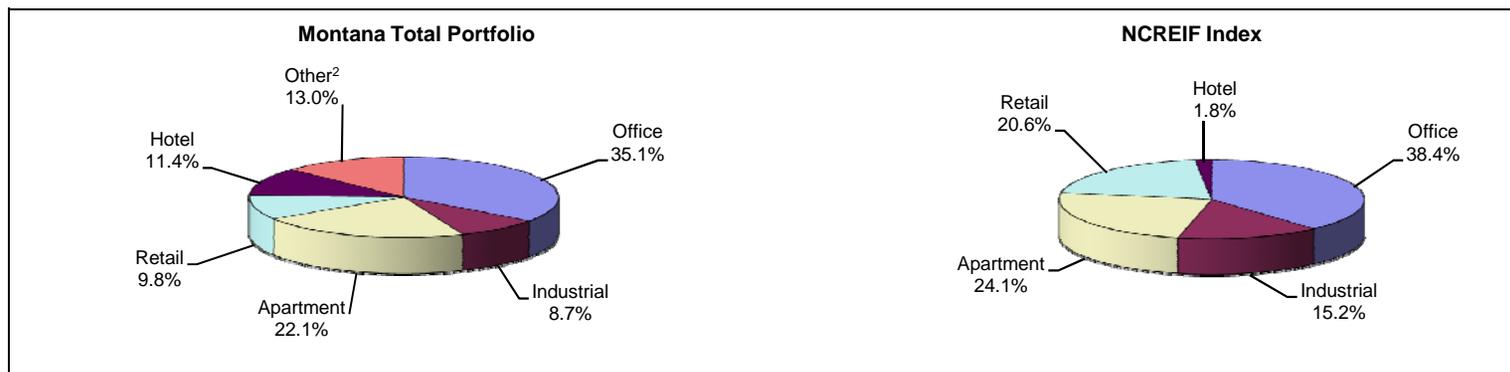
	East	Midwest	South	West	US Diverse	Non-US	Total
Montana Total Value ²	\$189.2	\$77.3	\$144.9	\$180.0	\$15.3	\$127.0	\$733.6
Montana Total ¹	25.8%	10.5%	19.7%	24.5%	2.1%	17.3%	100.0%
Montana US Value ²	\$189.2	\$77.3	\$144.9	\$180.0	\$15.3		\$606.6
Montana US Total ¹	31.2%	12.7%	23.9%	29.7%	2.5%		100.0%
NCREIF Value ^{2,3}	\$105,492	\$30,369	\$63,958	\$105,278			\$305,096
NCREIF ¹	34.6%	10.0%	21.0%	34.5%			100.0%
Difference	-3.4%	2.8%	2.9%	-4.8%	2.5%		

¹ Diversification percentages are based on the Gross Market Value, which represents the MBOI share of the partnerships' interests in properties exclusive of any underlying debt used to acquire each property.

² Values shown are in Millions.

³ The NCREIF gross market values represent the total gross asset values of the participating funds exclusive of any underlying debt.

Total Portfolio Characteristics
Property Type Diversification¹
(as of December 31, 2008)



Relative to the NCREIF Property Index, Montana's domestic investments were overweighted in the apartment and hotel sectors yet underweighted in the office, industrial, and retail sectors as of December 31, 2008.

	Office	Industrial	Apartment	Retail	Hotel	Other ²	Total
Montana Total Value ²	\$257.3	\$64.1	\$161.8	\$71.7	\$83.6	\$95.1	\$733.6
Montana Total ¹	35.1%	8.7%	22.1%	9.8%	11.4%	13.0%	100.0%
Montana US Value ²	\$192.7	\$64.1	\$154.7	\$65.1	\$66.9	\$63.1	\$606.6
Montana US Total	31.8%	10.6%	25.5%	10.7%	11.0%	10.4%	100.0%
NCREIF Value ^{2,4}	\$117,102	\$46,308	\$73,415	\$62,916	\$5,353		\$305,094
NCREIF ¹	38.4%	15.2%	24.1%	20.6%	1.8%		100.0%
Difference	-6.6%	-4.6%	1.4%	-9.9%	9.3%	10.4%	
Montana Non-US Value ²	\$64.6	\$0.0	\$7.1	\$6.6	\$16.7	\$32.0	\$127.0
Montana Non-US Total	50.9%	0.0%	5.6%	5.2%	13.2%	25.2%	100.0%

¹ Diversification percentages are based on the Gross Market Value, which represents the MBOI share of the partnerships' interests in properties exclusive of any underlying debt used to acquire each property.

² Other consists of \$48,344,620 in mixed-use assets, \$38,318,912 in healthcare/senior living, \$6,634,50 in land, and \$1,795,363 in general other.

³ Values shown are in Millions.

⁴ The NCREIF gross market values represent the total gross asset values of the participating funds exclusive of any underlying debt. This amount differs from the index total due to rounding in the NCREIF report.

Real Estate Portfolio Status Report
All Investments
(as of December 31, 2008)

	Since Inception						
	Vintage Year	Commitment	Capital Contributed	Remaining Commitment	Capital Distributed	Net Asset Value	Investment Multiple
Core							
Clarion Lion Properties Fund	2006	155,000,000	155,000,000	-	6,585,193	148,721,560	1.00
INVESCO Core Real Estate-USA	2007	45,000,000	45,000,000	-	3,839,262	40,746,488	0.98
JP Morgan Strategic Property Fund	2007	45,000,000	45,000,000	-	1,579,245	42,872,710	0.98
	2007	65,000,000	65,000,000	-	1,166,685	65,102,362	1.02
Value Added							
		189,200,000	107,348,509	81,851,491	6,559,041	97,976,018	0.97
ABR Chesapeake Fund III	2006	20,000,000	16,000,000	4,000,000	395,950	16,054,265	1.03
AG Core Plus Realty Fund II	2007	20,000,000	7,700,000	12,300,000	508,403	6,124,906	0.86
Apollo Real Estate Finance Corp.	2007	20,000,000	6,263,000	13,737,000	404,600	6,089,464	1.04
DRA Growth & Income Fund VI	2007	35,000,000	13,519,595	21,480,405	3,841,757	9,270,847	0.95
Hudson Realty Capital Fund IV	2007	25,000,000	25,000,000	-	302,474	22,145,346	0.90
Realty Associates Fund VIII	2007	20,000,000	19,000,000	1,000,000	638,442	16,996,386	0.93
Rothschild FARS Fund V LP	2007	30,000,000	4,653,675	25,346,325	467,415	4,493,259	1.07
Strategic Partners Value Enhancement Fund	2007	19,200,000	15,212,239	3,987,761	-	16,801,545	1.10
Opportunistic							
		220,902,305	99,530,096	121,372,209	8,893,010	52,686,474	0.60
AG Realty Fund VII L.P.	2007	20,000,000	4,400,000	15,600,000	-	3,643,270	0.83
Beacon Capital Strategic Partners V	2007	25,000,000	16,562,500	8,437,500	-	8,792,723	0.53
Carlyle Europe Real Estate Partners III	2007	30,902,305	9,105,410	21,796,894	13,830	5,881,295	0.60
CIM Fund III, L.P.	2007	25,000,000	1,074,902	23,925,098	77,632	754,594	0.42
JER Real Estate Partners - Fund IV	2007	20,000,000	20,000,000	-	5,054,633	10,303,690	0.77
Liquid Realty IV ²	2007	30,000,000	17,994,951	12,005,049	2,926,620	14,583,115	0.94
Macquarie Global Property Fund (Asia)	2007	30,000,000	4,655,160	25,344,840	13,198	2,900,037	0.63
MSREF VI International	2007	25,000,000	17,491,974	7,508,026	734,725	2,576,387	0.19
O'Connor North American Property Partners II	2008	15,000,000	8,245,199	6,754,801	72,371	3,251,363	0.37
Montana Real Estate		\$ 565,102,305	\$ 361,878,605	\$ 203,223,700	\$ 22,037,244	\$ 299,384,052	0.88

¹ Capital contributed does not include contributions for expenses outside of the commitment amounts.

² Liquid Realty's net asset value was cash adjusted as the GP did not complete their financial reporting for December 31, 2008.

3/31/2009 Private Real Estate Holdings

<u>Fund Name</u>	<u>Shares</u>	<u>Book Value</u>	<u>Market Value</u>	<u>%</u>
ABR CHESAPEAKE III	15,770,784	15,770,784	16,438,235	4.80%
AG REALTY FUND VII LP	5,194,769	5,194,769	4,652,773	1.36%
AG CORE PLUS REALTY FD II	7,381,597	7,381,597	7,073,474	2.06%
APOLLO REAL ESTATE FINANCE COR	6,263	6,263,000	7,574,374	2.21%
BEACON CAPITAL PARTNERS FUND V	16,562,500	16,562,500	8,793,628	2.57%
CIM FUND III	1,496,432	1,496,432	1,176,124	0.34%
CLARION LION PROPERTIES FUND	31,957	45,000,000	40,628,552	11.85%
DRA ADVISORS VI	10,741,356	10,741,356	9,270,843	2.70%
JP MORGAN CB	37,804	70,266,763	64,094,707	18.70%
HUDSON REALTY CAPITAL FUND IV	25,000,000	25,000,000	25,208,575	7.35%
INVESCO CORE REAL ESTATE USA	309	45,000,000	42,566,534	12.42%
MORGAN STANLEY REAL ESTATE	25,036,302	25,036,302	19,975,839	5.83%
JER REAL EST PARTNERS FUND IV	14,961,499	14,961,499	12,045,802	3.51%
LIQUID REALTY FUN IV	15,535,697	15,535,697	15,113,499	4.41%
MACQUARIE GBL PROP III ASIA	7,924,312	7,924,312	7,143,229	2.08%
OCONNOR NTH AMER PROP PTNRS II	8,245,199	8,245,199	7,974,921	2.33%
STRATEGIC PARTNERS VALUE	14,953,039	14,953,039	16,816,143	4.91%
ROTHSCHILD FIVE ARROWS REALTY	3,208,215	3,208,215	3,420,814	1.00%
TA ASSOCIATES REALTY FUND	19,500,000	19,500,000	20,049,296	5.85%
CARLYLE EUROPE R E P III L P	5,686,485	8,844,179	6,788,053	1.98%
REAL ESTATE Total	197,274,520	366,885,644	336,805,414	98.26%
SHORT TERM INVESTMENT POOL	5,976,802	5,976,802	5,976,802	1.74%
CASH EQUIVALENT Total	5,976,802	5,976,802	5,976,802	1.74%
Grand Total	203,251,322	372,862,446	342,782,216	100.00%

Montana Domestic Equity Pool

Domestic Stock Pool By Manager as of 3/31/2009			
<u>Manager Name</u>	<u>Market Value</u>	<u>%</u>	<u>Approved Range</u>
BGI EQUITY INDEX FUND	464,114,515	25.25%	
STATE STREET SPIF ALT INV	12,861,543	0.70%	0-5%
LARGE CAP CORE Total	476,976,058	25.95%	10-30%
ENHANCED INVEST TECHNOLOGIES	114,132,797	6.21%	
GOLDMAN SACHS ENHANCED LARGE	80,798,680	4.40%	
T ROWE PRICE ASSOCIATES INC	126,429,120	6.88%	
WESTERN ASSET US INDX PLUS LLC	76,780,444	4.18%	
LARGE CAP ENHANCED Total	398,141,042	21.66%	20-30%
BARROW HANLEY MEWHINNEY + STRS	118,489,912	6.45%	
QUANTITATIVE MANAGEMENT ASSOC	74,764,917	4.07%	
LARGE CAP VALUE Total	193,254,829	10.51%	
COLUMBUS CIRCLE INVESTORS	90,440,765	4.92%	
RAINIER INVESTMENT MGMNT INC	88,122,687	4.79%	
RENAISSANCE GROUP LLC	92,851,574	5.05%	
LARGE CAP GROWTH Total	271,415,027	14.76%	
LARGE CAP STYLE BASED Total	464,669,856	25.28%	20-30%
ANALYTIC INVESTORS MU3B	69,782,527	3.80%	
JP MORGAN ASSET MGMT MU3E	130,841,197	7.12%	
MARTINGALE ASSET MGMT MU3D	46,883,650	2.55%	
PARTIAL LONG/SHORT (130-30) Total	247,507,374	13.46%	10-20%
COMBINED LARGE CAP Total	1,587,294,331	86.34%	82-92%
ARTISAN MID CAP VALUE	40,146,908	2.18%	
BGI MIDCAP EQUITY INDEX FUND	13,091,116	0.71%	
MARTINGALE ASSET MGMT MID CAP	58,587,511	3.19%	
TIMESQUARE CAPITAL MGMT	51,393,049	2.80%	
MID CAP Total	163,218,584	8.88%	5-11%
DIMENSIONAL FUND ADVISORS INC	33,620,377	1.83%	
NORTHPOINTE CAPITAL SMALL CAP	22,184,007	1.21%	
VAUGHAN NELSON INV	32,007,970	1.74%	
SMALL CAP Total	87,812,354	4.78%	3-8%
TOTAL MDEP	1,838,325,268	100.00%	

The table above displays the Montana Domestic Equity Pool (MDEP) allocation at quarter end across market cap segments and manager styles. At this time, all weightings are within approved ranges. There were no significant allocation changes during the quarter. There was \$10 million shifted from the BGI 500 Index to State Street SPIFF during the quarter for liquidity purposes. The \$1.8 billion market value of MDEP shows further erosion as market declines in the first quarter followed those of calendar year 2008.

Although the overall market fell -11.7% during the quarter it was a wild ride. January and February saw what looked at the time to be never ending downside pressure, falling to a new low for this cycle on March 6th. From there, a hint of stabilization in the housing market, some positive comments on profitability by large banks and technology companies, and a slowing rate in layoffs ignited a rally through the end of the quarter.

Across market capitalizations, mid caps outperformed large caps and small caps for the quarter. Mid caps returned -8.7% compared to large caps at -11.0% and small caps at -16.8%. MDEP is slightly overweight mid caps and small caps and underweight large caps.

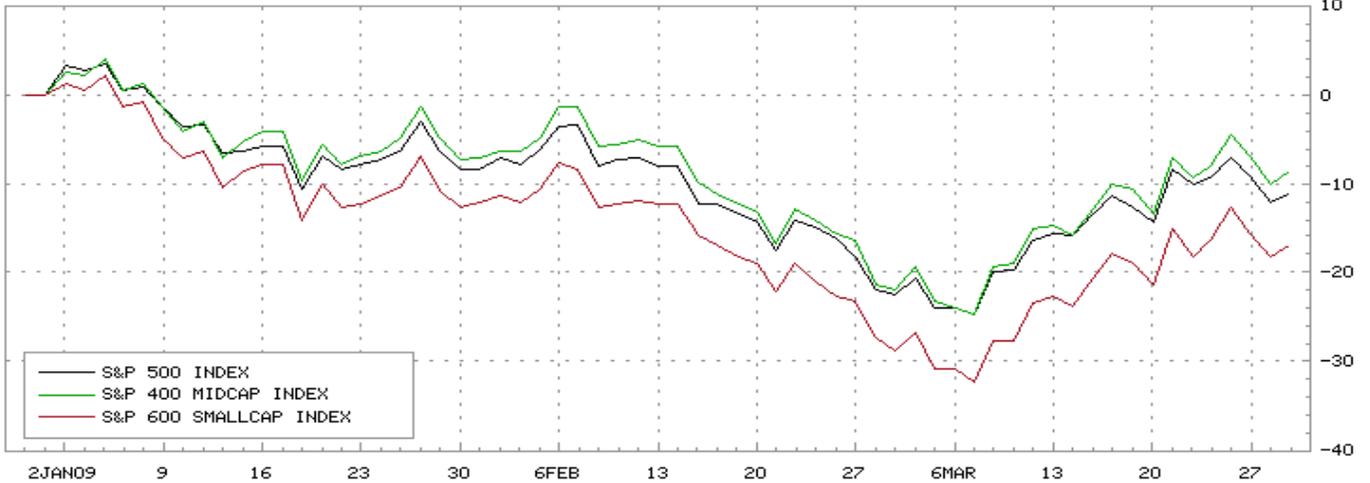
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COMPARATIVE RETURNS

Range **12/31/08** - **3/31/09** Period **D** Daily 90 Day Period

Securities	Crcny	Prc Appr	Total Ret	Difference	Annual Eq
1 SPX Index	USD	-11.67 %	-11.01 %	-2.35 %	-37.69 %
2 MID Index	USD	-9.16 %	-8.66 %		-30.73 %
3 SML Index	USD	-17.23 %	-16.84 %	-8.19 %	-52.67 %

(* = No dividends or coupons)



Looking at style categories, growth outperformed value for another quarter, this time by a very wide margin. Growth stocks returned -6.2% while value stocks returned -16.1%. MDEP continues to have a tilt toward growth over value.

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COMPARATIVE RETURNS

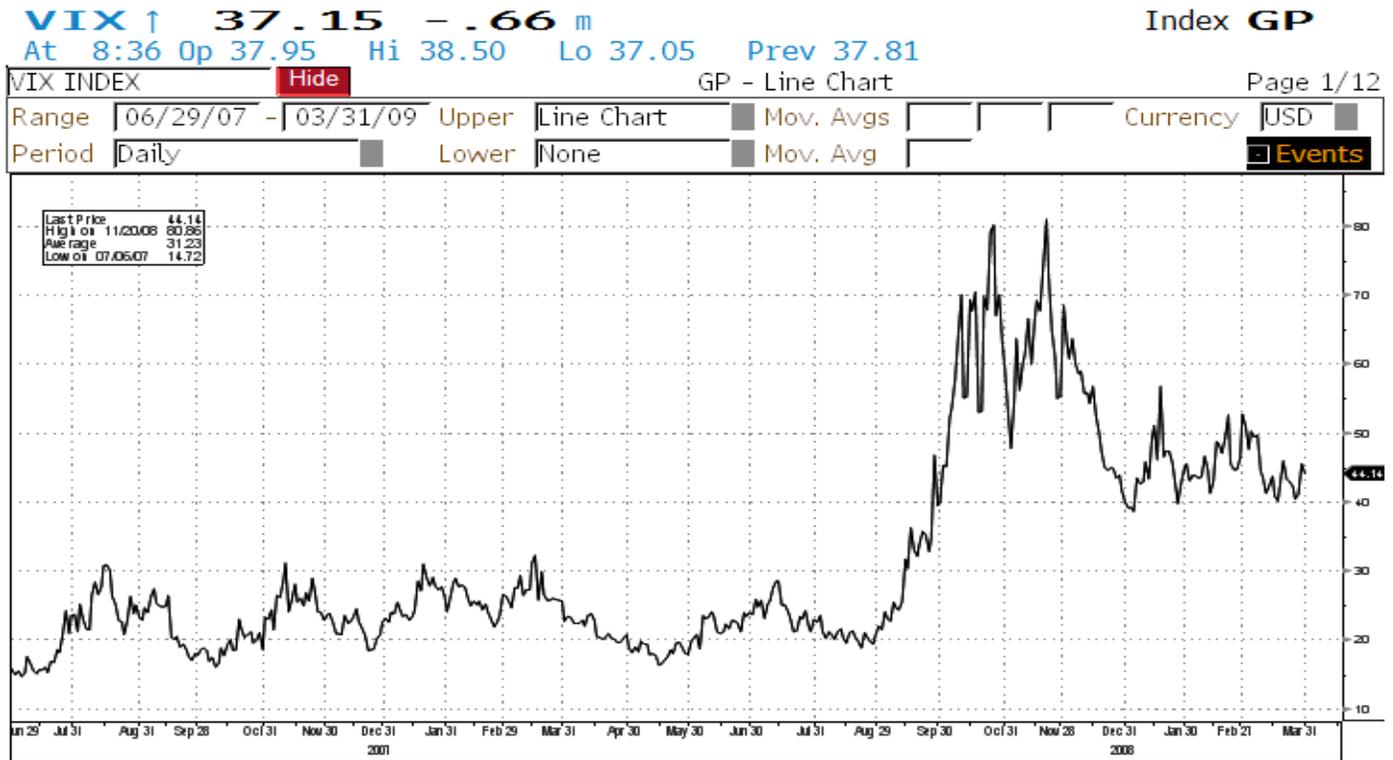
Range **12/31/08** - **3/31/09** Period **D** Daily 90 Day Period

Securities	Crcny	Prc Appr	Total Ret	Difference	Annual Eq
1 SPX Index	USD	-11.67 %	-11.01 %	-4.83 %	-37.69 %
2 SGX Index	USD	-6.63 %	-6.18 %		-22.80 %
3 SVX Index	USD	-16.97 %	-16.10 %	-9.92 %	-50.93 %

(* = No dividends or coupons)



Volatility fluctuated during the quarter. It first spiked to the high 50's before settling into a range primarily in the 40's. The sense of panic in the markets turned to calm and then into a rally as investors appeared more hopeful of a stabilizing economy.



The manager performance within MDEP was mostly positive. The partial long/short, large cap value, mid cap, and small cap buckets all outperformed while the enhanced bucket performance was flat. Large cap growth was the only underperforming group for the quarter.

Despite the lagging performance of the large cap growth bucket, the tilt of the pool toward growth rather than value actually added to performance given the huge return advantage for growth over value in the quarter. The sizing of the managers within the style buckets also added to the performance of the pool, while the combined affect of overweighting both mid caps and small caps detracted slightly from performance. Overall the pool outperformed the benchmark on a net basis by 106 basis points.

Going forward the strategy is to remain slightly overweight growth versus value and to remain fairly neutral in relation to cap size.

DOMESTIC EXPOSURE-SECTOR %

March 31, 2009

MANAGERS

Analytic Investors, Inc
 Artisan Partners
 Barrow Hanley
 Columbus Circle Investors
 Dimensional Fund Advisors
 Enhanced Invest Technologies
 Goldman Sachs Enhanced Large Cap
 J.P. Morgan
 Martingale Asset Mgmt
 Martingale Enhanced Alpha
 NorthPointe Cap
 Quantitative Management
 Rainier Investment Mgt
 Renaissance Investment Mgt
 T. Rowe Associates
 TimesSquare Cap Mgmt
 Vaughan Nelson Mgmt
 Western Asset US Index Plus
 BGI Equity Index Fund
 BGI Midcap Equity Index Fund

Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Technology	Materials	Telecom Services	Utilities
6.5	14.4	12.8	8.3	15.0	7.1	21.1	2.9	3.9	3.1
17.0	3.1	8.5	19.0	3.8	25.8	22.2	--	--	0.7
13.0	6.5	11.3	13.8	17.3	14.1	10.2	1.3	3.7	8.6
16.8	8.7	2.6	8.2	22.0	4.2	30.9	4.3	2.3	--
12.8	5.2	3.4	16.1	14.8	17.9	20.1	4.2	1.1	4.2
10.3	14.5	13.4	10.6	13.7	12.7	14.7	2.6	4.4	3.1
8.2	10.3	11.8	9.8	12.8	7.4	14.8	2.4	3.7	2.4
8.7	13.7	12.6	10.3	14.8	5.7	21.1	2.9	3.3	3.6
13.4	7.1	5.5	13.8	9.9	13.3	20.3	6.4	1.4	8.7
7.4	13.1	11.9	8.4	15.4	10.6	21.0	4.1	3.2	3.3
19.5	2.5	6.6	5.0	22.5	17.0	25.0	1.8	--	--
12.1	5.0	20.7	13.9	15.3	8.7	2.9	5.1	8.4	7.8
13.7	11.8	5.7	4.9	14.6	10.7	31.6	5.4	1.6	--
20.7	9.9	5.9	--	23.2	15.3	21.1	3.9	--	--
9.1	12.8	13.4	10.2	15.2	9.6	18.1	3.3	4.2	3.8
10.1	2.1	9.0	8.8	18.3	19.1	22.0	4.2	6.4	--
9.1	2.1	4.2	20.6	6.9	21.1	18.6	9.5	2.3	3.4
8.8	12.8	13.0	10.8	15.3	9.7	18.0	3.3	4.0	4.3
8.7	12.8	13.0	10.8	15.2	9.7	17.9	3.3	4.0	4.3
15.1	4.1	6.5	17.4	12.3	14.4	14.1	6.7	0.6	6.6

All Domestic Equity Portfolios**Benchmark: S&P Composite 1500****Over/underweight(-)**

10.9	10.6	11.1	10.3	15.4	10.9	18.8	3.5	3.5	3.7
9.5	11.8	12.2	11.6	15.0	10.4	17.7	3.6	3.6	4.6
1.5	-1.2	-1.2	-1.3	0.4	0.5	1.1	-0.1	-0.1	-0.9

DOMESTIC EXPOSURE-MARKET CAP %

March 31, 2009

MANAGERS	MEGA \$200B+	GIANT \$100-\$200B	LARGE			MID \$2.5-\$10B	SMALL \$500MM-\$2.5B	MICRO < \$500MM	WTD AVG MARKET CAP (\$B)
			\$50-\$100B	\$20-\$50B	\$10-\$20B				
Analytic Investors, Inc	6.5	12.7	14.6	22.8	16.9	17.3	5.5	-1.4	64.2
Artisan Partners	--	--	--	1.5	11.3	47.4	39.7	--	4.8
Barrow Hanley	--	7.9	11.5	17.4	16.6	36.7	9.9	--	30.5
Columbus Circle Investors	5.0	2.6	28.3	21.2	27.3	15.6	--	--	47.7
Dimensional Fund Advisors	--	--	--	--	--	--	52.8	47.1	0.6
Enhanced Invest Technologies	7.1	16.1	16.3	15.5	16.6	23.9	4.6	--	64.5
Goldman Sachs Enhanced Large Cap	5.9	11.5	17.6	17.2	12.1	15.3	4.1	--	67.1
J.P. Morgan	5.6	12.6	28.4	23.7	19.2	7.5	0.1	--	68.8
Martingale Asset Mgmt	--	--	--	--	4.2	53.6	41.6	0.6	3.9
Martingale Enhanced Alpha	8.0	16.6	18.1	17.1	13.9	16.1	8.1	0.5	70.1
NorthPointe Cap	--	--	--	--	--	8.5	49.1	42.4	1.0
Quantitative Management	8.1	13.6	20.2	13.6	15.4	20.0	9.1	0.2	67.9
Rainier Investment Mgt	2.2	2.6	24.9	31.6	22.4	14.3	1.9	--	45.0
Renaissance Investment Mgt	1.8	6.4	12.5	22.3	34.6	22.3	--	--	35.9
T. Rowe Associates	7.0	15.9	18.5	23.2	14.9	18.5	1.8	0.01	68.7
TimesSquare Cap Mgmt	--	--	--	1.0	13.5	68.1	17.4	--	5.7
Vaughan Nelson Mgmt	--	--	--	--	--	15.5	78.8	5.7	1.7
Western Asset US Index Plus	6.5	14.9	21.1	21.1	17.4	16.8	2.2	0.01	67.4
BGI Equity Index Fund	6.5	14.8	21.1	21.0	17.3	16.7	2.2	0.01	67.4
BGI Midcap Equity Index Fund	--	--	--	--	--	33.2	62.7	1.9	2.2
ALL DOMESTIC EQUITY PORTFOLIOS	4.8	10.6	17.3	18.1	16.8	21.0	8.7	1.4	52.7
Benchmark: S&P Composite 1500	5.8	13.2	18.8	18.7	15.4	17.5	9.3	1.3	60.0
Over/underweight(-)	-1.0	-2.6	-1.5	-0.6	1.4	3.5	-0.5	0.2	

Domestic Portfolio Characteristics

March 31, 2009

MANAGERS	Market Value (mm)	Number of Securities	5Yr Historical EPS Growth	Price/Earnings	Price/Book	Dividend Yield
Analytic Investors, Inc	73.3	393	17.2	10.0	1.9	2.2
Artisan Partners	40.1	54	19.6	9.8	1.3	2.4
Barrow Hanley	118.7	88	11.7	10.4	1.3	4.2
Columbus Circle Investors	89.0	53	28.0	17.8	2.2	1.1
Dimensional Fund Advisors	33.6	2,928	14.1	11.7	1.1	1.8
Enhanced Invest Technologies	114.2	365	16.5	11.1	1.7	3.5
Goldman Sachs Enhanced Large Cap	80.8	308	18.6	11.7	1.7	3.1
J.P. Morgan	133.9	239	22.0	11.1	1.7	3.1
Martingale Asset Mgmt	58.7	154	18.1	10.0	1.4	2.5
Martingale Enhanced Alpha	47.7	282	16.1	9.9	1.7	3.1
NorthPointe Cap	21.6	81	21.1	13.8	1.3	0.5
Quantitative Management	74.8	136	10.6	9.4	1.2	5.0
Rainier Investment Mgt	87.9	68	32.3	14.4	2.6	1.3
Renaissance Investment Mgt	92.9	55	25.3	11.3	2.9	1.7
T. Rowe Associates	126.8	294	18.2	11.7	1.8	3.1
TimesSquare Cap Mgmt	51.5	70	24.3	14.3	2.3	1.0
Vaughan Nelson Mgmt	31.9	68	16.9	12.0	1.6	1.7
Western Asset US Index Plus	76.8	500	17.3	11.4	1.7	3.4
BGI Equity Index Fund	464.1	501	17.3	11.4	1.7	3.4
BGI Midcap Equity Index Fund	13.1	401	17.6	12.1	1.4	2.4
All Domestic Equity Portfolios	1,831.4	3,819	18.7	11.4	1.7	2.9

BENCHMARKS

S&P Composite 1500	1,500	17.3	11.5	1.6	3.3
S&P/Citigroup 1500 Pure Growth	417	29.4	10.9	1.6	1.0
S&P/Citigroup 1500 Pure Value	323	1.1	8.7	0.4	8.7
S&P 500	500	17.3	11.4	1.7	3.4
Russell 1000	974	17.4	11.4	1.6	3.3
Russell 1000 Growth	636	24.1	12.3	2.6	2.0
Russell 1000 Value	643	9.8	10.4	1.2	4.8
Russell Midcap	788	15.4	11.7	1.4	2.9
Russell Midcap Growth	500	22.3	12.2	2.2	1.5
Russell Midcap Value	529	7.4	11.0	1.0	4.5
Russell 2000	1,915	15.2	11.7	1.1	2.4
Russell 2000 Growth	1,182	23.1	12.3	1.8	0.9
Russell 2000 Value	1,283	9.2	11.1	0.8	4.0

Montana International Equity Pool

International Stock Pool By Manager as of 3/31/2009			
<u>Security Name</u>	<u>Market Value</u>	<u>%</u>	<u>Approved Range</u>
ARTIO GLOBAL MU1G	94,373,342	12.08%	
BATTERYMARCH INTL EQUITY	92,332,583	11.82%	
BGI GLOBAL EX US ALPHA TILT FD	62,631,734	8.02%	
EAFE STOCK PERFORMANCE INDEX	54,560,103	6.99%	0-10%
CORE Total	303,897,762	38.91%	25-50%
ACADIAN ACWI EX US VALUE	64,703,466	8.28%	
BERNSTEIN ACWI EX	65,920,019	8.44%	
VALUE Total	130,623,484	16.72%	15-25%
HANSBERGER INTL EQUITY GROWTH	61,395,303	7.86%	
MARTIN CURRIE ACWI X	64,821,372	8.30%	
PRINCIPAL GLOBAL	33,007,231	4.23%	
GROWTH Total	159,223,906	20.38%	15-25%
BGI MSCI EQUITY INDEX FD EUROP	81,240,589	10.40%	0-12%
NOMURA ASSET MGMT INC	51,817,597	6.63%	0-8%
REGIONAL Total	133,058,186	17.03%	
AXA ROSENBERG INTL SMALL CAP	23,690,158	3.03%	
DFA INTL SMALL CO PORTFOLIO	30,607,844	3.92%	
SMALL CAP Total	54,298,002	6.95%	5-15%
TOTAL MTIP	781,101,340	100.00%	

The table above shows the quarter end allocation within the Montana International Equity Pool (MTIP). At this time, all weightings are within the approved ranges. There were no major strategic re-allocations implemented within MTIP during the quarter. The pool did receive \$20.55 million during the quarter in order to keep the international equities allocation within the approved range per asset allocation policy.

The overall value of the pool shrank to \$781 million as international equity markets as a whole continued to decline. During the quarter, large cap stocks fell -14.0% while small caps declined -9.5%. Surprisingly emerging market (EM) stocks posted a positive return of 0.7% as EM led the rally in the last three weeks of March. Similar to the domestic market, international equities had a wild ride, first declining precipitously in January and February before mounting a rally into the end of the quarter.

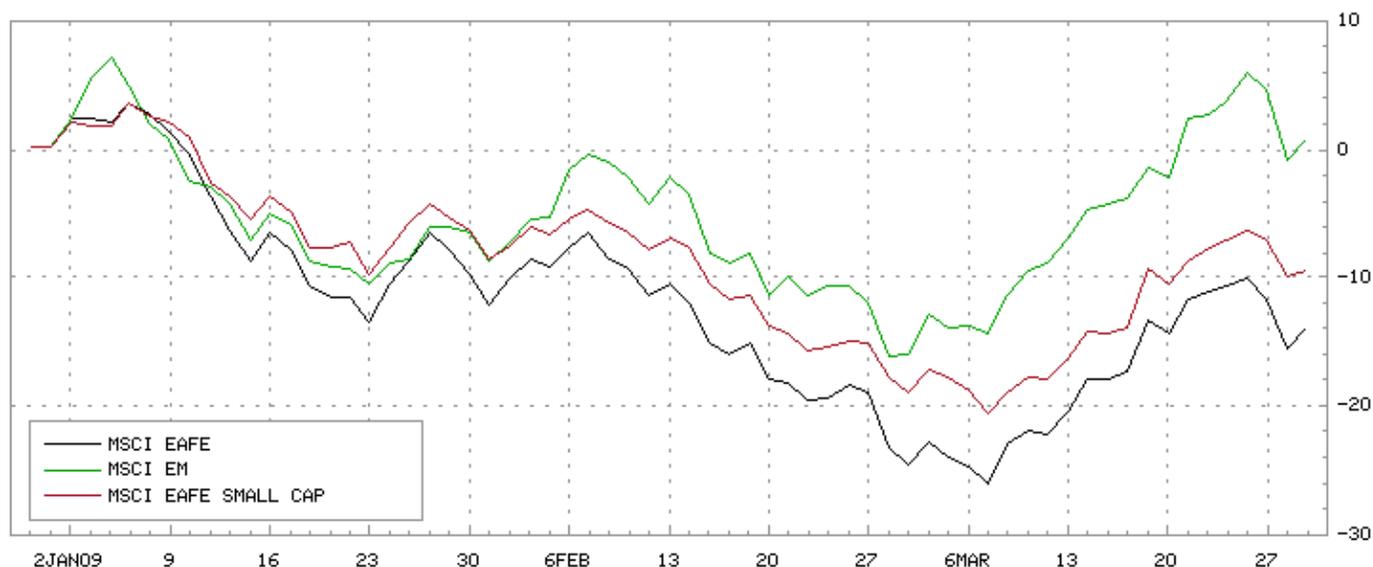
COMPARATIVE RETURNS

Range **12/31/08** - **3/31/09** Period **D** Daily

90 Day Period

Securities	Crcncy	Prc Appr	Total Ret	Difference	Annual Eq
1 MXEA Index	USD	-14.64 %	-13.96 %	-14.65 %	-45.67 %
2 MXEF Index	USD	.52 %	.69 %		2.82 %
3 MXEASC Index	USD	-10.22 %	-9.52 %	-10.21 %	-33.35 %

(* = No dividends or coupons)



Relative to the benchmark MTIP remains underweight emerging markets. The weighting of the pool in emerging markets at quarter end stood at 15.6% compared to 19.6% for the benchmark. Recall that MTIP's weighting in EM is determined by the collective decisions of the individual managers within the pool. With respect to market capitalization, MTIP is slightly underweight small cap stocks versus the custom benchmark.

Similar to the domestic market, growth outperformed value albeit by a smaller margin. International growth stocks fell -9.4% while international value was down -12.1%. At this time, MTIP continues to carry a slight growth bias.

By region, Asia outperformed the United Kingdom and significantly outperformed Europe. This was largely due to the performance of China and other non-developed Asian markets along with the performance of Australia and Hong Kong versus the developed European markets (see the following regional/country exposure and performance page). Investors' concern about eastern European banks and interest in the stronger Asian economies were the catalysts.

After another wild ride in the currency markets, a stronger U.S. dollar detracted about 5% from overall international equity returns. The DXY index shows the action of the U.S. dollar exchange rate compared to a combination of six major world currencies. Following a flight to quality in the first part of the quarter, the dollar sold off during the initial stages of the equity rally and then itself rallied in the last several days of March.

DXY ↑ **84.588** - .026 Y /
DELAY 9:59 Op 84.740 Hi 84.810 Lo 84.286 Prev 84.614

CurrencyGP

DXY CURRENCY Hide GP - Line Chart Page 1/3
Range 12/31/08 - 03/31/09 Upper Market Price Mov. Avgs Currency USD
Period Daily Lower None Mov. Avg Events



Manager performance within MTIP was mixed in the quarter. The large cap growth and large cap value style buckets outperformed their benchmarks while large cap core and small cap underperformed. The large cap core bucket had a particularly difficult quarter, lagging its benchmark by 355 basis points.

The tilt toward growth from value added slightly to pool performance while the tilt toward large caps from small caps mildly detracted. Sizing of the managers within the various style buckets was mixed. Sizing added to pool performance within large cap growth, but detracted from performance in large cap core and small cap.

Overall, MTIP lagged the pool benchmark by 180 basis points in the quarter.

Going forward the pool is positioned relatively close to the benchmark in relation to cap size and style weights, so manager performance collectively will be the more significant driver of MTIP performance. Work on a passive component within the pool has progressed and an initial investment is expected before the end of the quarter. The addition of a passive component has been contemplated in order to improve tracking of the pool to its benchmark and for liquidity purposes.

INTERNATIONAL EXPOSURE-MARKET CAP %

March 31, 2009

Managers	MEGA	GIANT	LARGE			MID	SMALL	MICRO	WTD AVG MARKET CAP (\$B)
	\$200B+	\$100-\$200B	\$50-\$100B	\$20-\$50B	\$10-\$20B	\$2.5-\$10B	\$500MM-\$2.5B	< \$500MM	
Acadian Asset Management	--	0.01	18.3	14.0	13.2	32.9	18.4	2.5	20.9
Artio Global - Intl Equity II with look throughs	--	11.9	20.4	28.3	17.1	13.7	3.1	0.1	44.0
AXA Rosenberg	--	--	--	--	0.2	16.5	49.3	32.5	1.4
Batterymarch Financial Mgmt	--	6.8	18.3	17.4	11.7	40.9	4.8	--	31.2
Bernstein Inv Mgt & Research with look throughs	--	5.9	19.7	25.6	13.1	25.8	8.2	0.5	33.4
BGI Global Ex US Alpha Tilt Fd	--	7.0	15.8	25.8	14.5	24.6	11.3	0.6	32.4
DFA International Small Cap	--	--	--	--	0.03	1.4	48.0	50.2	0.7
Hansberger Global Investors	--	5.2	15.6	22.6	16.9	34.8	4.8	--	29.8
Martin Currie with look throughs	--	8.0	21.1	33.7	14.5	21.1	1.6	--	41.0
Nomura Asset Management	--	5.9	7.5	21.1	15.9	31.0	16.8	1.8	23.5
Principal Global Investors	--	9.1	14.0	23.3	14.6	22.6	15.2	0.3	33.0
BGI MSCI Europe Index Fund	--	10.5	25.5	28.9	10.7	20.9	3.4	0.01	43.6
ALL INTERNATIONAL EQUITY PORTFOLIOS	--	6.7	16.7	22.6	13.0	25.0	10.6	4.8	31.5
International Custom Benchmark	--	6.7	15.5	26.4	15.3	27.2	8.4	0.5	31.9
Over/underweight(-)	--	-0.1	1.2	-3.8	-2.3	-2.2	2.2	4.3	

INTERNATIONAL EXPOSURE-SECTOR %

March 31, 2009

MANAGERS

Acadian Asset Management
 Artio Global - Intl Equity II with look throughs
 AXA Rosenberg
 Batterymarch Financial Mgmt
 Bernstein Inv Mgt & Research with look through
 BGI Global Ex US Alpha Tilt Fd
 DFA International Small Cap
 Hansberger Global Investors
 Martin Currie with look throughs
 Nomura Asset Management
 Principal Global Investors
 BGI MSCI Europe Index Fund

Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Technology	Materials	Telecom. Services	Utilities
5.0	6.3	8.1	29.0	7.1	13.2	8.3	5.6	13.7	3.7
7.1	11.9	17.3	4.2	5.1	11.5	2.5	17.1	7.2	4.0
16.7	11.6	2.2	12.6	5.4	21.9	11.9	10.7	2.6	2.7
7.9	9.8	13.3	18.4	10.3	9.8	6.1	8.2	10.0	6.3
7.9	3.0	16.3	25.2	6.2	6.1	9.8	9.6	11.0	4.0
9.3	8.8	12.3	22.2	8.2	9.5	6.0	10.2	7.5	5.5
18.7	7.0	4.8	16.0	5.3	23.2	8.5	13.6	0.6	1.9
6.9	11.3	7.9	13.5	11.4	13.3	12.8	11.3	9.1	2.4
4.7	13.1	11.4	13.9	13.7	9.0	9.1	11.7	5.9	7.4
10.6	6.5	4.7	26.0	2.2	14.7	13.1	11.7	7.7	2.9
7.1	14.9	10.2	11.4	13.2	11.1	8.6	12.2	4.3	6.6
7.8	12.7	13.0	18.6	11.9	9.6	3.2	7.5	8.4	7.2

All International Equity Portfolios**International Custom Benchmark****Over/underweight(-)**

8.3	9.7	11.4	17.9	8.5	11.5	7.5	10.7	8.1	4.9
8.7	8.9	11.8	22.1	7.6	10.3	6.7	10.4	7.6	6.0
-0.4	0.8	-0.4	-4.3	0.9	1.2	0.9	0.3	0.5	-1.1

International Portfolio Characteristics

March 31, 2009

	Market Value	Number of Securities	5Yr Hist EPS Growth	Price/Earnings	Price/Book	Dividend Yield
International Accounts with look throughs	781.1	6,408	16.2	8.7	1.1	4.48

International Equity Managers

Acadian Asset Management	64.6	329	11.0	7.7	0.8	4.75
Artio Global - Intl Equity II with look throughs	95.4	218	17.2	8.3	1.2	4.49
AXA Rosenberg	23.6	1,031	12.7	7.3	0.6	4.94
Batterymarch Financial Mgmt	92.1	212	15.9	9.1	1.4	4.36
Bernstein Inv Mgt & Research with look throughs	66.6	222	10.0	7.4	0.8	5.42
BGI Global Ex US Alpha Tilt Fd	62.5	1,712	17.8	8.4	1.1	4.88
DFA International Small Cap	34.2	4,036	15.1	7.4	0.7	4.37
Hansberger Global Investors	61.2	65	26.0	11.3	2.0	2.87
Martin Currie with look throughs	64.8	50	17.5	9.7	1.5	4.16
Nomura Asset Management	52.2	208	16.1	9.5	1.0	3.94
Principal Global Investors	32.9	203	21.4	9.5	1.6	3.79
BGI MSCI Europe Index Fund	80.8	506	12.4	8.5	1.1	5.22

Benchmarks

MSCI All Country World Ex-United States		1,818	15.6	8.9	1.1	4.70
MSCI All Country World Ex-United States Growth		943	20.5	10.4	1.7	3.46
MSCI All Country World Ex-United States Value		1,160	9.7	7.7	0.8	6.02
MSCI EAFE Small Cap		2,254	17.4	7.1	0.7	5.00
MSCI World Ex-United States Small Cap		2,453	17.2	7.1	0.7	4.95
MSCI All Country Pacific		885	16.1	9.9	1.0	4.12
MSCI Europe		489	12.4	8.4	1.1	5.25

INTERNATIONAL EQUITY
Region and Market Exposure
March 31, 2009

Developed Countries	Aggregate Int'l Portfolio Weight (%)	International Custom Benchmark Weight	difference	3 Month Return	FYTD Return	Calendar YTD Return	1 yr Return
Asia/Pacific	24.1%	25.6%	-1.56%				
Australia	4.5%	5.1%		-1.8	-48.5	-1.8	-46.9
Hong Kong	1.7%	1.7%		-0.5	-39.1	-0.5	-41.5
Japan	16.7%	17.9%		-16.4	-36.4	-16.4	-35.2
New Zealand	0.1%	0.1%		-5.4	-37.9	-5.4	-45.5
Singapore	1.0%	0.9%		-9.0	-49.4	-9.0	-49.6
European Union	31.2%	26.2%	5.09%				
Austria	0.3%	0.3%		-4.4	-65.1	-4.4	-63.5
Belgium	1.0%	0.7%		-5.2	-58.1	-5.2	-65.4
Denmark	0.7%	0.6%		-11.4	-54.6	-11.4	-55.5
Finland	0.8%	0.9%		-20.4	-54.6	-20.4	-60.8
France	9.6%	7.8%		-15.5	-46.1	-15.5	-48.2
Germany	6.2%	5.9%		-19.4	-49.6	-19.4	-50.8
Greece	0.3%	0.4%		-12.3	-60.4	-12.3	-65.1
Ireland	0.8%	0.2%		-10.4	-66.4	-10.4	-72.1
Italy	2.6%	2.5%		-20.1	-52.2	-20.1	-54.9
Netherlands	3.7%	1.7%		-15.9	-49.6	-15.9	-53.8
Portugal	0.3%	0.3%		-6.9	-39.4	-6.9	-47.9
Spain	3.3%	3.1%		-18.2	-44.6	-18.2	-49.6
Sweden	1.7%	1.7%		-6.0	-47.8	-6.0	-53.1
Non-EU Europe	7.5%	6.5%	0.95%				
Norway	0.7%	0.5%		4.7	-62.7	4.7	-58.3
Switzerland	6.8%	6.0%		-15.6	-37.2	-15.6	-40.6
North America	5.4%	6.9%	-1.52%				
Canada	4.7%	6.9%		-3.4	-50.4	-3.4	-45.3
USA	0.7%	0.0%		-10.8	-37.2	-10.8	-38.2
United Kingdom	15.9%	15.2%	0.70%				
United Kingdom	15.9%	15.2%		-9.7	-48.3	-9.7	-48.8
Other							
Luxembourg	0.1%	0.0%					
DEVELOPED TOTAL	84.2%	80.4%	3.80%				
Emerging Market Countries							
Asia/Pacific	9.2%	11.0%	-1.79%				
China	3.3%	3.7%		2.0	-32.3	2.0	-34.7
India	0.6%	1.2%		-3.5	-42.7	-3.5	-54.3
Indonesia	0.2%	0.3%		0.6	-53.1	0.6	-54.5
S. Korea	2.5%	2.6%		0.6	-44.5	0.6	-48.4
Malaysia	0.2%	0.6%		-3.6	-32.8	-3.6	-38.4
Philippines	0.1%	0.1%		6.4	-22.5	6.4	-41.6
Taiwan	1.9%	2.3%		10.3	-37.4	10.3	-44.8
Thailand	0.5%	0.3%		-5.3	-47.3	-5.3	-53.7
European Union	0.7%	0.4%	0.31%				
Czech Republic	0.3%	0.1%		-15.5	-56.4	-15.5	-51.7
Hungary	0.1%	0.1%		-28.5	-68.9	-28.5	-67.9
Poland	0.3%	0.2%		-29.4	-65.1	-29.4	-68.5
Non-EU Europe	0.8%	1.2%	-0.39%				
Russia	0.8%	1.2%		5.8	-72.0	5.8	-69.0
Latin America/Caribbean	2.8%	4.2%	-1.40%				
Argentina	0.0%	0.0%		-13.7	-69.5	-13.7	-60.9
Brazil	2.2%	2.8%		12.1	-56.6	12.1	-48.6
Chile	0.1%	0.3%		13.6	-24.5	13.6	-34.4
Colombia	0.0%	0.1%		-9.7	-31.2	-9.7	-28.8
Mexico	0.4%	0.9%		-14.3	-51.8	-14.3	-53.8
Peru	0.0%	0.1%		7.0	-41.5	7.0	-40.7
Mid East/Africa	2.0%	2.7%	-0.70%				
Egypt	0.0%	0.1%		-9.5	-56.0	-9.5	-60.5
Israel	0.8%	0.7%		6.1	-31.6	6.1	-24.7
Morocco	0.0%	0.1%		-9.8	-37.7	-9.8	-39.3
South Africa	0.9%	1.5%		-4.7	-32.6	-4.7	-30.6
Turkey	0.3%	0.3%		-11.3	-46.8	-11.3	-47.5
EMERGING TOTAL	15.6%	19.6%	-3.98%				

MEMORANDUM

Montana Board of Investments

Department of Commerce

2401 Colonial Drive, 3rd Floor

Helena, MT 59601 (406) 444-0001

To: Members of the Board

From: Rande R. Muffick, CFA
Portfolio Manager

Date: May 1, 2009

Subject: Public Equity External Managers Watch List - Quarterly Update

During the quarter, two managers were added to the Watch List. Goldman Sachs Enhanced Large Cap was added back to the Watch List amid renewed organizational concerns. Two of the four executives heading up the Quantitative Investment Strategies Group retired abruptly, causing further reshuffling of personnel and duties. Recall that organization/personnel changes along with relative performance were cause for the previous Watch List status. Batterymarch International was added to the Watch List based upon underperformance and concerns related to the overall effectiveness of their quantitative model.

There were no removals from the Watch List during the quarter. Principal Global International Growth, Acadian International Value, Martin Currie International Growth, Hansberger International Growth, Western Asset Management Enhanced Plus, and NorthPointe Capital Small Cap Growth remain on the Watch List. It should be noted, however, that risk control issues for Martin Currie and Hansberger have been resolved and staff has seen a significant improvement in relative performance as well for Hansberger.

There were no manager terminations during the quarter.

Attached for reference is the Public Equity Manager Evaluation Policy.

MANAGER WATCH LIST May 2009

Manager	Style Bucket	Reason	Inclusion Date
Principal Global	International – LC Growth	Performance	March 2008
Western Asset	Domestic - LC Enhanced	Performance, Tracking Error	March 2008
NorthPointe	Domestic- SC Growth	Performance	August 2008
Acadian	International – LC Value	Performance, Process	February 2009
Hansberger Global	International – LC Growth	Performance, Risk Controls	February 2009
Martin Currie	International – LC Growth	Performance, Risk Controls	February 2009
Goldman Sachs	Domestic - LC Enhanced	Organization/Personnel	May 2009
Batterymarch	International – LC Core	Performance, Process	May 2009

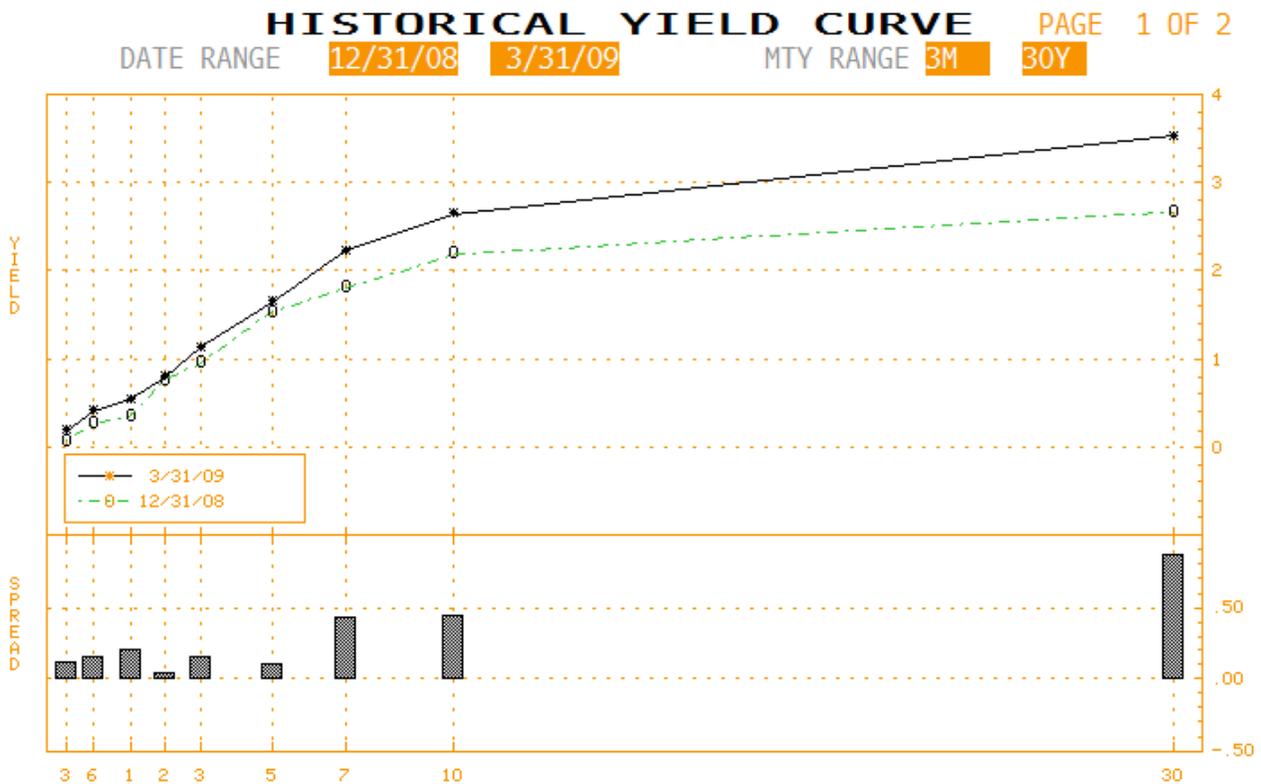
FIXED INCOME OVERVIEW & STRATEGY

May 12, 2009

RETIREMENT & TRUST FUNDS BOND POOLS

The yield curve steepened in the first quarter with the yield differential between 3-month T-Bills and thirty year Treasury bonds increasing by 74 basis points. That eclipsed the 81 basis points of flattening in the prior quarter. The yield on the 3-month Bill increased from 8 basis points on December 31st to 20 basis points on March 31st. The 30-year Treasury bond ended the year at 2.67% but rose to 3.53% by the end of March. The long bond has since sold off further to yield 3.83% as of April 23, 2009.

As we mentioned last quarter, the Federal Funds interbank lending rate was cut to a targeted range of 0-0.25% following the FOMC meeting of December 16th. The central bank has since announced quantitative easing measures, meaning that the Fed intends to purchase securities outright; Treasury and Agency notes as well as mortgage pass through securities. Because the Federal Funds rate is already effectively at zero, these purchases will extend the Fed's easy monetary policy. Their aim is to keep interest rates low, to facilitate borrowing in the mortgage market and provide liquidity to the credit markets.



Treasury bonds posted a total return of -1.32% for the first three months of the year. The Treasury reintroduced a seven year issue in February in part to facilitate its increased borrowing requirements. In contrast, mortgage pass through securities were up 2.23%. Corporate bonds were -1.93%. The asset backed securities sector, benefiting from the Government's Term Asset Backed Securities Loan Facility (TALF) program, returned 7.56%. The program aims to invigorate the securitization of student, auto, credit card and SBA loans.

Fixed income investors stepped up their interest in risk assets in December and continued buying through the first quarter. Shunning low interest rates on Treasuries, institutional dollars flowed to large, liquid, high quality names in the "spread sectors." Purchases of high grade corporate bonds, agencies and mortgage pass through securities boosted the yields of portfolios that had been hoarding cash and Treasury bonds. Large scale buying

by the Fed supported prices as the central bank announced its plans to buy \$300 billion of Treasury bonds, \$100 billion worth of agency securities and a whopping \$1.5 trillion in mortgage pass through securities.

Economic statistics continued to convey weakness in pricing, employment and housing. Although economists have expressed concerns about inflation resulting from growth in the money supply and greater government spending, deflation may have the upper hand in the short run. Downward pricing pressure on asset sales, incomes, prices and valuations has the Fed's immediate attention. Focusing policy on fighting inflation now could push up interest rates and choke off what limited economic activity there is.

Both bond pools have been below the newly instituted target range for Treasury securities which helped performance in the most recent quarter. We increased our exposure to Treasuries and mortgage pass-through securities in the past year to bolster quality and liquidity while reducing investments in illiquid, higher yielding bonds. Liquidity has waxed and waned, extending the process of building up liquidity. The restructuring of the bond pools will take time although we want to minimize transaction costs and maximize our proceeds from sales.

All Portfolios vs. Barclays Aggregate – 03/31/09

	CIBP Portfolio (%)	Reams Portfolio (%)	RFBP Portfolio (%)	TFBP Portfolio (%)	Benchmark (%)	CIBP Policy Range (%)
Treasuries	6.15	0.16	5.54	7.82	26.17	10-35
Agencies & Govt Related	14.51	0.00	13.02	23.33	13.90	5-25
Total Government	20.66	0.16	18.56	31.15	40.07	15-60
Mortgage Backed	31.61	0.00	28.36	24.47	36.04	20-50
Asset Backed	3.14	1.55	2.98	1.12	0.55	0-10
Hybrid ARMS	0.00	0.00	0.00	0.00	2.67	0-5
CMBS	6.60	34.07	9.42	4.79	3.25	0-10
Securitized	41.35	35.62	40.76	30.38	42.51	20-75
Financial	10.27	23.89	11.67	13.15	5.94	
Industry	18.26	22.57	18.70	17.61	9.41	
Utility	4.86	1.57	4.52	4.77	2.07	
Total Corporates	33.39	48.03	34.89	35.53	17.42	10-35
Other	0.00	13.98	1.44	0.00	0.00	
Cash	4.60	2.21	4.35	2.94	0.00	0-10
Total	100.00	100.00	100.00	100.00	100.00	100.00

The Benchmark Comparison Analysis table shown below compares the duration of the bond pools to that of the Lehman Aggregate Index. The duration of the portfolios has been kept relatively close to that of the benchmark since 2005. Our exposure to interest rate risk is close to neutral at this time given our expectations for stable to lower interest rates in the context of a weak economic environment. Additionally, enough value has been available in the way of yield spreads that interest rate risk has appeared less enticing as a key strategy for portfolio management.

The yield advantages offered in corporate and agency bonds have tightened (narrowed) significantly of late. Thus far in 2009, investors appear to be paring their Treasury holdings in favor of very high quality spread

bonds. Treasury bonds, which historically trail the spread sectors in total return performance, outperformed in both 2007 and 2008. This long lasting “flight to quality” may be fading, although general economic activity is far from robust. Yields in the longer end of the yield curve rose because of expectations for inflation. Although this is not expected to occur immediately, aggressive Fed easing implies the threat of rising prices in the not too distant future.

Benchmark Comparison Analysis CIBP vs. Merrill US Broad Market Index on 03/31/2009						
Summary Characteristics						
	Price	Coupon	Current Yield	Yield to Maturity	Effective Duration	Effective Spread
Portfolio	92.34	5.19	6.55	6.39	3.74	4.90
Benchmark	101.18	5.09	5.35	4.25	3.94	1.99
Difference	-8.84	0.09	1.20	2.14	-0.21	2.91

Benchmark Comparison Analysis Reams vs. Merrill US Broad Market Index on 03/31/2009						
Summary Characteristics						
	Price	Coupon	Current Yield	Yield to Maturity	Effective Duration	Effective Spread
Portfolio	72.18	5.59	9.22	13.90	4.01	13.39
Benchmark	101.18	5.09	5.35	4.25	3.94	1.99
Difference	-29.01	0.50	3.87	9.65	0.06	11.40

Benchmark Comparison Analysis RFBP vs. Merrill US Broad Market Index on 03/31/2009						
Summary Characteristics						
	Price	Coupon	Current Yield	Yield to Maturity	Effective Duration	Effective Spread
Portfolio	89.78	5.24	6.89	7.16	3.77	5.77
Benchmark	101.18	5.09	5.35	4.25	3.94	1.99
Difference	-11.40	0.14	1.54	2.91	-0.18	3.78

Benchmark Comparison Analysis TFBP vs. Merrill US Broad Market Index on 03/31/2009						
Summary Characteristics						
	Price	Coupon	Current Yield	Yield to Maturity	Effective Duration	Effective Spread
Portfolio	86.87	4.64	5.43	5.75	3.61	3.93
Benchmark	101.18	5.09	5.35	4.25	3.94	1.99
Difference	-14.31	-0.45	0.07	1.50	-0.33	1.94

Summary

The private sector has been replenishing capital and paying down debt, confounding government efforts to stimulate lending. Tax burdens are expected to increase at the federal, state and local levels. These are some of the trends contributing to deflationary forces. Although easier fiscal and monetary conditions could lead to inflation, it may not be enough to offset countervailing forces. Therefore, we expect interest rates to remain relatively low.

Foreclosures, bankruptcies and defaults are of concern as we head into the second quarter. The Fed has declared its intention to support the market should rates begin to rise significantly. Fears that rising interest rates would choke off any economic recovery and a desire to support the mortgage market has kept the Federal Reserve focused on quantitative easing to keep financing costs under control.

MEMORANDUM

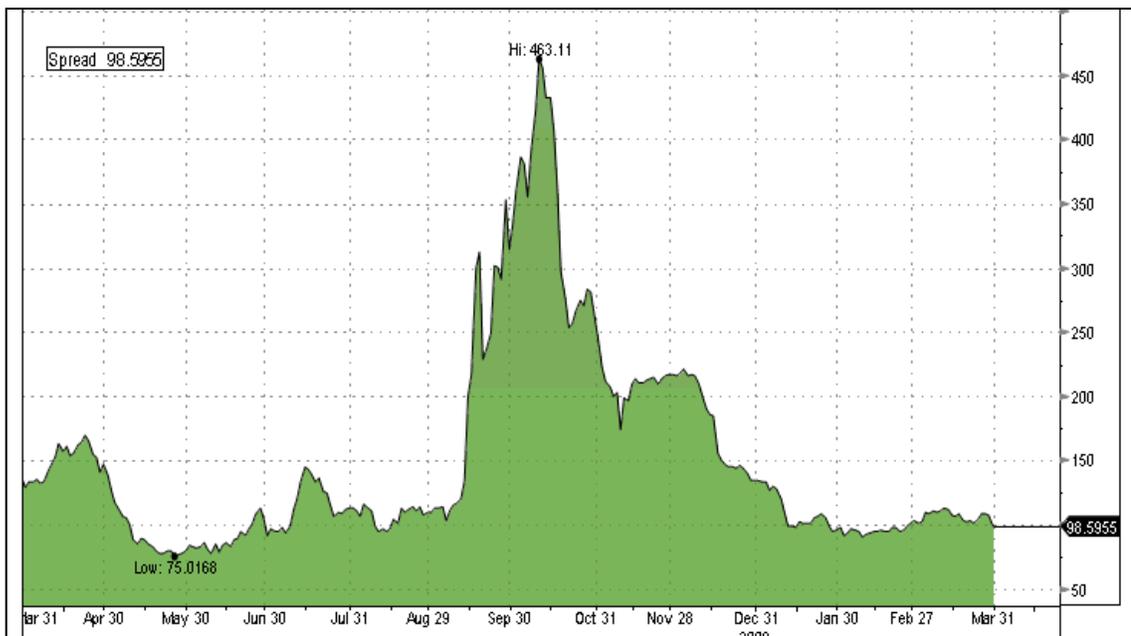
Montana Board of Investments

Department of Commerce
2401 Colonial Drive, 3rd Floor
Helena, MT 59601 (406) 444-0001

To: Members of the Board
From: Richard Cooley, CFA
Date: April 30, 2009
Subject: Short Term Investment Pool (STIP)

During the first quarter, money markets stabilized after being rescued by the numerous Fed programs that were put in place to provide liquidity for money market funds and insure the safety of public money market funds. The Fed held the fed funds rate at 0-.25% during the quarter. Credit spreads continued to tighten during the quarter, as evidenced by the spread between three month Treasury bills and three month LIBOR rates (TED spread). This spread ended the first quarter at about 99 basis points after peaking in mid October at 463 basis points. Market participants became less concerned about inflation as everyone's attention shifted to surviving the credit and liquidity crunch. The Fed and Treasury have been successful implementing different programs to unfreeze the money markets.

TED Spread (03/31/08 – 03/31/09)

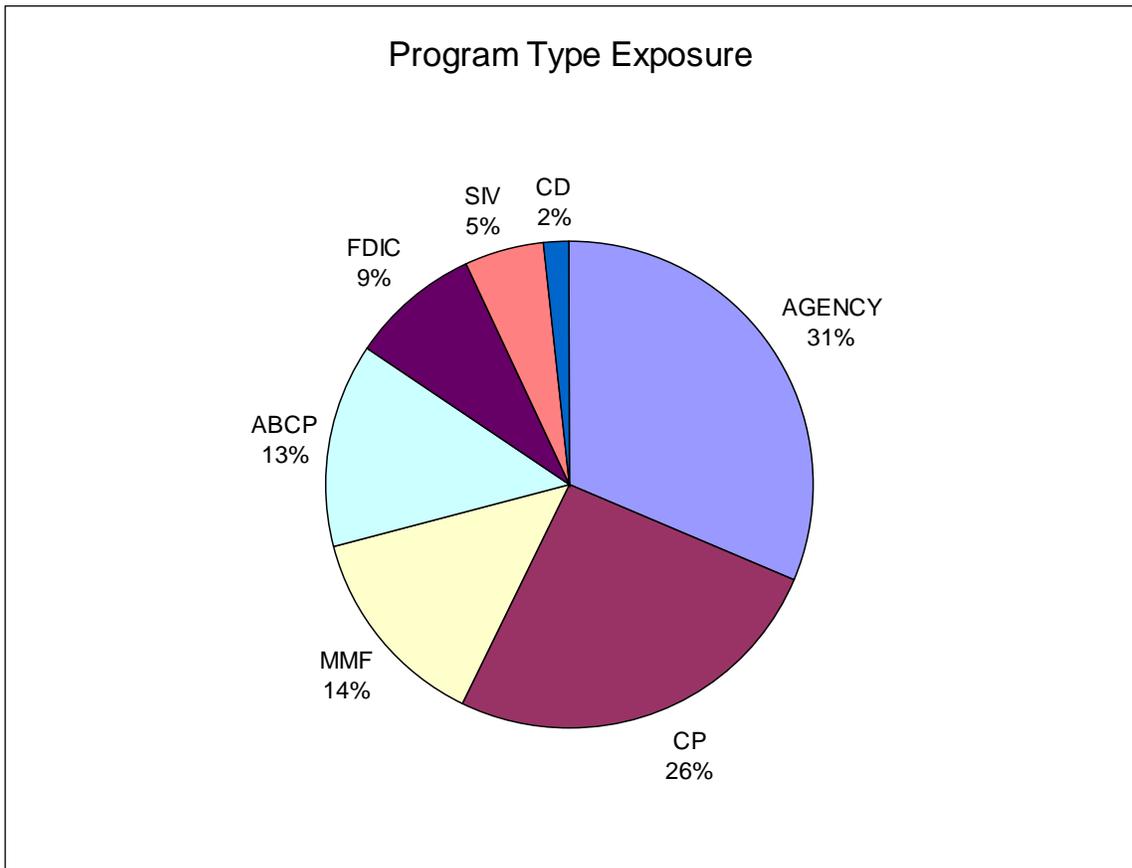


The STIP portfolio is currently well diversified and is operating within all the new guidelines adopted by the Board at the February 2008 meeting. Daily liquidity is at a minimum of \$200 million and weekly liquidity is at a minimum of \$350 million. The average days to maturity are about 45 days as compared to a policy maximum of 60 days. All securities purchased are from the approved list and are below the 2% maximum per name. Asset-backed commercial paper is about 13% of holdings (40% max) and corporate exposure is around 25% (40% max). We currently have approximately 40% in agency/FDIC paper and 14% in four institutional money funds.

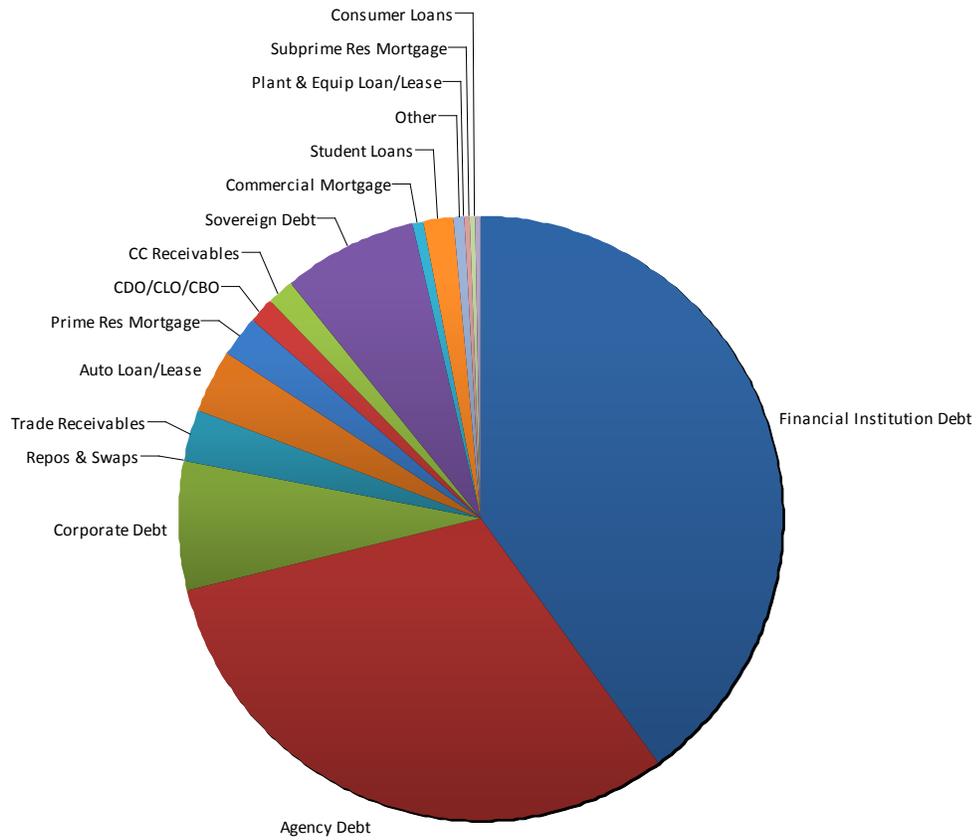
During the first quarter there were purchases of \$477 million of 1-2 year securities to take advantage of a still elevated three month LIBOR rate. We bought \$150 million of Agency floating rate securities and \$215 million of corporate FDIC-insured floating rate securities that are pegged to three month LIBOR. We also purchased \$96 million of Agency fixed rate securities and \$16 million of fixed rate corporate notes. During the third quarter, a new program called the FDIC Temporary Liquidity Guarantee Program (TLGP) was introduced. This allows bank holding companies to issue full faith and credit FDIC- backed bonds with a maturity not past June 2012. We started buying three month floating rate securities with a maximum maturity of two years under this program.

The net yield on STIP is currently 0.75% as compared with the current one month LIBOR rate of 0.43% and current fed funds rate of 0.25%. The portfolio is currently \$2.37 billion in assets.

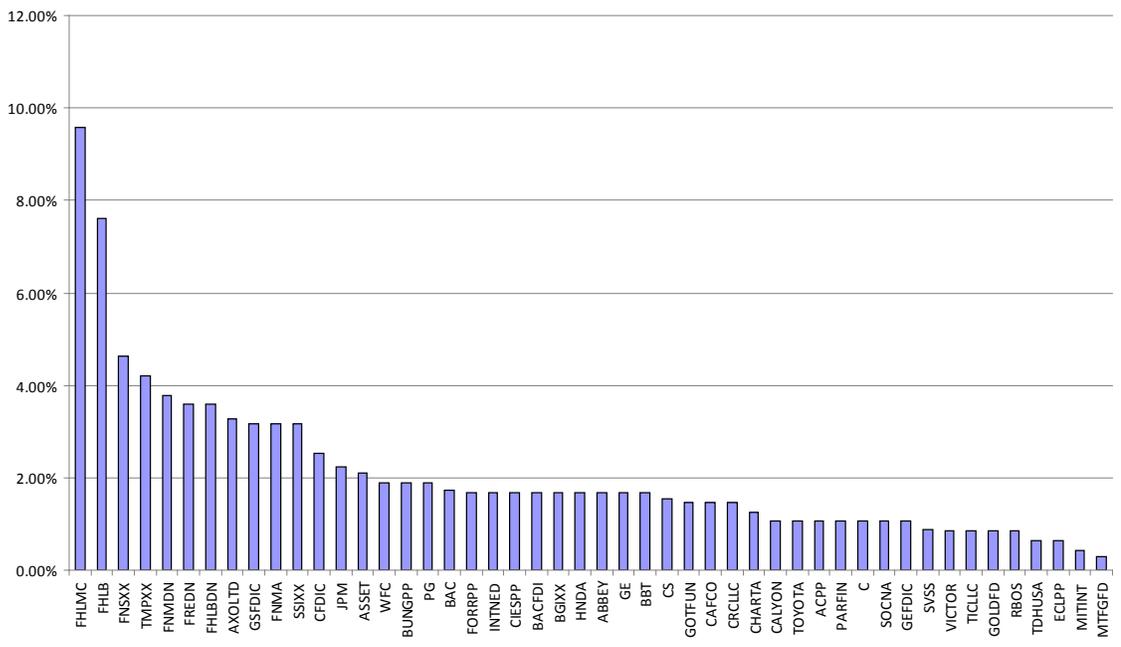
All charts below are as of April 28, 2009.



Portfolio Composition by Sector



Program Exposure



STATE FUND INSURANCE- \$892 million fixed income as of 03/31/09.
 (Benchmark = Lehman Government/Credit Intermediate Index)

Benchmark Comparison Analysis						
State Fund vs. Merrill US Corp and Govt, 1-10 Yrs on 03/31/2009						
Summary Characteristics						
	Price	Coupon	Current Yield	Yield to Maturity	Effective Duration	Effective Spread
Portfolio	95.37	5.01	5.71	5.73	3.91	4.63
Benchmark	101.80	4.48	4.63	3.57	3.74	2.09
Difference	-6.42	0.53	1.09	2.16	0.17	2.54

The portfolio has an overweight in agencies, mortgage backed securities (MBS), corporate bonds and commercial mortgage backed securities (CMBS) and is underweighted in Treasuries. The sector table on the following page provides more detail on the differences between the portfolio and the benchmark. The benchmark has no exposure to securitized bonds (ABS, MBS, CMBS) while the portfolio has 13% in these securities. Securitized bonds have historically offered additional yields without much credit risk, but in the current environment these bonds have underperformed due to credit concerns. Spread product ended the quarter at tighter levels as compared to the end of the fourth quarter. MBS spreads tightened by 45 basis points (bp) to 102 bp, agencies by 14 bp to 78 bp and corporate spreads by 10 bp to 543bp.

The overweight in spread product (all non-Treasuries) has been a drag on performance over the past year, especially the portfolio's overweight in financials. The account was under the benchmark by 29 basis points for the quarter.

During the first quarter, there were purchases of \$103 million including: \$50 million of corporate bonds, \$19 million of agencies, and \$19 million of FDIC insured bonds and \$15 million of Treasuries. Corporate purchases were in these names: Lockheed-Martin, Trans-Canada Pipeline, Alcoa, PACCAR, Norfolk Southern, Conoco, AT&T, Novartis, Abbott Labs, Eli Lilly, Kraft Foods and Northwestern Corp. We also purchased \$10 million of S&P 500 index units during the quarter.

The portfolio has a 216 basis point yield advantage over the benchmark with only a one notch lower quality rating. Client preferences include keeping the STIP balance of 1-3 percent (currently 2.4%) and limiting holdings rated lower than A3 or A- to 20 percent of fixed income (currently 20.2%).

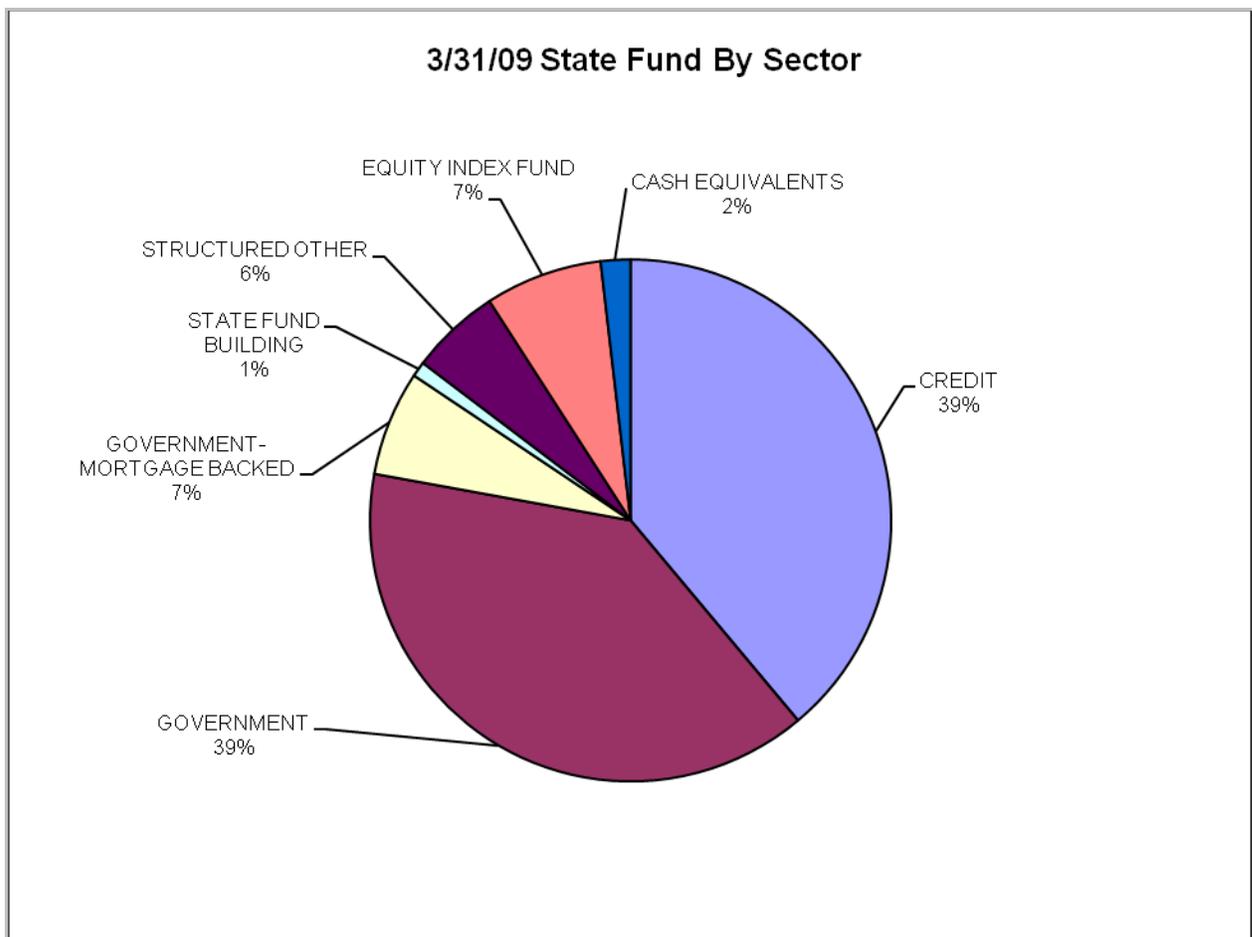
State Fund vs. Merrill US Corp and Govt, 1-10 Yrs on 03/31/2009			
	SFBP Portfolio (%)	Benchmark (%)	Difference
Treasuries	9.27	46.06	-36.79
Agencies & Govt Related	32.69	24.34	8.35
Total Government	41.96	70.40	-28.44
Mortgage Backed	7.11	0.00	7.11
Asset Backed	0.62	0.00	0.62
Hybrid ARMS	0.00	0.00	0.00
CMBS	5.59	0.00	5.59
Securitized	13.33	0.00	13.33
Financial	21.94	11.23	10.71
Industry	19.27	15.93	3.34
Utility	2.47	2.15	0.32
Total Corporates	43.68	29.31	14.37
Cash	1.03	0.28	0.75
Total	100.00	100.00	

The following sector breakout is a new look at the entire State Fund account including the State Fund building and the S&P 500 equity holdings. The policy range for equities is currently 8%-12%. This is a client preference as the maximum allowed by statute is 25% of book value. We have been adding to equity holdings based on market conditions.

The last page is the monthly performance report from State Street. The custom composite index is an asset-weighted index that holds the same weights as the portfolio in each of the underlying benchmarks. The fixed income returns have been under the benchmark during recent periods due to an historical overweight in spread product versus the benchmark.

3/31/2009 State Fund By Sector			
<u>Sector</u>		<u>Market Value</u>	<u>%</u>
BANKS		49,883,963	5.14%
COMMUNICATIONS		23,090,461	2.38%
ENERGY		26,293,726	2.71%
GAS/PIPELINES		5,208,413	0.54%
INSURANCE		37,430,001	3.85%
OTHER FINANCE		97,976,240	10.09%
RETAIL		4,829,264	0.50%
TRANSPORTATION		38,687,231	3.98%
UTILITIES		25,697,330	2.65%
INDUSTRIAL		68,878,304	7.09%
CREDIT		377,974,931	38.92%
CDO		4,400,000	0.45%
CMBS		49,711,994	5.12%

STRUCTURED OTHER	54,111,994	5.57%
<i>TITLE XI</i>	9,960,789	1.03%
<i>TREASURY NOTES/BONDS</i>	82,227,649	8.47%
<i>AGENCY</i>	286,117,847	29.46%
GOVERNMENT	378,306,285	38.95%
<i>FHLMC</i>	34,078,959	3.51%
<i>FNMA</i>	29,235,156	3.01%
GOVERNMENT-MORTGAGE BACKED	63,314,115	6.52%
Total Fixed Income	873,707,326	90.0%
<i>REAL ESTATE</i>	9,160,839	0.94%
STATE FUND BUILDING	9,160,839	0.94%
EQUITY INDEX FUND	70,498,805	7.26%
CASH EQUIVALENTS	17,876,237	1.84%
Grand Total	971,243,207	100.00%



TREASURER'S FUND- \$802 million including \$10 million in fixed income as of 3/31/09. During February, two short Agency bonds were sold at a yield to maturity of .58% and provided a realized gain. The strategy is to let maturities roll into STIP, at which point the account will hold only STIP.

Richard Cooley, CFA
Portfolio Manager- STIP/Fixed Income

MONTANA BOARD OF INVESTMENTS
SUMMARY OF INDIVIDUAL PLAN PERFORMANCE

Rates of Returns

Periods Ending March 31, 2009



STATE STREET

	MKT VAL	ALLOC	MONTH	QTR	FYTD	1 Year	3 Years	5 Years	10 Years	ITD	INCEPT. DATE
	\$(000)										
STATE FUND INSURANCE											
TOTAL	981,063	100.0	0.93	-1.11	-3.34	-4.48	2.65	2.64	4.83	5.51	12/01/1993
CASH EQUIVALENTS	17,886	1.8	0.07	0.28	1.46	4.55	5.75	4.56	4.18	4.64	
EQUITIES	70,499	7.2	8.82	-10.80	-35.15	-36.90	-12.48	-4.38		-4.37	01/01/2001
FIXED INCOME	892,679	91.0	0.38	-0.34	-0.06	-1.16	4.03	3.13	5.47	5.95	
STATE FUND INSURANCE CUSTOM COMPOSI			1.46	-0.86	-3.76	-5.30	2.75	2.38			
CITIGROUP 3 MONTH T-BILL			0.02	0.05	0.73	1.14	3.42	3.06	3.19		
S&P 500			8.76	-11.01	-36.35	-38.09	-13.06	-4.76	-3.00		
BC GOV/CREDIT INTERMEDIATE			0.95	-0.05	3.54	1.96	5.62	3.69	5.44		

Bond Program

INTERCAP Loan Program

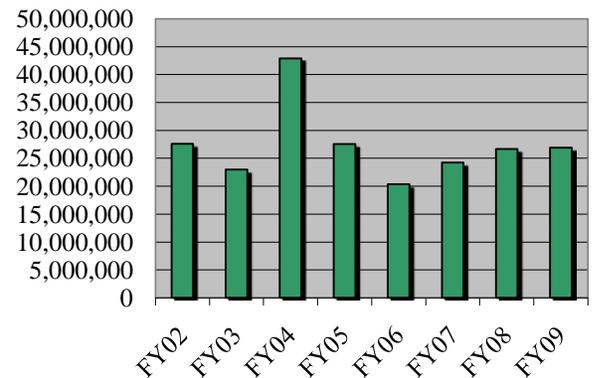
Activity Summary

As of March 31, 2009

Since Inception 1987 - March 2009

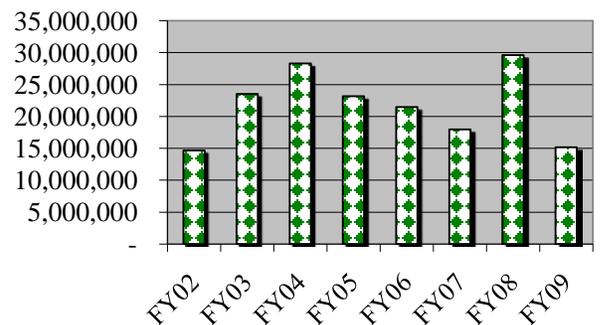
Total Bonds Issued	124,000,000
Total Loan Commitments	321,351,409
Total Loans Funded	291,725,784
Total Bonds Outstanding	98,045,000
Total Loans Outstanding	71,974,750
Loan Commitments Pending	29,625,625

Commitments FY02-March 2009



FY2009 To Date		
Month	Commitments	Fundings
July-08	\$ 247,991	\$ 1,066,447
August	1,372,958	662,931
September	6,078,958	959,160
October	151,270	952,115
November	3,111,364	2,492,190
December	650,000	8,000
January	528,624	2,614,802
February	9,377,053	1,477,348
March	57,434	1,167,216
April		
May		
June-09		
To Date	\$ 21,575,652	\$ 11,400,209

Fundings FY02-March 2009



Note: Commitments include withdrawn and expired loans.

Variable Loan Rate History February 16, 2002 - February 15, 2010

February 16, 2002 - February 15, 2003	<u>3.15%</u>	February 16, 2006 - February 15, 2007	<u>4.75%</u>
February 16, 2003 - February 15, 2004	<u>2.85%</u>	February 16, 2007 - February 15, 2008	<u>4.85%</u>
February 16, 2004 - February 15, 2005	<u>2.70%</u>	February 16, 2008 - February 15, 2009	<u>4.25%</u>
February 16, 2005 - February 15, 2006	<u>3.80%</u>	February 16, 2009 - February 15, 2010	<u>3.25%</u>

MEMORANDUM

Montana Board of Investments
Department of Commerce
2401 Colonial Drive, 3rd Floor
(406) 444-0001

To: Members of the Board
From: Louise Welsh, Bond Program Officer
Date: May 13, 2009
Subject: INTERCAP Loan Committee E-mail Approved Loans Committed



Loan Committee (LC) approved the following loans –November 1, 2008 through April 30, 2009.

Borrower:	Montana Department of Transportation (MDT)
Purpose:	Finance vehicle purchases for its State Motor Pool.
LC Approval Date:	April 6, 2009
Board Loan Amount:	\$2,440,632
Term:	7 years

MEMORANDUM

Montana Board of Investments
Department of Commerce
2401 Colonial Drive, 3rd Floor
(406) 444-0001

To: Members of the Board
From: Louise Welsh, Bond Program Officer
Date: May 13, 2009
Subject: INTERCAP Staff Approved Loans Committed

Staff approved the following loans – January 1, 2009 through March 31, 2009.



Borrower:	Town of West Yellowstone
Purpose:	Purchase a 2008 Caterpillar 938H Wheel Loader
Staff Approval Date	January 9, 2009
Board Loan Amount:	\$135,500
Term:	10 years

Borrower:	Missoula Rural Fire District
Purpose:	Purchase a 2010 International 7200 Water Tender.
Staff Approval Date	January 26, 2009
Board Loan Amount:	\$200,000
Term:	10 years

Borrower:	City of Laurel
Purpose:	Purchase a 2008 FL-106 Interface 1250C Pumper Truck.
Staff Approval Date	January 27, 2009
Board Loan Amount:	\$200,000
Term:	10 years

Borrower:	City of Bozeman
Purpose:	Finance costs associated with constructing and furnishing Fire Station #3
Staff Approval Date	February 4, 2009
Board Loan Amount:	\$890,000
Term:	10 years

Borrower:	Gallatin County
Purpose:	Finance costs associated with constructing and equipping a 911 Center.
Staff Approval Date	February 5, 2009
Board Loan Amount:	\$1,000,000
Term:	10 years

Borrower:	City of Great Falls
Purpose:	Finance costs associated with design and installation of Bootlegger Addition – Phase 1 street lights
Staff Approval Date	February 12, 2009
Board Loan Amount:	\$36,346
Term:	15 years

Borrower:	Town of Kevin (pronounced Kee'vin)
Purpose:	Purchase a 1995 International 4900 solid waste (refuse) truck and household containers
Staff Approval Date	February 23, 2009
Board Loan Amount:	\$48,000
Term:	7 years

Borrower:	Lewis & Clark County
Purpose:	Finance costs associated with Sky View Rural Improvement District #2008-9 road improvements
Staff Approval Date	February 25, 2009
Board Loan Amount:	\$76,104
Term:	10 years

Borrower:	Lewis & Clark County
Purpose:	Finance costs associated with Fox Crossing Rural Improvement District #2008-6 road improvements
Staff Approval Date	February 25, 2009
Board Loan Amount:	\$66,908
Term:	15 years

Borrower:	Town of Kevin
Purpose:	Finance costs associated with designing a water system.
Staff Approval Date	March 5, 2009
Board Loan Amount:	\$57,434
Term:	9 years



MONTANA UNIVERSITY SYSTEM

<u>Commitment Date</u>	<u>Term</u>	<u>Borrower</u>	<u>Project Description</u>	<u>Amount</u>
02/09/09	5 years	University of Montana - Missoula	Transit bus purchase for Student Park "N" Ride Program	\$276,603

INTERCAP LOAN DETAIL REPORT

As of March 31, 2009



Local Government - by County
State Agency
University



Local Government INTERCAP loans* - by County
As of March 31, 2009

*only loans that have remaining commitment and/or outstanding

Borrower Name	Project Description	TERM	Draws to Date	Commit Remaining	Outstanding	Maturity	County Located
BEAVERHEAD COUNTY	Purchase of Building	10	200,000	-	76,918	08/15/12	BEAVERHEAD
BEAVERHEAD COUNTY	Fairgrounds Restroom facility	10	108,000	-	85,573	08/15/16	BEAVERHEAD
BEAVERHEAD COUNTY	land road easements	10	118,632	-	109,159	02/15/18	BEAVERHEAD
BEAVERHEAD COUNTY Total			426,632	-	271,650		
Grand Total			426,632	-	271,650		BEAVERHEAD
HARLEM	Law Enforcement Vehicle	4	34,504	-	4,389	08/15/09	BLAINE
HARLEM Total			34,504	-	4,389		
Grand Total			34,504	-	4,389		BLAINE
JOLIET	Backhoe/Loader	10	38,000	-	4,435	02/15/10	CARBON
JOLIET Total			38,000	-	4,435		
RED LODGE	Fire Truck	10	250,000	-	121,308	08/15/13	CARBON
RED LODGE Total			250,000	-	121,308		
RED LODGE HIGH SCHOOL	Re-Roof and Insulate HS Bldg	10	68,000	-	10,630	02/15/11	CARBON
RED LODGE HIGH SCHOOL Total			68,000	-	10,630		
Grand Total			356,000	-	136,372		CARBON
CASCADE COUNTY	Whitetail Lane RID #11346	10	48,990	-	36,175	02/15/16	CASCADE
CASCADE COUNTY	Flood/Gannon RID No. 11347	10	269,342	-	198,886	02/15/16	CASCADE
CASCADE COUNTY	RID Bob Marshall Place	15	100,931	339	100,931	02/15/24	CASCADE
CASCADE COUNTY	Comp. Pub. Works Facility remodel. c	10	852,306	397,694	852,306	02/15/19	CASCADE
CASCADE COUNTY	Purch. motor graders/loader	7	750,000	-	750,000	02/15/16	CASCADE
CASCADE COUNTY Total			2,021,569	398,033	1,938,298		
GREAT FALLS	Design & install. of city street lights-	15	19,371	-	13,027	02/15/21	CASCADE
GREAT FALLS	Eagles Crossing Phase I street lights	15	56,000	-	41,613	02/15/21	CASCADE
GREAT FALLS	Meadowlark 4 street lights	10	23,000	-	18,391	02/15/22	CASCADE
GREAT FALLS	Eagles Crossing II & III design&inst	15	46,150	-	44,507	02/15/23	CASCADE
GREAT FALLS	design&instll Meadowlark Add#5 st	15	29,325	-	28,616	08/15/23	CASCADE
GREAT FALLS	Bootlegger Phase 1 Street Lights	15	-	36,346	-	02/15/24	CASCADE
GREAT FALLS Total			173,846	36,346	146,154		
Grand Total			2,146,425	434,379	2,048,277		CASCADE

Local Government INTERCAP loans* - by County

As of March 31, 2009

*only loans that have remaining commitment and/or outstanding

Borrower Name	Project Description	TERM	Draws to Date	Commit Remaining	Outstanding	Maturity	County Located
BIG SANDY ELEMENTARY DIST	boiler&water heaters	5	103,234	1,956	71,196	08/15/12	CHOUTEAU
BIG SANDY HIGH SCHOOL DIST	boiler&water heaters	5	132,091	3,790	86,114	08/15/12	CHOUTEAU
BIG SANDY HIGH SCHOOL DISTRICT#2 Total			132,091	3,790	86,114		
FORT BENTON	road material&patching machine	8	49,700	-	41,553	08/15/15	CHOUTEAU
FORT BENTON	Digital Radio Equip. for Police Dept	5	45,350	4,650	45,350	08/15/13	CHOUTEAU
FORT BENTON Total			95,050	4,650	86,903		
GERALDINE	Legal fees for drilling co. lawsuit	10	0.00	30,600	0.00		CHOUTEAU
GERALDINE Total			-	30,600	-		
HIGHWOOD ELEMENTARY SCH	Remodeling its superintendent housi	10	59,186	-	20,565	08/15/17	CHOUTEAU
HIGHWOOD ELEMENTARY SCHOOL DISTRICT #28 Total			59,186	-	20,565		
HIGHWOOD HIGH SCHOOL DIS	Remodeling superintendent housing	10	48,425	-	16,826	08/15/17	CHOUTEAU
HIGHWOOD HIGH SCHOOL DISTRICT #4 Total			48,425	-	16,826		
MISSOURI RIVER MEDICAL CE	Purchase Land/Bldg	10	50,000	-	24,262	08/15/13	CHOUTEAU
MISSOURI RIVER MEDICAL CE	WANDER GUARD SYS, WATER I	5	20,312	-	2,120	08/15/09	CHOUTEAU
MISSOURI RIVER MEDICAL CE	upgrade handicap entrance	5	55,000	-	25,893	02/15/11	CHOUTEAU
MISSOURI RIVER MEDICAL CE	Purchase a Vitros 350 Chemistry An	5	27,500	-	17,263	02/15/12	CHOUTEAU
MISSOURI RIVER MEDICAL CE	purchase property and improvement	10	38,000	-	33,760	08/15/17	CHOUTEAU
MISSOURI RIVER MEDICAL CENTER Total			190,812	-	103,297		
Grand Total			525,564	39,040	313,705		CHOTEAU
CUSTER COUNTY	lighting retrofit Court House	4	0.00	20,000	0.00	02/15/12	CUSTER
CUSTER COUNTY	Rock crusher for road repair	10	50,000	-	46,007	02/15/18	CUSTER
CUSTER COUNTY Total			50,000	20,000	46,007	04/03/30	
MILES COMMUNITY COLLEGE	New Student Housing	10	300,000	-	145,486	08/15/13	CUSTER
MILES COMMUNITY COLLEGE Total			300,000	-	145,486	08/15/13	
Grand Total			350,000	20,000	191,494	11/18/43	CUSTER
FLAXVILLE	Water System Improvements	10	39,313	-	22,379	08/15/14	DANIELS
FLAXVILLE Total			39,313	-	22,379		
Grand Total			39,313	-	22,379		DANIELS
DAWSON COMMUNITY COLLEGE	(Phys Ed, Arts Ctr, Library Expansior	10	500,000	-	396,171	08/15/16	DAWSON
DAWSON COMMUNITY COLLEGE Total			500,000	-	396,171		
Grand Total			500,000	-	396,171		DAWSON

Local Government INTERCAP loans* - by County
As of March 31, 2009

*only loans that have remaining commitment and/or outstanding

Borrower Name	Project Description	TERM	Draws to Date	Commit Remaining	Outstanding	Maturity	County Located
ANACONDA-DEER LODGE COU	Upgrade Historic Lighting System S	10	425,480	-	79,118	08/15/10	DEER LODGE
ANACONDA-DEER LODGE COU	Elevator-Hearst Library	10	175,000	-	86,494	08/15/13	DEER LODGE
ANACONDA-DEER LODGE COUNTY Total			600,480	-	165,612		
Grand Total			600,480	-	165,612		DEER LODGE
BAKER	Vacuum Street Sweeper	7	134,725	-	10,644	08/15/09	FALLON
BAKER	purchase John Deere Grader Patrol	7	118,000	-	87,348		FALLON
BAKER	purchase a new garbage truck and pa	7	92,157	-	65,829	02/15/14	FALLON
BAKER Total			344,882	-	163,821	10/02/23	
Grand Total			344,882	-	163,821	10/02/23	FALLON
FERGUS COUNTY	improvements to the Co Fairgrounds	10	0.00	998,000	0.00	02/15/18	FERGUS
FERGUS COUNTY Total			-	998,000	-		
LEWISTOWN	SID-curb/gutter/sidewalkstreet	10	45,000	-	3,938	08/15/10	FERGUS
LEWISTOWN	Enhanced 9-1-1 Equipment	10	101,378	-	64,299	02/15/15	FERGUS
LEWISTOWN	Wastewater Collection System Impr	5	390,500	-	195,250	08/15/11	FERGUS
LEWISTOWN Total			536,878	-	263,487		
MOORE ELEMENTARY SCHOOL DIST #44		10	0.00	90,000	0.00		FERGUS
MOORE ELEMENTARY SCHOOL DIST #44 Total			-	90,000	-		
MOORE HIGH SCHOOL DIST #44	Repair/replace roof & site Improvem	10	0.00	90,000	0.00		FERGUS
MOORE HIGH SCHOOL DIST #44 Total			-	90,000	-		
MOORE RURAL FIRE DIST	Construct a Building	10	65,000	-	15,114	02/15/11	FERGUS
MOORE RURAL FIRE DIST Total			65,000	-	15,114		
Grand Total			601,878	1,178,000	278,601		FERGUS
BIGFORK FIRE DISTRICT	Fire Engine Truck	5	299,844	-	95,988	08/15/10	FLATHEAD
BIGFORK FIRE DISTRICT Total			299,844	-	95,988		
FLATHEAD COUNTY	Rural Impr Dist No.142 sew coll syst	10	186,666	-	170,880	08/15/17	FLATHEAD
FLATHEAD COUNTY Total			186,666	-	170,880		
FLATHEAD VALLEY COMMUNI	Campus expansion	10	3,258,779	-	2,888,945	02/15/17	FLATHEAD
FLATHEAD VALLEY COMMUNITY COLLEGE Total			3,258,779	-	2,888,945		
KALISPELL	Heating/Air Cond/ Fire Safety	10	151,836	-	88,154	08/15/14	FLATHEAD
KALISPELL	Public Bathroom & Shelter/Tractor &	5	77,425	-	17,025	02/15/10	FLATHEAD
KALISPELL	2003 American La France Eagle Pun	10	279,900	-	193,705	02/15/15	FLATHEAD
KALISPELL Total			509,161	-	298,883		
PLEASANT VALLEY SCHOOL D	new manufactured home	5	36,891	-	19,555	08/15/11	FLATHEAD
PLEASANT VALLEY SCHOOL DISTRICT #27 Total			36,891	-	19,555		

Local Government INTERCAP loans* - by County
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*only loans that have remaining commitment and/or outstanding

Borrower Name	Project Description	TERM	Draws to Date	Commit Remaining	Outstanding	Maturity	County Located
SMITH LAKE VISTA CO W&S DI	Water System Improvements	10	15,400	-	6,600	08/15/13	FLATHEAD
SMITH LAKE VISTA CO W&S DIST Total			15,400	-	6,600		
SMITH VALLEY FIRE DIST	Fire Truck	10	65,000	-	15,445	02/15/11	FLATHEAD
SMITH VALLEY FIRE DIST	new water tender	10	154,002	-	134,720	08/15/17	FLATHEAD
SMITH VALLEY FIRE DIST Total			219,002	-	150,165		
SOMERS SCHOOL DISTRICT #29	Heat System Replacement	10	147,000	-	59,286	08/15/12	FLATHEAD
SOMERS SCHOOL DISTRICT #29	Renovate School	10	113,500	-	44,132	08/15/12	FLATHEAD
SOMERS SCHOOL DISTRICT #29	School Renovations	10	200,000	-	122,158	08/15/14	FLATHEAD
SOMERS SCHOOL DISTRICT #29 Total			460,500	-	225,576		
SWAN RIVER ELEMENTARY DI	PAVE PARKING LOT	10	19,435	-	11,279	08/15/14	FLATHEAD
SWAN RIVER ELEMENTARY DISTRICT #4 Total			19,435	-	11,279		
WAPITI ACRES COUNTY WATER	PER for water system upgrades	6	11,000	-	10,187	08/15/14	FLATHEAD
WAPITI ACRES COUNTY WATER AND/OR SEWER DISTRICT Total			11,000	-	10,187		
WEST VALLEY SCHOOL DISTRI	Equipment & Maintenance	5	174,000	-	19,909	08/15/09	FLATHEAD
WEST VALLEY SCHOOL DISTRICT #1 Total			174,000	-	19,909		
WHITEFISH	BAN to purch propty adj to WhCityI	1	0.00	3,148,530	0.00		FLATHEAD
WHITEFISH Total			-	3,148,530	-		
WOODSBAY HOMESITES LAKE	Preliminary Engineering Report	3	125,000	-	56,007	08/15/09	FLATHEAD
WOODSBAY HOMESITES LAKE	Anticipation of RD funds (wastewate	3	0.00	433,100	0.00		FLATHEAD
WOODSBAY HOMESITES LAKE CO. W&S DIST. Total			125,000	433,100	56,007		
Grand Total			5,315,677	3,581,630	3,953,973		FLATHEAD
AMSTERDAM RURAL FIRE DIST	Purchase Fire Truck	10	80,000	-	30,562	08/15/13	GALLATIN
AMSTERDAM RURAL FIRE DISTRICT Total			80,000	-	30,562		
BOZEMAN	Contract & Furnish Fire Station	10	0.00	890,000	0.00		GALLATIN
BOZEMAN Total			-	890,000	-		
BRIDGER CANYON RURAL FIRE	Wild Lands Fire Truck	7	102,000	-	7,921	08/15/09	GALLATIN
BRIDGER CANYON RURAL FIRE	Water Tender	7	175,000	-	27,302	02/15/10	GALLATIN
BRIDGER CANYON RURAL FIRE DISTRICT Total			277,000	-	35,223		
CLARKSTON FIRE SERVICE ARE	New Fire Hall	10	26,272	-	6,686	08/15/12	GALLATIN
CLARKSTON FIRE SERVICE AREA #6 Total			26,272	-	6,686		
FORT ELLIS FIRE SERVICE ARE	new fire rescue vehicle	10	190,000	-	140,609	08/15/17	GALLATIN
FORT ELLIS FIRE SERVICE AREA Total			190,000	-	140,609		
GALLATIN COUNTY	Phase 2 Cell Liner Expansion	7	995,000	-	155,751	02/15/10	GALLATIN
GALLATIN COUNTY	Purchase Building	10	999,000	-	532,749	02/15/14	GALLATIN
GALLATIN COUNTY	RE-ENTRY FACILITY	10	800,000	-	592,875	02/15/16	GALLATIN
GALLATIN COUNTY	Fairgrounds improvements	10	500,000	-	395,892	08/15/15	GALLATIN
GALLATIN COUNTY	Multiple city libraries improvements	10	999,000	-	695,893	08/15/15	GALLATIN

Local Government INTERCAP loans* - by County

As of March 31, 2009

*only loans that have remaining commitment and/or outstanding

Borrower Name	Project Description	TERM	Draws to Date	Commit Remaining	Outstanding	Maturity	County Located
GALLATIN COUNTY	District Court Remodel	10	999,000	-	870,068	02/15/17	GALLATIN
GALLATIN COUNTY	Courthouse Annex Building purch &	10	999,000	-	875,452	08/15/17	GALLATIN
GALLATIN COUNTY	Road/Bridge Shop Complex	10	1,300,000	-	1,247,310	08/15/18	GALLATIN
GALLATIN COUNTY	Construct and Equip 9-1-1 Center	10	1,000,000	-	1,000,000	02/15/19	GALLATIN
GALLATIN COUNTY Total			8,591,000	-	6,365,990		
MANHATTAN	Purchase and Remodel Building	10	175,000	-	21,709	02/15/10	GALLATIN
MANHATTAN	Rescue Truck	10	80,000	-	38,818	08/15/13	GALLATIN
MANHATTAN Total			255,000	-	60,528		
THREE FORKS	Arena Lighting/Irrigation	10	30,000	-	10,418	08/15/13	GALLATIN
THREE FORKS	Two (2) Police Vehicle	5	58,837	-	36,556	02/15/12	GALLATIN
THREE FORKS Total			88,837	-	46,974		
THREE FORKS ELEMENTARY	Stutilities and roadway to school land	4	80,000	-	70,730	08/15/08	GALLATIN
THREE FORKS ELEMENTARY SCHOOL DISTRICT J-24 Total			80,000	-	70,730		
THREE FORKS HIGH SCHOOL	D utilities and roadway to school land	4	36,330	3,670	32,120	08/15/12	GALLATIN
THREE FORKS HIGH SCHOOL DISTRICT #J-24 Total			36,330	3,670	32,120		
WEST YELLOWSTONE	Used dump truck & pickup	5	26,139	-	9,208	08/15/15	GALLATIN
WEST YELLOWSTONE	Purchase Caterpillar Wheel Loader	10	128,624	-	128,624	02/15/19	GALLATIN
WEST YELLOWSTONE Total			154,763	-	137,832		
Grand Total			9,779,202	893,670	6,927,254		GALLATIN
GOLDEN VALLEY COUNTY	purchase&equip a patrol pickup	7	42,285	-	34,274	08/15/14	GOLDEN VALLEY
GOLDEN VALLEY COUNTY Total			42,285	-	34,274		
Grand Total			42,285	-	34,274		GOLDEN VALLEY
GRANITE COUNTY	Purchase and Remodel Building	10	100,000	-	48,523	08/15/13	GRANITE
GRANITE COUNTY Total			100,000	-	48,523		
PHILIPSBURG SCHOOL DISTRIC	Biomass Heating System replacemer	10	355,000	-	227,080	08/15/14	GRANITE
PHILIPSBURG SCHOOL DISTRICT #1 Total			355,000	-	227,080		
Grand Total			455,000	-	275,603		GRANITE
HAVRE	Purchase Street Sweeper	7	89,000	-	27,040	02/15/11	HILL
HAVRE	Chiller & cooling Towner for Ice Do	10	60,000	-	38,346	02/15/15	HILL
HAVRE	Change city hall (two bldgs) from fla	15	280,000	-	259,641	08/15/22	HILL
HAVRE	Change city hall roof (two bldgs) frc	10	175,800	-	153,956	08/15/17	HILL
HAVRE Total			604,800	-	478,983		
HILL COUNTY	Wanke Bridge	10	136,390	-	85,578	02/15/15	HILL
HILL COUNTY Total			136,390	-	85,578		
Grand Total			741,190	-	564,560		HILL

Local Government INTERCAP loans* - by County
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Borrower Name	Project Description	TERM	Draws to Date	Commit Remaining	Outstanding	Maturity	County Located
BOULDER	Preliminary Engineering Report - wa	6	25,000	-	18,092	02/15/13	JEFFERSON
BOULDER Total			25,000	-	18,092		
BULL MOUNTAIN RURAL FIRE	Refinance Water Tender	10	35,000	-	13,333	08/15/12	JEFFERSON
BULL MOUNTAIN RURAL FIRE	Construct fire truck garage	10	8,000	42,000	8,000		JEFFERSON
BULL MOUNTAIN RURAL FIRE DIST. Total			43,000	42,000	21,333		
CLANCY FIRE SERVICE AREA	Fire Truck	10	113,250	-	12,899	02/15/10	JEFFERSON
CLANCY FIRE SERVICE AREA	Fire Station Addition	10	40,000	-	21,354	02/15/14	JEFFERSON
CLANCY FIRE SERVICE AREA Total			153,250	-	34,253		
JEFFERSON CITY & COMMUNIT	New Fire Hall	10	75,000	-	44,348	08/15/14	JEFFERSON
JEFFERSON CITY & COMMUNITY FIRE DEPARTMENT Total			75,000	-	44,348		
JEFFERSON COUNTY	RID #2506 road improvements	15	75,376	4,624	74,229	08/15/23	JEFFERSON
JEFFERSON COUNTY Total			75,376	4,624	74,229		
MONTANA CITY SCHOOL DISTI	Payoff GAN file #1027	8	44,893	-	28,134	02/15/14	JEFFERSON
MONTANA CITY SCHOOL DISTRICT #27 Total			44,893	-	28,134		
WHITEHALL ELEMENTARY SCHI	new natural gas boiler	10	84,484	-	55,593	08/15/17	JEFFERSON
WHITEHALL ELEMENTARY SCHOOL DISTRICT Total			84,484	-	55,593		
Grand Total			501,004	46,624	275,983		JEFFERSON
HOBSON	chip sealing the streets	10	85,000	-	74,571	08/15/17	JUDITH BASIN
HOBSON Total			85,000	-	74,571		
STANFORD SCHOOL DISTRICT	Gym repair; Storage shed constructic	5	200,000	-	67,038	08/15/10	JUDITH BASIN
STANFORD SCHOOL DISTRICT 12 Total			200,000	-	67,038		
Grand Total			285,000	-	141,609		JUDITH BASIN
DAYTON/LAKE COUNTY W&S I	Preliminary Engineering Report	3	3,788	-	3,788	08/15/09	LAKE
DAYTON/LAKE COUNTY W&S DISTRICT Total			3,788	-	3,788		
LAKE COUNTY	8 Sheriff's vehicles	3	208,448	-	36,844	08/15/09	LAKE
LAKE COUNTY Total			208,448	-	36,844		
LAKE COUNTY/LAKE COUNTY	Solid Waste Transfer Station	10	880,000	-	535,530	08/15/13	LAKE
LAKE COUNTY/LAKE COUNTY SOLID WASTE DIST Total			880,000	-	535,530		
RONAN	Purchase John Deere Tractor	4	0.00	31,300	0.00		LAKE
RONAN Total			-	31,300	-		
UPPER WEST SHORE SCHOOL D	classroom building unattached to ma	5	50,000	-	21,166	02/15/11	LAKE
UPPER WEST SHORE SCHOOL DISTRICT #33 Total			50,000	-	21,166		
Grand Total			1,142,236	31,300	597,328		LAKE
AUGUSTA FIRE SERVICE AREA	New Fire Hall	10	69,676	-	31,284	02/15/14	LEWIS AND CLARK
AUGUSTA FIRE SERVICE AREA Total			69,676	-	31,284		

Local Government INTERCAP loans* - by County

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*only loans that have remaining commitment and/or outstanding

Borrower Name	Project Description	TERM	Draws to Date	Commit Remaining	Outstanding	Maturity	County Located
BAXENDALE FIRE DIST	Purchase Fire Truck	10	85,000	-	15,985	08/15/10	LEWIS AND CLARK
BAXENDALE FIRE DIST	Tanker Fire Truck	10	80,000	-	57,767	02/15/15	LEWIS AND CLARK
BAXENDALE FIRE DIST	constructing a fire hall addition	10	50,000	-	43,857	08/15/17	LEWIS AND CLARK
BAXENDALE FIRE DIST Total			215,000	-	117,609		
BIRDSEYE VOLUNTEER FIRE DISTRICT	Fire Truck	10	26,000	-	6,809	02/15/12	LEWIS AND CLARK
BIRDSEYE VOLUNTEER FIRE DISTRICT Total			26,000	-	6,809		
EAST HELENA	Construction of new shop building	10	177,208	-	155,916	08/15/17	LEWIS AND CLARK
EAST HELENA	Reconstruction of muni. swim. pool	10	692,958	-	663,940	08/15/18	LEWIS AND CLARK
EAST HELENA Total			870,166	-	819,855		
EASTGATE VOLUNTEER FIRE DISTRICT	2000 Ford 550 CAFR attack eng	10	142,000	-	24,150	08/15/10	LEWIS AND CLARK
EASTGATE VOLUNTEER FIRE DISTRICT Total			142,000	-	24,150		
HELENA	Remediation Work at Landfill	10	547,867	-	66,833	02/15/10	LEWIS AND CLARK
HELENA	Tower Truck/Station Remodel	10	1,081,116	-	479,420	02/15/13	LEWIS AND CLARK
HELENA	Mowers & Turf Sweeper	10	56,551	-	30,271	02/15/14	LEWIS AND CLARK
HELENA	Chambers Remodel	10	175,974	-	101,923	08/15/14	LEWIS AND CLARK
HELENA	Golf Carts	5	139,260	-	14,786	08/15/09	LEWIS AND CLARK
HELENA	GOLF POND IMPROVEMENTS	10	62,901	-	39,742	02/15/15	LEWIS AND CLARK
HELENA	SID No. 408 (Granite St.)	3	113,837	-	67,837	08/15/10	LEWIS AND CLARK
HELENA	imprvm to City's golf course	10	0.00	207,000	0.00		LEWIS AND CLARK
HELENA	Sidewalk, curb, Gut., & driveway/all	10	98,000	252,000	98,000	02/15/19	LEWIS AND CLARK
HELENA Total			2,275,506	459,000	898,811		
LEWIS & CLARK COUNTY	Renovate Courthouse	10	289,000	-	54,173	08/15/10	LEWIS AND CLARK
LEWIS & CLARK COUNTY	Bridge Repair and Replacement	10	433,144	-	100,113	02/15/11	LEWIS AND CLARK
LEWIS & CLARK COUNTY	Remodel Augusta Senior Center	10	79,781	-	19,649	02/15/11	LEWIS AND CLARK
LEWIS & CLARK COUNTY	Vandenberg Village RID	10	60,151	-	5,555	02/15/12	LEWIS AND CLARK
LEWIS & CLARK COUNTY	Gilbert RID	10	48,055	-	9,778	02/15/12	LEWIS AND CLARK
LEWIS & CLARK COUNTY	Computer Sys-Law Enforce/Court	7	465,000	-	72,788	02/15/10	LEWIS AND CLARK
LEWIS & CLARK COUNTY	Bleachers- LandC Co. Fairgrounds	10	199,900	-	77,192	08/15/12	LEWIS AND CLARK
LEWIS & CLARK COUNTY	Remodel County Courthouse	10	450,000	-	262,372	08/15/14	LEWIS AND CLARK
LEWIS & CLARK COUNTY	Augusta RID	10	67,121	-	13,148	02/15/14	LEWIS AND CLARK
LEWIS & CLARK COUNTY	FAWN MEADOW RID	10	14,194	-	5,431	02/15/16	LEWIS AND CLARK
LEWIS & CLARK COUNTY	Gable Estates RID	10	317,476	-	192,719	02/15/16	LEWIS AND CLARK
LEWIS & CLARK COUNTY	MUNGER RD RID	10	11,580	-	4,544	02/15/16	LEWIS AND CLARK
LEWIS & CLARK COUNTY	Golden Estates RID 2001-1	10	28,754	-	21,232	02/15/16	LEWIS AND CLARK
LEWIS & CLARK COUNTY	Oro Fino RID 1994-5	10	30,470	-	22,620	02/15/16	LEWIS AND CLARK
LEWIS & CLARK COUNTY	Maynard Road RID 2005-1	10	8,680	-	6,393	02/16/16	LEWIS AND CLARK
LEWIS & CLARK COUNTY	Applegate RID	7	43,006	-	31,677	02/15/16	LEWIS AND CLARK
LEWIS & CLARK COUNTY	Lincoln Rd RID 2004-6	10	348,772	-	208,309	02/15/16	LEWIS AND CLARK
LEWIS & CLARK COUNTY	Prickley Pear RID 1985-2	10	168,861	-	113,345	02/05/16	LEWIS AND CLARK

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Borrower Name	Project Description	TERM	Draws to Date	Commit Remaining	Outstanding	Maturity	County Located
LEWIS & CLARK COUNTY	Lambkin Road RID No 1989-1	10	29,352	-	21,620	02/15/16	LEWIS AND CLARK
LEWIS & CLARK COUNTY	Integrated Public Safety Radio Syste	7	750,000	-	452,387	02/15/13	LEWIS AND CLARK
LEWIS & CLARK COUNTY	Ten Mile Creek Estates RID 97-2 ma	7	23,684	-	17,624	02/15/14	LEWIS AND CLARK
LEWIS & CLARK COUNTY	Treasure State Acres RID 90-5 main	7	194,066	-	144,415	02/15/14	LEWIS AND CLARK
LEWIS & CLARK COUNTY	Middlemas Road RID #1987-4 and 4	10	10,475	-	8,676	02/15/17	LEWIS AND CLARK
LEWIS & CLARK COUNTY	Town View Estates RID #1990-9 ro	10	39,197	4,488	32,029	02/15/18	LEWIS AND CLARK
LEWIS & CLARK COUNTY	Riddock RID # 1985-1 road improve	10	6,438	7,330	5,883	02/15/18	LEWIS AND CLARK
LEWIS & CLARK COUNTY	Green Acres RID #2001-8 Road Imp	10	25,273	1,254	23,094	02/15/18	LEWIS AND CLARK
LEWIS & CLARK COUNTY	Bel Air Addition RID No. 2006-5	10	194,635	33,943	185,481	08/15/18	LEWIS AND CLARK
LEWIS & CLARK COUNTY	Bel Air Curb RID No. 2006-6	10	13,685	-	11,551	02/15/18	LEWIS AND CLARK
LEWIS & CLARK COUNTY	elevator, air cnd, upgds, roof rpr& re	10	977,748	22,252	932,050	02/15/18	LEWIS AND CLARK
LEWIS & CLARK COUNTY	County Landfill Scraper	15	649,900	-	649,900	02/15/24	LEWIS AND CLARK
LEWIS & CLARK COUNTY	RID road improvements	10	0.00	76,104	0.00		LEWIS AND CLARK
LEWIS & CLARK COUNTY	Fox Crossing RID #2008-6 road imp	15	0.00	66,908	0.00		LEWIS AND CLARK
LEWIS & CLARK COUNTY Total			5,978,398	212,278	3,705,750		
MONTANA CITY RURAL FIRE D	new pumper truck	10	345,343	-	310,668	08/15/18	LEWIS AND CLARK
MONTANA CITY RURAL FIRE DISTRICT Total			345,343	-	310,668		
TRI-LAKES VOLUNTEER FIRE D	Two Fire Trucks	10	200,532	-	50,041	02/15/11	LEWIS AND CLARK
TRI-LAKES VOLUNTEER FIRE D	Purchase Fire Truck	5	30,000	-	3,187	08/15/09	LEWIS AND CLARK
TRI-LAKES VOLUNTEER FIRE DEPARTMENT Total			230,532	-	53,228		
WOLF CREEK WATER&SEWER	grant writing&adm start up costs	6	20,000	-	17,053	02/15/14	LEWIS AND CLARK
WOLF CREEK WATER&SEWER DIST Total			20,000	-	17,053		
YORK FIRE SERVICE AREA	Water Tender Truck	10	28,000	-	6,890	02/15/11	LEWIS AND CLARK
YORK FIRE SERVICE AREA	constructing a fire station	10	70,000	-	67,185	02/15/18	LEWIS AND CLARK
YORK FIRE SERVICE AREA Total			98,000	-	74,075		
Grand Total			10,270,621	671,278	6,059,292		LEWIS AND CLARK
EUREKA ELEMENTARY SCHOO	central wood-fired heating plant&dis	10	283,240	-	253,690	08/15/17	LINCOLN
EUREKA ELEMENTARY SCHOOL Total			283,240	-	253,690		
LINCOLN COUNTY	Purchase Building	10	500,000	-	125,517	02/15/11	LINCOLN
LINCOLN COUNTY Total			500,000	-	125,517		
LINCOLN COUNTY RFD	Water Tenders - 2 new	10	299,900	-	160,320	08/15/16	LINCOLN
LINCOLN COUNTY RFD Total			299,900	-	160,320		
LINCOLN HIGH SCHOOL	cent wood-fired heating plant&dist li	10	283,240	-	253,690	08/15/07	LINCOLN
LINCOLN HIGH SCHOOL Total			283,240	-	253,690		
TROY PUBLIC SCHOOLS DISTRI	Energy Cost Savings replace old boi	10	59,000	-	49,305	02/15/17	LINCOLN
TROY PUBLIC SCHOOLS DISTRICT #1 Total			59,000	-	49,305		
Grand Total			1,425,380	-	842,521		LINCOLN

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Borrower Name	Project Description	TERM	Draws to Date	Commit Remaining	Outstanding	Maturity	County Located
SHERIDAN	Purchase land for Main St. parking	10	43,000	-	29,633	08/15/15	MADISON
SHERIDAN Total			43,000	-	29,633		
Grand Total			43,000	-	29,633		MADISON
CIRCLE	Wastewater Lift Stations Replaceme	10	199,773	-	162,472	08/15/16	MCCONE
CIRCLE Total			199,773	-	162,472		
MCCONE COUNTY	Used Semi-truck Tractor	10	36,000	-	4,187	02/15/10	MCCONE
MCCONE COUNTY	Repair Cement Slab over River	10	32,827	-	3,818	02/15/10	MCCONE
MCCONE COUNTY	McCone Co Courthouse Updates	10	190,000	-	106,266	02/15/14	MCCONE
MCCONE COUNTY Total			258,827	-	114,272		
Grand Total			458,600	-	276,744		MCCONE
ALBERTON	Skid-steer Loader with attachments	7	49,673	-	29,973	02/15/13	MINERAL
ALBERTON Total			49,673	-	29,973		
ALBERTON PUBLIC SCHOOLS	Refi (2) Loans & Computers	5	53,089	-	5,575	08/15/09	MINERAL
ALBERTON PUBLIC SCHOOLS Total			53,089	-	5,575		
MINERAL COUNTY/ST. REGIS S	Sewerage System Revenue Bond Ref	5	172,574	-	34,514	08/15/09	MINERAL
MINERAL COUNTY/ST. REGIS SEWER DISTRICT Total			172,574	-	34,514		
Grand Total			275,336	-	70,063		MINERAL
FRENCHTOWN SCHOOL DISTRICT #40	Land Acquisition; equipping or enlarg	3	135,000	-	22,839	08/15/09	MISSOULA
FRENCHTOWN SCHOOL DISTRICT #40 Total			135,000	-	22,839		
LOLO ELEMENTARY SCHOOL DISTRICT #7	Various Projects	3	358,768	-	70,191	08/15/09	MISSOULA
LOLO ELEMENTARY SCHOOL DISTRICT #7 Total			358,768	-	70,191		
MISSOULA	Traffic Circles - SID # 527	7	22,400	-	6,400	08/15/10	MISSOULA
MISSOULA	Art Museum Remodel	10	300,000	-	191,309	08/15/14	MISSOULA
MISSOULA	CHRISTIAN DR. SID #530	10	6,706	-	4,696	02/15/16	MISSOULA
MISSOULA Total			329,106	-	202,405		
MISSOULA COUNTY	Reader Board Sign-Fairgrounds	10	49,854	-	3,049	08/15/09	MISSOULA
MISSOULA COUNTY	Western Montana Fair Equipment	10	158,623	-	92,492	08/15/14	MISSOULA
MISSOULA COUNTY	Public Works Trucks	5	348,677	-	37,022	08/15/09	MISSOULA
MISSOULA COUNTY	ELECTIONS EQUIPMENT	5	356,256	-	36,861	08/15/09	MISSOULA
MISSOULA COUNTY	Missoula Aging Services (MAS) ren	10	250,000	-	186,083	02/15/16	MISSOULA
MISSOULA COUNTY	Motor Pool vehicles and Central Ser	4	173,078	-	92,836	02/15/11	MISSOULA
MISSOULA COUNTY Total			1,336,488	-	448,342		
MISSOULA COUNTY PUBLIC SCHOOLS DIST. #1	Resurface Tennis Courts	10	90,000	-	16,356	08/15/10	MISSOULA
MISSOULA COUNTY PUBLIC SCHOOLS DIST. #1 Total			90,000	-	16,356		

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Borrower Name	Project Description	TERM	Draws to Date	Commit Remaining	Outstanding	Maturity	County Located
MISSOULA RURAL FIRE DISTRICT	Pumper Fire Engine	10	206,112	-	83,685	08/15/12	MISSOULA
MISSOULA RURAL FIRE DISTRICT	Purchase Intl 7200 Water Tender	10	79,753	120,247	79,753	02/15/19	MISSOULA
MISSOULA RURAL FIRE DISTRICT Total			285,865	120,247	163,438		
SEELEY LAKE RURAL FIRE DISTRICT	Water Tender	7	40,000	-	15,012	08/15/11	MISSOULA
SEELEY LAKE RURAL FIRE DISTRICT Total			40,000	-	15,012		
Grand Total			2,575,226	120,247	938,583		MISSOULA
MUSSELSHELL COUNTY	Ambulance Barn Construction	10	200,000	-	137,180	08/15/15	MUSSELSHELL
MUSSELSHELL COUNTY Total			200,000	-	137,180		
Grand Total			200,000	-	137,180		MUSSELSHELL
COOKE CITY PARK COUNTY WATER DISTRICT	W. Construct water trans. main	1	0.00	1,550,000	0.00		PARK
COOKE CITY PARK COUNTY WATER DISTRICT Total			-	1,550,000	-		
GARDINER RURAL FIRE DISTRICT	replacement fire engine	5	44,000	-	34,782	08/15/12	PARK
GARDINER RURAL FIRE DISTRICT Total			44,000	-	34,782		
LIVINGSTON	Automate Solid Waste System	10	250,000	-	112,482	08/15/13	PARK
LIVINGSTON Total			250,000	-	112,482		
PARADISE VALLEY FIRE SERVICE AREA	Purchase (2) Fire Trucks	10	75,000	-	28,954	08/15/12	PARK
PARADISE VALLEY FIRE SERVICE AREA Total			75,000	-	28,954		
PARK COUNTY	Gardiner Airport Easement	10	68,350	-	39,854	08/15/14	PARK
PARK COUNTY Total			68,350	-	39,854		
PARK COUNTY RURAL FIRE DISTRICT	Fire Truck	5	200,000	-	47,377	02/15/11	PARK
PARK COUNTY RURAL FIRE DISTRICT	Purchase Metal Building	10	90,000	-	34,285	08/15/12	PARK
PARK COUNTY RURAL FIRE DISTRICT Total			290,000	-	81,662		
Grand Total			727,350	1,550,000	297,734		PARK
WINNETT SCHOOL DISTRICT #1	TRAN-Cash Flow	1	50,000	50,000	50,000	06/30/09	PETROLEUM
WINNETT SCHOOL DISTRICT #1 Total			50,000	50,000	50,000		
Grand Total			50,000	50,000	50,000		PETROLEUM
BRADY COUNTY WATER & SEWER DISTRICT	Preliminary Engineering Report	3	20,000	-	19,995	02/12/12	PONDERA
BRADY COUNTY WATER & SEWER DISTRICT	Antcip. of RD Funds - waste water	1	0.00	439,000	0.00		PONDERA
BRADY COUNTY WATER & SEWER DISTRICT Total			20,000	439,000	19,995		
PONDERA COUNTY	Upgrade 911 Equipment	10	333,096	-	150,940	02/15/13	PONDERA
PONDERA COUNTY	Heat-Vent-AC Sys Replacement	10	435,000	-	256,228	08/15/14	PONDERA
PONDERA COUNTY	Purchase Building for Senior Center	10	89,550	-	85,473	08/15/18	PONDERA
PONDERA COUNTY Total			857,646	-	492,641		
VALIER SCHOOL DISTRICT #18	Boiler/Heating System	10	100,000	-	68,818	08/15/15	PONDERA
VALIER SCHOOL DISTRICT #18 Total			100,000	-	68,818		
Grand Total			977,646	439,000	581,454		PONDERA

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Borrower Name	Project Description	TERM	Draws to Date	Commit Remaining	Outstanding	Maturity	County Located
POWDER RIVER COUNTY	X-ray Machine & Table	10	39,312	-	4,732	02/15/10	POWDER RIVER
POWDER RIVER COUNTY	2003 TESAB 643 Rotocrusher	10	200,000	-	126,365	02/15/15	POWDER RIVER
POWDER RIVER COUNTY	New Sheriff Vehicle	6	30,000	-	10,540	02/15/11	POWDER RIVER
POWDER RIVER COUNTY Total			269,312	-	141,637		
POWDER RIVER COUNTY/POWDER RIVER COUNTY	Expand landfill	10	220,000	-	154,000	02/15/16	POWDER RIVER
POWDER RIVER COUNTY/POWDER RIVER COUNTY SOLID WASTE DISTRICT Total			220,000	-	154,000		
Grand Total			489,312	-	295,637		POWDER RIVER
DEER LODGE ELEMENTARY SD	Purch & Install Wood-Fired Heat Plant	10	335,000	-	335,000		POWELL
DEER LODGE ELEMENTARY SD Total			335,000	-	335,000		
ELLISTON RURAL FIRE DISTRICT	Construct new fire hall	10	96,470	-	67,730	08/15/15	POWELL
ELLISTON RURAL FIRE DISTRICT Total			96,470	-	67,730		
GARRISON FIRE DISTRICT	Construct Fire Hall	10	107,000	-	74,117	08/15/15	POWELL
GARRISON FIRE DISTRICT Total			107,000	-	74,117		
POWELL COUNTY	Memorial Hospital Renovation	10	421,132	-	199,121	02/15/15	POWELL
POWELL COUNTY	bridge maintenance/replacement	7	250,000	-	218,124	08/15/14	POWELL
POWELL COUNTY Total			671,132	-	417,245		
Grand Total			1,209,602	-	894,092		POWELL
DARBY	Anticip. of RD long term financing	2	0.00	1,543,000	0.00		RAVALLI
DARBY Total			-	1,543,000	-		
FLORENCE-CARLTON K-12 SCHOOLS DISTRICT #15-6	New Ovens for Food Service Program	5	5,675	-	998	02/15/10	RAVALLI
FLORENCE-CARLTON K-12 SCHOOLS DISTRICT #15-6 Total			5,675	-	998		
HAMILTON SCHOOL DISTRICT #3	BOILER REPLACEMENT	10	418,989	-	257,834	08/15/14	RAVALLI
HAMILTON SCHOOL DISTRICT #3 Total			418,989	-	257,834		
LONE ROCK ELEMENTARY SCHOOL DISTRICT #13	Projects at Middle School	10	50,000	-	861	02/15/10	RAVALLI
LONE ROCK ELEMENTARY SCHOOL DISTRICT #13	Playground Equipment	10	20,000	-	25	08/15/12	RAVALLI
LONE ROCK ELEMENTARY SCHOOL DISTRICT #13	Purchase School Bus	10	28,000	-	6,551	02/15/14	RAVALLI
LONE ROCK ELEMENTARY SCHOOL DISTRICT #13 Total			98,000	-	7,436		
PAINTED ROCKS FIRE DISTRICT #1	Construct Fire Station	10	100,000	-	54,529	08/15/13	RAVALLI
PAINTED ROCKS FIRE DISTRICT #1 Total			100,000	-	54,529		
RAVALLI COUNTY	Renovate Existing Courthouse	10	500,000	-	259,263	08/15/13	RAVALLI
RAVALLI COUNTY	Camera/Jail Ctrl Panel	10	64,257	-	37,307	08/15/14	RAVALLI
RAVALLI COUNTY	Aggregate Crushing Plant & Excavator	10	535,000	-	337,288	02/15/15	RAVALLI
RAVALLI COUNTY	BAN - conservation easements	3	0.00	2,000,000	0.00		RAVALLI

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Borrower Name	Project Description	TERM	Draws to Date	Commit Remaining	Outstanding	Maturity	County Located
RAVALLI COUNTY	Public Safety Vehicles	5	0.00	165,000	0.00		RAVALLI
RAVALLI COUNTY	Roofing courthouse & related improv	10	196,364	-	196,364	02/15/19	RAVALLI
RAVALLI COUNTY Total			1,295,621	2,165,000	830,221		
VICTOR SCHOOL DISTRICT #7	Retrofit Heating System	10	103,918	-	62,144	08/15/14	RAVALLI
VICTOR SCHOOL DISTRICT #7 Total			103,918	-	62,144		
Grand Total			2,022,203	3,708,000	1,213,163		RAVALLI
SIDNEY	Water Meter Project	10	107,550	-	32,265	08/15/11	RICHLAND
SIDNEY	Replace Water Meters	10	107,550	-	32,265	08/15/11	RICHLAND
SIDNEY Total			215,100	-	64,530		
Grand Total			215,100	-	64,530		RICHLAND
CULBERTSON	New Refuse Truck	7	75,758	-	37,874	08/15/12	ROOSEVELT
CULBERTSON Total			75,758	-	37,874		
FRONTIER ELEMENTARY DISTRICT #3	Building Addition	5	264,000	-	194,485	08/15/12	ROOSEVELT
FRONTIER ELEMENTARY DISTRICT #3 Total			264,000	-	194,485		
POPLAR	Purchase Land	10	108,374	-	52,586	08/15/13	ROOSEVELT
POPLAR Total			108,374	-	52,586		
WOLF POINT SCHOOL DISTRICT #45 & 45A	Boiler Replacement	10	357,045	-	206,474	08/15/14	ROOSEVELT
WOLF POINT SCHOOL DISTRICT #45 & 45A Total			357,045	-	206,474		
Grand Total			805,177	-	491,419		ROOSEVELT
COLSTRIP	Jet Vacuum Truck	10	100,000	-	42,981	02/15/13	ROSEBUD
COLSTRIP Total			100,000	-	42,981		
COLSTRIP SCHOOL DISTRICT #19	Replace Frank Brattin Middle School	4	501,872	173,128	442,491	08/15/12	ROSEBUD
COLSTRIP SCHOOL DISTRICT #19 Total			501,872	173,128	442,491		
FORSYTH	Refund Revenue Bond	10	262,698	-	78,808	02/15/12	ROSEBUD
FORSYTH Total			262,698	-	78,808		
LAME DEER ELEMENTARY SCHOOL DISTRICT #6	SCF remodeling projects	10	231,000	-	166,984	08/15/15	ROSEBUD
LAME DEER ELEMENTARY SCHOOL DISTRICT #6 Total			231,000	-	166,984		
LAME DEER HIGH SCHOOL DISTRICT #6	DIS remodeling projects	10	269,000	-	198,101	08/15/15	ROSEBUD
LAME DEER HIGH SCHOOL DISTRICT #6 Total			269,000	-	198,101		
Grand Total			1,364,570	173,128	929,365		ROSEBUD
DIXON ELEMENTARY DISTRICT #9	Remodel Exist. Shop Building	10	40,000	-	15,513	08/15/12	SANDERS
DIXON ELEMENTARY DISTRICT #9 Total			40,000	-	15,513		
HERON RURAL FIRE DISTRICT	Construct New 4-bay Building	10	45,656	-	5,636	02/15/10	SANDERS
HERON RURAL FIRE DISTRICT Total			45,656	-	5,636		
PARADISE ELEMENTARY SCHOOL DISTRICT #8	SCHC Storage Buildings	5	24,000	-	7,615	08/15/10	SANDERS
PARADISE ELEMENTARY SCHOOL DISTRICT #8 Total			24,000	-	7,615		

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PLAINS	Refund(2) Wastewater Rev Bonds	6	250,000	-	41,665	08/15/09	SANDERS
PLAINS Total			250,000	-	41,665		
SANDERS COUNTY	Fairground Improvements	10	139,241	-	53,865	08/15/12	SANDERS
SANDERS COUNTY	Arena/Holding Pens Upgrade	10	140,942	2,970	134,704	08/15/18	SANDERS
SANDERS COUNTY Total			280,183	2,970	188,569		
THOMPSON FALLS	front end loader	10	82,997	57,003	75,843	02/15/18	SANDERS
THOMPSON FALLS	two police vehicle	5	37,998	2,002	30,819	02/15/13	SANDERS
THOMPSON FALLS Total			120,995	59,005	106,661		
Grand Total			760,834	61,975	365,659		SANDERS
PLENTYWOOD	Bank Stabilization(Wastewater)	10	151,003	-	60,433	08/15/12	SHERIDAN
PLENTYWOOD Total			151,003	-	60,433		
Grand Total			151,003	-	60,433		SHERIDAN
BUTTE-SILVER BOW	Renovate Building	10	847,627	-	103,252	02/15/10	SILVER BOW
BUTTE-SILVER BOW	Caterpillar PM-201 Cold Planer	10	736,843	-	610,277	02/15/17	SILVER BOW
BUTTE-SILVER BOW	Two Pumper trucks	7	729,213	-	542,962	02/15/14	SILVER BOW
BUTTE-SILVER BOW	New 100' Super HD Aerial Ladder T	10	978,554	-	851,844	08/15/17	SILVER BOW
BUTTE-SILVER BOW Total			3,292,237	-	2,108,335		
Grand Total			3,292,237	-	2,108,335		SILVERBOW
COLUMBUS	Construct a New Town Hall	10	409,395	-	54,922	08/15/10	STILLWATER
COLUMBUS	Storm Drain Sewer+street/curb recor	10	1,147,220	21,058	1,079,320	02/15/18	STILLWATER
COLUMBUS Total			1,556,615	21,058	1,134,242		
PARK CITY RURAL FIRE DISTRICT	Fire Truck	10	164,685	-	72,095	02/15/13	STILLWATER
PARK CITY RURAL FIRE DISTRICT Total			164,685	-	72,095		
STILLWATER COUNTY	Building for co office space	10	125,000	-	82,391	02/15/16	STILLWATER
STILLWATER COUNTY	constructing a new dispatch center	10	130,500	-	107,127	08/15/17	STILLWATER
STILLWATER COUNTY	dispatch center equipment	6	83,500	-	64,605	08/15/13	STILLWATER
STILLWATER COUNTY	two motor graders&one loader	6	360,610	-	276,296	08/15/13	STILLWATER
STILLWATER COUNTY Total			699,610	-	530,419		
STILLWATER COUNTY/STILLWATER COUNTY SOLID WASTE DISTRICT	BUILDING CONSTRUCTION	10	400,000	-	220,196	08/15/14	STILLWATER
STILLWATER COUNTY/STILLWATER COUNTY SOLID WASTE DISTRICT Total			400,000	-	220,196		
Grand Total			2,820,910	21,058	1,956,953		STILLWATER
SWEET GRASS COUNTY	Fire Truck	10	130,262	-	30,769	02/15/11	SWEET GRASS
SWEET GRASS COUNTY	Multi-Purpose Building	7	35,000	-	10,501	02/15/11	SWEET GRASS
SWEET GRASS COUNTY	Toshiba Telephone system	5	30,000	-	9,520	08/15/10	SWEET GRASS
SWEET GRASS COUNTY	Dynapac CA602D Roller & accessor	5	100,000	-	42,083	02/15/11	SWEET GRASS
SWEET GRASS COUNTY Total			295,262	-	92,874		
Grand Total			295,262	-	92,874		SWEET GRASS

Local Government INTERCAP loans* - by County

As of March 31, 2009

*only loans that have remaining commitment and/or outstanding

Borrower Name	Project Description	TERM	Draws to Date	Commit Remaining	Outstanding	Maturity	County Located
CHOTEAU	Street Sweeper	10	39,000	-	11,534	08/15/11	TETON
CHOTEAU Total			39,000	-	11,534		
POWER ELEMENTARY SCHOOL	Remodel/add on to existing gym locl	10	0.00	127,500	0.00	02/15/19	TETON
POWER ELEMENTARY SCHOOL DISTRICT #30 Total			-	127,500	-		
POWER HIGH SCHOOL DISTRICT	Remodel/add on to existing locker rc	10	48,000	74,500	48,000	02/15/19	TETON
POWER HIGH SCHOOL DISTRICT #30 Total			48,000	74,500	48,000		
TETON COUNTY	Law Enforcement Center	10	500,000	-	229,595	08/15/13	TETON
TETON COUNTY Total			500,000	-	229,595		
TETON COUNTY HOSPITAL DIS	Expand/Renovate Clinic Bldg	10	65,291	-	12,083	08/15/10	TETON
TETON COUNTY HOSPITAL DIS	Purchase/installation of fire alarm/nu	10	213,233	-	177,558	02/15/17	TETON
TETON COUNTY HOSPITAL DIS	Time and Attendance System/Medic:	5	64,991	-	41,253	02/15/12	TETON
TETON COUNTY HOSPITAL DIST Total			343,515	-	230,895		
Grand Total			930,515	202,000	520,024		TETON
GALATA COUNTY WATER DIST	Refund Revenue Bonds	10	70,000	-	13,469	08/15/11	TOOLE
GALATA COUNTY WATER DISTRICT Total			70,000	-	13,469		
KEVIN	Purchase refuse truck & household c	7	-	48,000	-	08/15/16	TOOLE
KEVIN	Design water system	9	0.00	57,434	0.00		TOOLE
KEVIN Total			-	105,434	-		
NORTHERN EXPRESS TRANS.	A purchase land	10	100,000	-	90,000	08/15/17	TOOLE
NORTHERN EXPRESS TRANS. AUTH. Total			100,000	-	90,000		
SHELBY	Maintenance Bldg - Golf Course	10	140,000	-	21,712	08/15/11	TOOLE
SHELBY	Equipment/Park Improvements	10	200,000	-	79,359	08/15/12	TOOLE
SHELBY	Vehicle/Equipment	10	550,878	-	356,256	02/15/15	TOOLE
SHELBY	Land Purchase-landfill	10	148,000	-	111,000	08/15/16	TOOLE
SHELBY Total			1,038,878	-	568,327		
SUNBURST	Purchase and Install Water Tank	10	140,470	-	14,445	08/15/09	TOOLE
SUNBURST	Replace Gas Line	10	55,000	-	22,042	08/15/12	TOOLE
SUNBURST	Refuse Truck Overhaul	5	14,474	-	4,591	08/15/10	TOOLE
SUNBURST Total			209,944	-	41,078		
TOOLE COUNTY	Universal Jaw	10	39,000	-	2,385	08/15/09	TOOLE
TOOLE COUNTY	5 Different county projects...see notes	10	486,769	-	360,511	08/15/15	TOOLE
TOOLE COUNTY	Magnetic Resonance Imaging (MRI)	5	240,000	-	148,875	02/15/12	TOOLE
TOOLE COUNTY	New search and rescue boat	10	60,000	-	54,491	08/15/17	TOOLE
TOOLE COUNTY Total			825,769	-	566,262		
Grand Total			2,244,591	105,434	1,279,137		TOOLE
NORTH VALLEY COUNTY WAT	Antcip. RD Loan -Water Improve	2	219,090	1,389,910	219,090	10/03/09	VALLEY
NORTH VALLEY COUNTY WATER & SEWER DISTRICT Total			219,090	1,389,910	219,090		
VALLEY COUNTY	Purchase D7 Dozer	10	155,000	-	67,856	02/15/13	VALLEY
VALLEY COUNTY Total			155,000	-	67,856		
Grand Total			374,090	1,389,910	286,946		VALLEY

Local Government INTERCAP loans* - by County
As of March 31, 2009

*only loans that have remaining commitment and/or outstanding

Borrower Name	Project Description	TERM	Draws to Date	Commit Remaining	Outstanding	Maturity	County Located
WIBAUX	Upgrade Lift Station	10	41,494	-	12,770	08/15/11	WIBAUX
WIBAUX Total			41,494	-	12,770		
Grand Total			41,494	-	12,770		WIBAUX
BIG SKY ECONOMIC DEVELOPMENT AUTHORITY	Improvements to Office Qtrs	10	100,000	-	5,908	08/15/09	YELLOWSTONE
BIG SKY ECONOMIC DEVELOPMENT AUTHORITY	Land/building Purchase	10	370,000	-	309,198	02/15/17	YELLOWSTONE
BIG SKY ECONOMIC DEVELOPMENT AUTHORITY Total			470,000	-	315,106		
BILLINGS ELEMENTARY SCHOOL DISTRICT #2	Upgrade computer network infra & r	7	516,278	-	357,139	08/15/13	YELLOWSTONE
BILLINGS ELEMENTARY SCHOOL DISTRICT #2 Total			516,278	-	357,139		
BILLINGS HIGH SCHOOL DISTRICT #2	Upgrade computer network infrastru	7	254,286	-	175,904	08/15/13	YELLOWSTONE
BILLINGS HIGH SCHOOL DISTRICT #2 Total			254,286	-	175,904		
HUNTLEY PROJECT SCHOOL DISTRICT #24	Construct Multipurpose Bldg.	10	300,000	-	137,068	02/15/13	YELLOWSTONE
HUNTLEY PROJECT SCHOOL DIST. #24 Total			300,000	-	137,068		
INDEPENDENT SCHOOL DISTRICT #52	BAN - Land Purchase	1	0.00	350,000	0.00		YELLOWSTONE
INDEPENDENT SCHOOL DISTRICT #52 Total			-	350,000	-		
LAUREL	9-1-1 Equipment	5	85,000	-	45,006	08/15/11	YELLOWSTONE
LAUREL	new amb veh&used fire tnd-new vac	7	160,000	-	139,988	02/15/15	YELLOWSTONE
LAUREL	Purchase 2008 FL-106 Interface 125	10	200,000	-	200,000	02/15/19	YELLOWSTONE
LAUREL Total			445,000	-	384,994		
LOCKWOOD RURAL FIRE DISTRICT #8	Purchase Land	10	195,000	-	94,620	08/15/13	YELLOWSTONE
LOCKWOOD RURAL FIRE DISTRICT #8 Total			195,000	-	94,620		
LOCKWOOD SCHOOL DISTRICT #26	capitol imprvmts to the Lockwood Sch C	3	540,000	-	395,000	08/15/10	YELLOWSTONE
LOCKWOOD SCHOOL DISTRICT#26 Total			540,000	-	395,000		
LOCKWOOD WATER & SEWER DISTRICT	Purchase Lockwood Water Users	5	131,972	-	13,742	08/15/11	YELLOWSTONE
LOCKWOOD WATER & SEWER DIST Total			131,972	-	13,742		
Grand Total			2,852,536	350,000	1,873,575		YELLOWSTONE

State Agency INTERCAP loans*
as of March 31, 2009

*only loans that have remaining commitment and/or outstanding

Borrower Name	Project Description	TERM	Draws to Date	Commit Remaining	Outstanding	Maturity
JUSTICE	IT System/First Phase Titli	15	4,500,000	-	2,043,302	06/15/16
JUSTICE	InfTechSys-2nd Phase Per	14	17,728,401	6,271,599	13,958,160	06/15/18
JUSTICE Total			22,228,401	6,271,599	16,001,462	
PETROLEUM TANK REI	Undergrd Storage Tank Cl	10	1,000,000	-	386,048	08/15/12
PETROLEUM TANK REI	reimburse for clean up cost	10	1,000,000	1,500,000	912,525	02/15/18
PETROLEUM TANK RELEASE COMP. Total			2,000,000	1,500,000	1,298,574	
TRANSPORTATION	Motor Pool - Pickups	6	18,514	-	6,174	06/15/10
TRANSPORTATION	Motor Pool - Vans	7	50,070	-	7,158	06/15/09
TRANSPORTATION	Motor Pool - Vans	7	47,661	-	13,621	06/15/10
TRANSPORTATION	Motor Pool - Vans	7	65,997	-	28,285	06/15/11
TRANSPORTATION	Motor Pool-Vans	7	100,843	-	28,843	06/15/10
TRANSPORTATION	Motor Pool - Trucks	6	94,940	-	46,202	06/15/11
TRANSPORTATION	Pickup Trucks and Vans	7	57,342	-	49,150	06/15/14
TRANSPORTATION	Motor Pool - Sedans and U	5	261,783	-	52,343	06/15/09
TRANSPORTATION	Motor Pool - Pickups	6	318,303	-	53,053	06/15/09
TRANSPORTATION	Motor Pool - Vans	7	138,990	-	79,425	06/15/12
TRANSPORTATION	Motor Pool-Pickups	6	479,394	-	79,894	06/15/09
TRANSPORTATION	Motor Pool - Sedans and S	5	321,712	-	128,680	06/15/10
TRANSPORTATION	Motor Pool - Trucks	6	196,548	-	131,032	06/15/12
TRANSPORTATION	Motor Pool - Vans	7	233,619	-	133,497	06/15/12
TRANSPORTATION	Motor Pool - Vans	7	405,738	-	173,886	06/15/11
TRANSPORTATION	Motor Pool-Sedan	6	197,991	-	197,991	06/15/14
TRANSPORTATION	Motor Pool - Sedans & Uti	5	393,762	-	236,258	06/15/11
TRANSPORTATION	Motor Pool - Trucks	6	510,230	-	255,116	06/15/11
TRANSPORTATION	Pickups and Vans	7	308,378	-	264,324	06/15/14
TRANSPORTATION	Motor Pool - Pickup	6	834,155	-	278,055	06/15/10

State Agency INTERCAP loans*
as of March 31, 2009

*only loans that have remaining commitment and/or outstanding

Borrower Name	Project Description	TERM	Draws to Date	Commit Remaining	Outstanding	Maturity
TRANSPORTATION	Motor Pool - Sedans and U	5	2,296,775	-	459,355	06/15/09
TRANSPORTATION	Motor Pool - Sedans and U	5	1,603,914	-	641,565	02/15/10
TRANSPORTATION	Motor Pool - Vans	7	933,264	-	666,618	06/15/13
TRANSPORTATION	Sedans&Sport Utilities	6	949,151	-	790,959	06/15/13
TRANSPORTATION	Sedans and Utilities	6	1,112,314	-	926,928	06/15/13
TRANSPORTATION	Motor Pool - Trucks	6	1,518,905	-	1,012,605	06/15/12
TRANSPORTATION Total			13,450,294	-	6,741,018	
State Agency Grand Total			37,678,695	7,771,599	24,041,054	

University INTERCAP loans*

As of March 31, 2009

*only loans that have remaining commitment and/or outstanding

Borrower Name	Project Description	TERM	Draws to Date	Commit Remaining	Outstanding	Maturity
MSU-BILLINGS	Update Debit/Food Service Sys.	6	120,000.00	-	31,717.44	08/15/10
MSU-BILLINGS	Residence Hall Wiring	5	221,699.89	-	39,601.62	02/15/10
MSU-BILLINGS	Purchase land	10	695,000.00	-	484,690.35	02/15/13
MSU-BILLINGS	Relocate College of Tech soccer field	10	725,000.00	-	690,900.69	08/15/18
MSU-BILLINGS Total			1,761,699.89	-	1,246,910.10	
MSU-BOZEMAN	UPS and Scanner Loan	6	16,806.00	-	4,459.06	08/15/10
MSU-BOZEMAN	IT Infra Replace-Banner/Replace Atlas Cluster c	4	17,499.00	-	6,927.87	08/15/10
MSU-BOZEMAN	Ag Bioscience Facility	10	150,000.00	-	9,172.59	08/15/09
MSU-BOZEMAN	Network Switches	7	33,655.00	-	10,253.40	02/15/11
MSU-BOZEMAN	IT Infra Replace-UPS Equip	6	23,764.00	-	10,494.07	08/15/11
MSU-BOZEMAN	IT Infra Replace-New Init-Engineering Comple	4	27,094.00	-	10,726.54	08/15/10
MSU-BOZEMAN	IT Infra Replace - Server Replacement	4	83,073.00	-	10,858.14	08/15/09
MSU-BOZEMAN	IT Infra Replace-Engineering Study-Elec & AC	6	20,000.00	-	12,319.89	08/15/12
MSU-BOZEMAN	IT Infra Replacement-Server Equip - Web A&B	4	32,975.00	-	13,054.82	08/15/10
MSU-BOZEMAN	IT Infra Replace -Customization of Banner data	4	84,240.00	-	22,102.71	02/15/10
MSU-BOZEMAN	IT Infra Replace Program-Network-Fiber Optic	7	33,772.00	-	25,221.04	02/15/14
MSU-BOZEMAN	IT Infra Replacement Program-Marsh Lab Netw	10	36,285.00	-	26,927.77	02/15/16
MSU-BOZEMAN	Football editing equip.-server & software	4	105,405.00	-	41,880.59	08/15/10
MSU-BOZEMAN	Leon Johnson Bldg Networking	10	85,000.00	-	45,152.31	02/15/14
MSU-BOZEMAN	Roberts Hall Networking	4	78,085.00	-	45,527.42	08/15/14
MSU-BOZEMAN	KUSM-TV Digital Satellite	6	499,870.85	-	45,820.97	08/15/09
MSU-BOZEMAN	IT Infra Replace - Elec Code Corr & Cable Rem	10	77,965.00	-	53,737.62	08/15/15
MSU-BOZEMAN	IT Infra Rep Plan Banner Sys.	4	62,544.00	-	55,296.40	08/15/12
MSU-BOZEMAN	COBLEIGH HALL WIRING PROJECT	10	117,536.00	-	62,511.39	02/15/14
MSU-BOZEMAN	IT Infra Replace-Networking/Remove copper/ac	10	83,085.00	-	65,712.90	08/15/16
MSU-BOZEMAN	Gaines Hall Networking	10	117,020.00	-	74,592.59	02/15/15
MSU-BOZEMAN	Communication Network	7	500,000.00	-	77,748.40	02/15/10
MSU-BOZEMAN	Telecom. Infra Replace - PBX Core, PBX Duel	10	93,847.00	-	78,412.13	02/15/17
MSU-BOZEMAN	IT Infra Replace-Network Equip-Replace/Suppl	7	122,487.00	-	83,128.36	08/15/13
MSU-BOZEMAN	Construct Weight Room	10	474,055.90	-	92,473.08	02/15/11

University INTERCAP loans*

As of March 31, 2009

*only loans that have remaining commitment and/or outstanding

Borrower Name	Project Description	TERM	Draws to Date	Commit Remaining	Outstanding	Maturity
MSU-BOZEMAN	Reid Hall Networking	10	154,223.00	-	97,442.01	02/15/15
MSU-BOZEMAN	recreational sports&fitness equip	7	125,000.00	-	110,135.12	02/15/15
MSU-BOZEMAN	IT Infra. Rep. Plan-IDF Upgrade	10	150,000.00	-	142,944.97	08/15/18
MSU-BOZEMAN	IT Infra, Repl, Plan Network Build. Wiring	10	163,000.00	-	155,333.53	08/15/18
MSU-BOZEMAN	Purchase motion based drive simul	10	280,000.00	-	277,119.20	08/15/18
MSU-BOZEMAN	IT Infra Rep. Plan-Banner Sys	4	597,357.00	-	528,135.21	08/15/12
MSU-BOZEMAN	IT Infra. replacement plan IDF Camp Net work	7	663,372.00	-	622,266.64	08/15/15
MSU-BOZEMAN	VMB Lab/Animal Containment Bldg	10	1,600,477.00	-	1,535,608.38	08/15/18
MSU-BOZEMAN	ElecMedRec&LabInfSys software	10	152,330.00	2,670.00	143,281.89	02/15/18
MSU-BOZEMAN	Design & construct animal containment building	10	39,523.00	163,077.00	30,848.02	02/15/16
MSU-BOZEMAN	EPS Bldg - Atrium Renovation	10	552,519.41	197,480.59	486,872.02	08/15/17
MSU-BOZEMAN Total			7,453,865.16	363,227.59	5,114,499.05	
MSU-GREAT FALLS	Purchase Land	5	300,000.00	-	126,799.06	02/15/11
MSU-GREAT FALLS Total			300,000.00	-	126,799.06	
MSU-NORTHERN	5 copy machines & reader cards	4	29,200.00	-	3,837.03	08/15/09
MSU-NORTHERN	Parking/Roadway Project	5	126,206.27	-	12,871.69	08/15/09
MSU-NORTHERN	Upgrade Electric Service	10	181,609.94	-	32,702.72	08/15/10
MSU-NORTHERN	Various Equip Purchase & Install including ATC	10	400,000.00	-	316,936.45	08/15/16
MSU-NORTHERN	Campus Improvements-pedestrian campus core	10	440,000.00	-	383,643.29	02/15/19
MSU-NORTHERN Total			1,177,016.21	-	749,991.18	
UOFM-HELENA COLLEGE	Purchase Land	10	88,000.00	-	30,847.96	02/15/12
UOFM-HELENA COLLEGE OF TECH Total			88,000.00	-	30,847.96	
UOFM-MISSOULA	Hydraulic Lift	5	86,536.00	-	18,166.66	02/15/10
UOFM-MISSOULA	Athletics Scoreboard/Equipment	10	475,000.00	-	58,038.28	02/15/10
UOFM-MISSOULA	Park-n-Ride Parking Facility	8	406,370.00	-	213,698.80	02/15/13
UOFM-MISSOULA	East Broadway Parking	10	288,722.91	-	228,767.04	08/15/16
UOFM-MISSOULA	Replace Astro Turf @ Wash Grzz Stad	5	250,000.00	-	250,000.00	02/15/14
UOFM-MISSOULA	Purchase bus	5	276,603.00	-	276,603.00	02/15/14

University INTERCAP loans*

As of March 31, 2009

*only loans that have remaining commitment and/or outstanding

Borrower Name	Project Description	TERM	Draws to Date	Commit Remaining	Outstanding	Maturity
UOFM-MISSOULA	Construct Research Lab Facility	10	1,000,000.00	-	582,399.07	08/15/14
UOFM-MISSOULA	Buses	5	387,006.50	0.50	338,147.42	02/15/13
UOFM-MISSOULA Total			3,170,238.41	0.50	1,965,820.27	
UOFM-MONTANA TECH	Microwave Network	7	70,185.78	-	26,341.27	08/15/11
UOFM-MONTANA TECH	IT Wiring and Fiber	4	186,112.35	-	73,948.05	08/15/10
UOFM-MONTANA TECH Total			256,298.13	-	100,289.32	
UOFM-WESTERN MT COLL	Life Safety Improv. to the PE Complex	15	0.00	300,000.00	0.00	
UOFM-WESTERN MT COLLEGE Total			-	300,000.00	-	
Grand Total			14,207,117.80	663,228.09	9,335,156.94	

MEMORANDUM

Montana Board of Investments

Department of Commerce

2401 Colonial Drive, 3rd Floor

Helena, MT 59601

(406) 444-0001

To: Members of the Board

From: Geri Burton, Deputy Director

Date: May 13, 2009

Subject: Qualified Zone Academy Bonds
Lewistown School District #1 – Resolution No. 223

Lewistown School District #1

Lewistown School District #1 (the “District”) has requested the Board issue a \$2,087,250 Qualified Zone Academy Bond (QZAB) to finance projects at its junior high school and three of its elementary schools.

On July 22, 2008, the District voters authorized the issuance and sale of \$2,087,250 general obligation bonds. The District has requested the Board purchase its general obligation bonds by issuing a QZAB in the same amount. The proceeds of the bonds would be used to finance the following: replace the roof on the junior high school, renovate and upgrade all or a portion of the heating, ventilation and air conditioning systems at Garfield School, Highland Park School and Lewis & Clark School.

The District is working with McLiney and Company to coordinate the details of the QZAB financing. QZABs require schools to have commitments from private entities to make qualified contributions of not less than 10 percent of the proceeds of the QZABs. The District has received a commitment from Learn.com, a provider of e-learning solutions, to provide up to 243 one-year student licenses for on-line courses at the District’s schools.

The QZAB bond will be a special, limited obligation of the Board. The State of Montana and the Board are not monetarily liable for repayment of the QZAB. The QZAB will be payable solely from the payments to be made by the District. Resolution No. 223 creates a Sinking Fund into which the District will be required to make annual payments.

Resolution No. 222

At its February 11, 2009 meeting, the Board approved Resolution No. 222 authorizing staff to enter into a Purchase Agreement between the Board, the District and First Bank of Montana (see attached). Resolution No. 222 required that, prior to entering into a Purchase Agreement, the District must receive approval from the Montana Office of

Members of the Board
May 13, 2009
Page Two

Public Instruction (OPI) for its full QZAB allocation request. OPI authorized the District's entire allocation request on April 6, 2009. Board staff entered into the Purchase Agreement April 30, 2009.

Resolution No. 223

Resolution No. 223 authorizes the issuance and sale of the QZAB for the District in the amount of \$2,087,250. This authorizes the purchase by the Board of the District's general obligation bonds and the sale of the Board bonds to the purchaser for QZAB credit. The Resolution also authorizes the execution of various bond closing documents.

Recommendation

Staff recommends the following:

1. Approval of Resolution No. 223.
2. Authorize staff to proceed to complete the QZAB financing.
3. Authorize staff to execute the bond closing documents.

MEMORANDUM

Montana Board of Investments

**Department of Commerce
2401 Colonial Drive, 3rd Floor
Helena, MT 59601
(406) 444-0001**

To: Members of the Board

From: Geri Burton, Deputy Director

Date: February 11, 2009

Subject: Qualified Zone Academy Bonds
Lewistown Elementary School District #1 – Resolution No. 222

Qualified Zone Academy Bond Program Background

Congress authorized Qualified Zone Academy Bonds (QZABs) in 1997 to promote initiatives between public schools and the private sector. QZABs enable qualified school districts to finance eligible projects at little or no interest cost. QZABs provide a different form of subsidy from traditional tax-exempt bonds. Interest on QZABs is paid by the federal government in the form of tax credits to the purchasers of QZABs. The amount of the annual tax credit a purchaser receives is based on the QZAB rate set by the U.S. Treasury Department on the day a “binding, written contract” (the “Purchase Agreement”) is executed for the sale of the tax credit bonds. QZABs must be issued by a state or local government and may be purchased by banks, insurance companies, and corporations actively engaged in the business of lending money. At its June 2000 meeting, the Board authorized the creation of the Qualified Zone Academy Bond Program (QZAB Program). The QZAB Program is administered under the Municipal Finance Consolidation Act. Since the Program’s inception, the Board has issued seven QZABs totaling \$8,018,500.

There is a national QZAB bond limitation for each calendar year. The annual bond limitation was \$400,000,000 for calendar years 1998 through 2007. The bond limitation is allocated among the states on the basis of populations of individuals below the poverty line. Unused allocations can be carried forward for two years. The Montana Office of Public Instruction (OPI) must authorize a school district’s request for a QZAB allocation. Montana’s allocation was \$1,314,000 for both calendar years 2006 and 2007. Allocations for calendar years 2008 and 2009 will be determined by the American Recovery and Reinvestment Tax Act of 2009 (the stimulus package).

Lewistown School District #1

On July 22, 2008, the District voters authorized the issuance and sale of \$2,087,250 general obligation bonds. The District has requested the Board purchase the general obligation bonds by issuing a QZAB in the same amount. The proceeds of the District bonds would be used to finance the following: replace the roof on the junior high school, renovate and upgrade all or a portion of the heating, ventilation and air conditioning systems at Garfield School, Highland Park School and Lewis & Clark School.

The District requested OPI authorization of \$2,087,250 of QZAB allocation. The State's entire QZAB allocation has been committed/used; therefore, OPI was able to authorize only \$1,314,000 of the \$2,087,250. The remaining \$773,250 allocation will be approved by OPI once the federal government authorizes the 2008 and 2009 national QZAB allocation.

Resolution No. 222

The District would like to be in a position to enter into the Purchase Agreement with the Board and the purchaser of the QZAB to facilitate the issuance of the District's bonds and the QZAB in an amount up to \$2,087,250.

The process to issue the QZAB for the District is being done in two steps. This is different from staff's standard QZAB process. Normally, staff does not bring a resolution to the Board until the entire allocation has been authorized by OPI.

Step One - The financial advisor, McLiney & Company, has informed staff there are two purchasers that would like to purchase the QZAB. As stated above, the tax credit rate is determined on the day the Purchase Agreement is signed by all parties. Since entering into the Purchase Agreement is time sensitive, staff is requesting the Board approve Resolution No. 222, allowing staff the flexibility to enter into the Purchase Agreement prior to the Board's next scheduled meeting in May should it be determined market conditions are favorable to do so.

The resolution states that entering into the Purchase Agreement will not occur until all conditions set forth in Section 1.5 of the resolution are satisfied. One of those conditions, Section 1.5(i), reflects that the District has received QZAB allocations equal to the amount reflected in the Purchase Agreement; thus staff would not enter into the Purchase Agreement for the entire amount requested, \$2,087,250, until authorization for the additional \$773,250 has been obtained from OPI.

If the 2008 and 2009 national QZAB allocation is not authorized by federal legislation, staff could proceed with entering into the Purchase Agreement in an amount up to \$1,314,000; the amount that is currently authorized for the District.

Step Two – A final resolution that will authorize the issuance and sale of the QZABs as well as authorize the remaining bond documents will be submitted to the Board at a later date.

Recommendation

In an effort to accommodate the District in obtaining financing for their proposed project, staff recommends moving forward in the process by authorizing Resolution No. 222, which would allow staff to enter into the Purchase Agreement once all conditions stated in the Resolution are satisfied.

Issuance of the proposed QZAB is subject to the Board's adoption of a final resolution that will authorize the issuance and sale, fix the terms and conditions and authorize the various documents of the QZAB.

CERTIFICATE AS TO RESOLUTION

I, the undersigned, being the duly qualified and acting Executive Director of the Board of Investments of the State of Montana (the "Board"), hereby certify that the attached resolution is a true copy of Resolution No. 223, entitled: "RESOLUTION RELATING TO \$2,087,250 MUNICIPAL FINANCE CONSOLIDATION ACT BONDS, SERIES 2009 (LEWISTOWN ELEMENTARY SCHOOLS QUALIFIED ZONE ACADEMY PROGRAM); AUTHORIZING AND APPROVING THE SALE AND ISSUANCE THEREOF AND PLEDGES AND ASSIGNMENTS OF THE BOARD'S INTEREST IN THE SCHOOL DISTRICT BOND AND PAYMENTS THEREUNDER, FIXING THE FORM AND DETAILS, PROVIDING FOR THE PAYMENT AND SECURITY AND AUTHORIZING THE EXECUTION AND DELIVERY; AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH" (the "Resolution"), on file in the original records of the Board in my legal custody; that the Resolution was duly adopted by the Board at a meeting on May 13, 2009, and that the meeting was duly held by the Board and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

WITNESS my hand officially as such recording officer this ____ day of May, 2009.

Carroll V. South
Executive Director

RESOLUTION NO. 223

RESOLUTION RELATING TO \$2,087,250 MUNICIPAL FINANCE CONSOLIDATION ACT BONDS, SERIES 2009 (LEWISTOWN ELEMENTARY SCHOOLS QUALIFIED ZONE ACADEMY PROGRAM); AUTHORIZING AND APPROVING THE SALE AND ISSUANCE THEREOF AND PLEDGES AND ASSIGNMENTS OF THE BOARD'S INTEREST IN THE SCHOOL DISTRICT BOND AND PAYMENTS THEREUNDER, FIXING THE FORM AND DETAILS, PROVIDING FOR THE PAYMENT AND SECURITY AND AUTHORIZING THE EXECUTION AND DELIVERY; AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH

BE IT RESOLVED by the Board of Investments of the State of Montana (the "Board"), as follows:

Section 1. Recitals, Authorization and Sale.

1.1. Authority. The Board is a board of the Executive Branch of the Government of the State of Montana created pursuant to Montana Code Annotated, Section 2-15-1808, as amended. The Board is authorized under the Municipal Finance Consolidation Act of 1983, Montana Code Annotated, Title 17, Chapter 5, Part 16, as amended (the "Act"), to issue its obligations to provide funds to finance loans to and purchase the bonds and notes of other eligible governmental units, including school districts. Such bonds or notes may be sold at public or private sale, and must be authorized by a resolution of the Board.

1.2. The District; District Bonds and the Series 2009 Bonds. School District No. 1 (Lewistown), Fergus County, Montana (the "District"), has requested that the Board issue its revenue bonds under the Act in the aggregate principal amount of \$2,087,250 (the "Series 2009 Bonds"), and use the proceeds thereof to purchase General Obligation School Building Bonds, Series 2009, in the aggregate principal amount of \$2,087,250 (the "District Bonds") to be issued by the District. The proceeds of the District Bonds are to be used by the District for the purpose of paying a portion of the costs of improving the facilities of the District by replacing the roof on the junior high school; renovating and upgrading all or a portion of the heating, ventilation, and air conditioning systems at Garfield School, Highland Park School and Lewis & Clark School; related improvements; and paying a portion of the costs associated with the sale and issuance of the bonds (collectively, the "Project"), as authorized by the electors of the District at an election conducted on July 22, 2008. Costs of the Project in excess of the amounts available from the proceeds of the District Bonds will be paid from amounts on hand or available to the District.

The Series 2009 Bonds will not be secured by the Municipal Finance Consolidation Act Reserve Fund created in Section 17-5-1630 of the Act or by any funds or assets of the Board other than its interest in the District Bonds and the payments to be made by the District thereunder and investment income thereon, if any.

1.3. Qualified Zone Academy Bonds. The Series 2009 Bonds are intended to be issued as "qualified zone academy bonds" within the meaning of Section 54E of the Internal Revenue

Code of 1986, as amended (the “Code”), and the issuance of the Series 2009 Bonds by the Board will enhance the marketability of such obligations.

1.4. Finding. Giving effect to the issuance of the Series 2009 Bonds, the total outstanding indebtedness of the Board under the Act (exclusive of refunding bonds or indebtedness to purchase registered warrants or tax or revenue anticipation notes of a local government) is currently not greater than \$190,000,000.

1.5. Sale. The sale of the Series 2009 Bonds is being facilitated by McLiney & Company, in the capacity of financial advisor to the District and the Board (the “Financial Advisor”). The Series 2009 Bonds may be sold at a private sale, as provided by Section 17-5-1606(5)(b) of the Act. First Bank of Montana, of Lewistown, Montana (the “Purchaser”), has submitted a proposal to purchase the Series 2009 Bonds at a price of \$2,087,250.00, which has been accepted on the terms and conditions set forth in the agreement between the District, the Board, and the Purchaser, dated April 30, 2009 (the “Purchase Agreement”). The Purchase Agreement evidences the Board’s agreement to purchase the District’s Bonds on the terms more particularly set forth therein. By resolution of the Board dated February 11, 2009 (the “Initial Resolution”), the Board authorized the Chair, Executive Director, Deputy Director, and Vice-Chair of the Board (collectively, the “Authorized Officers”), or any one or more of such officers, to approve and execute and deliver the Purchase Agreement, and finding that those conditions were satisfied, the Purchase Agreement has been executed and delivered by the Board.

1.6. Related Documents. In addition to the Purchase Agreement, the following documents relating to the Series 2009 Bonds will be prepared, subject to the approval of the Authorized Officers, who are each authorized to review and approve the same, and which, upon approval, shall be placed on file in the office of the Board:

(a) a fiscal agency agreement to be entered into by the Board, the District and U.S. Bank National Association, as registrar, paying agent, transfer agent, custodian, and fiscal agent (and, if appropriate, the Purchaser) (the “Fiscal Agency Agreement”);

(b) a form of resolution to be adopted by the Board Trustees of the District on or about May 11, 2009, preliminarily authorizing the issuance of the District Bonds; and

(c) such other documents as are necessary or appropriate in connection with the issuance of the Series 2009 Bonds.

1.7. Recitals. All acts, conditions and things required by the Constitution and laws of the State of Montana, including the Act, in order to make the Series 2009 Bonds valid and binding special, limited obligations of the Board in accordance with their terms and in accordance with the terms of this resolution have been done, do exist, have happened and have been performed in regular and due form, time and manner as so required or, by the date of issuance of the Series 2009 Bonds, will have been done, will exist, will happen and will have been performed in regular and due form, time and manner as so required.

Section 2. Approval and Authorizations.

2.1. Subject to Section 2.6 below, to purchase the District Bonds, the Board hereby authorizes the issuance of the Series 2009 Bonds as a series of revenue bonds designated, “Board of Investments of the State of Montana, Municipal Finance Consolidation Act Bonds, Series 2009 (Lewistown Elementary Schools Qualified Zone Academy Program),” in the aggregate principal amount of \$2,087,250.

2.2. The Purchase Agreement constitutes a binding written contract for the sale or exchange of the Series 2009 Bonds in accordance with Section 54A(b)(3) of the Internal Revenue code of 1986, as amended (the “Code”).

2.3. The draft form of the Fiscal Agency Agreement is available to the Board and is hereby approved, subject to such changes as are approved in accordance with this paragraph. The Authorized Officers, or any one or more of such Authorized Officers, are authorized to negotiate, approve, execute, and deliver the Fiscal Agency Agreement. The approval of such agreement shall be conclusively presumed by the execution thereof by one or more Authorized Officers. The Board hereby authorizes and directs U.S. Bank National Association to enter into and deliver the Fiscal Agency Agreement.

2.4. In anticipation of the payments to be made under the District Bonds, the Board shall proceed forthwith to issue the Series 2009 Bonds in the form and upon the terms provided by this resolution. It is acknowledged that not all the terms of the Series 2009 Bonds have been established as of the date of adoption of this resolution. The Authorized Officers, or any one or more of such officers, are authorized to finalize the form of the Series 2009 Bonds attached hereto as Exhibit A, subject to the limitations described in the Initial Resolution and the Purchase Agreement. The Chair and the Executive Director are authorized and directed to execute the Series 2009 Bonds as prescribed in this resolution and deliver them to the Registrar (as hereinafter defined), together with a certified copy of this resolution and the other documents required by the Purchase Agreement, Fiscal Agency Agreement, and such other documents as are required to be delivered in connection with the Series 2009 Bonds, for authentication of the Series 2009 Bonds by the Registrar and delivery by the Registrar of the Series 2009 Bonds to the Purchaser.

2.5. The Authorized Officers, or any one or more of such officers, are authorized and directed to negotiate, execute, and deliver such documents or agreements that are ancillary to and required or appropriate in connection with the Purchase Agreement, the Fiscal Agency Agreement, or the Series 2009 Bonds, and to prepare and furnish to the Purchaser and bond counsel, when the Series 2009 Bonds are issued, certified copies of all proceedings and records of the Board relating to the Series 2009 Bonds, and such other affidavits, certificates and documents as may be required to show the facts relating to the legality and marketability of the Series 2009 Bonds as such facts appear from the books and records in the officers’ custody and control or as otherwise known to them, or as may be necessary or desirable to accomplish the issuance and sale of the Series 2009 Bonds, and all such certified copies, certificates, affidavits and documents, including any heretofore furnished, shall constitute representations of the Board as to the truth of all statements of fact contained therein.

2.6. Notwithstanding anything to the contrary herein, if the parties to any agreement relating to the Series 2009 Bonds fail to reach agreement on the terms of any agreement or if the Authorized Officers should determine, in their discretion, that the transactions contemplated by

the District Bonds or the Series 2009 Bonds are not in the best interests of the Board, the Authorized Officers, acting on behalf of the Board, may elect not to proceed with the transactions contemplated herein.

Section 3. The Series 2009 Bonds.

3.1. Principal Amount, Maturity, Denominations, Date. For the purpose of purchasing the District Bonds, the Board shall forthwith issue and deliver the Series 2009 Bonds. The Series 2009 Bonds shall be denominated “Municipal Finance Consolidation Act Bonds, Series 2009 (Lewistown Elementary Schools Qualified Zone Academy Program),” shall be dated, as originally issued, and be registered, as of the date of their issuance.

The Series 2009 Bonds or principal installments thereof shall not exceed the maximum term then permitted by the Secretary of the Treasury for qualified zone academy bonds or the maximum term of school district bonds permitted under Section 20-9-410, Montana Code Annotated, as amended. The Series 2009 Bonds shall not bear interest.

In the event the date for the payment of principal or interest, if any, is not a Business Day, the Board shall make the payment on the following Business Day with the same effect as if it had been made on the date scheduled for such payment. As used in this resolution, “Business Day” means any day other than (i) a Saturday or a Sunday, (ii) a day that is a legal holiday in the State of Montana, (iii) a day on which commercial banks in the city or cities in which are located the Principal Office of the Fiscal Agent are authorized or required by law or executive order to close, or (iv) a day on which the New York Stock Exchange is closed.

3.2. Dating of Series 2009 Bonds. The Series 2009 Bonds shall be dated, as originally issued, as of the date of their issuance. Upon the original delivery of the Series 2009 Bonds to the Purchaser and upon each subsequent transfer or exchange of a Series 2009 Bond pursuant to Section 3.4, the Registrar shall date each Series 2009 Bond as of the date of its authentication.

3.3. Method of Payment. The Series 2009 Bonds shall be issued only in fully registered form. Upon surrender thereof at the operations center of the Registrar (as hereinafter defined) located in St. Paul, Minnesota, the principal of and interest, if any, on each Series 2009 Bond shall be payable by check or draft drawn on the Registrar. The Series 2009 Bonds shall be payable in lawful money of the United States of America.

3.4. System of Registration. The Board shall appoint, and shall maintain, a bond registrar, transfer agent and paying agent (the “Registrar”). This Section 3.4 shall establish a system of registration for the Series 2009 Bonds as defined in the Model Public Obligations Registration Act of Montana, Montana Code Annotated, Title 17, Chapter 5, Part 11, as amended.

The effect of registration and the rights and duties of the Board and the Registrar with respect thereto shall be as follows:

(a) Bond Register. The Registrar shall keep a register (the “Bond Register”) in which the Registrar shall provide for the registration of ownership of the Series 2009 Bonds and the registration of transfers and exchanges of the Series 2009 Bonds entitled

to be registered, transferred or exchanged. The term “Holder” or “Bondholder” as used herein means the person (whether a natural person, corporation, association, partnership, trust, governmental unit, or other legal entity) in whose name, as of the date of reference, a Series 2009 Bond is registered in the Bond Register.

(b) Transfer. Upon surrender to the Registrar for transfer of any Series 2009 Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Series 2009 Bonds in authorized denominations of a like aggregate principal amount and maturity, as requested by the transferor.

(c) Exchange. At the option of the Holder of any Series 2009 Bond in a denomination equal to or greater than \$5,000, such Series 2009 Bond may be exchanged for other Series 2009 Bonds of authorized denominations, of the same maturity and a like aggregate principal amount, upon surrender of the Series 2009 Bond to be exchanged at the operations center of the Registrar. Whenever any Series 2009 Bonds are so surrendered for exchange the Board shall execute and the Registrar shall authenticate and deliver the Series 2009 Bonds which the Series 2009 Bondholder making the exchange is entitled to receive.

(d) Cancellation. All Series 2009 Bonds surrendered upon any transfer or exchange shall be promptly cancelled by the Registrar.

(e) Improper or Unauthorized Transfer. The Registrar may refuse to transfer any Series 2009 Bond presented to the Registrar for transfer until the Registrar is satisfied that the endorsement on such Series 2009 Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The Board and the Registrar may treat the person in whose name any Series 2009 Bond is at any time registered in the Series 2009 Bond Register as the absolute owner of such Series 2009 Bond, whether such Series 2009 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest, if any, such Series 2009 Bond and for all other purposes, and all such payments so made to any such Holder shall be valid and effectual to satisfy and discharge the liability upon such Series 2009 Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. For every transfer of Series 2009 Bonds or exchange of Series 2009 Bonds, the Registrar may impose upon the owner thereof a charge sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Series 2009 Bonds. In case any Series 2009 Bond shall become mutilated or be destroyed, stolen or lost, the Registrar shall deliver a new Series 2009 Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Series 2009 Bond or in lieu of and in substitution for any such Series 2009 Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Series 2009 Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that such Series 2009 Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar an appropriate Series 2009 Bond or indemnity in form, substance and amount satisfactory to it, in which both the Board and the Registrar shall be named as obligees. All Series 2009 Bonds so surrendered to the Registrar shall be canceled by it and evidence of such cancellation shall be given to the Board. If the mutilated, destroyed, stolen or lost Series 2009 Bond has already matured, it shall not be necessary to issue a new Series 2009 Bond prior to payment.

(i) Valid Obligations. All Series 2009 Bonds issued upon any transfer or exchange of Series 2009 Bonds shall be the valid obligations of the Board evidencing the same debt, and entitled to the same benefits under this Resolution as the Series 2009 Bonds surrendered upon such transfer or exchange.

3.5. Appointment of Registrar. The Board hereby appoints U.S. Bank National Association, with an office in Seattle, Washington, as the initial Registrar, as provided in the Fiscal Agency Agreement.

Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company organized under the laws of the United States or one of the states of the United States and authorized by law to conduct such business, such corporation shall be authorized to act as successor Registrar. The Board reserves the right to remove the Registrar, effective upon not less than thirty days' written notice and upon the appointment and acceptance of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Series 2009 Bonds in its possession to the successor Registrar and shall deliver the Bond Register to the successor Registrar.

3.6. Mandatory Redemption. The Series 2009 Bonds are subject to mandatory redemption, as follows: in the event and to the extent (i) the District spends less than 100 percent of the available project proceeds (as defined in the Code) made available to the District from the purchase of the District Bonds with the proceeds of the Series 2009 Bonds by the close of the 3-year period commencing on the date of issuance of the Series 2009 Bonds for one or more qualified purposes, (ii) the school facilities at which the Project will be undertaken fail to constitute a qualified zone academy, (iii) the District fails to have a reasonable expectation to proceed with due diligence to spend at least 100% of the available project proceeds made available to the District from the purchase of the District Bonds with the proceeds of the Series 2009 Bonds for a qualified purpose with respect to a qualified zone academy, or (iv) an event other than those described in clauses (i) through (iii) occurs that would require the District to undertake remedial action entailing redemption under the Code, whichever occurs earliest, then the Series 2009 Bonds are thereupon subject to mandatory redemption from funds used by the District to effect the mandatory redemption of the District Bonds. Upon any partial redemption

hereof, the Holder shall surrender the Series 2009 Bond to the Registrar at its principal corporate office in Seattle, Washington for payment in exchange for a Series 2009 Bond reflecting the adjusted principal amount then outstanding under the Series 2009 Bond, and the Registrar shall deliver to the Holder of the Series 2009 Bond in exchange for the one surrendered a Series 2009 Bond that reflects the principal amount then owing on the cover page of such a Series 2009 Bond.

The Executive Director or Deputy Director, following receipt of appropriate instructions from the District and funds from the District or adequate assurance that the District shall fund the redemption price, shall provide or cause to be provided to the Registrar at least 20 days prior to the redemption date a request that the Registrar mail notice of redemption, and the Registrar shall mail or cause to be mailed, by first class mail, at least 10 days prior to the designated redemption date, a notice of redemption to the registered owners of each Series 2009 Bond to be redeemed at their addresses as they appear on the Bond Register maintained by the Registrar, but no defect in or failure to give such mailed notice shall affect the validity of proceedings for the redemption of any Series 2009 Bond not affected by such defect or failure. The notice of redemption shall specify the redemption date, redemption price, and the numbers and amounts of the Series 2009 Bonds to be redeemed and the place at which the Series 2009 Bonds are to be surrendered for payment. Official notice of redemption having been given as aforesaid, the Series 2009 Bonds or portions thereof so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified.

The Series 2009 Bonds are not subject to redemption at the option of the Board, but are subject to mandatory redemption as provided above.

3.7. Form. The Series 2009 Bonds shall be prepared in substantially the form appearing in Exhibit A hereto (which is hereby incorporated herein and made a part hereof), with such variations therefrom as may be required or permitted by this resolution.

3.8. Execution and Delivery. The Series 2009 Bonds shall be forthwith prepared for execution under the direction of the Executive Director, and shall be executed on behalf of the Board by the signature of the Chair and attested by the signature of the Executive Director; provided that either or both of such signatures may be printed, engraved or lithographed facsimiles of the originals. The seal of the Board need not be affixed to or imprinted on any Series 2009 Bond. In case any officer whose signature or a facsimile of whose signature shall appear on any Series 2009 Bond shall cease to be such officer before the delivery of such Series 2009 Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. Notwithstanding such execution, no Series 2009 Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this resolution unless a certificate of authentication on such Series 2009 Bond has been executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Series 2009 Bonds need not be signed by the same representative. The executed certificate of authentication on each Series 2009 Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution. When the Series 2009 Bonds have been fully executed and authenticated, they shall be delivered by the Registrar to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed. The Purchaser shall not be obligated to see to the application of the purchase price.

3.9. Application of Proceeds of Series 2009 Bonds. All of the proceeds of the Series 2009 Bonds shall be applied to the purchase of the District Bonds.

Section 4. Security Provisions.

4.1. Sinking Fund. There is hereby created a debt service fund of the Board designated the “2009 Lewistown Elementary School District Sinking Fund” (the “Sinking Fund”), to be held and administered by the Registrar separate and apart from all other funds of the Board so long as any of the Series 2009 Bonds are outstanding and any principal thereof and interest, if any, thereon, are unpaid. The Sinking Fund shall be used solely to pay the principal of the Series 2009 Bonds and any interest thereon and the fees and expenses of the Registrar, subject to the conditions herein specified. The Board irrevocably appropriates to the Sinking Fund: (a) all payments made by the District on or with respect to the District Bonds, (b) all income derived from the investment of amounts on hand in the Sinking Fund, and (c) such other money, if any, as shall be received and appropriated to the Sinking Fund from time to time.

Money on hand in the Sinking Fund shall be invested pursuant to the Fiscal Agency Agreement under which U.S. Bank National Association, as agent for the Board, shall acquire with moneys of the Board, then available in the Sinking Fund, and as directed by the District, eligible securities, as identified in Section 17-6-103(1) or (2), M.C.A. (the “Permitted Investments”).

Whenever a payment of the District Bonds is credited by the Board to the Sinking Fund, such payment shall be applied as set forth in the Fiscal Agency Agreement. The provision, investment, application, deposit, and disbursement of Permitted Investments and investment earnings thereon and other rights and obligations regarding the Sinking Fund are set forth more particularly in the Fiscal Agency Agreement.

The Board hereby authorizes and directs U.S. Bank National Association to enter into the Fiscal Agency Agreement and perform its obligations thereunder.

4.2. Pledge of District Bonds. The Board hereby irrevocably pledges and assigns to the payment of the Series 2009 Bonds for the benefit of the holders from time to time of the outstanding Series 2009 Bonds all of the right, title and interest of the Board in the District Bonds and all payments made by the District thereunder and any proceeds thereof, including investment income. The Board hereby acknowledges and agrees that if a default in the payment of the Series 2009 Bonds occurs, the Board will, at the request of all of the holders of the Series 2009 Bonds, transfer to such holders all of its interest in the District Bonds, without warranty or recourse.

4.3. Special, Limited Obligations. Except as provided in Section 4.2, no funds or assets of the Board (including the Municipal Finance Consolidation Act Reserve Fund created in Section 17-5-1630 of the Act) have been or are pledged to the payment of the Series 2009 Bonds.

THE STATE OF MONTANA IS NOT LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST, IF ANY, ON THE SERIES 2009 BONDS OR FOR THE PERFORMANCE OF ANY OBLIGATION THAT MAY BE UNDERTAKEN BY THE BOARD WITH RESPECT THERETO. THE SERIES 2009 BONDS DO NOT CONSTITUTE

AN INDEBTEDNESS OF THE STATE OF MONTANA AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR INTEREST ON THE SERIES 2009 BONDS. THE BOARD DOES NOT HAVE ANY TAXING POWER.

Section 5. Tax Matters.

5.1. Designation of Bonds as Qualified Zone Academy Bonds. The Board hereby designates the Series 2009 Bonds as “qualified zone academy bonds” under Section 54E of the Code. In reliance on the representations and agreements of the District, including, without limitation, those regarding spend down requirements and compliance with arbitrage requirements of the Code, the Board makes the following representations and agreements to the holders from time to time of the Series 2009 Bonds:

(a) The District is an eligible local education agency as defined in Section 9101 of the federal Elementary and Secondary Education Act of 1965, as amended.

(b) The school facilities in the District at which the Project will be undertaken (collectively, the “Facilities”) constitute or, prior to the issuance of the Series 2009 Bonds will constitute, a qualified zone academy within the meaning of the applicable provisions of the Code. Specifically, the Facilities are public schools and are established by and operated under the supervision of the District to provide education or training below the postsecondary level. Furthermore, the program for students at the Facilities, including the Comprehensive Education Plan, has been designed in cooperation with business to enhance the academic curriculum, increase graduation and employment rates and better prepare students for the rigors of college and the increasingly complex workforce, students in the Facilities will be subject to the same academic standards and assessments as other students educated by the District, and the comprehensive education plan of the Facilities has been approved by the District. The District reasonably expects, as of the date of issuance of the Series 2009 Bonds and for a period of at least one year thereafter, that at least 35 percent of the students attending the Facilities will be eligible for free or reduced-cost lunches established under the National School Lunch Act.

(c) The Board has received written assurances that the District will satisfy the requirements of Section 148 of the Code with respect to the proceeds of the District Bonds and the Series 2009 Bonds and the Board authorizes the Authorized Officers (i) to ensure that such proceeds satisfy such requirements by imposing such requirements on the District Bonds or the Series 2009 Bonds and executing and delivering such documents as are necessary or appropriate in connection therewith and (ii) to execute and deliver such certificates as may be appropriate or required under the Code or otherwise in respect of the Series 2009 Bonds.

(d) It is expected 100 percent or more of the available project proceeds to be spent for qualified purposes will be spent by the District within the 3-year period beginning on the date of issuance of the District Bonds (and the Series 2009 Bonds) and a binding commitment to spend at least 10 percent of such available project proceeds will be incurred by the District within the 6-month period beginning on the date of issuance.

(e) The Board has written assurances that the private business contribution requirement of the Code will be met with respect to the Facilities. Specifically, the District has represented

that it has received written commitments from Learn.com, Inc., to make contributions of some or all of the following, which have a present value, as of the date of issuance of the Series 2009 Bonds, of not less than \$208,725, or ten percent of the proceeds of the Series 2009 Bonds (using the Credit Rate, as hereafter defined, for the Series 2009 Bonds, as the discount rate), and which are of a type and quality acceptable to the District:

Not less than 243 one-year student licenses of the Office Plus-Comprehensive Library and Professional Advantage Library online course scholarships, to consist primarily of online courses. The District has received assurances from Learn.com, Inc. that each such license has a retail value of \$866 and will be available to the District upon delivery of the Series 2009 Bonds.

Learn.com, Inc. is not a part of the United States, a state or local government or agency or instrumentality or a related party to any thereof.

(f) The term of the Series 2009 Bonds does not exceed the maximum term permitted by the Secretary of the Treasury under applicable provisions of the Code for qualified zone academy bonds.

(g) In its resolution calling for the election on the District Bonds, adopted by the Board of Trustees of the District on May 12, 2008, the District made a reimbursement declaration satisfying the requirements of Section 54A(d)(2)(D) of the Code.

(h) The District has received an allocation by the State of Montana Office of Public Instruction of \$2,087,250 of qualified zone academy bond limitation remaining outstanding and available through calendar year 2009, and such allocation has not expired nor been revoked, rescinded or modified and is in full force and effect, and neither the District nor the Board has designated any bonds or obligations as qualified zone academy bonds from such allocation other than the Series 2009 Bonds.

(i) The District has given its written approval to the issuance of the Series 2009 Bonds by the Board.

(j) The District has agreed to file, or assist the Board in the filing of, reports similar to those required under Section 149(e) of the Code.

5.2. General Covenant. The Board covenants and agrees with the holders from time to time of the Series 2009 Bonds that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the Series 2009 Bonds to lose their designation as “qualified zone academy bonds” under the Code and applicable Treasury Regulations (the “Regulations”), and covenants to take any and all actions within its powers to ensure that the Series 2009 Bonds are “qualified zone academy bonds” for federal income tax purposes under the Code and the Regulations.

5.3. Tax Credits to Purchaser. For so long as the Series 2009 Bonds are qualified zone academy bonds, a taxpayer who holds the Series 2009 Bonds on one or more credit allowance dates as defined in Section 54A(e)(1) of the Code during a taxable year is allowed as a credit against federal income taxes imposed by Subtitle A, Chapter 1 of the Code for the taxable year an amount equal to the sum of the credits for such date or dates, but only to the extent provided

in Section 54A(c)(1) of the Code (the “Credit Amount”). The amount of the credit for any such credit allowance date is equal to 25% of the annual credit determined with respect to the Series 2009 Bonds that are held by the taxpayer on such date. The annual credit is equal to the product of seven and ninety-six hundredths percent (7.96%) multiplied by the outstanding face amount of the Series 2009 Bonds held by the taxpayer on the credit allowance date, provided that in the case of the credit allowance date first occurring after delivery of the Series 2009 Bonds, the amount of the credit for such date is a ratable portion of the credit otherwise determined, based on the portion of the 3-month period concluding on that credit allowance date during which the Series 2009 Bonds are outstanding, and that a similar proration rule shall apply for the 3-month period during which the Series 2009 Bonds are redeemed or mature. The Credit Amount is includable in gross income for federal income tax purposes.

Section 6. Defeasance. When all of the Series 2009 Bonds have been discharged as provided in this Section 6, all pledges, covenants and other rights granted by this resolution to the owners of the Series 2009 Bonds shall cease. The Board may discharge its obligations with respect to any Series 2009 Bonds which are due on any date by irrevocably depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full; or, if any Series 2009 Bond should not be paid when due, the Board may nevertheless discharge its liability with respect thereto by depositing with the Registrar a sum sufficient for the payment thereof in full. The Board may also at any time discharge its obligations with respect to any Series 2009 Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank qualified by law as an escrow agent for this purpose, cash or securities which are direct obligations of the United States or securities of United States agencies the timely payment of principal of and interest on which is guaranteed by the United States of America, bearing interest, if any, payable at such times and at such rates and maturing on such dates as shall be required, without reinvestment, to pay all principal to become due on such Series 2009 Bond to its stated maturity. Prior to the discharge of the Board’s obligations with respect to the Series 2009 Bonds pursuant to this Section, the sufficiency of any such deposit shall be demonstrated to the reasonable satisfaction of the holder, such satisfaction of the holder to be demonstrated by the delivery of the prior written consent of the holder of such discharge to the Board, which consent shall not be unreasonably delayed, conditioned, or withheld.

Section 7. Effective Date. All resolutions and parts of resolutions heretofore adopted by this Board which are in conflict herewith are hereby amended so as to conform with the provisions of this Resolution, and, as so amended, are hereby ratified and confirmed. This Resolution shall be effective upon passage.

PASSED AND APPROVED by the Board of Investments of the State of Montana on this 13th day of May, 2009.

Chair

Attest:

Executive Director

EXHIBIT A

[Form of Bond]

STATE OF MONTANA

**BOARD OF INVESTMENTS
OF THE STATE OF MONTANA**

MUNICIPAL FINANCE CONSOLIDATION ACT BOND, SERIES 2009
(LEWISTOWN ELEMENTARY SCHOOLS QUALIFIED ZONE ACADEMY PROGRAM)

No. R-_____ \$2,087,250.00

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF ORIGINAL ISSUE</u>
0.00%	[June 15, 2017]	_____, 2009

REGISTERED HOLDER: [_____]

PRINCIPAL AMOUNT: TWO MILLION EIGHTY-SEVEN THOUSAND TWO HUNDRED FIFTY DOLLARS AND NO/100

FOR VALUE RECEIVED, THE BOARD OF INVESTMENTS OF THE STATE OF MONTANA, a board of the Executive Branch of the Government of the State of Montana (the "Issuer"), hereby promises to pay (but only out of the Sinking Fund as hereinafter described) to the Registered Holder named above, or registered assigns, on the maturity date specified above, subject to mandatory redemption as hereinafter provided, the principal amount specified above, without interest thereon. Principal of this Bond is payable upon presentation and surrender hereof at the office of U.S. Bank National Association, as Bond Registrar, Transfer Agent, Paying Agent, and Fiscal Agent, at its principal corporate office at 1420 5th Avenue in Seattle, Washington 98101, or any successor appointed under the Resolution hereinafter described (the "Registrar"). All such payments shall be made in lawful money of the United States of America which on the date of payment is lawful tender for the payment of public and private debts.

The Bonds (as hereinafter defined) are special, limited special obligations of the Issuer. The Bonds will not be secured by the Municipal Finance Consolidation Act Reserve Fund created in Section 17-5-1630 of the Act or by any funds or assets of the Board other than its interest in the District Bonds (as hereinafter defined) and the payments to be made by the District (as hereinafter defined) thereunder and investment income thereon.

THE STATE OF MONTANA IS NOT LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST, IF ANY, ON THE BONDS OR FOR THE PERFORMANCE OF ANY OBLIGATION THAT MAY BE UNDERTAKEN BY THE ISSUER WITH RESPECT THERETO. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE

STATE OF MONTANA AND NEITHER THE FAITH AND CREDIT OR TAXING POWER OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR INTEREST ON THE BONDS. THE ISSUER DOES NOT HAVE ANY TAXING POWER.

This Bond represents all of a series of a duly authorized issue of Bonds of the Issuer designated as Board of Investments of the State of Montana “Municipal Finance Consolidation Act Bonds, Series 2009 (Lewistown Elementary Schools Qualified Zone Academy Program),” in the aggregate principal amount of \$2,087,250 (the “Bonds”), issued pursuant to the provisions of Montana Code Annotated, Title 17, Chapter 5, Part 16, as amended (the “Act”), under a resolution adopted by the Issuer on May 13, 2009, authorizing the issuance of the Bonds (the “Resolution”). The Bonds are issuable only as fully registered bonds, in denominations of \$5,000 or any integral multiple thereof, except that one Bond shall have or include a denomination of \$7,250.

The Bonds are being issued to provide funds to the Issuer to permit it to purchase \$2,087,250 in aggregate principal amount of General Obligation School Building Bonds, Series 2009 (the “District Bonds”), issued by School District No. 1 (Lewistown), Fergus County, Montana (the “District”).

The Bonds and the interest thereon are payable solely from the right, title and interest of the Board in the District Bonds and all payments made by the District thereunder and any proceeds thereof, including investment income, but not from any other funds or assets of the Board, including the Municipal Finance Consolidation Act Reserve Fund created in Section 17-5-1630 of the Act. By the Resolution, the Issuer has pledged and assigned all of its right, title and interest in the District Bonds and the payments to be made by the District thereunder to the payment of the Bonds, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein. A sinking fund has been established under the Resolution (as defined therein, the “Sinking Fund”). This Bond is payable solely from the Sinking Fund. Reference is hereby made to the Resolution and the Fiscal Agency Agreement, dated as of the date hereof, between the Issuer, the District and the Registrar (copies of which are on file at the office of the Registrar), and all resolutions and agreements, if any, supplemental thereto and to the Act for a description of the rights thereunder of the registered holders of the Bonds, of the nature and extent of the security, the rights, duties and immunities of the Registrar and of the rights and obligations of the Issuer thereunder, to all the provisions of which Resolution, this Bond, and Fiscal Agency Agreement the registered holder of this Bond, by acceptance hereof, assents and agrees.

The Bonds do not bear interest.

The Bonds are subject to mandatory redemption, as follows: in the event and to the extent (i) the District spends less than 100 percent of the available project proceeds (as defined in the Code) made available to the District from the purchase of the District Bonds with the proceeds of the Bonds by the close of the 3-year period commencing on the date of issuance of the Bonds for one or more qualified purposes, (ii) the school facilities at which the Project will be undertaken fail to constitute a qualified zone academy, (iii) the District fails to have a reasonable expectation to proceed with due diligence to spend at least 100% of the available project proceeds made available to the District from the purchase of the District Bonds with the proceeds of the Bonds

for a qualified purpose with respect to a qualified zone academy, or (iv) an event other than those described in clauses (i) through (iii) occurs that would require the District to undertake remedial action entailing redemption under the Code, whichever occurs earliest, then the Bonds are thereupon subject to mandatory redemption from funds used by the District to effect the mandatory redemption of the District Bonds. Upon any partial redemption hereof, the registered holder shall surrender this Bond to the Registrar at its principal corporate office in Seattle, Washington for payment in exchange for a Bond reflecting the adjusted principal amount then outstanding under the Bond, and the Registrar shall deliver to the registered holder of this Bond in exchange for the one surrendered a Bond that reflects the principal amount then owing on the cover page of such a Bond.

The Executive Director or Deputy Director, following receipt of appropriate instructions from the District and funds from the District or adequate assurance that the District shall fund the redemption price, shall provide or cause to be provided to the Registrar at least 20 days prior to the redemption date a request that the Registrar mail notice of redemption, and the Registrar shall mail or cause to be mailed, by first class mail, at least 10 days prior to the designated redemption date, a notice of redemption to the registered owners of each Bond to be redeemed at their addresses as they appear on the Bond Register maintained by the Registrar, but no defect in or failure to give such mailed notice shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. The notice of redemption shall specify the redemption date, redemption price, and the numbers and amounts of the Bonds to be redeemed and the place at which the Bonds are to be surrendered for payment. Official notice of redemption having been given as aforesaid, the Bonds or portions thereof so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified.

The Bonds are not subject to redemption at the option of the Issuer, but are subject to mandatory redemption as provided above.

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the Bond Register, upon surrender of this Bond for transfer at the operations center of the Registrar, duly endorsed by the registered owner hereof or by the registered owner's attorney duly authorized in writing, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or registered owner's attorney. Bonds in a denomination greater than \$5,000 may also be surrendered in exchange for Bonds of other authorized denominations. Upon any such transfer or exchange, the Issuer will cause a new Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

The Issuer and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment as herein provided and for all other purposes, and neither the Issuer nor the Registrar shall be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that any and all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance

of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; and that this Bond, together with all other indebtedness of the Issuer, does not exceed any statutory or constitutional limit of indebtedness.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been executed by the Registrar by the manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the BOARD OF INVESTMENTS OF THE STATE OF MONTANA has caused this Bond to be executed in its name and on its behalf by the facsimile signature of its Chair and attested by the facsimile signature of its Executive Director.

BOARD OF INVESTMENTS OF THE
STATE OF MONTANA

(Facsimile Signature)
Chair

Attest:

(Facsimile Signature)
Executive Director

Dated: _____

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the series designated by its title and is issued under the provisions of the within-mentioned Resolution.

U.S. BANK NATIONAL ASSOCIATION,
as Registrar

By _____
Authorized Representative

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

- | | | |
|------------|--|--|
| TEN COM -- | as tenants
in common | UTMA.Custodian.
(Cust) (Minor) |
| TEN ENT -- | as tenants
by the entireties | under Uniform Transfers to
Minors Act.
(State) |
| JT TEN -- | as joint tenants with right of
survivorship and not as
tenants in common | |

Other abbreviations may also be used.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please Print or Typewrite Name and Address of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE:

/ _____/

NOTICE: The signature(s) to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration, enlargement or any change whatsoever.

SIGNATURE GUARANTEE:

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Bond Registrar, which requirements include membership or participation in STAMP or such other "signature guaranty program" as may be" determined by the Registrar in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Montana Loan Program

MEMORANDUM

Montana Board of Investments

Department of Commerce

2401 Colonial Drive, 3rd Floor

Helena, MT 59601 (406) 444-0001

To: Board Members
From: Herb Kulow
Date: April 24, 2009
Subject: Commercial and Residential Loans

As of March 10, 2009, the Commercial Loan Portfolio totaled \$198,196,411 and was comprised of 228 individual loans. There were 4 loans past due 30 days or more as of the end of March 2009, 3 of which were guaranteed and one participation. The participation loan was 80 days past due, is agricultural in nature and will be brought current in the 2nd quarter.

As of March 31, 2009, the Residential Loan Portfolio totaled \$51,518,150 and was comprised of 982 individual loans. The residential loan portfolio had a total of 7 loans past due consisting of one VA loan of \$54,816, with a maximum guarantee of \$22,750 and six FHA guaranteed loans totaling \$334,800. The average LTV for 5 of the 6 FHA loans is approximately 81%, based on the original appraisal and the current loan balance. The remaining FHA loan has a negotiated settlement amount 25% higher than the outstanding principal balance. There are no conventional loans past due more than 90 days.

A motel report was completed using information provided to us by Department of Public Health and Human Services as of 1-29-09. The maximum hotel/motel exposure for any county or city is no more than 12.5% of the total commercial loan portfolio. Exposure is considered to be any participated hotel/motel loan. Guaranteed hotel/motel loans are not considered. As of 1-29-09 MBOI's exposure was 7.80%.

MBOI Motel Exposure

<u>Loan Type</u>	<u>Outstanding Balance Motel Loans</u>	<u>Percentage</u>
PART	15,285,335	77.40%
FHA	985,747	4.99%
RBS	2,597,487	13.15%
SBA	<u>879,340</u>	<u>4.45%</u>
	19,747,909	100.00%
Portfolio balance as of 1-31-09		196,054,131
Total exposure for current portfolio (unguaranteed participations		7.80%
15,285,335 / 196,054,131)		

Distribution by county and outstanding loan balance is found below.

ROOM COUNT BY COUNTY

1/29/2009

<u>County</u>	<u>Total Rooms</u>	<u>MBOI Room Exposure</u>	<u>MBOI Rooms</u>	<u>Type</u>	<u>Outstanding Balance</u>
Gallatin	4,503	1.73%	78	PART	584,048
Flathead	3,462	0.69%	24	RBS	869,228
		0.95%	33	PART	3,792,873
		n/a	2	FHA	985,747
Silver Bow	1,109	11.81%	131	RBS	1,728,259
Missoula	3,179	4.59%	146	PART	5,903,554
Yellowstone	4,201	3.05%	128	PART	4,916,779
Park	1,397	2.72%	38	PART	88,081
		7.16%	100	SBA	835,743
Madison	1,113	1.08%	12	SBA	43,597
Subtotal	<u>18,964</u>	<u>3.65%</u>	<u>692</u>		
Other Counties	<u>12,004</u>				
Total	30,968	2.23%	692		19,747,909

The MBOI room exposure for both the Subtotal and Total is MBOI Rooms/Total Rooms.

The MBOI lending cap calculation is 22.10% as of 3-31-09.