

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

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

**August 16, 2011
AGENDA – DAY 1**

COMMITTEE MEETINGS

- | | |
|--|-----------------|
| A. Loan Committee | 9:00 AM |
| 1. Coal Tax Trust and INTERCAP Loan Approvals –
Discussion/Decision | |
| B. Human Resource Committee | 10:30 AM |
| 1. Update on Alternative Investments Portfolio Manager | |
| 2. Executive Director Recruitment Process – Discussion | |

LUNCH DELIVERED **12:00 PM**

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| Tab 1 CALL TO ORDER | 12:30 PM |
| A. Roll Call | |
| B. Approval of the July 14, 2011 Special Meeting Minutes | |
| C. Administrative Business | 12:40 PM |
| 1. Governance Policy/Committee Charters – Discussion/Decision | |
| 2. Human Resource Committee Report
Executive Director Hiring Committee – Decision | |
| 3. Loan Committee Report | |
| D. Public Comment – <i>Public Comment on issues with Board Jurisdiction</i> | |

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| Tab 2 EXECUTIVE DIRECTOR REPORTS – Carroll South | 1:10 PM |
| A. Pension Fund Investment Returns – Handout, Informational Discussion | |
| B. Open Meeting Law – Discussion/Decision | |

QUARTERLY PERFORMANCE REPORTS **1:40 PM**
Pension Funds and Investment Pools – R.V. Kuhns and Associates

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|---|----------------|
| Tab 3 INVESTMENT ACTIVITIES/REPORTS – Cliff Sheets, CFA, CIO | 2:10 PM |
| A. Retirement System Asset Allocation Report | |
| B. Private Asset Pool Reviews | |
| 1. Private Equity (MPEP) | |
| 2. Real Estate (MTRP) | |
| 3. Partnership Focus List | |

BREAK **2:25 PM**

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| C. Review of Private Equity/Real Estate Portfolios | 2:35 PM |
| 1. Portfolio Holdings and Recent Activity | |
| 2. Private Edge Reports | |

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.

August 16, 2011
AGENDA – DAY 1, continued

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| D. | Public Asset Pool Reviews | 4:35 PM |
| | 1. Domestic Equity (MDEP) | |
| | 2. International Equity (MTIP) | |
| | 3. Manager Watch List | |
| | 4. Fixed Income Strategy Statements | |
| | i. Bond Pools (RFBP and TFBP) | |
| | ii. Below Investment Grade Holdings Report | |
| | iii. Short-term (STIP) and Other Fixed Income Portfolios | |
| | 5. Investment Policy Statement, Montana University System – Board Action | |

ADJOURN

5:00 PM

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

August 17, 2011
AGENDA – DAY 2

RECONVENE AND CALL TO ORDER

8:30 AM

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| A. | Roll Call | |
| B. | <i>Public Comment - Public Comment on issues with Board Jurisdiction</i> | |

Tab 3 ACTUARIAL ASSUMPTIONS

8:40 AM

Cont'd Carroll South, Executive Director – Informational

Tab 4 BOND PROGRAM – Louise Welsh

10:00 AM

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|----|---------------------------------------|--|
| A. | INTERCAP | |
| | 1. Activity Report | |
| | 2. Staff Approved Loans Report | |
| | 3. Loan Requests | |
| | 4. Annual INTERCAP Loan Detail Report | |

Tab 5 MONTANA LOAN PROGRAM – Herb Kulow

10:20 AM

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| A. | Commercial and Residential Portfolios Report | |
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ADJOURNMENT

10:40 AM

COMMITTEE MEETINGS, Cont'd

10:40 AM

- | | | |
|----|--|--|
| A. | Audit Committee | |
| | 1. FY11 Internal Control Draft Report – Galusha, Higgins & Galusha | |

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**MONTANA BOARD OF INVESTMENTS
DEPARTMENT OF COMMERCE
2401 Colonial Drive, 3rd Floor
Helena, Montana**

**MINUTES OF THE MEETING
July 14, 2011**

BOARD MEMBERS PRESENT:

Gary Buchanan, Chairman
Karl Englund
Quinton Nyman
Jack Prothero
Jon Satre

BOARD MEMBERS ABSENT:

Pat McKittrick
Jim Turcotte
Senator Joe Balyeat
Representative Franke Wilmer

STAFF PRESENT:

Carol Ann Augustine, Board Secretary	Herb Kulow, Portfolio Manager
Polly Boutin, Accountant	April Madden, Accountant
Jason Brent, Investment Analyst	Gayle Moon, Accounting Fiscal Manager
Geri Burton, Deputy Director	Rande Muffick, CFA, Portfolio Manager
Richard Cooley, CFA, Portfolio Manager	Chris Phillips, CFA, Investment Staff
Roberta Diaz, Accountant	Nathan Sax, CFA, Portfolio Manager
Tim House, Investment Operations Chief	Clifford A. Sheets, CFA, Chief Investment Officer
Ed Kelly, Alternative Investment Analyst	Carroll South, Executive Director
Teri Kolnik, Alternative Investment Analyst	Dan Zarling, CFA, Director of Research

GUESTS:

Champ Edmunds, Bitterroot Financial Group
Bridgitt Erickson, no affiliation
Becky Gratsinger, RV Kuhns & Associates
Mark Higgins, RV Kuhns & Associates
Jeff Lowe, Bitterroot Financial Group
Pat Murdo, Legislative Services
Dave Senn, Teachers' Retirement System
Tom Tibbles, Hansberger Global Investors
Jim Voytko, RV Kuhns & Associates
Kris Wilkinson, Legislative Fiscal Division

CALL TO ORDER

Chairman Gary Buchanan called the Special Meeting of the Board of Investments (Board) to order at 11:12 a.m. in the Board Room on the third floor at 2401 Colonial Drive, Helena, Montana. As noted above, a quorum of Board Members was present.

ADMINISTRATIVE BUSINESS

Chairman Buchanan announced that Governor Schweitzer appointed Representative Franke Wilmer as legislative liaison to the Board; she will attend the August Board Meeting. The Chairman stated that Member Elouise Cobell has officially resigned; the Board will send a letter thanking her for her service. There are now two vacancies on the Board; the Governor's Office will make the necessary appointments.

Chairman Buchanan asked for introductions from the audience and then the Board.

Board Member Jack Prothero made a Motion to approve the Minutes of the May 18-19, 2011 Board Meeting; Member Jon Satre seconded the Motion. The Motion was carried 5-0.

Board Member Karl Englund, Human Resource Committee Chair reported that the hiring process is moving forward for the Alternative Investments Portfolio Manager position. Mr. Englund stated that approval is needed from the Board for the HR Committee to start the process to hire an Executive Director; Mr. Carroll South is retiring at the end of the year.

Board Member Karl Englund made a Motion to authorize the Human Resource Committee to conduct a candidate search to fill the Executive Director position.

Discussion followed: Ads will be placed statewide and nationally as soon as possible in order to have a list of potential candidates for the August Board Meeting. The Committee will then narrow down the list for telephone interviews; in-person interviews will follow. The Board would like to have someone in place by December 1 to work with Mr. South before he retires. Full Board decision will be made based on the recommendation of the HR Committee.

Board Member Jon Satre seconded the Motion. The Motion was carried 5-0.

Board Education Policy

Chairman Gary Buchanan recommended final Board approval of the Board Education Policy. The following amendments to the policy were made and unanimously approved by the Board:

- **IV, 1, H** Each Board Member shall report to the Board ~~in writing,~~ on the most important knowledge or information gained from the conference/seminar/workshop attended and recommend whether to attend in the future.
- **IV, 2, B** All new Board Members shall be required to participate in the orientation program within ~~45 days of appointment~~ *a reasonable time. Current Board Members are invited to participate at their option.*

Board Member Karl Englund made a Motion to approve the Board Education Policy as amended; Member Jack Prothero seconded the Motion. The Motion was carried 5-0.

Public Comment

Chairman Gary Buchanan called for public comment on Board issues. There was no public comment.

ALTERNATIVE INVESTMENTS – INFORMATIONAL/QUESTIONS

Alternative Investments - R.V. Kuhns & Associates

Ms. Becky Gratsinger offered a brief introduction of their firm and its relationship with the Board of Investments since 2005.

Ms. Gratsinger followed with an overview of Alternative Investments and Private Equity. She began by providing a broad definition of alternative investments, and noted the aspects of market inefficiency, illiquidity, and low correlations with traditional publicly traded stocks and bonds. These attributes can benefit a portfolio when skilled managers are used to exploit available opportunities in the private markets. In reviewing private equity, she noted the importance of manager selection and the ability to make a long term commitment to the asset class given its inherent illiquidity. A steady commitment pace across vintage years and various strategies and managers is important to an effective program that will enhance long term portfolio returns.

Mr. Mark Higgins presented Private Equity – Fee Terms and Structures. He discussed the fee structures that typically prevail with a private equity fund. These include a management fee paid at a set percentage based on the amount of capital committed to a fund and typically range from 0.50% to 2.5%. In addition, there are incentive fees which are paid based on performance and can range from 5% to 30% of profits depending on the fund structure, strategy, and manager. Though managers are being pressured to base fees on actual invested dollars, and adopt other more investor-friendly terms, they have been slow to modify the traditional fee structure.

Private Equity Investments – Carroll South, Executive Director

Mr. Carroll South gave an overview of pension fund private equity investments. These investments diversify the pension portfolios and generate returns greater than public equity markets, thus helping to meet the 7.75% return assumption of the pension funds. The Board first invested in private equity in fiscal year 1988 and has committed \$1.9 billion as of December 31, 2010; \$1.3 billion has been drawn down and \$1 billion returned. The remaining investments have a market value of \$958 million and there was \$508.3 million in committed capital not yet drawn down. Private equity is expected to generate 3-4% more than domestic equity. Looking back over the ten years ending fiscal 2010, and comparing the actual returns received from private equity investments, as compared to having invested in domestic public stocks, shows these investments provided a return advantage of over \$400 million to the pension plans. A forward-looking analysis, using the assumed returns for private equity versus those for public stocks suggests a potential return advantage of over \$500 million for the pension assets over the ten years ending fiscal 2020.

Real Estate Investments – Clifford Sheets, Chief Investment Officer

Mr. Cliff Sheets reported that real estate investments started in 2006 as a means to improve the diversification of the pension plans. The real estate allocation range is now 4-10% of our portfolio including up to 2% in timberland. Mr. Sheets explained the levels of risk involved: core real estate is the lowest risk, value-added is more risk and opportunistic is the highest risk strategy category. Real estate returns are expected to continue to follow other risk markets with a lag. Near-term expectations are for positive returns in a challenging economic environment.

Mr. Sheets reviewed the current real estate portfolio. Because of time constraints, the portfolio review was not completed. Continued review and discussion on the real estate portfolio and review and discussion of the private equity portfolio will take place at the next regularly scheduled meeting of the Board August 16 and 17, 2011.

ADJOURNMENT

There being no further business, Chairman Buchanan adjourned the meeting at 3:15 p.m.

Next Meeting

The next regular meeting of the Board will be August 16 and 17, 2011 in Helena, Montana.

Complete copies of all reports presented to the Board are on file with the Board of Investments.

BOARD OF INVESTMENTS

APPROVE: _____
Gary Buchanan, Chairman

ATTEST: _____
Carroll South, Executive Director

DATE: _____

MBOI:caa
7/27/11

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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: August 16, 2011
Subject: Open Meeting Law

The State's Open Meetings and Public Participation Laws

The state has enacted very rigorous "open meeting" and "public participation" laws designed to allow public participation in public bodies. The full text of the law is attached.

The Board's Open Meeting and Public Participation Procedures

The Board has incorporated the intent of these laws in its Governance Policy as follows:

"8. Notice of Meetings - All meetings of the Board must be open to the public and noticed at least 48 hours prior to the meeting. A meeting may only be closed when the demands of individual privacy clearly exceed the merits of public disclosure and the Chairperson may not close the meeting without first stating the rationale for such closure.

9. Meeting Agendas - Meeting agendas are prepared by the Executive Director in consultation with the Chairperson. The Board may not take action on any substantive matter unless the matter is scheduled on the agenda. The meeting notice and the meeting agenda shall be posted on the Board's web site.

10. Public Participation - Section 2-3-103, MCA provides that the agenda for Board meetings must include an item allowing public comment on any public matter that may or may not be on the agenda and that is within the jurisdiction of the Board. The Board may not take substantive action on any matter discussed unless specific notice of that matter is included on an agenda and the public is provided an opportunity to comment on that matter."

The Board's Committee Meetings

The open meeting law, 2-3-203, MCA, also applies to committees created by public boards as cited below:

"(6) Any committee or subcommittee appointed by a public body or an association described in subsection (2) for the purpose of conducting business that is within the jurisdiction of that agency is subject to the requirements of this section."

The Board has created three committees but its Governance Policy does not specifically address how the committee meetings will be procedurally open to the public. Currently, the meetings are noticed in a cover letter sent to Board members as part of the Board "package", but are not posted on the Board's web site where they may be viewed by the general public. While the

committee meetings have technically been open, the public has not been aware of them unless they had access to the cover letter.

Neither the section of the Governance Policy creating the committees, or the individual Committee Charters specifies that committee meetings must be posted. To ensure that the public is aware of the Board's committee meetings, the meeting date, location, and subject should be posted on the Board's web site where it is readily accessible to the public. When committee meetings are held in conjunction with Board meetings, the committee meeting notices would be posted as an integral part of the Board meeting agenda. When committee meetings are held separate from Board meetings, either in person or by teleconference, the meeting notices would be individually posted on the Board's web site.

In addition, there is specific language in the current Loan Committee Charter that authorizes the Loan Committee to approve loans via e-mail in lieu of meeting in person or telephonically. While this provision ensures that the Committee reviews and approves loans and/or recommends them for full Board approval as the Charter requires, an e-mail approval process does not involve an actual meeting.

Open Meeting Procedure for Board and Committee Meetings

All Board and Committee meetings should first be opened as public meetings and then be closed if required by the Chairperson pursuant to the provisions of the state's open meeting law in 2-3-203, MCA:

(3) The presiding officer of any meeting may close the meeting during the time the discussion relates to a matter of individual privacy and then if and only if the presiding officer determines that the demands of individual privacy clearly exceed the merits of public disclosure. The right of individual privacy may be waived by the individual about whom the discussion pertains and, in that event, the meeting must be open.

(4) (a) Except as provided in subsection (4)(b), a meeting may be closed to discuss a strategy to be followed with respect to litigation when an open meeting would have a detrimental effect on the litigating position of the public agency.

(b) A meeting may not be closed to discuss strategy to be followed in litigation in which the only parties are public bodies or associations described in subsections (1) and (2)."

Because the Loan Committee authorizes loans from the Coal Tax Trust to private borrowers, it has access to and discusses private financial information and individual federal income tax returns. The tax returns are submitted to the Board when private borrowers apply for a loan under one of the Board's loan programs. The returns are considered confidential under state law as follows:

"15-1-106. Federal tax return information. (1) Except as provided by section 6103 of the Internal Revenue Code, 26 U.S.C. 6103, and subsection (2) of this section, it is unlawful to knowingly or purposely divulge or make known in any manner any federal tax return or federal tax return information submitted on state tax returns pursuant to state law."

(2) The department shall furnish state return information to the legislative auditor, the legislative fiscal analyst pursuant to 5-12-303, and the office of budget and program planning pursuant to 17-7-111, unless the furnishing of the information requested is specifically prohibited by federal or state law. The legislative fiscal analyst and the office of budget and program planning may disclose state return information to each other. State return information includes information on or a copy of any

portion of a federal return or any information from a federal return that is required to be attached or included in a state return under state law.

Although this section of state law does not specifically name the Board, the confidentiality requirements would apply to any state agency that has access to individual federal tax returns. The Chairperson of the Loan Committee should close the meeting as per paragraph 8 of the Governance Policy when private financial information is discussed.

Recommendation

Staff recommends the following revisions to the Board's Governance Policy:

- Adding a C) to the Committee Creation section of the Policy as follows:

“11. Committee Creation - The Board may:

A) Establish committees as necessary to conduct its business and charters shall be adopted for each committee describing the role, scope, and powers of the committee and the responsibilities of committee members.

B) The Board Chairperson may appoint and remove committee members. The Board has created an Audit Committee, a Loan Committee, and a Human Resources Committee and approved a charter for each.”

C) All Committee Meetings must be open to the public and noticed on the Board's web site at least 48 hours prior to the meeting.

- Amending the Committee Structure and Operations section of the Loan Committee Charter as follows:

Committee Structure and Operations

Loans greater than \$1.0 million up to \$5.0 million: Staff shall provide hard copy loan approval recommendations to each Committee Member. Such documents shall include all pertinent information required by Members to fulfill their obligations under this Charter. After reviewing such documents, the Committee may meet in person or telephonically as required to perform their obligations under this Charter. ~~In lieu of meeting in person or telephonically, Members may e-mail staff with their input and concurrence, subject to the “Confidentiality” provisions of this Charter.~~

Committee Members may require that certain loan provisions, loan participation share (when permitted by law), or loan covenants recommended by staff be revised. If two Committee Members do not concur with staff recommendations for loan approval as modified or revised by Members, the staff recommendation shall be forwarded to the full Board at a public meeting in which the lender and the borrower may be present. ~~If Committee concurrence is granted via e-mail, such concurrence will serve as a written record of concurrence and obviate the need for recording such action in Committee minutes.~~

Part 1

Notice and Opportunity to Be Heard

2-3-101. Legislative intent. The legislature finds and declares pursuant to the mandate of Article II, section 8, of the 1972 Montana constitution that legislative guidelines should be established to secure to the people of Montana their constitutional right to be afforded reasonable opportunity to participate in the operation of governmental agencies prior to the final decision of the agency.

2-3-102. Definitions. As used in this part, the following definitions apply:

(1) "Agency" means any board, bureau, commission, department, authority, or officer of the state or local government authorized by law to make rules, determine contested cases, or enter into contracts except:

- (a) the legislature and any branch, committee, or officer thereof;
- (b) the judicial branches and any committee or officer thereof;
- (c) the governor, except that an agency is not exempt because the governor has been designated as a member thereof; or
- (d) the state military establishment and agencies concerned with civil defense and recovery from hostile attack.

(2) "Agency action" means the whole or a part of the adoption of an agency rule, the issuance of a license or order, the award of a contract, or the equivalent or denial thereof.

(3) "Rule" means any agency regulation, standard, or statement of general applicability that implements, interprets, or prescribes law or policy or describes the organization, procedures, or practice requirements of any agency. The term includes the amendment or repeal of a prior rule but does not include:

- (a) statements concerning only the internal management of an agency and not affecting private rights or procedures available to the public; or
- (b) declaratory rulings as to the applicability of any statutory provision or of any rule.

2-3-103. Public participation -- governor to ensure guidelines adopted. (1) (a) Each agency shall develop procedures for permitting and encouraging the public to participate in agency decisions that are of significant interest to the public. The procedures must ensure adequate notice and assist public participation before a final agency action is taken that is of significant interest to the public. The agenda for a meeting, as defined in 2-3-202, must include an item allowing public comment on any public matter that is not on the agenda of the meeting and that is within the jurisdiction of the agency conducting the meeting. However, the agency may not take action on any matter discussed unless specific notice of that matter is included on an agenda and public comment has been allowed on that matter. Public comment received at a meeting must be incorporated into the official minutes of the meeting, as provided in 2-3-212.

(b) For purposes of this section, "public matter" does not include contested case and other adjudicative proceedings.

(2) The governor shall ensure that each board, bureau, commission, department, authority, agency, or officer of the executive branch of the state adopts coordinated rules for its programs. The guidelines must provide policies and procedures to facilitate public participation in those programs, consistent with subsection (1). These guidelines must be adopted as rules and published in a manner so that the rules may be provided to a member of the public upon request.

2-3-104. Requirements for compliance with notice provisions. An agency shall be considered to have complied with the notice provisions of 2-3-103 if:

- (1) an environmental impact statement is prepared and distributed as required by the Montana Environmental Policy Act, Title 75, chapter 1;
- (2) a proceeding is held as required by the Montana Administrative Procedure Act;
- (3) a public hearing, after appropriate notice is given, is held pursuant to any other provision of state law or a local ordinance or resolution; or
- (4) a newspaper of general circulation within the area to be affected by a decision of significant interest to the public has carried a news story or advertisement concerning the decision sufficiently prior to a final decision to permit public comment on the matter.

2-3-105. Supplemental notice by radio or television. (1) An official of the state or any of its political subdivisions who is required by law to publish a notice required by law may supplement the publication by a radio or television broadcast of a summary of the notice or by both when in the official's judgment the public interest will be served.

(2) The summary of the notice must be read without a reference to any person by name who is then a candidate for political office.

(3) The announcements may be made only by duly employed personnel of the station from which the broadcast emanates.

(4) Announcements by political subdivisions may be made only by stations situated within the county of origin of the legal notice unless a broadcast station does not exist in that county, in which case announcements may be made by a station or stations situated in any county other than the county of origin of the legal notice.

2-3-106. Period for which copy retained. Each radio or television station broadcasting any summary of a legal notice shall for a period of 6 months subsequent to such broadcast retain at its office a copy or transcription of the text of the summary as actually broadcast, which shall be available for public inspection.

2-3-107. Proof of publication by broadcast. Proof of publication of a summary of any notice by radio or television broadcast shall be by affidavit of the manager, an assistant manager, or a program director of the radio or television station broadcasting the same.

2-3-108 through 2-3-110 reserved.

2-3-111. Opportunity to submit views -- public hearings. (1) Procedures for assisting public participation must include a method of affording interested persons reasonable opportunity to submit data, views, or arguments, orally or in written form, prior to making a final decision that is of significant interest to the public.

(2) When a state agency other than the board of regents proposes to take an action that directly impacts a specific community or area and a public hearing is held, the hearing must be held in an accessible facility in the impacted community or area or in the nearest community or area with an accessible facility.

2-3-112. Exceptions. The provisions of 2-3-103 and 2-3-111 do not apply to:

(1) an agency decision that must be made to deal with an emergency situation affecting the public health, welfare, or safety;

(2) an agency decision that must be made to maintain or protect the interests of the agency, including but not limited to the filing of a lawsuit in a court of law or becoming a party to an administrative proceeding; or

(3) a decision involving no more than a ministerial act.

2-3-113. Declaratory rulings to be published. The declaratory rulings of any board, bureau, commission, department, authority, agency, or officer of the state which is not subject to the Montana Administrative Procedure Act shall be published and be subject to judicial review as provided under 2-4-623(6) and 2-4-501, respectively.

2-3-114. Enforcement. The district courts of the state have jurisdiction to set aside an agency decision under this part upon petition of any person whose rights have been prejudiced. A petition pursuant to this section must be filed within 30 days of the date on which the petitioner learns, or reasonably should have learned, of the agency's decision.

Part 2

Open Meetings

2-3-201. Legislative intent -- liberal construction. The legislature finds and declares that public boards, commissions, councils, and other public agencies in this state exist to aid in the conduct of the peoples' business. It is the intent of this part that actions and deliberations of all public agencies shall be conducted openly. The people of the state do not wish to abdicate their sovereignty to the agencies which serve them. Toward these ends, the provisions of the part shall be liberally construed.

2-3-202. Meeting defined. As used in this part, "meeting" means the convening of a quorum of the constituent membership of a public agency or association described in 2-3-203, whether corporal or by means of electronic equipment, to hear, discuss, or act upon a matter over which the agency has supervision, control, jurisdiction, or advisory power.

2-3-203. Meetings of public agencies and certain associations of public agencies to be open to public -- exceptions. (1) All meetings of public or governmental bodies, boards, bureaus, commissions, agencies of the state, or any political subdivision of the state or organizations or agencies supported in whole or in part by public funds or expending public funds, including the supreme court, must be open to the public.

(2) All meetings of associations that are composed of public or governmental bodies referred to in subsection (1) and that regulate the rights, duties, or privileges of any individual must be open to the public.

(3) The presiding officer of any meeting may close the meeting during the time the discussion relates to a matter of individual privacy and then if and only if the presiding officer determines that the demands of individual privacy clearly exceed the merits of public disclosure. The right of individual privacy may be waived by the individual about whom the discussion pertains and, in that event, the meeting must be open.

(4) (a) Except as provided in subsection (4)(b), a meeting may be closed to discuss a strategy to be followed with respect to litigation when an open meeting would have a detrimental effect on the litigating position of the public agency.

(b) A meeting may not be closed to discuss strategy to be followed in litigation in which the only parties are public bodies or associations described in subsections (1) and (2).

(5) The supreme court may close a meeting that involves judicial deliberations in an adversarial proceeding.

(6) Any committee or subcommittee appointed by a public body or an association described in subsection (2) for the purpose of conducting business that is within the jurisdiction of that agency is subject to the requirements of this section.

2-3-204 through 2-3-210 reserved.

2-3-211. Recording. Accredited press representatives may not be excluded from any open meeting under this part and may not be prohibited from taking photographs, televising, or recording such meetings. The presiding officer may assure that such activities do not interfere with the conduct of the meeting.

2-3-212. Minutes of meetings -- public inspection. (1) Appropriate minutes of all meetings required by 2-3-203 to be open shall be kept and shall be available for inspection by the public.

(2) Such minutes shall include without limitation:

(a) date, time, and place of meeting;

(b) a list of the individual members of the public body, agency, or organization in attendance;

(c) the substance of all matters proposed, discussed, or decided; and

(d) at the request of any member, a record by individual members of any votes taken.

2-3-213. Voidability. Any decision made in violation of 2-3-203 may be declared void by a district court having jurisdiction. A suit to void a decision must be commenced within 30 days of the date on which the plaintiff or petitioner learns, or reasonably should have learned, of the agency's decision.

2-3-214 through 2-3-220 reserved.

2-3-221. Costs to plaintiff in certain actions to enforce constitutional right to know. A plaintiff who prevails in an action brought in district court to enforce the plaintiff's rights under Article II, section 9, of the Montana constitution may be awarded costs and reasonable attorney fees.

Part 3

Use of Electronic Mail Systems

2-3-301. Agency to accept public comment electronically -- dissemination of electronic mail address and documents required -- prohibiting fees. (1) An agency that accepts public comment pursuant to a statute, administrative rule, or policy, including an agency adopting rules pursuant to the Montana Administrative Procedure Act or an agency to which 2-3-111 applies, shall provide for the receipt of public comment by the agency by use of an electronic mail system.

(2) As part of the agency action required by subsection (1), an agency shall disseminate by appropriate media its electronic mail address to which public comment may be made, including dissemination in:

- (a) rulemaking notices published pursuant to the Montana Administrative Procedure Act;
- (b) the telephone directory of state agencies published by the department of administration;
- (c) any notice of agency existence, purpose, and operations published on the internet world wide web, popularly known as a "website", used by the agency; or
- (d) any combination of the methods of dissemination provided in subsections (2)(a) through (2)(c).

(3) An agency shall, at the request of another agency or person and subject to 2-6-102, disseminate the electronic documents to that agency or person by electronic mail in place of surface mail. An agency may not charge a fee for providing documents by electronic mail in accordance with this subsection.

(4) An agency that receives electronic mail pursuant to subsection (1) shall retain the electronic mail as either an electronic or a paper copy to the same extent that other comments are retained.

(5) As used in this section, "agency" means a department, division, bureau, office, board, commission, authority, or other agency of the executive branch of state government.

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Investment Reports

ALLOCATION REPORT

Retirement Systems Asset Allocations as of 3/31/11										
<u>Pension Fund</u>	<u>MDEP</u>	<u>MTIP</u>	<u>MPEP</u>	<u>Total Equity</u>	<u>RFBP</u>	<u>STIP</u>	<u>Mtgs</u>	<u>Real Estate</u>		<u>Total Assets</u>
								<u>Direct</u>	<u>Pool</u>	
PUBLIC EMPLOYEES	37.0%	18.8%	12.0%	67.8%	24.3%	1.2%	0.4%	0.2%	6.0%	\$ 3,889,873,873
TEACHERS	37.1%	18.8%	12.1%	68.0%	24.3%	1.0%	0.4%	0.3%	6.0%	\$ 2,909,731,141
POLICE	37.1%	18.8%	12.1%	68.0%	24.8%	1.2%			6.0%	\$ 215,703,425
SHERIFFS	36.9%	18.7%	12.0%	67.6%	24.6%	1.9%			6.0%	\$ 207,105,325
FIREFIGHTERS	37.0%	18.8%	12.1%	67.9%	24.8%	1.3%			6.0%	\$ 214,071,469
HIGHWAY PATROL	37.1%	18.8%	12.1%	68.0%	24.8%	1.3%			6.0%	\$ 97,370,304
GAME WARDENS	36.7%	18.6%	12.0%	67.3%	24.4%	2.3%			6.0%	\$ 91,460,008
JUDGES	36.9%	18.7%	12.0%	67.5%	24.5%	2.0%			6.0%	\$ 62,559,549
VOL FIREFIGHTERS	37.3%	18.9%	12.1%	68.3%	24.9%	0.8%			6.0%	\$ 25,500,009
TOTAL	37.0%	18.8%	12.1%	67.9%	24.3%	1.2%	0.4%	0.2%	6.0%	\$ 7,713,375,103
Approved Range	30 - 50%	15 - 30%	9 - 15%	60 - 70%	22 - 32%	1 - 5%	0 - 4%	0 - 1%	4-10%	

Retirement Systems Asset Allocations as of 6/30/11										
<u>Pension Fund</u>	<u>MDEP</u>	<u>MTIP</u>	<u>MPEP</u>	<u>Total Equity</u>	<u>RFBP</u>	<u>STIP</u>	<u>Mtgs</u>	<u>Real Estate</u>		<u>Total Assets</u>
								<u>Direct</u>	<u>Pool</u>	
PUBLIC EMPLOYEES	36.5%	18.5%	12.3%	67.3%	24.7%	1.5%	0.0%	0.0%	6.5%	\$ 3,930,390,589
TEACHERS	36.5%	18.5%	12.3%	67.4%	24.7%	1.4%	0.0%	0.0%	6.5%	\$ 2,940,482,398
POLICE	36.6%	18.6%	12.4%	67.6%	24.8%	1.2%			6.4%	\$ 217,067,875
SHERIFFS	36.3%	18.4%	12.2%	67.0%	24.3%	2.3%			6.4%	\$ 210,815,214
FIREFIGHTERS	36.6%	18.6%	12.3%	67.5%	24.8%	1.3%			6.4%	\$ 215,775,342
HIGHWAY PATROL	36.5%	18.5%	12.3%	67.4%	24.7%	1.6%			6.4%	\$ 98,521,582
GAME WARDENS	36.2%	18.4%	12.3%	66.9%	24.3%	2.4%			6.4%	\$ 93,925,828
JUDGES	36.4%	18.5%	12.3%	67.1%	24.4%	2.1%			6.4%	\$ 63,496,968
VOL FIREFIGHTERS	34.7%	17.6%	11.6%	64.0%	23.8%	6.2%			6.1%	\$ 27,010,041
TOTAL	36.5%	18.5%	12.3%	67.3%	24.7%	1.5%	0.0%	0.0%	6.5%	\$ 7,797,485,837
Approved Range	30 - 50%	15 - 30%	9 - 15%	60 - 70%	22 - 32%	1 - 5%	0 - 4%	0 - 1%	4-10%	

Change From Last Quarter										
<u>Pension Fund</u>	<u>MDEP</u>	<u>MTIP</u>	<u>MPEP</u>	<u>Total Equity</u>	<u>RFBP</u>	<u>STIP</u>	<u>Mtgs</u>	<u>Real Estate</u>		<u>Total Assets</u>
								<u>Direct</u>	<u>Pool</u>	
PUBLIC EMPLOYEES	-0.5%	-0.3%	0.3%	-0.5%	0.3%	0.2%	-0.4%	-0.2%	0.5%	40,516,716
TEACHERS	-0.5%	-0.3%	0.2%	-0.6%	0.4%	0.4%	-0.4%	-0.3%	0.5%	30,751,257
POLICE	-0.4%	-0.2%	0.3%	-0.4%	-0.1%	0.0%			0.4%	1,364,450
SHERIFFS	-0.6%	-0.3%	0.2%	-0.6%	-0.2%	0.4%			0.4%	3,709,889
FIREFIGHTERS	-0.5%	-0.3%	0.3%	-0.5%	0.0%	0.0%			0.4%	1,703,873
HIGHWAY PATROL	-0.6%	-0.3%	0.2%	-0.6%	-0.1%	0.3%			0.4%	1,151,278
GAME WARDENS	-0.5%	-0.3%	0.3%	-0.5%	-0.1%	0.2%			0.4%	2,465,820
JUDGES	-0.5%	-0.2%	0.3%	-0.4%	-0.1%	0.1%			0.4%	937,419
VOL FIREFIGHTERS	-2.5%	-1.3%	-0.5%	-4.4%	-1.2%	5.5%			0.1%	1,510,032
TOTAL	-0.5%	-0.3%	0.3%	-0.5%	0.3%	0.3%	-0.4%	-0.2%	0.5%	84,110,734

Allocations During Quarter					
<u>MDEP</u>	<u>MTIP</u>	<u>MPEP</u>	<u>Total Equity</u>	<u>RFBP</u>	<u>Real Estate</u>
(\$6,645,000)	(\$6,240,000)	(\$29,760,000)	(\$42,645,000)		\$0
Net New Investments for Quarter					(\$31,845,000)

ALLOCATION REPORT

Retirement Systems Asset Allocations as of 6/30/10										
Pension Fund	MDEP	MTIP	MPEP	Total			Real Estate			Total Assets
				Equity	RFBP	STIP	Mtgs	Direct	Pool	
PUBLIC EMPLOYEES	33.7%	16.7%	13.0%	63.5%	28.4%	1.8%	0.6%	0.3%	5.4%	\$ 3,304,243,795
TEACHERS	33.7%	16.7%	13.1%	63.5%	28.5%	1.6%	0.7%	0.3%	5.4%	\$ 2,491,322,409
POLICE	33.9%	16.7%	13.2%	63.7%	29.4%	1.4%			5.4%	\$ 175,814,321
SHERIFFS	33.8%	16.7%	12.8%	63.3%	28.6%	2.8%			5.4%	\$ 172,089,117
FIREFIGHTERS	33.8%	16.8%	13.1%	63.7%	29.2%	1.6%			5.4%	\$ 173,192,031
HIGHWAY PATROL	33.7%	16.7%	13.0%	63.5%	29.2%	1.9%			5.4%	\$ 82,525,737
GAME WARDENS	33.4%	17.0%	12.6%	62.9%	28.0%	3.7%			5.4%	\$ 73,774,470
JUDGES	33.6%	16.7%	12.8%	63.1%	28.7%	2.8%			5.4%	\$ 52,400,547
VOL FIREFIGHTERS	32.1%	15.8%	12.4%	60.3%	28.2%	6.5%			5.0%	\$ 22,595,537
TOTAL	33.7%	16.7%	13.1%	63.5%	28.5%	1.8%	0.5%	0.3%	5.4%	\$ 6,547,957,966
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 6/30/11										
Pension Fund	MDEP	MTIP	MPEP	Total			Real Estate			Total Assets
				Equity	RFBP	STIP	Mtgs	Direct	Pool	
PUBLIC EMPLOYEES	36.5%	18.5%	12.3%	67.3%	24.7%	1.5%	0.0%	0.0%	6.5%	3,930,390,589
TEACHERS	36.5%	18.5%	12.3%	67.4%	24.7%	1.4%	0.0%	0.0%	6.5%	2,940,482,398
POLICE	36.6%	18.6%	12.4%	67.6%	24.8%	1.2%			6.4%	217,067,875
SHERIFFS	36.3%	18.4%	12.2%	67.0%	24.3%	2.3%			6.4%	210,815,214
FIREFIGHTERS	36.6%	18.6%	12.3%	67.5%	24.8%	1.3%			6.4%	215,775,342
HIGHWAY PATROL	36.5%	18.5%	12.3%	67.4%	24.7%	1.6%			6.4%	98,521,582
GAME WARDENS	36.2%	18.4%	12.3%	66.9%	24.3%	2.4%			6.4%	93,925,828
JUDGES	36.4%	18.5%	12.3%	67.1%	24.4%	2.1%			6.4%	63,496,968
VOL FIREFIGHTERS	34.7%	17.6%	11.6%	64.0%	23.8%	6.2%			6.1%	27,010,041
TOTAL	36.5%	18.5%	12.3%	67.3%	24.7%	1.5%	0.0%	0.0%	6.5%	7,797,485,837
Approved Range	30 - 50%	15 - 30%	9 - 15%	60 - 70%	22 - 32%	1 - 5%	0 - 4%	0 - 1%	4 - 10%	

Change From Last Year										
Pension Fund	MDEP	MTIP	MPEP	Total			Real Estate			Total Assets
				Equity	RFBP	STIP	Mtgs	Direct	Pool	
PUBLIC EMPLOYEES	2.8%	1.8%	-0.7%	3.9%	-3.8%	-0.4%	-0.6%	-0.3%	1.1%	626,146,794
TEACHERS	2.8%	1.9%	-0.8%	3.9%	-3.8%	-0.2%	-0.7%	-0.3%	1.1%	449,159,989
POLICE	2.8%	1.9%	-0.8%	3.8%	-4.7%	-0.2%			1.0%	41,253,555
SHERIFFS	2.5%	1.8%	-0.6%	3.7%	-4.2%	-0.5%			1.0%	38,726,096
FIREFIGHTERS	2.8%	1.8%	-0.8%	3.8%	-4.5%	-0.3%			1.0%	42,583,311
HIGHWAY PATROL	2.8%	1.8%	-0.7%	3.8%	-4.5%	-0.3%			1.0%	15,995,845
GAME WARDENS	2.8%	1.4%	-0.3%	3.9%	-3.7%	-1.2%			1.0%	20,151,357
JUDGES	2.8%	1.8%	-0.6%	4.0%	-4.3%	-0.7%			1.0%	11,096,421
VOL FIREFIGHTERS	2.6%	1.8%	-0.8%	3.7%	-4.5%	-0.3%			1.1%	4,414,504
TOTAL	2.8%	1.8%	-0.7%	3.9%	-3.9%	-0.3%	-0.5%	-0.3%	1.1%	1,249,527,871

Allocations During Year					
MDEP	MTIP	MPEP	Total Equity	RFBP	Real Estate
(\$47,335,000)	\$21,760,000	(\$71,235,000)	(\$96,810,000)	(\$11,660,000)	\$76,150,000
Net New Investments for Year					→ (\$32,320,000)

Montana Board of Investments

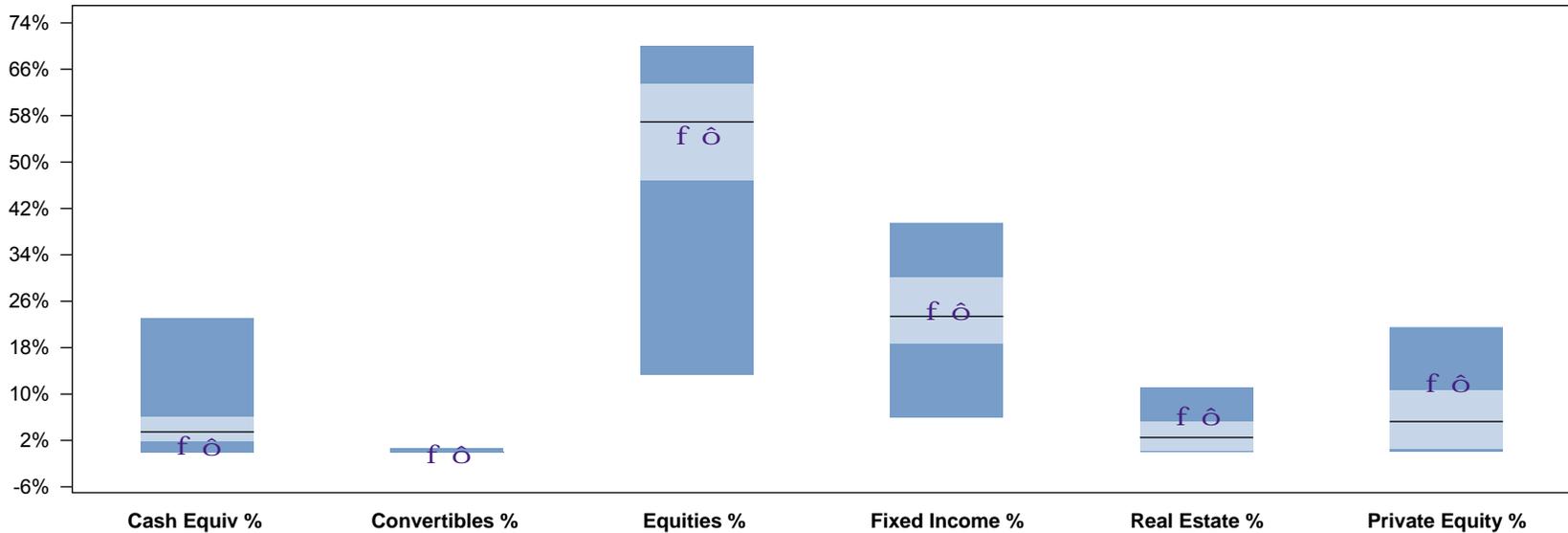
Public Funds (DB) > \$1 Billion(SSE)

PERIOD ENDING June 30, 2011



STATE STREET

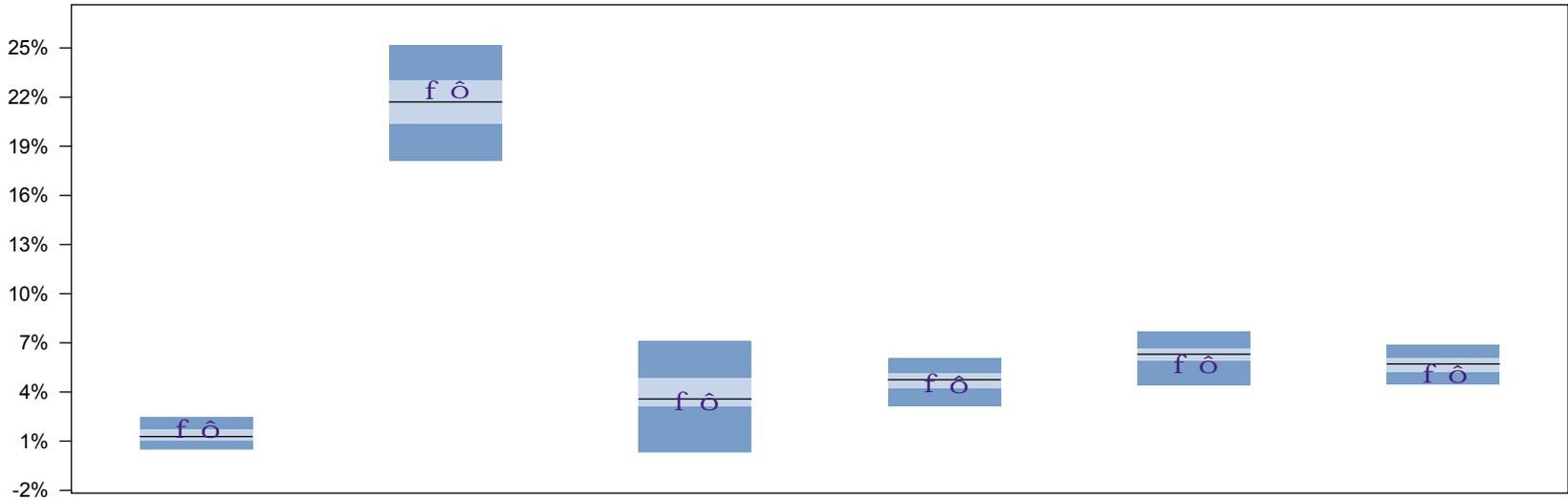
ALLOCATION



	Cash Equiv %	Convertibles %	Equities %	Fixed Income %	Real Estate %	Private Equity %
5th Percentile	23.12	0.72	69.98	39.53	11.13	21.54
25th Percentile	6.18	0.01	63.56	30.23	5.26	10.75
50th Percentile	3.48	0.00	56.92	23.39	2.51	5.27
75th Percentile	1.84	0.00	46.71	18.61	0.12	0.44
95th Percentile	0.03	0.00	13.31	5.98	0.00	0.00
No. of Obs	57	57	57	57	57	57
f PUBLIC EMPLOYEES RET	1.47 83	0.00 32	54.99 57	24.71 48	6.52 14	12.31 21
o TEACHERS RETIREMENT	1.38 85	0.00 32	55.03 56	24.75 45	6.54 14	12.31 21

Montana Board of Investments

Public Funds (DB) > \$1 Billion (SSE) - MBOI PERS - TRS UNIVERSE
 PERIOD ENDING June 30, 2011



	Total Fund Return 1 Qtr	Total Fund Return 1 Yr	Total Fund Return 3 Yrs	Total Fund Return 5 Yrs	Total Fund Return 7 Yrs	Total Fund Return 10 Yrs
No. of Obs	55	53	55	54	54	54
5th Percentile	2.48	25.15	7.11	6.05	7.68	6.91
25th Percentile	1.76	23.04	4.85	5.13	6.69	6.12
50th Percentile	1.28	21.70	3.57	4.75	6.30	5.71
75th Percentile	1.00	20.38	3.08	4.22	5.91	5.20
95th Percentile	0.50	18.13	0.31	3.14	4.42	4.49
f PUBLIC EMPLOYEES RET	1.87 19	22.58 35	3.54 52	4.65 53	5.81 79	5.25 73
o TEACHERS RETIREMENT	1.87 19	22.63 31	3.55 51	4.64 53	5.81 79	5.25 73

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: Clifford A. Sheets, Chief Investment Officer
Date: August 16, 2011
Subject: Montana Private Equity Pool [MPEP]

Following this memo are the items listed below:

(i) **Montana Private Equity Pool Review:**
Comprehensive overview of the private equity portfolio.

(ii) **New Commitments:**
The table below summarizes the investment decisions made by Staff since the last Board meeting. An additional commitment of \$15M was made to Lexington Capital Partners on the final close, increasing our total commitment to Lexington VII to \$45M. ArcLight Energy Partners is an existing manager while Summit Partners is a new relationship. The investment briefs summarizing these funds and the general partners follow.

Fund Name	Vintage	Subclass	Sector	Amount	Date
ArcLight Energy Partners V	2011	Buyout	Energy	\$20M	06/22/11
Lexington Capital Partners VII	2008	Secondary	Diverse	Add'l \$15M	05/24/11
Summit Partners Growth Equity VIII	2011	Buyout	Diverse	\$20M	06/29/11

(iii) **Portfolio Index Comparison:**
Table comparing the performance of the private equity portfolio to the State Street Private Equity IndexTM.

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: Clifford A. Sheets, Chief Investment Officer
Date: August 16, 2011
Subject: Montana Real Estate Pool [MTRP]

Attached to this memo are the following reports:

- (i) **Montana Real Estate Pool Review:**
Comprehensive overview of the real estate portfolio.

- (ii) **New Commitments:**
The table below summarizes the investment decisions made by Staff since the last Board meeting. Three additions were made to an existing core manager in the Trust Fund Investment Pool (TFIP), completing our planned real estate investments for now in TFIP. A new commitment was made to an existing manager (DRA) in the Value Add segment within the real estate pool.

Fund Name	Pool	Subclass	Sector	Amount	Date of Decision or Funding Date - Core
DRA Growth & Income Fund VII, L.L.C.	MTRP	Value Add	Diverse	\$30 M	06/21/11
TIAA-CREF Asset Management Core Property Fund, LP	TFIP	Core	Diverse	\$1 M	6/1/11
TIAA-CREF Asset Management Core Property Fund, LP	TFIP	Core	Diverse	\$1 M	7/1/11
TIAA-CREF Asset Management Core Property Fund, LP	TFIP	Core	Diverse	\$368 K	8/1/11

IRR Benchmark Comparison (Since 1980)
As of March 31, 2011

By Investment Focus

Description	PIC	Montana	DPI	Montana	RVPI	Montana	TVPI	Montana	IRR	Montana
Buyout	0.75	0.74	0.71	0.76	0.72	0.66	1.43	1.42	13.34	11.63
Venture Capital	0.81	0.73	0.71	0.65	0.58	0.71	1.29	1.35	10.10	16.39
Other	0.79	0.83	0.61	0.81	0.77	0.58	1.38	1.38	12.67	23.47
Pooled IRR	0.76	0.75	0.69	0.76	0.70	0.65	1.40	1.41	12.74	12.72

By Origin

Description	PIC	Montana	DPI	Montana	RVPI	Montana	TVPI	Montana	IRR	Montana
US	0.77	0.76	0.73	0.77	0.69	0.66	1.42	1.43	12.77	13.03
Non-US	0.75	0.67	0.59	0.62	0.76	0.56	1.35	1.18	12.62	6.63
Pooled IRR	0.76	0.75	0.69	0.76	0.70	0.65	1.40	1.41	12.74	12.72

By Vintage Year

Description	PIC	Montana	DPI	Montana	RVPI	Montana	TVPI	Montana	IRR	Montana
1990	1.01	1.04	2.45	2.40	0.02	0.02	2.46	2.41	18.54	27.63
1991	0.98	1.07	2.83	2.29	0.00	0.01	2.83	2.30	27.30	24.24
1992	0.99	N/A	2.28	N/A	0.00	N/A	2.28	N/A	23.49	N/A
1993	0.99	1.03	2.30	2.22	0.01	0.01	2.31	2.22	25.19	23.25
1994	0.96	N/A	2.50	N/A	0.01	N/A	2.50	N/A	26.13	N/A
1995	0.92	N/A	1.96	N/A	0.02	N/A	1.97	N/A	21.54	N/A
1996	0.98	1.05	1.68	1.64	0.03	0.07	1.71	1.70	13.18	14.94
1997	0.99	1.05	1.51	1.81	0.09	0.07	1.60	1.88	10.83	15.21
1998	0.98	1.11	1.29	1.26	0.09	0.11	1.38	1.37	6.97	6.28
1999	0.95	1.02	1.09	1.66	0.20	0.27	1.29	1.92	5.73	14.96
2000	0.96	1.01	1.30	1.19	0.29	0.33	1.59	1.52	11.13	9.18
2001	0.98	1.00	1.31	1.09	0.42	0.54	1.73	1.63	16.56	14.91
2002	0.98	0.98	1.28	1.23	0.44	0.34	1.72	1.57	20.90	26.85
2003	0.95	0.96	1.17	0.52	0.67	0.72	1.84	1.25	21.66	5.58
2004	0.96	0.87	0.84	0.74	0.76	0.77	1.60	1.51	15.74	14.13
2005	0.92	0.92	0.45	0.34	0.92	0.92	1.37	1.26	10.06	7.25
2006	0.85	0.79	0.17	0.14	0.91	0.92	1.08	1.06	2.59	2.00
2007	0.70	0.80	0.14	0.36	1.01	0.64	1.16	1.00	6.31	-0.03
2008	0.49	0.44	0.12	0.12	1.08	1.13	1.20	1.25	11.01	14.32
2009	0.39	0.41	0.15	0.01	1.03	1.25	1.18	1.26	17.76	30.62
2010	0.25	0.21	0.01	0.01	1.02	0.95	1.03	0.96	5.85	-8.31
2011 Q1	N/A		N/A		N/A		N/A		NA	N/A
Pooled IRR	0.76	0.75	0.69	0.76	0.70	0.65	1.40	1.41	12.74	12.72

Based on data compiled from 1,961 Private Equity funds, including fully liquidated partnerships, formed between 1980 to 2011.

IRR: Pooled Average IRR is net of fees, expenses and carried interest.

Montana Board of Investments

Private Equity Board Report

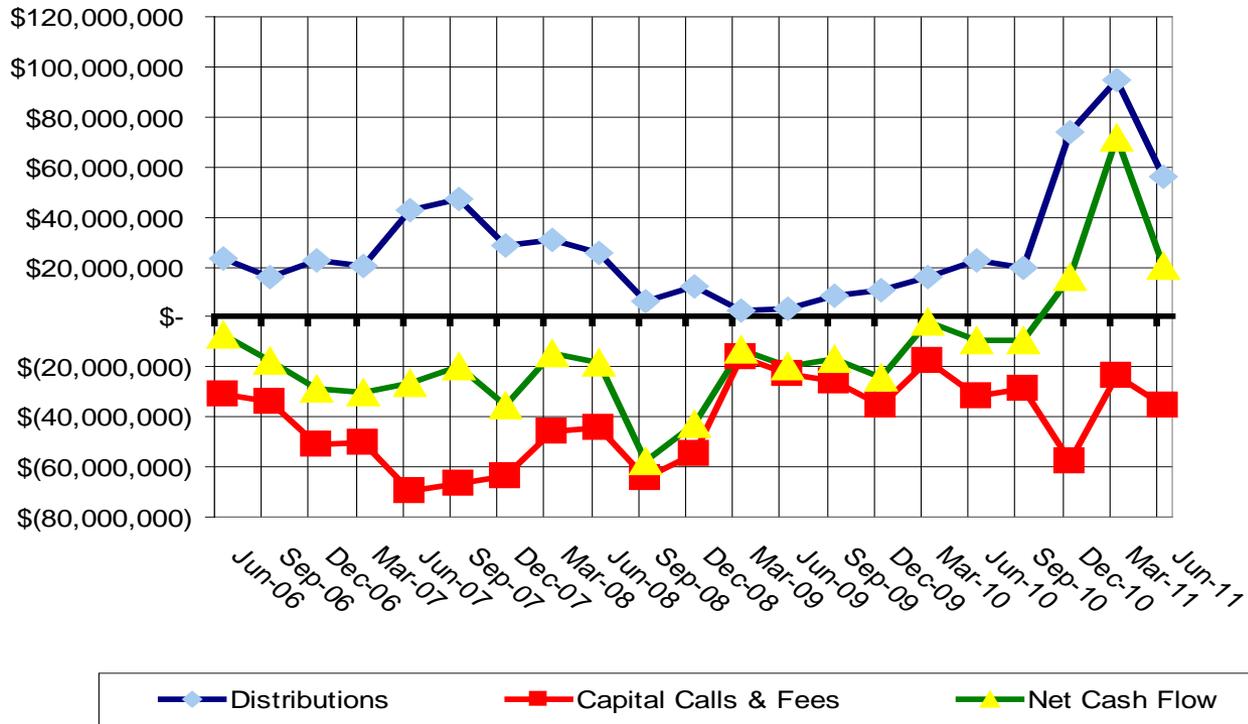
Q1 2011

Contents

- **Quarterly Cash Flow Chart**
- **Strategy – Total Exposure Chart**
- **Industry – Market Value Exposure Chart**
- **Geography – Total Exposure Chart**
- **Investment Vehicle – Total Exposure Chart**
- **Periodic Return Comparison**
- **LPs by Family of Funds Table**

MPEP Quarterly Cash Flows June 30, 2006 through June 30, 2011

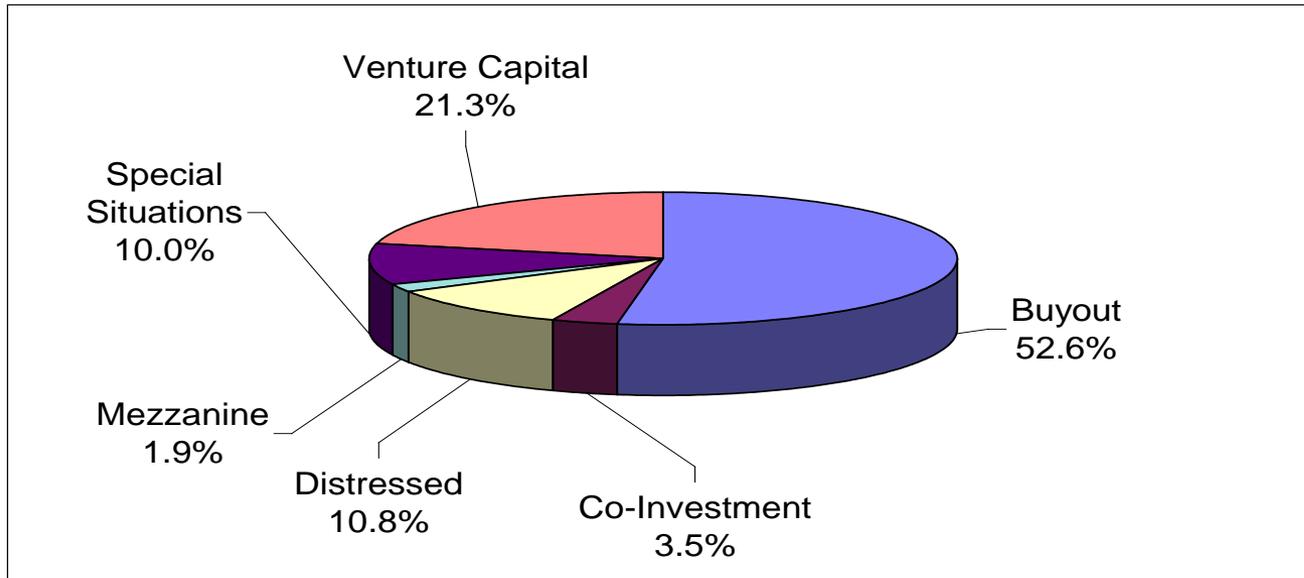
MPEP Cash Flows



Distribution activity continued at an above normal pace during the June quarter as capital market conditions remained supportive of M&A activity. Capital calls also picked up somewhat for a net cash flow into the pool of approximately \$20 million.

Q1 2011 Strategy – Total Exposure

Montana Private Equity Pool Strategy Total Exposure by Market Value & Remaining Commitments (Fund of Funds broken out) *(since inception through March 31, 2011)*

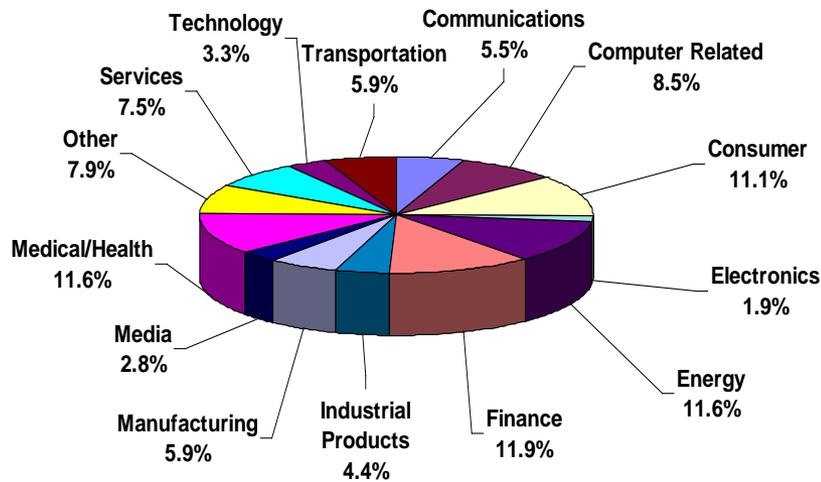


Strategy	Remaining Commitments	Percentage	Market Value	Percentage	Total Exposure	Percentage
Buyout	\$293,348,998	57.6%	\$469,960,870	49.9%	\$763,309,867	52.6%
Co-Investment	\$13,394,346	2.6%	\$36,922,741	3.9%	\$50,317,087	3.5%
Distressed	\$43,002,256	8.4%	\$113,368,030	12.0%	\$156,370,287	10.8%
Mezzanine	\$5,963,043	1.2%	\$22,250,758	2.4%	\$28,213,801	1.9%
Special Situations	\$58,756,743	11.5%	\$86,104,835	9.1%	\$144,861,578	10.0%
Venture Capital	\$95,246,925	18.7%	\$213,867,941	22.7%	\$309,114,865	21.3%
Total	\$509,712,311	100.0%	\$942,475,175	100.0%	\$1,452,187,486	100.0%

The portfolio is well diversified by strategy, with the most significant strategy weight consisting of Buyout at 52.6% of total exposure. When combined with co-investment and special situation strategies, the overall exposure to buyout strategies approximates two-thirds of the total exposure. Strategic allocations are expected to remain relatively stable going forward, though the distressed allocation may continue to decline in the near term given the ongoing liquidation of mature funds in this category.

Q1 2011 Industry – Market Value Exposure

Montana Private Equity Pool Underlying Investment Industry Exposure, by Market Value *(since inception through March 31,2011)*



Industry	Investments, At Market Value	Percentage
Communications	\$50,749,811	5.5%
Computer Related	\$78,215,840	8.5%
Consumer	\$102,623,842	11.1%
Electronics	\$17,596,600	1.9%
Energy	\$107,267,895	11.6%
Finance	\$109,722,315	11.9%
Industrial Products	\$40,956,088	4.4%
Manufacturing	\$54,218,739	5.9%
Media	\$26,048,319	2.8%
Medical/Health	\$106,882,733	11.6%
Other	\$72,731,225	7.9%
Services	\$69,173,307	7.5%
Technology	\$30,664,414	3.3%
Transportation	\$54,175,415	5.9%
Total	\$921,026,541	100%

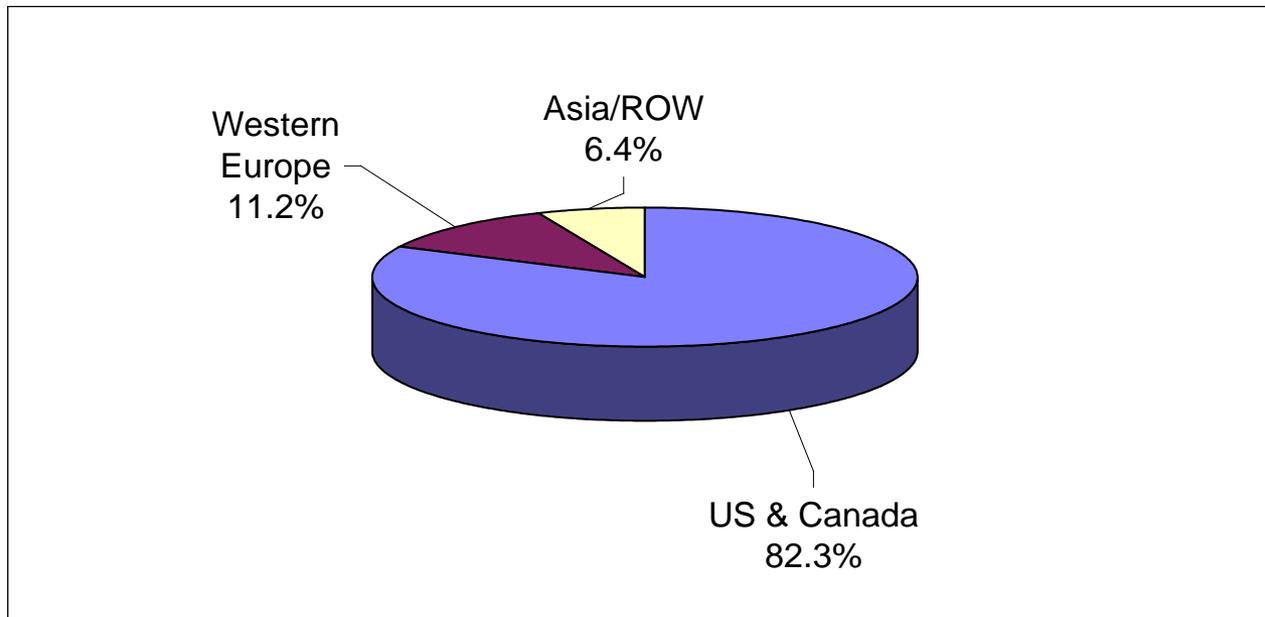
The portfolio is broadly diversified by industry diversification, with Finance, Medical/Health, and Energy representing the highest weights. With the exception of energy and technology-related industries, the portfolio's underlying managers tend to be multi-sector investors. Thus, the composition of the portfolio by industry is and will continue to be driven by manager investment origination success rather than a function of Board staff's desire to over or underweight a specific industry.

Q1 2011 Geography – Total Exposure

Montana Private Equity Pool

Investment Geography Exposure by Market Value & Remaining Commitments

(since inception through March 31, 2011)



The portfolio's predominate geographic exposure is to developed North America, with 82.3% of market value and uncalled capital domiciled in or targeted for the U.S. and Canada. A similar geographic profile is expected to be maintained in the near term. International investments will be made largely through fund of funds given that internal resources are not adequate to support a consistent and competent global fund-sourcing effort.

Geography	Remaining Commitments ⁽¹⁾	Percentage	Market Value ⁽²⁾	Percentage	Total Exposure	Percentage
US & Canada	\$ 448,269,375	87.9%	\$ 729,631,536	79.2%	\$ 1,177,900,911	82.3%
Western Europe	\$ 33,127,438	6.5%	\$ 127,677,137	13.9%	\$ 160,804,575	11.2%
Asia/ROW	\$ 28,315,498	5.6%	\$ 63,717,866	6.9%	\$ 92,033,363	6.4%
Total	\$ 509,712,311	100.0%	\$ 921,026,541	100.0%	\$ 1,430,738,850	100.0%

⁽¹⁾ Remaining commitments are based upon the investment location of the partnerships.

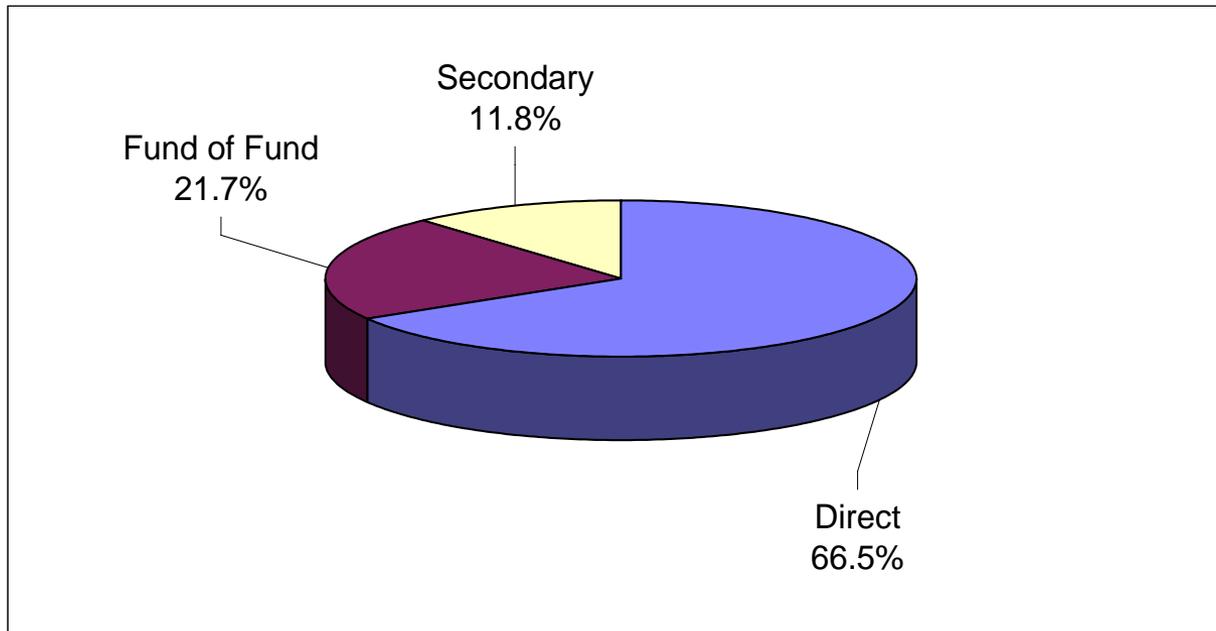
⁽²⁾ Market Value represents the aggregate market values of the underlying investment companies of the partnerships.

Q1 2011 Investment Vehicle – Total Exposure

Montana Private Equity Pool

Investment Vehicle Exposure by Market Value & Remaining Commitments

(since inception through March 31, 2011)



The portfolio is invested primarily through direct private equity commitments. To the extent that the quality of managers invested with directly is comparable to the quality of managers available through a fund of funds, a direct strategy should outperform fund of funds due to a reduced fee burden. In future periods, the portfolio is likely to depend primarily upon fund of funds managers for international investments as well as for exposure to domestic venture capital, while most non-venture domestic exposure will be accessed directly.

Investment Vehicle	Remaining Commitments	Percentage	Market Value	Percentage	Total Exposure	Percentage
Direct	\$ 347,563,696	68.2%	\$ 617,889,804	65.6%	\$ 965,453,500	66.5%
Fund of Fund	\$ 106,165,592	20.8%	\$ 209,322,365	22.2%	\$ 315,487,957	21.7%
Secondary	\$ 55,983,023	11.0%	\$ 115,263,006	12.2%	\$ 171,246,029	11.8%
Total	\$ 509,712,311	100.0%	\$ 942,475,175	100.0%	\$ 1,452,187,486	100.0%

Q1 2011 1 – 3 – 5 Year Periodic Return Comparison

Montana Board of Investments Periodic Return Comparison

For the Period Ended March 31, 2011

Description	Current					1 Year Return	3 Year Return	5 Year Return
	Count	Ending Market Value	Inv Multiple	IRR ¹	Contribution to IRR	IRR	IRR	IRR
Total	124	942,475,175	1.41	12.72	12.72	20.63	3.68	7.75
<i>Adams Street Funds</i>	34	191,007,690	1.47	12.89	3.15	21.32	2.07	7.32
ASP - Direct VC Funds	4	30,407,607	1.51	15.72	0.71	35.07	1.98	6.84
ASP - Secondary Funds	7	18,905,353	1.68	43.95	0.49	25.20	8.81	10.23
ASP - U.S. Partnership Funds	14	122,696,063	1.42	10.20	1.69	17.80	1.86	6.62
ASP Non-US Partnership Funds	9	18,998,667	1.52	12.04	0.27	18.04	(2.90)	10.69
<i>Buyout</i>	30	300,223,814	1.49	11.55	5.12	23.27	2.74	7.98
<i>Co-Investment</i>	2	36,922,741	1.21	7.92	0.19	33.10	4.35	N/A
<i>Distressed</i>	9	111,959,760	1.40	26.30	1.76	13.55	11.67	11.95
<i>Mezzanine</i>	3	19,280,016	1.24	7.29	0.11	(7.49)	(0.70)	4.12
<i>Non-US Private Equity</i>	6	40,962,837	1.35	12.48	0.53	30.50	(2.61)	5.32
<i>Secondary</i>	7	96,357,653	1.32	14.07	0.94	23.65	3.71	8.95
<i>Special Situations</i>	6	72,134,402	1.25	8.19	0.50	18.94	5.82	8.06
<i>Venture Capital</i>	27	73,626,262	1.23	16.85	0.41	18.51	3.71	2.37

1) Due to, among other things, the lack of a valuation standard in the private equity industry, differences in the pace of investment across funds and the understatement of returns in the early years of a fund's life, the internal rate of return information does not accurately reflect current or expected returns, and the internal rates of return and all other disclosures with respect to the Partnerships have not been prepared, reviewed or approved by the Partnerships, the General Partners, or any other affiliates.

The portfolio's trailing one-year IRR continued to improve, rising to 20.6% from 17.8% last quarter. The since inception investment multiple and IRR results rose to 1.41 and 12.72%, respectively, from 1.38 and 12.43%, respectively, at the end of the prior quarter. All strategy categories experienced improved trailing one-year IRR's with the exception of Distressed where the largest returns were posted earlier in the recovery after the end of the financial crisis.

Q1 2011 LPs by Family of Funds

Montana Board of Investments
LP's by Family of Funds
All Investments
As of March 31, 2011

Description	Vintage Year	Since Inception									
		Commitment	Capital Contributed for Investment	Management Fees	Remaining Commitment	% Capital Contributed/Committed	Capital Distributed	Ending Market Value	IRR ¹	Investment Multiple	Total Exposure
Total		1,937,363,174	1,357,613,615	93,932,717	509,712,311	74.92	1,101,156,870	942,475,175	12.72	1.41	1,452,187,486
Active		1,924,470,174	1,345,230,244	92,521,686	509,712,311	74.71	1,063,653,456	942,475,175	12.07	1.40	1,452,187,486
Adams Street Partners		327,129,264	281,578,497	28,190,063	28,820,031	94.69	265,408,342	191,007,690	12.89	1.47	219,827,721
Adams Street Partners Fund - U.S.		94,000,000	74,323,216	5,559,784	14,117,000	84.98	31,424,858	71,536,891	7.16	1.29	85,653,891
Adams Street - 2002 U.S. Fund, L.P.	2002	34,000,000	28,384,096	2,283,904	3,332,000	90.20	17,064,891	26,462,415	9.06	1.42	29,794,415
Adams Street - 2003 U.S. Fund, L.P.	2003	20,000,000	16,202,500	1,177,500	2,620,000	86.90	7,010,935	15,699,285	7.54	1.31	18,319,285
Adams Street - 2004 U.S. Fund, L.P.	2004	15,000,000	11,816,309	843,691	2,340,000	84.40	3,949,471	11,550,523	5.84	1.22	13,890,523
Adams Street - 2005 U.S. Fund, L.P.	2005	25,000,000	17,920,311	1,254,689	5,825,000	76.70	3,399,561	17,824,668	3.20	1.11	23,649,668
Adams Street Partners Fund - Non-U.S.		16,000,000	13,289,182	919,818	1,791,000	88.81	6,671,768	13,300,119	10.71	1.41	15,091,119
Adams Street - 2002 Non-U.S. Fund, L.P.	2002	6,000,000	5,378,236	387,764	234,000	96.10	4,541,017	4,998,921	14.70	1.65	5,232,921
Adams Street - 2004 Non-U.S. Fund, L.P.	2004	5,000,000	4,205,947	284,553	509,500	89.81	1,637,555	4,144,624	8.15	1.29	4,654,124
Adams Street - 2005 Non-U.S. Fund, L.P.	2005	5,000,000	3,704,999	247,501	1,047,500	79.05	493,196	4,156,574	5.11	1.18	5,204,074
Brinson Partnership Trust - Non-U.S.		9,809,483	9,511,339	1,068,332	367,319	107.85	12,386,870	5,831,402	13.98	1.72	6,198,721
Brinson Non-U.S. Trust-1999 Primary Fund	1999	1,524,853	1,474,957	166,069	119,071	107.62	2,249,252	492,409	11.22	1.67	611,480
Brinson Non-U.S. Trust-2000 Primary Fund	2000	1,815,207	1,815,207	197,691	0	110.89	2,732,664	793,799	12.86	1.75	793,799
Brinson Non-U.S. Trust-2001 Primary Fund	2001	1,341,612	1,341,612	146,113	0	110.89	1,835,115	604,720	12.50	1.64	604,720
Brinson Non-U.S. Trust-2002 Primary Fund	2002	1,696,452	1,696,452	184,757	0	110.89	1,185,275	1,732,435	10.57	1.55	1,732,435
Brinson Non-U.S. Trust-2002 Secondary	2002	637,308	601,542	69,408	35,766	105.28	1,387,203	132,854	26.62	2.27	168,620
Brinson Non-U.S. Trust-2003 Primary Fund	2003	1,896,438	1,725,867	206,537	170,571	101.90	2,411,566	1,360,334	22.53	1.95	1,530,905
Brinson Non-U.S. Trust-2004 Primary Fund	2004	897,613	855,702	97,757	41,911	106.22	585,795	714,851	9.62	1.36	756,762
Brinson Partnership Trust - U.S.		103,319,781	98,065,814	10,283,360	5,253,967	104.87	110,013,761	53,359,365	10.64	1.51	58,613,332
Brinson Partners - 1996 Fund	1996	3,950,740	3,708,316	458,028	242,424	105.46	6,824,237	275,278	14.94	1.70	517,702
Brinson Partners - 1997 Primary Fund	1997	3,554,935	3,554,935	412,662	0	111.61	14,267,325	271,668	71.47	3.66	271,668
Brinson Partners - 1998 Primary Fund	1998	7,161,019	7,122,251	831,217	38,768	111.07	10,241,853	867,331	6.72	1.40	906,099
Brinson Partners - 1998 Secondary Fund	1998	266,625	266,625	30,956	0	111.61	181,932	11,839	(7.38)	0.65	11,839
Brinson Partners - 1999 Primary Fund	1999	8,346,761	7,832,823	955,417	513,938	105.29	8,164,810	1,971,836	2.57	1.15	2,485,774
Brinson Partners - 2000 Primary Fund	2000	20,064,960	19,079,570	2,151,894	985,390	105.81	21,590,686	7,255,110	5.95	1.36	8,240,500
Brinson Partners - 2001 Primary Fund	2001	15,496,322	14,830,208	1,449,183	666,114	105.05	10,783,336	11,068,941	5.96	1.34	11,735,055
Brinson Partners - 2002 Primary Fund	2002	16,297,079	15,783,921	1,513,784	513,158	106.14	16,142,647	10,989,756	12.31	1.57	11,502,914
Brinson Partners - 2002 Secondary Fund	2002	2,608,820	2,498,592	236,393	110,228	104.84	3,259,035	1,489,365	13.96	1.74	1,599,593
Brinson Partners - 2003 Primary Fund	2003	15,589,100	14,472,981	1,416,621	1,116,119	101.93	12,721,591	10,387,693	10.62	1.45	11,503,812
Brinson Partners - 2003 Secondary Fund	2003	1,151,151	1,020,460	95,382	130,691	96.93	1,969,306	708,879	25.04	2.40	839,570
Brinson Partners - 2004 Primary Fund	2004	8,832,269	7,895,132	731,822	937,137	97.68	3,867,003	8,061,669	8.41	1.38	8,998,806

Q1 2011 LPs by Family of Funds - Continued

Montana Board of Investments
LP's by Family of Funds
All Investments
As of March 31, 2011

Description	Vintage Year	Since Inception									
		Commitment	Capital Contributed for Investment	Management Fees	Remaining Commitment	% Capital Contributed/Committed	Capital Distributed	Ending Market Value	IRR ¹	Investment Multiple	Total Exposure
Remaining ASP Funds		104,000,000	86,388,946	10,358,769	7,290,745	93.03	104,911,085	46,979,913	21.57	1.57	54,270,658
Adams Street Global Oppty Secondary Fund	2004	25,000,000	18,417,503	932,497	5,650,000	77.40	12,160,961	16,486,155	14.04	1.48	22,136,155
Adams Street V, L.P.	2003	40,000,000	34,623,478	4,776,522	600,000	98.50	15,427,106	26,727,162	1.50	1.07	27,327,162
Adams Street VPAF Fund II	1990	4,000,000	3,621,830	378,170	0	100.00	7,879,041	9,890	25.25	1.97	9,890
Brinson Venture Capital Fund III, L.P.	1993	5,000,000	4,045,656	954,344	0	100.00	15,622,448	12,520	40.47	3.13	12,520
Brinson VPF III	1993	5,000,000	4,488,559	530,671	0	100.38	15,024,708	63,333	29.47	3.01	63,333
Brinson VPF III - Secondary Interest	1999	5,000,000	4,820,288	198,942	0	100.38	8,307,583	63,741	41.47	1.67	63,741
BVCF III - Secondary Interest	1999	5,000,000	3,602,735	356,520	1,040,745	79.19	9,634,305	12,520	97.02	2.44	1,053,265
BVCF IV, L.P.	1999	15,000,000	12,768,897	2,231,103	0	100.00	20,854,933	3,604,592	6.63	1.63	3,604,592
Affinity Asia Capital		15,000,000	5,959,159	1,378,442	7,664,067	48.92	1,335,162	7,430,275	7.48	1.19	15,094,342
Affinity Asia Pacific Fund III, L.P.	2006	15,000,000	5,959,159	1,378,442	7,664,067	48.92	1,335,162	7,430,275	7.48	1.19	15,094,342
ArcLight Energy Partners		50,000,000	41,876,389	1,479,449	6,644,162	86.71	35,913,641	28,749,079	13.40	1.49	35,393,241
ArcLight Energy Partners Fund II, L.P.	2004	25,000,000	20,871,810	822,752	3,305,438	86.78	29,970,815	6,494,391	19.02	1.68	9,799,829
ArcLight Energy Partners Fund III, L.P.	2006	25,000,000	21,004,580	656,697	3,338,724	86.65	5,942,826	22,254,688	7.54	1.30	25,593,412
Austin Ventures		500,000	424,416	129,154	1	110.71	1,216,717	15,377	20.55	2.23	15,378
Austin Ventures III	1991	500,000	424,416	129,154	1	110.71	1,216,717	15,377	20.55	2.23	15,378
Avenue Investments		35,000,000	33,209,993	1,999,904	0	100.60	36,339,037	10,816,210	12.34	1.34	10,816,210
Avenue Special Situations Fund V, LP	2007	35,000,000	33,209,993	1,999,904	0	100.60	36,339,037	10,816,210	12.34	1.34	10,816,210
Axiom Asia Private Capital		25,000,000	3,839,793	547,260	20,651,431	17.55	0	5,094,563	19.79	1.16	25,745,994
Axiom Asia Private Capital II, LP	2009	25,000,000	3,839,793	547,260	20,651,431	17.55	0	5,094,563	19.79	1.16	25,745,994
Black Diamond Capital Management		25,000,000	0	0	25,000,000	0.00	0	0	N/A	0.00	25,000,000
BDCM Opportunity Fund III, L.P.	2011	25,000,000	0	0	25,000,000	0.00	0	0	N/A	0.00	25,000,000
Carlyle Partners		60,000,000	50,035,633	3,925,173	6,138,196	89.93	18,700,194	57,403,981	10.13	1.41	63,542,177
Carlyle Partners IV, L.P.	2005	35,000,000	31,662,839	1,382,483	2,053,680	94.42	18,531,191	33,092,504	11.52	1.56	35,146,184
Carlyle U.S. Growth Fund III, L.P.	2006	25,000,000	18,372,794	2,542,690	4,084,516	83.66	169,003	24,311,477	6.08	1.17	28,395,993
CCMP Associates		30,000,000	16,721,580	1,810,141	11,468,279	61.77	1,378,967	19,576,517	5.32	1.13	31,044,796
CCMP Capital Investors II, L.P.	2006	30,000,000	16,721,580	1,810,141	11,468,279	61.77	1,378,967	19,576,517	5.32	1.13	31,044,796
Centerbridge		37,500,000	10,752,565	184,935	26,562,500	29.17	229,340	15,871,337	35.41	1.47	42,433,837
Centerbridge Capital Partners II, L.P.	2011	25,000,000	0	0	25,000,000	0.00	0	0	N/A	0.00	25,000,000
Centerbridge Special Credit Partners	2009	12,500,000	10,752,565	184,935	1,562,500	87.50	229,340	15,871,337	35.41	1.47	17,433,837
CIVC Partners		25,000,000	2,933,949	776,996	21,383,726	14.84	90,925	3,497,754	(4.92)	0.97	24,881,480
CIVC Partners Fund IV, L.P.	2010	25,000,000	2,933,949	776,996	21,383,726	14.84	90,925	3,497,754	(4.92)	0.97	24,881,480
Energy Investors Funds		25,000,000	0	0	25,000,000	0.00	0	0	N/A	0.00	25,000,000
EIF US Power Fund IV, L.P.	2011	25,000,000	0	0	25,000,000	0.00	0	0	N/A	0.00	25,000,000
First Reserve		55,485,789	34,564,131	1,462,333	19,481,261	64.93	7,132,067	29,724,000	0.91	1.02	49,205,261
First Reserve Fund XI, L.P.	2006	30,000,000	21,886,612	834,654	7,300,670	75.74	5,887,390	19,430,000	3.64	1.11	26,730,670
First Reserve Fund XII, L.P.	2008	25,485,789	12,677,519	627,679	12,180,591	52.21	1,244,677	10,294,000	(8.49)	0.87	22,474,591

Q1 2011 LPs by Family of Funds - Continued

Montana Board of Investments
LP's by Family of Funds
All Investments
As of March 31, 2011

Description	Vintage Year	Since Inception										
		Capital Contributed for Investment	Management Fees	Remaining Commitment	% Capital Contributed/ Committed	Capital Distributed	Ending Market Value	IRR ¹	Investment Multiple	Total Exposure		
GTCR LLC		25,000,000	0	0	25,000,000	0.00	0	0	N/A	0.00	25,000,000	
GTCR X/A, L.P.	2011	25,000,000	0	0	25,000,000	0.00	0	0	N/A	0.00	25,000,000	
HarbourVest		61,823,772	23,690,301	636,580	37,510,417	39.35	784,673	29,534,980	14.50	1.25	67,045,397	
Dover Street VII L.P.	2008	20,000,000	10,615,586	297,939	9,100,000	54.57	566,690	13,529,172	22.02	1.29	22,629,172	
HarbourVest Direct 2007 Fund	2007	20,000,000	11,590,226	209,774	8,200,000	59.00	217,983	14,304,019	10.95	1.23	22,504,019	
HarbourVest Intl Private Equity Fund VI	2008	21,823,772	1,484,489	128,867	20,210,417	7.39	0	1,701,789	4.85	1.05	21,912,206	
Hellman & Friedman		40,000,000	20,527,609	1,147,809	18,324,582	54.19	3,635,696	22,484,313	7.57	1.21	40,808,895	
Hellman & Friedman Capital Partners VI	2006	25,000,000	20,527,609	1,147,809	3,324,582	86.70	3,635,696	22,484,313	7.57	1.21	25,808,895	
Hellman & Friedman Capital Partners VII	2011	15,000,000	0	0	15,000,000	0.00	0	0	N/A	0.00	15,000,000	
Highway 12 Ventures		10,000,000	6,576,539	1,089,215	2,334,245	76.66	73,476	7,813,414	1.47	1.03	10,147,659	
Highway 12 Venture Fund II, L.P.	2006	10,000,000	6,576,539	1,089,215	2,334,245	76.66	73,476	7,813,414	1.47	1.03	10,147,659	
Industry Ventures		10,000,000	9,185,507	623,272	595,358	98.09	4,307,640	6,900,043	4.74	1.14	7,495,401	
Industry Ventures Fund IV, L.P.	2005	10,000,000	9,185,507	623,272	595,358	98.09	4,307,640	6,900,043	4.74	1.14	7,495,401	
JCF		25,000,000	23,767,225	766,534	477,037	98.14	796,934	6,837,338	(30.95)	0.31	7,314,375	
J.C. Flowers II, L.P.	2006	25,000,000	23,767,225	766,534	477,037	98.14	796,934	6,837,338	(30.95)	0.31	7,314,375	
Joseph Littlejohn & Levy		25,000,000	21,268,676	1,072,196	2,659,128	89.36	11,401,161	17,679,412	9.45	1.30	20,338,540	
JLL Partners Fund V, L.P.	2005	25,000,000	21,268,676	1,072,196	2,659,128	89.36	11,401,161	17,679,412	9.45	1.30	20,338,540	
KKR		175,000,000	175,000,000	9,535,203	0	105.45	339,112,572	18,105,407	12.40	1.94	18,105,407	
KKR 1987 Fund	1987	25,000,000	25,000,000	2,101,164	0	108.40	55,915,867	360,083	8.90	2.08	360,083	
KKR 1993 Fund	1993	25,000,000	25,000,000	1,002,236	0	104.01	48,789,535	132,279	17.78	1.88	132,279	
KKR 1996 Fund	1997	100,000,000	100,000,000	4,648,276	0	104.65	182,143,926	7,466,700	13.53	1.81	7,466,700	
KKR European Fund, L. P.	1999	25,000,000	25,000,000	1,783,527	0	107.13	52,263,244	10,146,345	20.27	2.33	10,146,345	
Lexington Capital Partners		140,000,000	104,871,684	4,967,914	30,160,402	78.46	78,720,546	69,177,072	14.44	1.35	99,337,474	
Lexington Capital Partners V, L.P.	2001	50,000,000	47,564,027	2,406,792	29,181	99.94	62,624,992	17,914,827	19.30	1.61	17,944,008	
Lexington Capital Partners VI-B, L.P.	2005	50,000,000	45,563,323	1,885,065	2,551,612	94.90	15,854,319	37,075,622	4.66	1.12	39,627,234	
Lexington Capital Partners VII, L.P.	2009	30,000,000	9,637,560	518,441	19,843,999	33.85	14,191	11,775,808	36.54	1.16	31,619,807	
Lexington Middle Market Investors II, LP	2008	10,000,000	2,106,774	157,616	7,735,610	22.64	227,044	2,410,815	12.33	1.16	10,146,425	
Madison Dearborn Capital Partners		75,000,000	51,101,662	2,131,183	21,767,966	70.98	28,279,473	47,562,068	10.94	1.42	69,330,034	
Madison Dearborn Capital Partners IV, LP	2001	25,000,000	23,692,136	595,557	713,118	97.15	25,313,570	20,267,140	16.18	1.88	20,980,258	
Madison Dearborn Capital Partners V, LP.	2006	25,000,000	21,432,115	806,178	2,761,707	88.95	2,965,903	19,731,567	0.60	1.02	22,493,274	
Madison Dearborn Capital Partners VI, LP	2008	25,000,000	5,977,411	729,448	18,293,141	26.83	0	7,563,361	6.83	1.13	25,856,502	
Matlin Patterson		30,000,000	26,884,813	1,633,173	1,482,014	95.06	6,395,544	17,506,634	(9.23)	0.84	18,988,648	
Matlin Patterson Global Opps. Ptrns. III	2007	30,000,000	26,884,813	1,633,173	1,482,014	95.06	6,395,544	17,506,634	(9.23)	0.84	18,988,648	
MHR Institutional Partners		25,000,000	16,301,747	1,587,466	7,110,787	71.56	244,507	20,501,159	5.14	1.16	27,611,946	
MHR Institutional Partners III, L.P.	2006	25,000,000	16,301,747	1,587,466	7,110,787	71.56	244,507	20,501,159	5.14	1.16	27,611,946	
Montlake Capital		15,000,000	7,567,028	1,582,972	5,850,000	61.00	466,922	7,188,230	(7.40)	0.84	13,038,230	
Montlake Capital II, L.P.	2007	15,000,000	7,567,028	1,582,972	5,850,000	61.00	466,922	7,188,230	(7.40)	0.84	13,038,230	
Neuberger Berman Group, LLC		35,000,000	28,363,178	1,442,476	5,194,346	85.16	13,344,746	22,618,722	7.09	1.21	27,813,068	
NB Co-Investment Partners, L.P.	2006	35,000,000	28,363,178	1,442,476	5,194,346	85.16	13,344,746	22,618,722	7.09	1.21	27,813,068	
Oak Hill Capital Partners		45,000,000	32,386,145	2,771,167	9,924,042	78.13	4,200,563	41,054,288	8.00	1.29	50,978,330	
Oak Hill Capital Partners II, L.P.	2005	25,000,000	21,964,112	1,687,576	1,348,312	94.61	4,156,448	29,909,973	9.89	1.44	31,258,285	
Oak Hill Capital Partners III, L.P.	2008	20,000,000	10,422,033	1,083,590	8,575,730	57.53	44,115	11,144,315	(1.40)	0.97	19,720,045	

Q1 2011 LPs by Family of Funds - Continued

Montana Board of Investments
LP's by Family of Funds
All Investments
As of March 31, 2011

Description	Vintage Year	Since Inception									
		Commitment	Capital Contributed for Investment	Management Fees	Remaining Commitment	% Capital Contributed/Committed	Capital Distributed	Ending Market Value	IRR ¹	Investment Multiple	Total Exposure
Oaktree Capital Partners		120,000,000	108,821,590	3,678,410	7,500,000	93.75	131,243,525	47,264,420	43.17	1.59	54,764,420
Oaktree Opportunities Fund VIII, L.P.	2009	10,000,000	5,789,813	210,187	4,000,000	60.00	89,318	6,717,335	17.54	1.13	10,717,335
OCM Opportunities Fund IVb, L.P.	2002	75,000,000	73,086,225	1,913,775	0	100.00	121,554,428	8,606	44.89	1.62	8,606
OCM Opportunities Fund VIIb, L.P.	2008	35,000,000	29,945,552	1,554,448	3,500,000	90.00	9,599,779	40,538,479	23.01	1.59	44,038,479
Odyssey Partners Fund III		45,000,000	27,087,440	2,696,660	15,215,920	66.19	25,716,491	26,594,411	26.36	1.76	41,810,331
Odyssey Investment Partners III, L.P.	2004	25,000,000	21,842,347	1,800,414	1,357,239	94.57	25,691,066	19,585,289	27.27	1.92	20,942,528
Odyssey Investment Partners IV, L.P.	2008	20,000,000	5,245,093	896,246	13,858,682	30.71	25,426	7,009,122	11.12	1.15	20,867,804
Opus Capital Venture Partners		10,000,000	410,000	0	9,590,000	4.10	0	342,786	(16.39)	0.84	9,932,786
Opus Capital Venture Partners VI, LP	2011	10,000,000	410,000	0	9,590,000	4.10	0	342,786	(16.39)	0.84	9,932,786
Performance Venture Capital		25,000,000	4,916,471	761,815	19,321,714	22.71	383	5,970,747	4.65	1.05	25,292,461
Performance Venture Capital II	2008	25,000,000	4,916,471	761,815	19,321,714	22.71	383	5,970,747	4.65	1.05	25,292,461
Portfolio Advisors		70,000,000	41,905,786	1,945,884	26,395,181	62.65	1,839,288	43,625,941	1.62	1.04	70,021,122
Port. Advisors Fund IV (B), L.P.	2006	30,000,000	21,662,792	995,313	7,341,895	75.53	1,096,907	23,065,837	2.32	1.07	30,407,732
Port. Advisors Fund IV (E), L.P.	2006	15,000,000	9,481,597	639,200	4,879,203	67.47	4,731	8,890,344	(5.80)	0.88	13,769,547
Port. Advisors Fund V (B), L.P.	2008	10,000,000	4,883,747	218,750	5,014,250	51.02	234,739	4,918,394	0.62	1.01	9,932,644
Portfolio Advisors Secondary Fund, L.P.	2008	15,000,000	5,877,650	92,621	9,159,833	39.80	502,911	6,751,366	27.56	1.22	15,911,199
Quintana Energy Partners		15,000,000	11,683,191	1,306,249	2,030,931	86.60	477,473	13,661,323	2.74	1.09	15,692,254
Quintana Energy Partners Fund I, L.P.	2006	15,000,000	11,683,191	1,306,249	2,030,931	86.60	477,473	13,661,323	2.74	1.09	15,692,254
Siguler Guff & Company		25,000,000	16,889,206	749,000	7,494,081	70.55	1,564,100	17,985,961	5.08	1.11	25,480,042
Siguler Guff Small Buyout Opportunities	2007	25,000,000	16,889,206	749,000	7,494,081	70.55	1,564,100	17,985,961	5.08	1.11	25,480,042
TA Associates, Inc.		10,000,000	1,200,000	0	8,800,000	12.00	0	1,247,505	6.57	1.04	10,047,505
TA XI, L.P.	2010	10,000,000	1,200,000	0	8,800,000	12.00	0	1,247,505	6.57	1.04	10,047,505
Terra Firma Capital Partners		25,432,997	17,866,038	2,181,549	5,402,462	78.83	587,167	7,699,521	(31.81)	0.41	13,101,983
Terra Firma Capital Partners III, L.P.	2007	25,432,997	17,866,038	2,181,549	5,402,462	78.83	587,167	7,699,521	(31.81)	0.41	13,101,983
Thayer Hidden Creek Management, L.P.		20,000,000	6,488,168	1,018,173	12,820,357	37.53	191,977	10,803,298	51.19	1.46	23,623,655
HCI Equity Partners III, LP	2008	20,000,000	6,488,168	1,018,173	12,820,357	37.53	191,977	10,803,298	51.19	1.46	23,623,655
Trilantic Capital Partners		11,098,351	5,916,660	764,413	4,417,278	60.20	269,975	7,604,487	8.84	1.18	12,021,765
Trilantic Capital Partners IV L.P.	2007	11,098,351	5,916,660	764,413	4,417,278	60.20	269,975	7,604,487	8.84	1.18	12,021,765
Veritas Capital		25,000,000	7,979,592	0	17,020,408	31.92	0	7,537,817	(6.66)	0.94	24,558,225
The Veritas Capital Fund IV, L.P.	2010	25,000,000	7,979,592	0	17,020,408	31.92	0	7,537,817	(6.66)	0.94	24,558,225
Welsh, Carson, Anderson & Stowe		75,500,000	64,677,883	4,548,523	6,500,000	91.69	42,254,232	47,987,095	7.69	1.30	54,487,095
Welsh, Carson, Anderson & Stowe II	1990	500,000	455,663	88,404	0	108.81	694,053	108,777	8.66	1.48	108,777
Welsh, Carson, Anderson & Stowe IV, LP	2004	25,000,000	19,852,385	1,147,615	4,000,000	84.00	5,664,815	19,171,239	4.92	1.18	23,171,239
Welsh, Carson, Anderson & Stowe IX, L.P.	2000	25,000,000	22,006,165	1,993,835	1,000,000	96.00	32,073,169	7,398,646	12.28	1.64	8,398,646
Welsh, Carson, Anderson & Stowe X, L.P.	2005	25,000,000	22,363,670	1,318,669	1,500,000	94.73	3,822,195	21,308,433	1.69	1.06	22,808,433

Footnote:

¹ Due to, among other things, the lack of a valuation standard in the private equity industry, differences in the pace of investment across funds and the understatement of returns in the early years of a fund's life, the internal rate of return information does not accurately reflect current or expected future returns, and the internal rates of return and all other disclosures with respect to the Partnerships have not been prepared, reviewed or approved by the Partnerships, the General Partners, or any other affiliates.

As has been indicated previously, the portfolio experienced a modest improvement in net IRR and investment multiple versus the prior quarter. The improvement in performance was broad in nature, with the significant majority of funds reporting some increase in their investment multiple. Noteworthy improvement for the quarter was evident with Carlyle IV, Dover, MHR, Nueberger, and all of the Madison Dearborn funds.

Montana Board of Investments

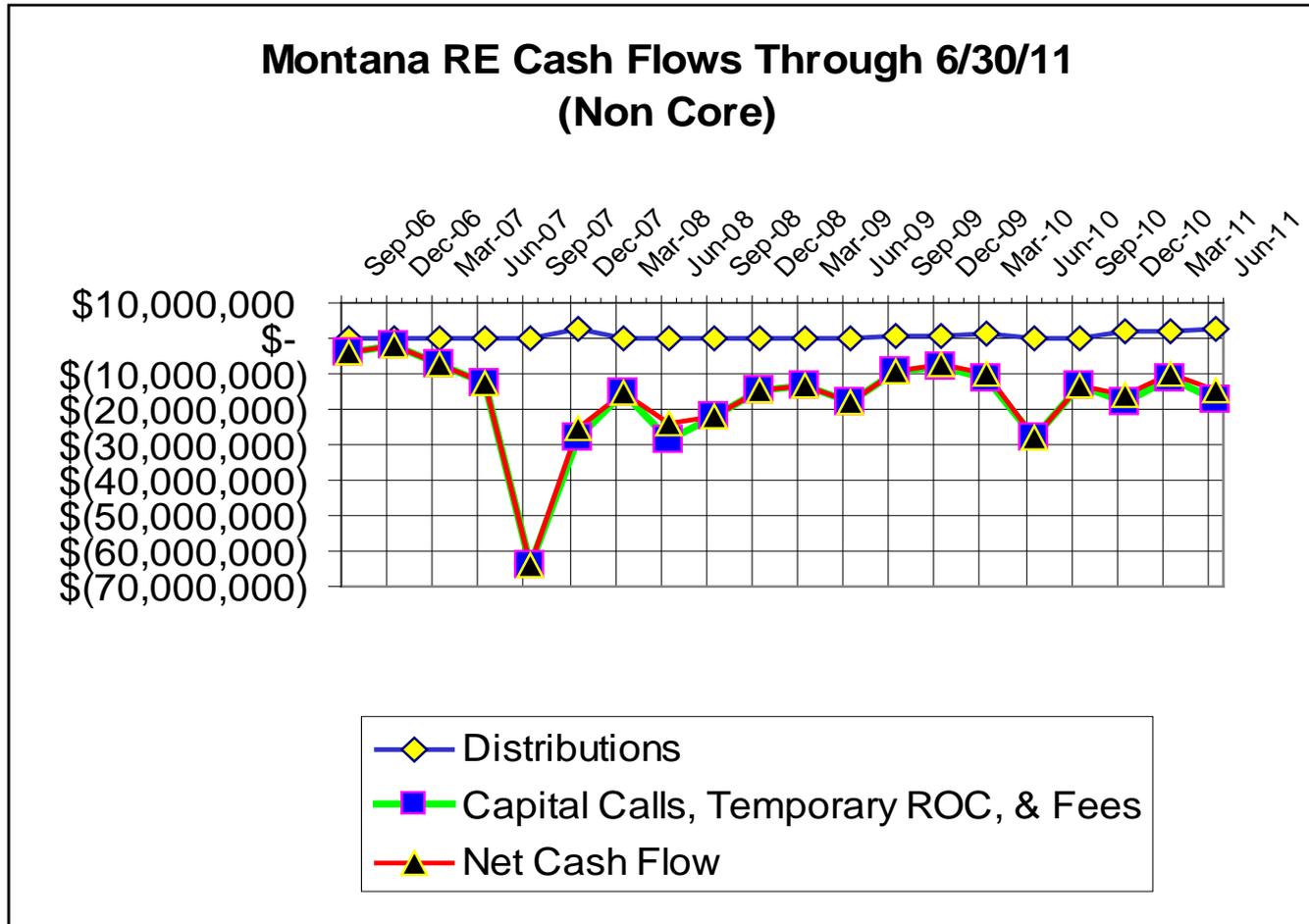
Real Estate Board Report

Q1 2011

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- **Strategy – Total Exposure Chart**
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- **Time Weighted Returns & Internal Rates of Return**
- **Portfolio Status Report**

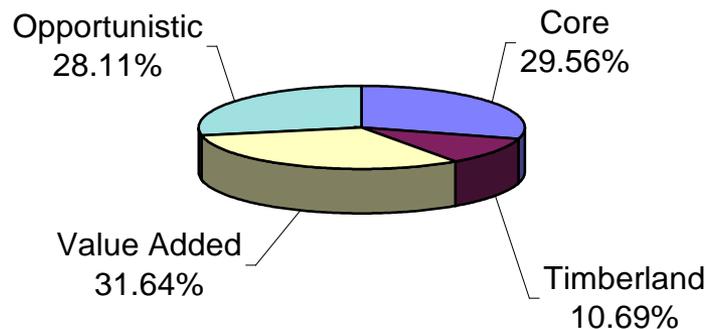
Quarterly Cash Flows through June 30, 2011



Capital call activity picked up in the 2nd quarter, with several General Partners reporting multiple acquisitions. The pace of distributions continues to be minimal given market conditions and the age of our funds.

Q1 2011 Strategy – Total Exposure

Total Exposure

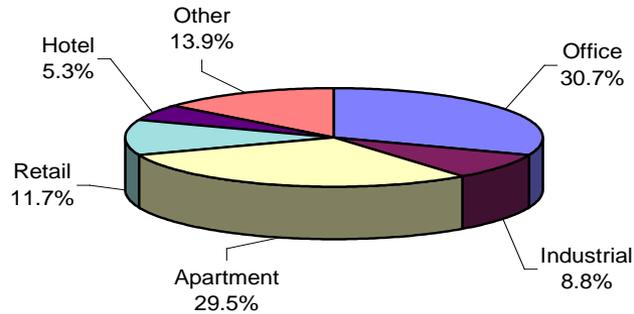


Strategy	Remaining Commitments	Percentage	Net Asset Value	Percentage	Total Exposure	Percentage
Core	\$0	0.00%	\$207,287,615	43.82%	\$207,287,615	29.56%
Timberland	\$54,813,695	24.03%	\$20,117,306	4.25%	\$74,931,001	10.69%
Value Added	\$81,966,491	35.93%	\$139,894,964	29.57%	\$221,861,455	31.64%
Opportunistic	\$91,361,318	40.05%	\$105,782,303	22.36%	\$197,143,621	28.11%
Total	\$228,141,504	100.00%	\$473,082,188	100.00%	\$701,223,692	100.00%

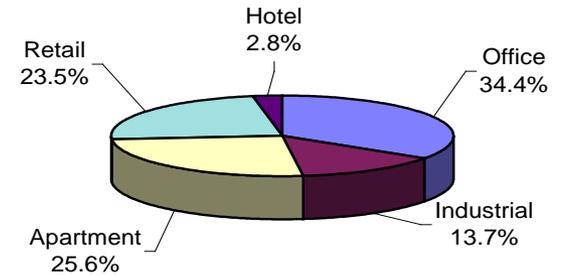
Timberland is a recent addition to the real estate portfolio, and it currently represents 4% of the mix. The total exposure to Timberland represents 10.7% of aggregate real estate exposure. The Core strategy still dominates the assets in the ground at 43.8%, followed by Value Add at 29.6%, and Opportunistic at 22.4%

Q1 2011 Property Type – Market Value Exposure

Montana United States Portfolio



NCREIF Index



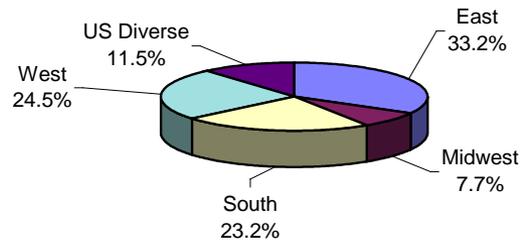
	Office	Industrial	Apartment	Retail	Hotel	Other ²	Total
Montana US Value ²	\$229.5	\$65.9	\$220.1	\$87.2	\$39.9	\$104.1	\$746.7
Montana US Total	30.7%	8.8%	29.5%	11.7%	5.3%	13.9%	100.0%
NCREIF Value ^{2,4}	88,038	35,124	65,402	60,220	7,088		255,872
NCREIF ¹	34.4%	13.7%	25.6%	23.5%	2.8%		100.0%
Difference	-3.7%	-4.9%	3.9%	-11.9%	2.6%	13.9%	
Montana Non-US Value ²	\$52.6	\$0.0	\$8.7	\$8.1	\$15.6	\$61.6	\$146.6
Montana Non-US Total	35.9%	0.0%	5.9%	5.5%	10.6%	42.0%	100.0%
Montana Total Value ²	\$282.1	\$65.9	\$228.8	\$95.3	\$55.5	\$165.6	\$893.3
Montana Total ¹	31.6%	7.4%	25.6%	10.7%	6.2%	18.5%	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) Total Other includes \$68,996,811 in mixed-use assets, \$42,851,728 in healthcare/senior living, \$11,215,575 in land, \$361,941 in storage, \$7,095,798 in debt assets, \$177,525 in parking, \$1,260,751 in manufactured assets, and \$19,890,443 in timber.
- 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.

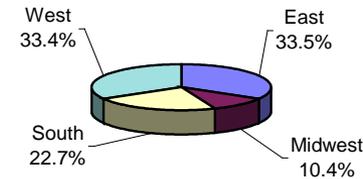
The real estate portfolio is well diversified across the major property types, with underweights in Office, Industrial, and Retail, and overweights in Apartments and Hotels as compared to the US property index.

Q1 2011 Geography – Total Exposure

Montana United States Portfolio



NCREIF Index



	East	Midwest	South	West	US Diverse	Non-US	Total
Montana US Value ²	\$247.8	\$57.2	\$173.0	\$183.0	\$85.6		\$746.7
Montana US Total ¹	33.2%	7.7%	23.2%	24.5%	11.5%		100.0%
NCREIF Value ^{2, 3}	85,634	26,625	58,166	85,447			255,872
NCREIF ¹	33.5%	10.4%	22.7%	33.4%			100.0%
Difference	-0.3%	-2.7%	0.4%	-8.9%	11.5%		
Montana Total Value ²	\$247.8	\$57.2	\$173.0	\$183.0	\$85.6	\$146.6	\$893.3
Montana Total ¹	27.7%	6.4%	19.4%	20.5%	9.6%	16.4%	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) 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.

The geographical mix of the real estate portfolio is fairly aligned with NCREIF, although exposure in the West is 9% less than the benchmark. 11.5% of the U.S. portfolio is considered geographically diverse, and the international mix represents 16.4%.

Q1 2011 Time Weighted & Internal Rates of Return

	Time Weighted Returns											
	Current Quarter			Year to Date		1 - Year		2 - Year		3 - Year		
	NAV	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	
Clarion Lion Properties Fund	27,943,355	6.00%	6.24%	6.00%	6.24%	23.26%	24.46%	3.87%	-2.78%	-13.64%	-12.66%	
INVESCO Core Real Estate-USA	33,140,526	3.61%	3.83%	3.61%	3.83%	19.74%	20.78%	-5.39%	-4.52%	-8.99%	-8.14%	
JP Morgan Strategic Properties Fund	90,338,555	3.26%	3.52%	3.26%	3.52%	16.72%	17.88%	-0.69%	0.33%	-8.24%	-7.29%	
UBS-Trumbull Property Fund	55,865,179	3.17%	3.43%	3.17%	3.43%	17.71%	18.57%	-	-	-	-	
Core Total	207,287,615	3.65%	3.90%	3.65%	3.90%	18.08%	19.16%	-3.34%	-2.37%	-10.22%	-9.31%	
Timberland Total	20,117,306	-	-	-	-	-	-	-	-	-	-	
Value Added Total	139,894,964	0.85%	1.30%	0.85%	1.30%	11.97%	14.39%	-5.89%	-3.62%	-5.81%	-3.49%	
Opportunistic Total	105,782,303	10.01%	10.69%	10.01%	10.69%	34.37%	38.71%	0.43%	5.45%	-29.07%	-25.42%	
Total Portfolio	473,082,188	4.14%	4.55%	4.14%	4.55%	19.35%	21.48%	-3.35%	-1.18%	-12.46%	-10.49%	
Benchmark (gross)												
NCREIF	255,871,511,308		3.36%		3.36%		16.03%		2.42%		-3.63%	
NFI-ODCE	63,660,100,000		4.01%		4.01%		20.10%		-0.76%		-9.00%	
Internal Rates of Return (Net of Fees)												
RMS Forest Growth III LP	20,117,306	-0.34%		-0.34%		-		-		-		
Timberland	20,117,306	-0.34%		-0.34%		-		-		-		
ABR Chesapeake Fund III	17,820,690	-0.90%		-0.90%		1.63%		-2.75%		-2.21%		
ABR Chesapeake Fund IV ¹	1,700,000	0.00%		0.00%		-		-		-		
AG Core Plus Realty Fund II	15,478,428	1.50%		1.50%		22.31%		8.50%		2.47%		
Apollo Real Estate Finance Corp.	7,752,588	-0.25%		-0.25%		-1.24%		-9.04%		-6.14%		
AREFIN Co-Invest	7,465,901	1.67%		1.67%		2.80%		-8.41%		-		
DRA Growth & Income Fund VI	16,801,210	2.88%		2.88%		10.90%		-1.12%		-2.55%		
Five Arrows Securities V, L.P.	11,272,753	2.34%		2.34%		4.64%		3.66%		3.33%		
Hudson RE Fund IV Co-Invest	9,485,789	0.86%		0.86%		1.46%		-2.67%		-		
Hudson Realty Capital Fund IV	9,816,947	-0.15%		-0.15%		-5.27%		-8.94%		-13.34%		
Realty Associates Fund IX	14,567,438	1.72%		1.72%		-		-		-		
Realty Associates Fund VIII	13,270,928	0.83%		0.83%		1.24%		-13.94%		-12.85%		
Strategic Partners Value Enhancement Fund	14,462,292	-0.75%		-0.75%		44.78%		-15.43%		-10.58%		
Value Added	139,894,964	0.85%		0.85%		8.51%		-5.50%		-5.61%		
AG Realty Fund VII L.P.	14,337,311	-0.62%		-0.62%		9.21%		11.09%		7.30%		
Beacon Capital Strategic Partners V	8,833,411	13.03%		13.03%		29.19%		-6.30%		-25.97%		
Carlyle Europe Real Estate Partners III	14,263,666	8.43%		8.43%		31.58%		7.89%		-7.06%		
CIM Fund III, L.P.	15,090,087	27.83%		27.83%		39.71%		21.03%		3.15%		
GEM Realty Fund IV	1,867,325	3.06%		3.06%		-		-		-		
JER Real Estate Partners - Fund IV	11,990,727	20.76%		20.76%		55.67%		16.65%		-9.03%		
Liquid Realty IV ¹	12,708,608	13.66%		13.66%		18.77%		3.31%		-9.35%		
MGP Asia Fund III, LP	15,197,799	3.52%		3.52%		121.38%		42.67%		-6.91%		
MSREF VI International	5,780,167	0.93%		0.93%		21.02%		-16.89%		-46.56%		
O'Connor North American Property Partners II	5,713,202	1.88%		1.88%		21.52%		-6.50%		-		
Opportunistic	105,782,303	10.01%		10.01%		35.78%		7.83%		-16.07%		
Total	\$265,794,573	4.53%		4.53%		18.32%		-0.68%		-10.39%		

The real estate portfolio exhibited strong performance during the first quarter as general real estate market conditions continued to improve. Similar to last quarter, the Core strategy posted returns near 4%. The non-core funds saw ongoing improvement in IRR's, with the Value-add component flat while the Opportunistic strategy category saw a 10% return during the quarter, led by CIM and JER funds.

Q1 2011 Commitment Summary

	Vintage Year	Commitment	Since Inception				
			Capital Contributed ¹	Remaining Commitment	Capital Distributed	Net Asset Value	NAV %
Core		235,000,000	235,000,000	-	14,012,201	207,287,615	43.82%
Clarion Lion Properties Fund	2006	45,000,000	45,000,000	-	7,226,957	27,943,355	5.91%
INVESCO Core Real Estate-USA	2007	45,000,000	45,000,000	-	3,566,083	33,140,526	7.01%
JP Morgan Strategic Property Fund	2007	95,000,000	95,000,000	-	1,759,599	90,338,555	19.10%
UBS-Trumbull Property Fund	2010	50,000,000	50,000,000	-	1,459,562	55,865,179	11.81%
Timberland		75,000,000	20,186,305	54,813,695	-	20,117,306	4.25%
Molpus Woodlands Fund III, LP ²	2011	50,000,000	-	50,000,000	-	-	0.00%
RMS Forest Growth III LP	2011	25,000,000	20,186,305	4,813,695	-	20,117,306	4.25%
Value Added		251,200,000	169,233,509	81,966,491	14,959,570	139,894,964	29.57%
ABR Chesapeake Fund III	2006	20,000,000	20,000,000	-	1,725,407	17,820,690	3.77%
ABR Chesapeake Fund IV	2010	17,000,000	1,700,000	15,300,000	-	1,700,000	0.36%
AG Core Plus Realty Fund II	2007	20,000,000	17,497,417	2,502,583	2,717,129	15,478,428	3.27%
AG Core Plus Realty Fund III ²	2011	25,000,000	-	25,000,000	-	-	-
Apollo Real Estate Finance Corp.	2007	10,000,000	10,000,000	-	1,165,182	7,752,588	1.64%
AREFIN Co-Invest	2008	10,000,000	10,000,000	-	1,968,332	7,465,901	1.58%
DRA Growth & Income Fund VI	2007	35,000,000	20,211,854	14,788,146	3,989,608	16,801,210	3.55%
Five Arrows Securities V, L.P.	2007	30,000,000	11,624,238	18,375,762	1,328,866	11,272,753	2.38%
Hudson RE Fund IV Co-Invest	2008	10,000,000	10,000,000	-	198,304	9,485,789	2.01%
Hudson Realty Capital Fund IV	2007	15,000,000	15,000,000	-	297,733	9,816,947	2.08%
Realty Associates Fund IX	2008	20,000,000	14,000,000	6,000,000	69,067	14,567,438	3.08%
Realty Associates Fund VIII	2007	20,000,000	20,000,000	-	910,861	13,270,928	2.81%
Strategic Partners Value Enhancement Fund	2007	19,200,000	19,200,000	-	589,080	14,462,292	3.06%
Opportunistic		248,008,422	159,147,104	91,361,318	6,487,779	105,782,303	22.36%
AG Realty Fund VII L.P.	2007	20,000,000	14,654,000	5,346,000	1,366,156	14,337,311	3.03%
AG Realty Fund VIII L.P. ²	2011	20,000,000	-	20,000,000	-	-	-
Beacon Capital Strategic Partners V	2007	25,000,000	19,250,000	5,750,000	79,688	8,833,411	1.87%
Carlyle Europe Real Estate Partners III ³	2007	30,994,690	17,224,145	13,770,545	21,556	14,263,666	3.02%
CIM Fund III, L.P.	2007	25,000,000	13,942,121	11,057,879	159,240	15,090,087	3.19%
GEM Realty Fund IV	2009	15,000,000	1,800,000	13,200,000	244,745	1,867,325	0.39%
JER Real Estate Partners - Fund IV	2007	20,000,000	16,054,580	3,945,420	83,889	11,990,727	2.53%
Liquid Realty IV ⁴	2007	22,013,732	18,971,804	3,041,928	3,796,588	12,708,608	2.69%
MGP Asia Fund III, LP	2007	30,000,000	17,535,902	12,464,098	35,146	15,197,799	3.21%
MSREF VI International ⁵	2007	25,000,000	27,500,000	-	17,313	5,780,167	1.22%
O'Connor North American Property Partners II	2008	15,000,000	12,214,552	2,785,448	683,457	5,713,202	1.21%
Montana Real Estate		809,208,422	583,566,918	228,141,504	35,459,549	473,082,188	

Two Timberland managers have been added and they are currently calling capital. The pace of investments is expected to occur over an approximate two year time period as the pipeline of timberland deals is full.

MONTANA DOMESTIC EQUITY POOL

Rande Muffick, CFA, Portfolio Manager

August 16, 2011

6/30/2011 Domestic Stock Pool By Manager			
<u>Manager Name</u>	<u>Market Value</u>	<u>%</u>	<u>Approved Range</u>
BLACKROCK EQUITY INDEX FUND	635,978,939	22.33%	
STATE STREET SPIF ALT INV	8,950,752	0.31%	
LARGE CAP CORE Total	644,929,692	22.65%	10-30%
ENHANCED INVEST TECHNOLOGIES	186,367,399	6.54%	
T ROWE PRICE ASSOCIATES INC	296,195,014	10.40%	
WESTERN ASSET US INDX PLUS LLC	161,467,291	5.67%	
LARGE CAP ENHANCED Total	644,029,704	22.61%	20-30%
BARROW HANLEY MEWHINNEY + STRS	204,428,093	7.18%	
QUANTITATIVE MANAGEMENT ASSOC	126,879,920	4.46%	
LARGE CAP VALUE Total	331,308,013	11.63%	
COLUMBUS CIRCLE INVESTORS	148,900,074	5.23%	
RAINIER INVESTMENT MGMNT INC	146,400,810	5.14%	
LARGE CAP GROWTH Total	295,300,884	10.37%	
LARGE CAP STYLE BASED Total	626,608,897	22.00%	20-30%
ANALYTIC INVESTORS MU3B	118,086,736	4.15%	
JP MORGAN ASSET MGMT MU3E	331,010,544	11.62%	
130-30 Total	449,097,280	15.77%	10-20%
COMBINED LARGE CAP Total	2,364,665,572	83.03%	82-92%
ARTISAN MID CAP VALUE	109,276,517	3.84%	
BLACKROCK MIDCAP EQUITY IND FD	104,726,028	3.68%	
TIMESQUARE CAPITAL MGMT	107,660,607	3.78%	
MID CAP Total	321,663,152	11.30%	5-11%
DIMENSIONAL FUND ADVISORS INC	71,398,538	2.51%	
ISHARES S+P SMALLCAP 600 INDEX	16,299,036	0.57%	
VAUGHAN NELSON INV	73,781,757	2.59%	
SMALL CAP Total	161,479,330	5.67%	3-8%
MDEP Total	2,847,808,055	100.00%	

The table above displays the Montana Domestic Equity Pool (MDEP) allocation as of the end of June 2011. At this time, all weightings are within the approved ranges with the exception of mid cap which is slightly above its upper limit. There were no significant changes to manager allocations during the quarter.

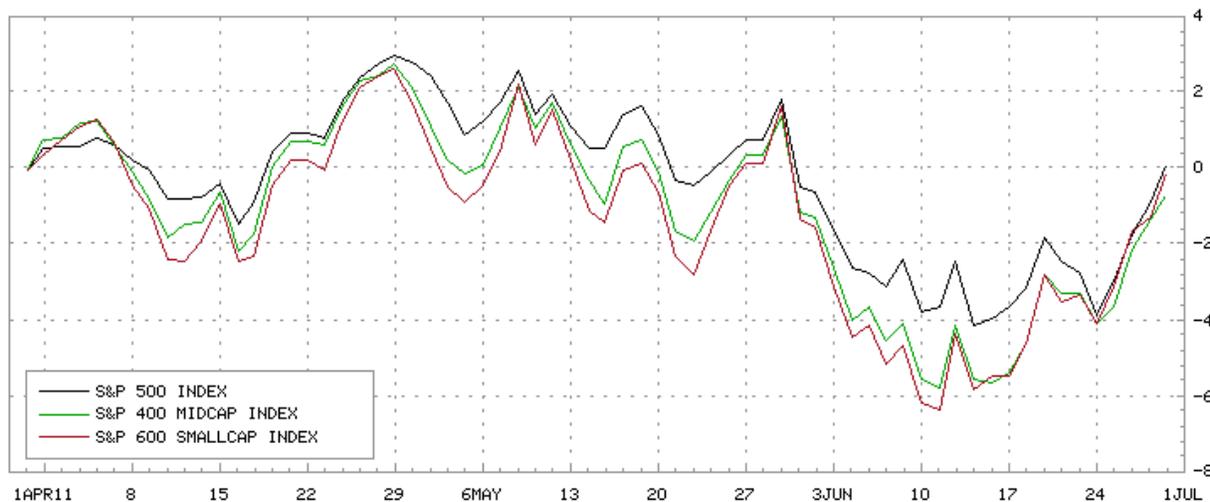
The U.S. equity market encountered high volatility during the second quarter as concerns over economic growth, the ongoing European sovereign debt crisis and the U.S. government's own finances rocked investors. At first glance the indices look to have had a rather flat quarter of returns, but the ride was more like a roller coaster. April and May produced a rather violent trading range until the market dived in early June, only to recover back to almost even by the end of the quarter.

COMPARATIVE RETURNS

Range **3/31/11** - **6/30/11** Period Daily 91 Day Period

Securities	Crcny	Prc Appr	Total Ret	Difference	Annual Eq
1 SPX Index	USD	- .39 %	.10 %	.83 %	.40 %
2 MID Index	USD	-1.05 %	-.73 %		-2.90 %
3 SML Index	USD	-.43 %	-.17 %	.57 %	-.66 %

(* = No dividends or coupons)



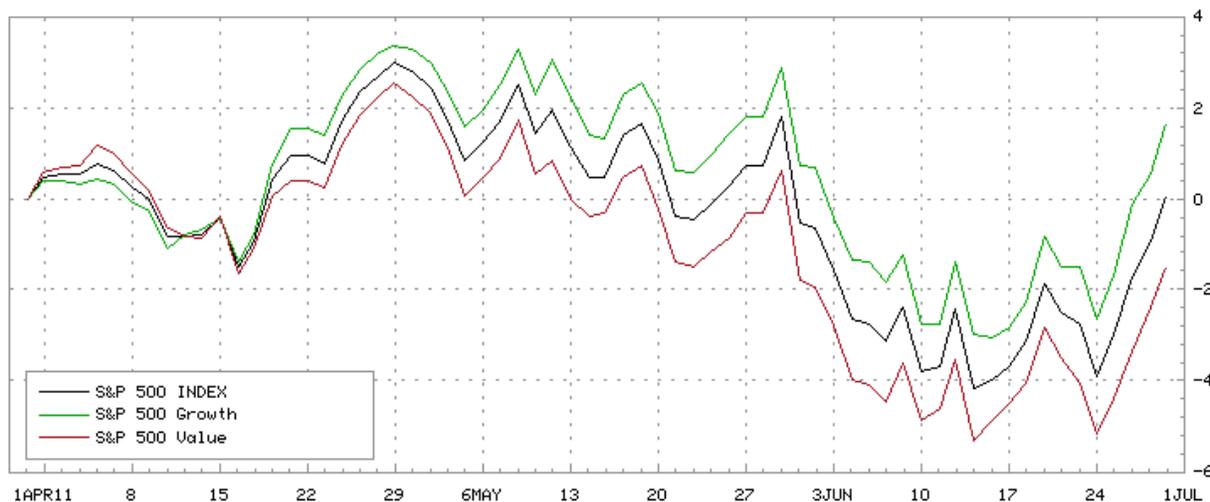
After all that, performance across market capitalizations showed fairly similar returns. The large capitalization stocks returned 0.1% while small caps returned -0.2% and mid caps -0.7%. MDEP continued to be most overweight in mid caps with a moderate overweight in small caps. This positioning had little effect on the performance of the pool given the similar returns of the capitalizations.

COMPARATIVE RETURNS

Range **3/31/11** - **6/30/11** Period Daily 91 Day Period

Securities	Crcny	Prc Appr	Total Ret	Difference	Annual Eq
1 SPX Index	USD	- .39 %	.10 %	-1.55 %	.40 %
2 SGX Index	USD	1.20 %	1.65 %		6.79 %
3 SVX Index	USD	-2.02 %	-1.47 %	-3.12 %	-5.76 %

(* = No dividends or coupons)



Performance across styles was more diverse as growth stocks within the S&P 500 Index bested value stocks by a wide margin. As a whole growth stocks returned 1.7% compared to a loss of -1.5% generated by value stocks. Much of this performance discrepancy resulted from investors selling financials, energy, materials, and industrials as portfolio managers pared their cyclical exposure. This was also the case within the mid cap stocks and small cap stocks where growth trumped value by similar margins.



It was rather surprising that given the stock market action of the quarter, the VIX did not exhibit more stress among investors. The VIX did spike into the 20's during late June selloff, only to return to relatively low levels in the mid teens.

As in the previous quarter manager performance was again encouraging as active portfolios continued to post benchmark besting results. Investors acted more rationally and favored quality companies that were providing solid earnings reports. Of the thirteen actively managed portfolios within the pool, seven outperformed their benchmarks in the quarter. For the twelve months ended, nine of the thirteen active portfolios provided alpha for the fiscal year.

In further detail, for the quarter large cap enhanced, large cap value, and small cap style buckets outperformed while large cap growth, large cap partial long/short, and mid cap style buckets underperformed. The aggregate result for the pool was 7 basis points better than the benchmark net of fees. For the fiscal year the same relative group performance was evident. The aggregate result for the pool was 27 basis points of outperformance net of fees for the fiscal year.

Going forward the strategy at the pool level is to continue the overweights in mid caps and small caps. Secondly, passive/active weights within the pool are expected to remain about the same. And finally, further diversification of actively managed portfolios within the mid cap and small cap allocations is being considered.

DOMESTIC EXPOSURE-MARKET CAP %

June 30, 2011

MANAGERS	MEGA	GIANT	LARGE			MID	SMALL	MICRO	WTD AVG
	\$200B+	\$100-\$200B	\$50-\$100B	\$20-\$50B	\$10-\$20B	\$2.5-\$10B	\$500MM-\$2.5B	< \$500MM	MARKET CAP (\$B)
Analytic Investors, Inc	12.8	24.1	10.1	18.1	19.6	17.8	-5.1	--	82.4
Artisan Partners	--	--	0.0	0.0	29.0	67.8	3.2	--	7.8
Barrow Hanley	4.7	16.6	8.7	22.2	22.1	24.6	1.2	--	49.9
Columbus Circle Investors	4.7	8.9	19.7	37.4	17.3	12.0	--	--	58.1
Dimensional Fund Advisors	--	--	--	--	0.0	3.8	74.4	21.8	1.1
INTECH Investment Management	12.5	14.9	8.5	19.4	23.3	20.9	0.5	--	74.4
J.P. Morgan	13.3	23.1	16.8	30.6	12.1	3.8	-0.9	--	95.5
Quantitative Management	8.4	23.1	10.4	21.4	17.6	16.8	2.2	--	72.1
Rainier Investment Mgt	5.5	7.9	13.1	29.7	27.0	16.9	--	--	52.6
T. Rowe Associates	13.8	20.1	16.8	22.8	16.2	10.2	--	--	90.3
TimesSquare Cap Mgmt	--	--	--	4.5	22.1	69.8	2.8	--	8.4
Vaughan Nelson Mgmt	--	--	--	--	0.0	37.8	61.6	0.7	2.3
Western Asset US Index Plus	12.6	21.2	16.1	23.2	16.3	10.4	0.2	--	88.0
BlackRock S&P 500 Index Fund	12.6	21.2	16.1	23.1	16.2	10.4	0.2	--	88.0
BlackRock Midcap Equity Index Fund	--	--	--	--	1.8	75.4	23.0	--	4.0
ALL DOMESTIC EQUITY PORTFOLIOS	9.2	15.9	12.1	20.7	16.7	19.6	5.0	0.6	67.2
Benchmark: S&P Composite 1500	11.1	18.6	14.1	20.3	14.4	15.8	5.4	0.3	77.5
Over/underweight(-)	-1.9	-2.7	-2.1	0.4	2.3	3.8	-0.4	0.3	

DOMESTIC EXPOSURE-SECTOR %

June 30, 2011

MANAGERS

	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Technology	Materials	Telecom Services	Utilities
Analytic Investors, Inc	8.8	12.1	12.7	12.9	11.8	9.2	19.4	3.1	3.9	3.4
Artisan Partners	6.8	5.8	7.8	18.5	3.4	20.3	27.4	--	--	10.0
Barrow Hanley	5.8	7.1	10.5	23.9	15.9	17.3	12.1	1.9	1.7	4.0
Columbus Circle Investors	19.3	6.8	9.1	5.7	17.0	8.4	27.8	4.9	0.8	--
Dimensional Fund Advisors	15.7	4.9	5.1	13.8	10.7	19.5	20.6	5.4	1.0	3.3
INTECH Investment Management	11.7	11.9	15.1	9.1	8.1	11.2	16.5	5.9	4.8	5.8
J.P. Morgan	15.1	6.6	13.0	13.5	13.6	8.3	18.8	3.7	3.5	2.8
Quantitative Management	9.7	8.1	13.5	19.0	16.7	9.4	8.2	1.8	5.5	8.3
Rainier Investment Mgt	14.9	5.1	10.7	4.3	13.3	16.0	29.6	4.4	1.5	--
T. Rowe Associates	12.1	9.8	13.1	14.8	11.8	11.4	17.6	3.4	3.1	2.9
TimesSquare Cap Mgmt	14.5	4.8	7.7	10.4	13.7	17.7	23.4	3.6	4.3	--
Vaughan Nelson Mgmt	12.9	0.0	6.8	27.6	3.2	22.2	8.8	9.0	--	5.4
Western Asset US Index Plus	10.7	10.6	12.7	15.1	11.7	11.3	17.8	3.7	3.1	3.4
BlackRock S&P 500 Index Fund	10.6	10.6	12.6	15.1	11.7	11.2	17.7	3.7	3.1	3.4
BlackRock Midcap Equity Index Fund	13.4	4.2	7.2	19.2	11.0	15.7	16.1	7.4	0.5	5.6
All Domestic Equity Portfolios	11.9	8.3	11.5	14.6	12.1	12.5	18.5	3.8	2.8	3.6
Benchmark: S&P Composite 1500	11.0	9.8	11.9	15.6	11.7	11.8	17.7	4.0	2.8	3.6
Over/underweight(-)	0.9	-1.6	-0.4	-1.1	0.4	0.7	0.8	-0.2	0.0	0.0

DOMESTIC PORTFOLIO CHARACTERISTICS

June 30, 2011

MANAGERS

	Market Value (mm)	Number of Securities	3Yr Historical EPS Growth	Price/Earnings	Price/Book	Dividend Yield
Analytic Investors, Inc	121.2	171	12.6	12.0	2.2	1.7
Artisan Partners	109.3	56	5.6	13.1	1.8	1.8
Barrow Hanley	205.7	84	-1.3	13.5	1.7	2.1
Columbus Circle Investors	149.1	58	10.7	19.0	3.6	0.9
Dimensional Fund Advisors	71.4	2,587	7.7	17.2	1.8	0.9
INTECH Investment Management	186.8	373	5.7	15.8	2.6	2.0
J.P. Morgan	333.5	253	2.9	14.9	2.0	1.6
Quantitative Management	127.0	158	-1.1	12.8	1.6	2.4
Rainier Investment Mgt	146.4	74	11.6	21.6	4.0	0.7
T. Rowe Associates	296.9	281	5.6	14.9	2.2	1.7
TimesSquare Cap Mgmt	107.8	74	10.9	20.9	3.0	0.8
Vaughan Nelson Mgmt	74.2	76	2.1	16.1	1.7	1.8
Western Asset US Index Plus	161.5	500	4.6	15.1	2.1	1.9
Blackrock Equity Index Fund	636.0	501	4.6	15.1	2.1	1.9
Blackrock Midcap Equity Index Fund	104.7	402	4.5	19.3	2.2	1.3

All Domestic Equity Portfolios

	2,856.7	3,496	5.2	15.3	2.2	1.7
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BENCHMARKS

S&P Composite 1500	1,500		4.5	15.5	2.1	1.8
S&P/Citigroup 1500 Pure Growth	386		22.4	20.1	3.4	0.4
S&P/Citigroup 1500 Pure Value	364		0.8	13.9	1.1	1.3
S&P 500	500		4.6	15.1	2.1	1.9
Russell 1000	985		4.8	15.3	2.1	1.8
Russell 1000 Growth	591		10.8	17.7	4.0	1.4
Russell 1000 Value	656		-1.2	13.4	1.5	2.1
Russell Midcap	789		4.6	17.8	2.2	1.5
Russell Midcap Growth	469		10.1	21.7	4.0	0.9
Russell Midcap Value	529		-1.0	15.0	1.5	2.0
Russell 2000	1,985		6.4	16.5	1.9	1.3
Russell 2000 Growth	1,161		11.0	20.5	3.5	0.6
Russell 2000 Value	1,364		2.2	13.7	1.3	1.9

MONTANA INTERNATIONAL STOCK POOL

Rande Muffick, CFA, Portfolio Manager
August 16, 2011

6/30/2011 International Stock Pool By Manager			
<u>Manager Name</u>	<u>Market Value</u>	<u>%</u>	<u>Approved Range</u>
MONEY MARKET FD FOR EBT	177	0.00%	
ARTIO GLOBAL MUIG	122,054,853	8.45%	
BATTERYMARCH INTL EQUITY	125,745,402	8.70%	
BLACKROCK GL EX US ALPHA TILT	114,778,224	7.94%	
BLACKROCK ACWI EX US SUPERFUND	568,545,894	39.34%	
EAFE STOCK PERFORMANCE INDEX	10,980,752	0.76%	0-10%
CORE Total	942,105,301	65.19%	50-70%
ACADIAN ACWI EX US VALUE	96,919,913	6.71%	
BERNSTEIN ACWI EX	113,656,217	7.87%	
VALUE Total	210,576,129	14.57%	10-20%
HANSBERGER INTL EQUITY GROWTH	113,730,615	7.87%	
MARTIN CURRIE ACWI X	107,939,454	7.47%	
GROWTH Total	221,670,069	15.34%	10-20%
DFA INTL SMALL CO PORTFOLIO	70,729,306	4.89%	
SMALL CAP Total	70,729,306	4.89%	5-15%
MTIP Total	1,445,080,806	100.00%	

The table above displays the Montana International Equity Pool (MTIP) allocation at quarter end across market cap segments and manager styles. As this time, all weightings are within the approved ranges with the exception of small cap which is slightly below the range. Recall that a rather abrupt termination of a small cap manager has led to a temporary decrease in small cap and an increase in large cap core. Finding a replacement in the small cap space proved to offer no attractive choices in active management and thus a passive investment fund with BlackRock has been selected, though funding has not yet occurred. We continue to monitor market conditions for a good opportunity to implement an allocation increase to small cap.

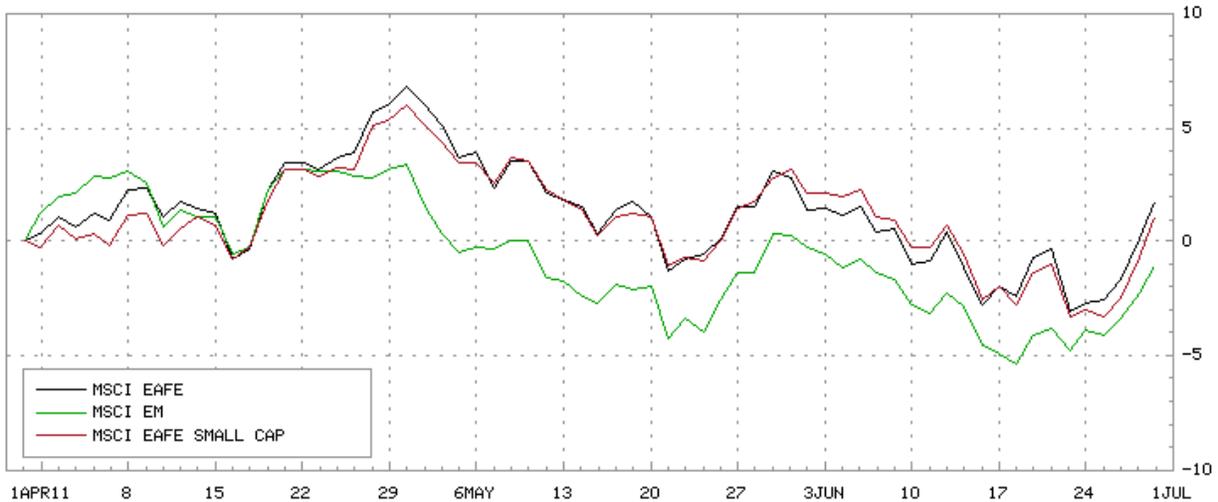
International equities had a tumultuous quarter where a market slide that began in late May was followed by a strong rally at the end of the quarter. Sovereign debt concerns were the main issue along with concerns over slowing economic growth in China.

COMPARATIVE RETURNS

Range 3/31/11 - 6/30/11 Period D Daily 91 Day Period

Securities	Crncy	Prc Appr	Total Ret	Difference	Annual Eq
1 MXEA Index	USD	.32 %	1.80 %	2.90 %	7.41 %
2 MXEF Index	USD	-2.11 %	-1.10 %		-4.35 %
3 MXEASC Index	USD	-.07 %	1.03 %	2.13 %	4.18 %

(* = No dividends or coupons)



Performance among market categories for the quarter was led by large cap developed stocks which returned 1.8%. Small cap developed stocks returned 1.0% while EM stocks actually lost -1.1%. MTIP was underweight small caps and therefore the underweight added to pool performance. MTIP was slightly underweight EM exposure and therefore added a small amount of value with this allocation as well.

When assessing style performance, international value stocks lagged growth stocks in the quarter. Value stocks returned -0.14% while growth stocks returned 0.89%. MTIP is equal weight; i.e. positioned as style neutral between growth and value.



The U.S. dollar weakened slightly in the quarter compared to a basket of the six major currencies (DXY). This was again largely a result of the Fed's continued easy money policy combined with concerns over America's debt burden and the lack of movement by the Administration and Congress to agree on a solution to address it. As a result dollar weakness provided a boost to equity investments denominated in most other currencies.

Similar to the domestic pool, manager performance experienced another encouraging quarter for active management. For the quarter four of eight actively managed portfolios outperformed their respective benchmarks. Large cap value and large cap core style buckets outperformed while the large cap growth and small cap buckets just slightly underperformed. Overall, MTIP outperformed the custom pool benchmark by 23 basis points net of fees for the quarter. For the fiscal year ended June 30, five of the eight actively managed portfolios outperformed with only the small cap bucket failing to add alpha. As a result MTIP outperformed its custom benchmark by 55 basis points net of fees for the fiscal year.

Going forward the strategy at the pool level is to continue with a heavy passive weight and to remain style neutral. As some point, when given the opportunity by the market, increased investment in small caps and emerging markets is anticipated as the pool is underweight both areas at this time.

INTERNATIONAL EXPOSURE-MARKET CAP %

June 30, 2011

Managers	MEGA	GIANT	LARGE			MID	SMALL	MICRO	WTD AVG
	\$200B+	\$100-\$200B	\$50-\$100B	\$20-\$50B	\$10-\$20B	\$2.5-\$10B	\$500MM-\$2.5B	< \$500MM	MARKET CAP (\$B)
Acadian Asset Management	--	15.9	17.2	17.0	17.9	14.3	12.0	5.7	36.1
Artio Global - Intl Equity II with look throughs	--	5.8	17.5	26.5	20.9	22.7	1.7	1.6	31.8
Batterymarch Financial Mgmt	0.9	13.6	17.2	18.5	15.6	31.6	2.5	--	37.8
Bernstein Inv Mgt & Research with look throughs	--	14.8	17.8	18.4	24.8	17.3	5.7	0.1	37.3
BlackRock Global Ex US Alpha Tilt Fd	0.5	11.3	18.1	18.8	16.5	19.5	6.0	--	36.7
DFA International Small Cap	--	--	--	--	--	23.4	57.6	18.8	1.4
Hansberger Global Investors	1.6	9.5	25.4	22.4	16.5	24.6	0.0	--	39.2
Martin Currie with look throughs	3.5	12.0	14.0	25.4	19.3	22.8	3.0	--	43.9
BlackRock ACWI Ex US Superfund A	1.3	12.5	21.0	24.0	16.7	21.6	2.0	0.1	39.2
ALL INTERNATIONAL EQUITY PORTFOLIOS	1.0	11.4	18.4	21.1	17.0	22.0	5.9	1.5	36.5
International Custom Benchmark	1.3	12.5	21.1	24.6	16.7	20.9	2.8	0.2	39.1
Over/underweight(-)	-0.3	-1.1	-2.6	-3.5	0.3	1.1	3.1	1.3	

INTERNATIONAL EXPOSURE-SECTOR %

June 30, 2011

MANAGERS

	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Technology	Materials	Telecom. Services	Utilities
Acadian Asset Management	11.6	1.8	17.4	26.1	6.3	7.4	6.7	10.1	8.8	3.7
Artio Global - Intl Equity II with look throughs	19.5	9.1	9.8	16.1	8.8	13.6	2.4	14.9	1.8	0.6
Batterymarch Financial Mgmt	11.1	6.6	11.2	20.3	7.3	11.8	5.4	16.0	7.4	2.7
Bernstein Inv Mgt & Research with look throughs	14.0	4.0	11.9	25.7	5.8	8.0	5.9	14.0	5.9	3.7
Blackrock Global Ex US Alpha Tilt Fd	10.8	7.4	8.5	20.5	7.1	10.2	3.5	12.5	6.7	3.7
DFA International Small Cap	18.1	6.1	6.8	13.1	5.2	24.5	9.3	13.3	1.1	2.4
Hansberger Global Investors	14.2	7.8	8.3	17.5	2.4	15.8	12.2	15.3	3.2	3.3
Martin Currie with look throughs	20.4	10.3	12.5	17.7	5.8	11.3	5.5	12.6	3.0	0.9
Blackrock ACWI ex-US Superfund	9.5	8.7	11.0	24.1	6.2	10.8	6.1	12.8	5.6	4.5
All International Equity Portfolios	12.7	7.5	10.8	21.5	6.2	11.7	6.1	13.3	5.1	3.4
International Custom Benchmark	9.4	8.7	11.1	24.4	6.3	11.1	6.3	12.9	5.6	4.1
Over/underweight(-)	3.3	-1.2	-0.3	-3.0	-0.1	0.6	-0.2	0.4	-0.5	-0.7

INTERNATIONAL PORTFOLIO CHARACTERISTICS

June 30, 2011

	Market Value	Number of Securities	3Yr Hist EPS Growth	Price/Earnings	Price/Book	Dividend Yield
International Accounts with look throughs	1,490.0	6,803	4.4	12.8	1.5	2.79

International Equity Managers

Acadian Asset Management	97.0	369	5.7	10.2	1.1	3.27
Artio Global - Intl Equity II with look throughs	155.7	156	11.6	16.5	2.0	1.79
Batterymarch Financial Mgmt	125.7	239	7.5	11.8	1.6	2.87
Bernstein Inv Mgt & Research with look throughs	113.3	215	-2.2	10.0	1.1	3.05
Blackrock Global Ex US Alpha Tilt Fd	123.0	965	5.3	11.2	1.5	3.42
DFA International Small Cap	70.6	4,713	0.0	13.4	1.3	2.47
Hansberger Global Investors	113.4	61	8.2	17.1	2.3	1.75
Martin Currie with look throughs	108.1	70	12.2	14.7	1.8	2.41
Blackrock ACWI ex-US Superfund	572.3	1,901	1.8	13.2	1.6	2.97

Benchmarks

MSCI All Country World Ex-United States		1,869	1.8	13.2	1.6	2.96
MSCI All Country World Ex-United States Growth		1,047	6.3	15.9	2.2	2.07
MSCI All Country World Ex-United States Value		1,047	-2.5	11.3	1.2	3.86
MSCI EAFE Small Cap		2,427	2.0	13.3	1.3	2.55
MSCI World Ex-United States Small Cap		2,675	2.5	13.7	1.3	2.54
MSCI All Country Pacific		946	3.0	13.9	1.5	2.52
MSCI Europe		462	-0.8	12.6	1.6	3.52
International Custom Benchmark		6,532	1.9	13.2	1.6	2.96

INTERNATIONAL EQUITY
Region and Market Exposure
June 30, 2011

Developed Countries	Aggregate	International		3 Month	FYTD	Calendar	1 yr
	Int'l Portfolio	Custom Benchmark					
	Weight (%)	Weight	difference	Return	Return	YTD Return	Return
Asia/Pacific	22.9%	22.9%	0.04%				
Australia	5.55%	5.97%		-2.5%	40.0%	1.8%	40.0%
Hong Kong	2.03%	1.89%		-2.4%	23.3%	-5.2%	23.3%
Japan	14.01%	13.78%		2.9%	11.1%	-4.3%	11.1%
New Zealand	0.08%	0.07%		8.1%	36.9%	9.9%	36.9%
Singapore	1.22%	1.14%		0.0%	22.2%	-1.6%	22.2%
European Union	25.2%	24.0%	1.23%				
Austria	0.56%	0.24%		-3.0%	47.0%	1.5%	47.0%
Belgium	0.76%	0.64%		-1.1%	26.8%	5.2%	26.8%
Denmark	0.93%	0.76%		-5.7%	30.8%	1.4%	30.8%
Finland	0.99%	0.74%		-9.5%	25.0%	-9.4%	25.0%
France	6.89%	6.86%		1.2%	41.2%	11.0%	41.2%
Germany	6.67%	5.82%		2.4%	44.2%	10.7%	44.2%
Greece	0.27%	0.19%		-16.4%	-4.7%	-7.7%	-4.7%
Ireland	0.26%	0.17%		3.0%	20.2%	12.2%	20.2%
Italy	1.94%	1.97%		-5.5%	25.8%	7.2%	25.8%
Netherlands	2.54%	1.82%		-6.8%	24.4%	2.3%	24.4%
Portugal	0.15%	0.19%		-4.5%	21.7%	3.6%	21.7%
Spain	1.49%	2.42%		-1.8%	27.6%	12.6%	27.6%
Sweden	1.77%	2.20%		-2.7%	42.6%	0.3%	42.6%
Non-EU Europe	5.4%	5.9%	-0.52%				
Norway	0.71%	0.64%		-7.7%	52.8%	-0.5%	52.8%
Switzerland	4.71%	5.29%		5.1%	31.2%	5.1%	31.2%
North America	7.3%	8.4%	-1.10%				
Canada	7.34%	8.44%		-6.3%	29.6%	0.8%	29.6%
USA	0.0%	0.0%		-0.9%	30.7%	4.2%	30.7%
United Kingdom	14.4%	14.4%	0.05%				
United Kingdom	14.44%	14.40%		-0.6%	32.3%	4.9%	32.3%
Other							
Other	0.60%	0.49%					
DEVELOPED TOTAL	75.9%	76.1%	-0.18%				
Emerging & Frontier Market Countries							
Asia/Pacific	13.3%	13.8%	-0.54%				
China	4.68%	4.16%		-5.3%	10.6%	-3.6%	10.6%
India	1.43%	1.78%		-4.1%	6.3%	-10.4%	6.3%
Indonesia	0.35%	0.57%		4.7%	32.5%	9.1%	32.5%
South Korea	3.53%	3.43%		0.0%	42.4%	5.7%	42.4%
Malaysia	0.61%	0.69%		1.5%	31.8%	4.6%	31.8%
Philippines	0.11%	0.13%		0.3%	27.7%	-3.5%	27.7%
Taiwan	2.03%	2.62%		-0.1%	31.2%	-4.5%	31.2%
Thailand	0.51%	0.41%		-4.9%	37.2%	-1.3%	37.2%
European Union	0.6%	0.6%	-0.02%				
Czech Republic	0.13%	0.09%		1.6%	28.3%	13.9%	28.3%
Hungary	0.10%	0.10%		-2.4%	38.1%	17.8%	38.1%
Poland	0.33%	0.39%		0.6%	51.1%	8.3%	51.1%
Non-EU Europe	2.4%	1.7%	0.65%				
Russia	2.37%	1.72%		-9.0%	47.3%	7.8%	47.3%
Latin America/Caribbean	5.2%	5.5%	-0.35%				
Brazil	3.84%	3.80%		-6.2%	20.7%	-4.6%	20.7%
Chile	0.34%	0.36%		2.0%	35.7%	-5.9%	35.7%
Colombia	0.08%	0.18%		5.0%	29.8%	6.6%	29.8%
Mexico	0.86%	1.05%		-2.6%	28.7%	-1.9%	28.7%
Peru	0.06%	0.14%		-16.4%	6.2%	-28.1%	6.2%
Mid East/Africa	1.8%	2.2%	-0.41%				
Egypt	0.06%	0.08%		-1.8%	-13.1%	-23.9%	-13.1%
Morocco	0.02%	0.04%		-2.4%	11.8%	0.3%	11.8%
South Africa	1.41%	1.78%		-3.5%	35.9%	-5.7%	35.9%
Turkey	0.34%	0.34%		-8.7%	13.0%	-10.6%	13.0%
Frontier	0.04%	0.00%	0.04%				
Frontier							
EMERGING & FRONTIER TOTAL	23.2%	23.9%	-0.63%				

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 – Public Equities

Date: August 16, 2011

Subject: Public Equity External Managers Watch List - Quarterly Update

During the quarter one manager was removed from the Watch List. BlackRock International Alpha Tilts has shown improved relative performance since changes to the portfolio model were implemented. Turnover within the management team of the Scientific Active Equity division has subsided as well.

TimesSquare, our domestic mid-cap growth manager, was added to the Watch List due to performance concerns. There were no terminations during the quarter.

MANAGER WATCH LIST

August 2011

<u>Manager</u>	<u>Style Bucket</u>	<u>Reason</u>	<u>\$ Invested (mil)</u>	<u>Inclusion Date</u>
Western Asset	Domestic - LC Enhanced	Performance, Tracking Error	\$161	March 2008
Martin Currie	International – LC Growth	Performance, Risk Controls	\$108	February 2009
Analytic Investors	Domestic - 130/30	Performance, Process	\$118	May 2010
Artio Global	International – LC Core	Performance, Philosophy	\$122	November 2010
Columbus Circle	Domestic – LC Growth	Performance, Process	\$149	May 2011
TimesSquare	Domestic – MC Growth	Performance	\$108	August 2011

Attached for reference is the Public Equity Manager Evaluation Policy.

MONTANA BOARD OF INVESTMENTS PUBLIC EQUITY MANAGER
EVALUATION POLICY
(May 14, 2008)

INTRODUCTION

The purpose of this policy is to broadly define the monitoring and evaluation of external public equity managers. This policy also provides a basis for the retention and/or termination of managers employed within the Montana Domestic Equity Pool (MDEP) and the Montana International Equity Pool (MTIP).

The costs involved in transitioning assets between managed portfolios can be significant and have the potential to detract from MDEP and MTIP returns. Therefore it is important that the decision process be based on a thorough assessment of relevant evaluation criteria prior to implementing any manager changes. Staff will consider such transition costs when deciding to add or subtract to manager weights within the pools as well as in deciding to retain or terminate managers.

MONITORING PROCESS

Periodic Reviews: Staff will conduct periodic reviews of external managers and will document such periodic reviews and subsequent conclusions. Periodic reviews may include quarterly conference calls on portfolio performance and organizational issues as well as reviews conducted in the offices of the Montana Board of Investments (MBOI) and on-site at the offices of the external managers. Reviews will cover the broad manager evaluation criteria indicated in this policy as well as further, more-detailed analysis related to the criteria as needed.

Continual Assessment: Staff will make a continual assessment of the external managers by establishing and maintaining manager profiles, monitoring company actions, and analyzing the performance of the portfolios managed with the use of in-house data bases and sophisticated analytical systems, including systems accessed through the Master Custodian and the Investment Consultant. This process culminates in a judgment which takes into account all aspects of the manager's working relationship with MBOI, including portfolio performance.

Staff will actively work with the Investment Consultant in the assessment of managers which will include use of database research, conference calls and discussions specific to each manager, and in any consideration of actions to be taken with respect to managers.

It is also important to note that our manager contracts are limited to a seven year term. While we may choose to issue a RFP at any time as deemed appropriate, this contractual provision will eventually force us to issue a RFP to which the manager may respond and be subject to re-evaluation against his/her peers.

MANAGER EVALUATIONS

The evaluation of managers includes the assessment of the managers with respect to the following qualitative and quantitative criteria.

Qualitative Criteria:

- Firm ownership and/or structure
- Stability of personnel
- Client base and/or assets under management
- Adherence to investment philosophy and style (style drift)
- Unique macroeconomic and capital market events that affect manager performance
- Client service, reporting, and reconciliation issues
- Ethics and regulatory issues
- Compliance with respect to contract and investment guidelines
- Asset allocation strategy changes that affect manager funding levels

Quantitative Criteria:

- Performance versus benchmark – Performance of managers is evaluated on a three-year rolling period after fees.
- Performance versus peer group – Performance of managers is evaluated on a three-year rolling period before fees.
- Performance attribution versus benchmark – Performance of managers is evaluated on a quarterly and annual basis.
- Other measures of performance, including the following statistical measures:
 - Tracking error
 - Information ratio
 - Sharpe ratio
 - Alpha and Beta

PERFORMANCE MEASUREMENT

Performance calculations and relative performance measurement compared to the relevant benchmark(s) and peer groups are based on a daily time-weighted rate of return. The official book of record for performance measurement is the Master Custodian.

The performance periods relevant to the manager review process will depend in part on market conditions and whether any unique circumstances are apparent that may impact a manager's performance strength or weakness. Generally, however, a measurement period should be sufficiently long to enable observation across a variety of different market conditions. This would suggest a normal evaluation period of three to five years.

ACTIONS

Watch List Status: Staff will maintain a “Watch List” of external managers that have been noted to have deficiencies in one or more evaluation criteria. An external manager may be put on the “Watch List” for deficiencies in any of the above mentioned criteria or for any other reason deemed necessary by the Chief Investment Officer (CIO). A manager may be removed from the “Watch List” if the CIO is satisfied that the concerns which led to such status have been remedied and/or no longer apply.

Termination: The CIO may terminate a manager at any time for any reason deemed to be prudent and necessary and consistent with the terms of the appropriate contract. A termination can effectively be made on very short notice if not immediately.

ROLES AND RESPONSIBILITIES

CIO: The CIO is responsible for the final decision regarding retention of managers, placement on and removal of “Watch List” status, and termination of managers.

Staff: Staff is responsible for monitoring external managers, portfolio allocations and recommending allocation changes to the CIO, and recommending retention or termination of external managers to the CIO.

Investment Consultant: The consultant is responsible for assisting staff in monitoring and evaluating managers and for reporting independently to the Board on a quarterly basis.

External Managers: The external managers are responsible for all aspects of portfolio management as set forth in their respective contracts and investment guidelines. Managers also must communicate with staff as needed regarding investment strategies and results in a consistent manner. Managers must cooperate fully with staff regarding administrative, accounting, and reconciliation issues as well as any requests from the Investment Consultant and the Custodian.

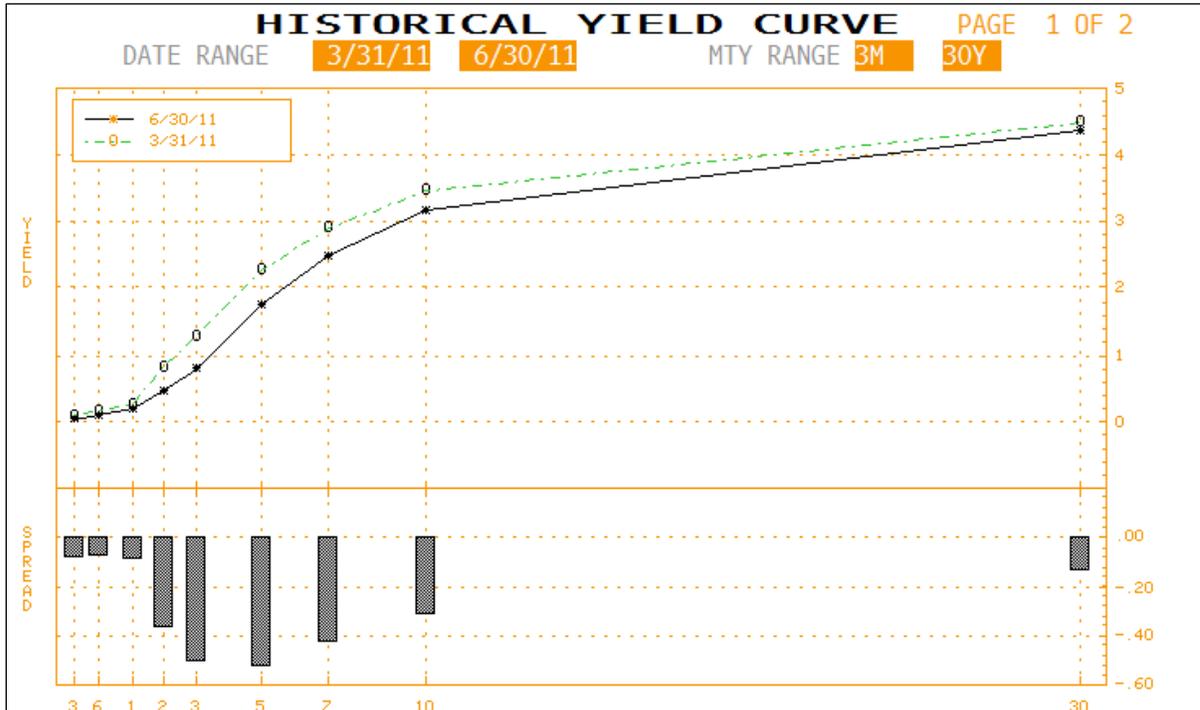
FIXED INCOME OVERVIEW & STRATEGY

Nathan Sax, CFA, Portfolio Manager

August 17, 2011

RETIREMENT & TRUST FUND BOND POOLS

Interest rates fell in the second quarter. Disappointing economic growth in the U.S. and renewed fears of a sovereign debt crisis in Europe drove investors into bonds. Initial weekly claims for unemployment insurance were surprisingly high. Fed Chairman Ben Bernanke acknowledged that unemployment and inflation have been higher than expected while GDP has been lower. For the quarter, Treasuries posted a total return of +2.39% while corporate bonds and MBS were each +2.28%. The Barclays Aggregate Index was +2.29%. The Treasury yield curve shifted down during the quarter as shown below. On March 31 the Treasury two-year was yielding 0.82% versus a yield of 3.47% on the 10-year note, a differential of 265 basis points. On July 1, those numbers were 0.46% and 3.16%, a difference of 270 basis points.



The price of oil decreased 17.4% during the quarter, to \$94.08, from \$113.93 per barrel at the close of the first quarter. That was up only slightly from \$93.78 at the start of the calendar year. With income and employment stagnating, the drop in the price of oil should be a welcome boost to consumer spending during the summer travel season. By early August, oil dropped to \$86.67 a barrel.

The following tables show the manager and sector positioning of the bond pools, as well as their status versus policy limits.

RFBP/TFBP vs. Barclays Aggregate – 06/30/11

	Retirement Fund Bond Pool								
	CIBP	Reams	Artio	Post	Neubgr Berman	Total RFBP	Trust Fund Bond Pool	Barclays Aggregate	CIBP/TFBP Policy Range
Treasuries	17.12	36.13	18.78	0.00	0.00	18.80	15.92	32.89	10-35
Agencies & Govt Related	10.92	0.33	16.44	0.00	0.37	8.61	9.27	11.48	5-25
Total Government	28.04	36.46	35.22	0.00	0.37	27.41	25.19	44.37	15-60
Mortgage Backed	29.80	31.61	22.13	0.00	0.00	27.14	30.98	33.27	20-50
Asset Backed	2.09	3.66	2.97	0.00	0.51	2.24	2.21	0.27	0-10
CMBS	10.00	1.47	10.25	0.00	0.00	7.80	9.72	2.29	0-10
Total Securitized	41.89	36.74	35.35	0.00	0.51	37.18	42.91	35.83	20-75
Financial	12.04	12.33	14.01	12.33	12.61	12.24	13.24	7.15	
Industrial	11.04	4.42	12.27	83.30	76.14	15.78	11.74	10.47	
Utility	3.03	0.51	0.87	0.31	7.04	2.65	3.94	2.18	
Total Corporate	26.11	17.26	27.15	95.94	95.79	30.67	28.92	19.80	10-35
Other	0.00	0.00	1.47	3.14	0.00	0.17	0.00	0.00	
Cash	3.96	9.54	0.81	0.92	3.33	4.57	2.98	0.00	0-10
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Fixed Income Sector	Policy Range	RFBP on 06/30/11
U.S. High Yield	0-15%	12.30%
Non-US (incl. EM)	0-10%	1.57%
Total "Plus" sectors	0-20%	13.87%
Core (U.S. Investment Grade)	80-100%	86.13%

Fixed Income Sector	Policy Range	TFIP on 06/30/11
High Yield	0-10%	7.55%
Core Real Estate	0-8%	5.28%
Core (U.S. Investment Grade)	0-100%	87.17%

After narrowing for eight months, yield spreads on investment grade corporate bonds began moving sideways in mid-February before widening in April. The yield advantage versus same duration Treasuries was 198 basis points on June 10, 2010. That spread got to a low of 137 basis points by February 16, 2011 and then widened out to 158 basis points on June 24 before improving to 153 on June 30. The internally managed portfolio (CIBP) is maintaining an over-weight to credit but at reduced levels because of recent trends. We hope to purchase corporates at more attractive levels as spreads widen again.

High Yield spreads followed a similar pattern, narrowing from 713 basis points on May 25, 2010 to 437 basis points on February 8, 2011. By June 24, High Yield spreads were 564 basis points wider than Treasuries before improving to 525 at quarter end. Our allocation to High Yield bonds for the fiscal year helped performance, though the High Yield market did not fare as well as investment grade bonds in the second quarter. For the fiscal year the High Yield index was up 15.5%. The generous return has been bolstered by a subdued default rate which is quite low at 0.79% versus the 25-year average of 4.27%, according to JP Morgan. High Yield manager Post Advisors improved their relative performance in the

second quarter. Our other High Yield manager, Neuberger Berman, slipped to finish the fiscal year just slightly ahead of their benchmark. Core-plus manager Artio beat their benchmark by a wide margin in the fiscal year. Reams Asset Management (also Core-plus) has been more defensive. They finished 80 basis points ahead of the Barclays Universal index over the past 12 months. The CIBP return for the fiscal year was 207 basis points better than the Barclays Aggregate Bond Index.

Following is a graph depicting the change in High Yield bond spreads over the past year. As noted earlier, this risk premium declined until this spring when concerns began to increase over the pace of economic growth.



The tables below show the portfolio characteristics for the internally-managed portion of each bond pool and the overall retirement pool versus the bond market index as of quarter-end.

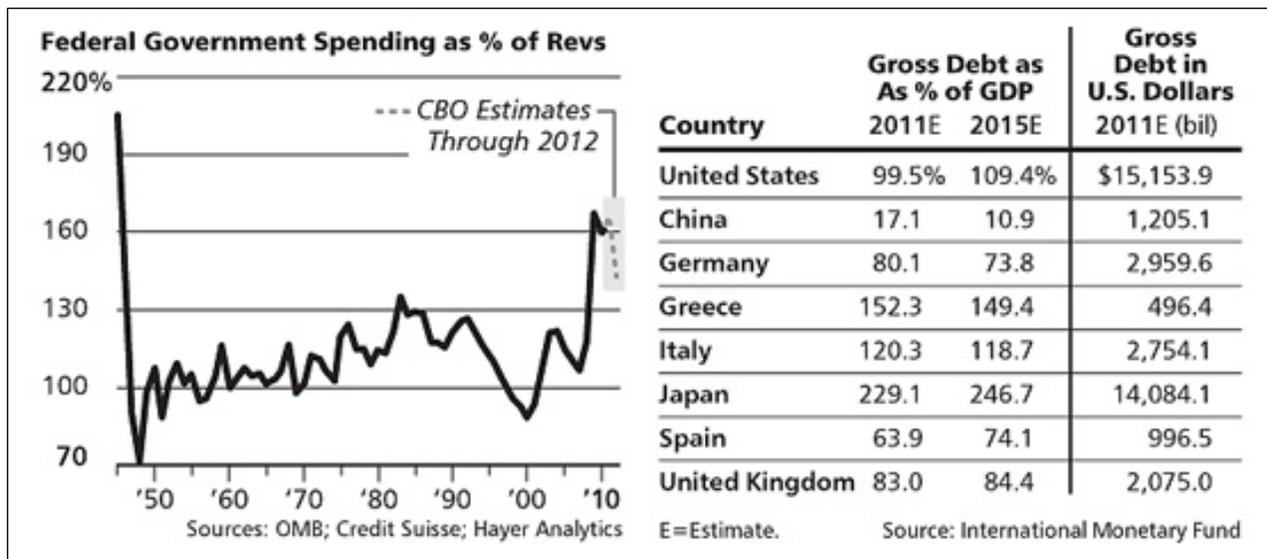
Benchmark Comparison Analysis CIBP vs. Merrill US Broad Market Index on 06/30/2011						
Summary Characteristics						
	Price	Coupon	Current Yield	Yield to Maturity	Effective Duration	Effective Spread
Portfolio	103.73	4.26	4.14	3.42	4.70	1.03
Benchmark	106.86	4.20	3.96	2.73	4.66	0.55
Difference	-3.13	0.06	0.18	0.69	0.04	0.48

Benchmark Comparison Analysis RFBP vs. Merrill US Broad Market Index on 06/30/11						
Summary Characteristics						
	Price	Coupon	Current Yield	Yield to Maturity	Effective Duration	Effective Spread
Portfolio	103.16	4.39	4.29	3.71	4.64	1.37
Benchmark	106.86	4.20	3.96	2.73	4.66	0.55
Difference	-3.70	0.19	0.33	0.98	-0.02	0.82

Benchmark Comparison Analysis						
TFBP vs. Merrill US Broad Market Index on 06/30/11						
Summary Characteristics						
	Price	Coupon	Current Yield	Yield to Maturity	Effective Duration	Effective Spread
Portfolio	103.06	3.97	4.21	3.43	4.80	1.03
Benchmark	106.86	4.20	3.96	2.73	4.66	0.55
Difference	-3.80	-0.23	0.25	0.70	0.15	0.48

The Federal Reserve completed the second phase of its Quantitative Easing program in June. Consensus opinion is that there will be no third phase, though rumors persist. There had been speculation that the withdrawal of Fed support might force interest rates higher although that has certainly not been the case since quarter end. The United States can ill afford higher interest expense considering the size of the public debt.

The table shown below compares sovereign issuers, including the United States:



Concluding Comments

Yields fell in the second quarter and the Treasury yield curve flattened slightly along the intermediate portion of the Treasury yield curve. Second quarter annualized real GDP growth of 1.3% following a lackluster 0.4% rate of growth in the first quarter shocked the markets. The consensus has been that GDP will reaccelerate in the second half of the year, according to *Blue Chip Economic Indicators*. Should growth improve, there could be better performance in the spread sectors, likely paired with relatively lower returns in Treasury bonds. Fed Chairman Ben Bernanke stated in his press conference that inflation should be of little concern.

We have been focusing on the liquidity and credit quality of the internally managed bond pools. Although the large bond pools have a significant commitment to risk assets, the tightening in credit spreads since 2009 has caused us to adopt a more defensive posture until credit quality spreads widen again. Default rates are low and corporate balance sheets have improved because of debt reduction, cost cutting and high cash levels. But overly optimistic assumptions regarding an economic recovery may have caused credit spreads to tighten more than warranted.

As of this writing in early August, we have seen market anxiety over the slowing of economic activity spark another flight to quality. Treasury yields plummeted to levels not seen since October 2010 and risk assets sold off. Better than expected job growth in July helped stem the tide when statistics were released on Friday, August 5th.

BELOW INVESTMENT GRADE FIXED INCOME HOLDINGS

June 30, 2011

(in millions)

	Par	Book	Market	Price	Name	Coupon %	Maturity	Rating M/S&P	Comments
	\$5.000	\$5.002	\$5.107	\$102.14	Continental Airlines	6.563	02/15/12	Ba1/BB-	Insured by AMBAC. Financial stress at AMBAC resulted in the downgrade of the bond.
	\$8.000	\$7.970	\$8.234	\$102.93	Zions Bancorporation	5.650	05/15/14	B3/BB+	Zions credit quality has been severely stressed but they were able to issue debt and equity in 2009 and remain relatively well capitalized.
	\$50.000	\$50.000	\$52.830	\$105.66	DOT Headquarters II Lease	6.001	12/07/21	NR/NR	The bond was insured by XL Capital which has defaulted. However, lease payments are guaranteed by the US govt and the bond is collateralized by the building.
	\$3.000	\$2.970	\$2.966	\$98.87	Regions Financial Corp	5.750	06/15/15	Ba3/BB-	Large number of distressed assets and departures of upper management resulted in downgrade.
A	\$15.000	\$14.717	\$15.450	\$103.00	R.R. Donnelley & Sons	4.950	04/01/14	Ba1/BB+	Downgraded 5/16/11 around the time when RRD announce \$1 billion share buyback. The printing industry is under long-term stress. Liquidity remains strong.
	\$10.000	\$2.000	\$2.565	\$25.65	Lehman Brothers	5.500	05/25/10	NR/NR	Currently in default and liquidation
	\$5.000	\$0.978	\$1.300	\$26.00	Lehman Brothers	5.000	01/14/11	NR/NR	Currently in default and liquidation
	<u>\$96.000</u>	<u>\$83.637</u>	<u>\$88.452</u>						
A = Additions since 3/31/2011									
	\$15.000	\$14.717	\$15.450	\$103.00	R.R. Donnelley & Sons	4.950	04/01/14	Ba1/BB+	
D = Deletions since 3/31/11									
	\$2.000	\$2.000	\$2.295	\$114.75	Wilmington Trust Corp	8.500	04/02/18	Ba1/CCC	Upgraded to Baa1/BBB+ on 5/17/11 when merged with M&T.
<u>In default</u>									
	\$10.000	\$2.000	\$2.565	\$25.65	Lehman Brothers	5.500	05/25/10	NR/NR	Currently in default and liquidation
	\$5.000	\$0.978	\$1.300	\$26.00	Lehman Brothers	5.000	01/14/11	NR/NR	Currently in default and liquidation
	<u>\$15.000</u>	<u>\$2.978</u>	<u>\$3.865</u>						

State Fund Insurance

Richard Cooley, CFA, Portfolio Manager

August 16, 2011

The table below lays out the basic characteristics of the State Fund fixed income portfolio in comparison to a Merrill Lynch index. The Merrill Lynch index serves as a proxy for the account's actual benchmark, which is the Barclays Capital Government/Credit Intermediate Index.

Benchmark Comparison Analysis						
State Fund vs. Merrill US Corp and Govt, 1-10 Yrs on 06/30/2011						
Summary Characteristics						
	Price	Coupon	Current Yield	Yield to Maturity	Effective Duration	Effective Spread
Portfolio	106.30	4.30	4.08	3.05	3.59	1.49
Benchmark	106.28	3.48	3.30	1.96	3.91	0.52
Difference	0.02	0.82	0.78	1.09	-0.32	0.97

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. We have been slowly increasing the Treasury portion of the government holdings, as agency spreads have tightened substantially and do not offer much relative value. The portfolio has a shorter duration than the benchmark and is thus less sensitive to interest rate changes. This provides some defense against higher bond yields which may be important over the intermediate timeframe, while only having a minimal impact on the portfolio's yield.

Spread product ended the second quarter wider as compared to the end of the first quarter. MBS spreads widened by 3 basis points to 37 basis points, agencies widened by 5 basis points to 21 basis points and corporate spreads widened by 11 basis points to 153 basis points. During the quarter, the ten year Treasury yield decreased by 31 basis points from 3.47% to 3.16%.

The overweight in spread product (all non-Treasuries) has added value during the past year as spreads tightened. The total fixed income (including STIP) portion of the account outperformed the benchmark by 1 basis point during the March quarter and by 92 basis points over the past year. Longer term performance is +113 basis points for the past three years, +1 basis point for the past five years and +34 basis points for the past ten years (ended June 30).

During the June quarter, there were purchases of \$39 million of corporate bonds spread across the curve and broadly diversified by sector. There were no transactions of equity index units during the quarter.

The portfolio has a 109 basis point yield advantage over the benchmark with only a one notch lower quality rating. Client preferences include keeping the STIP balance in a 1-5 percent range (currently 1.24%) and limiting holdings rated lower than A3 or A- to 25 percent of fixed income (currently 21.7%).

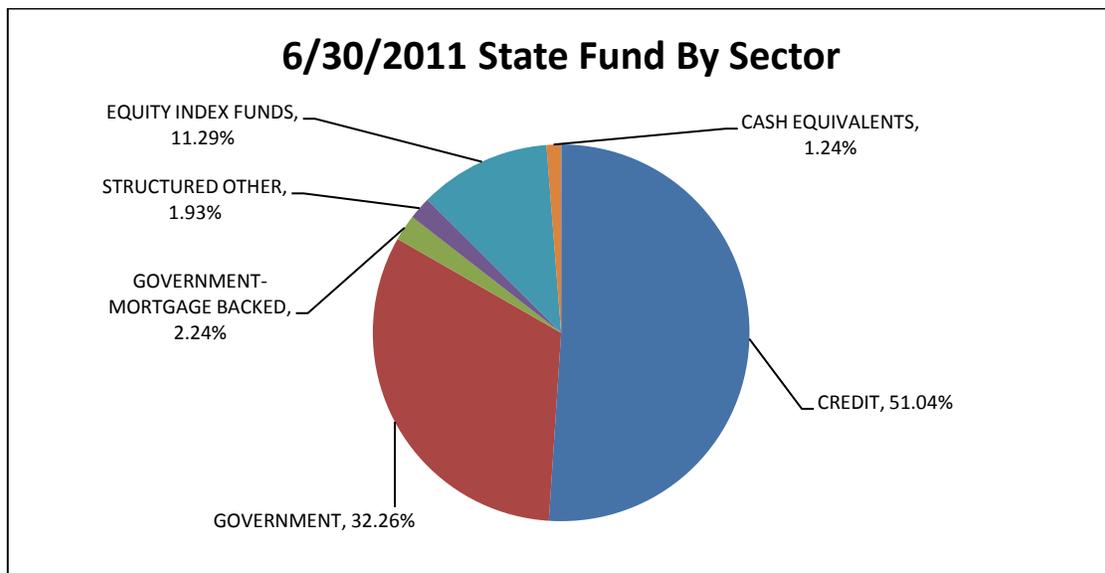
State Fund vs. Merrill US Corp and Govt, 1-10 Yrs on 06/30/2011			
	SFBP Portfolio (%)	Benchmark (%)	Difference
Treasuries	15.50	55.37	-39.87
Agencies & Govt Related	20.46	16.31	4.15
Total Government	35.96	71.67	-35.72
Mortgage Backed	2.50	0.00	2.50
Asset Backed	0.00	0.00	0.00
CMBS	1.47	0.00	1.47
Securitized	3.98	0.00	3.98
Financial	31.17	11.45	19.72
Industrial	20.88	15.12	5.76
Utility	5.94	1.75	4.19
Total Corporates	57.99	28.32	29.67
Other	0.69	0.00	0.69
Cash	1.38	0.00	1.39
Total	100.00	100.00	

The following sector breakout is a look at the entire State Fund account including the S&P 500 and ACWI ex-U.S. 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.

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 over the benchmark during recent periods due to an overweight in spread product versus the benchmark.

6/30/2011 State Fund By Sector

<u>Sector</u>	<u>Market Value</u>	<u>%</u>
BANKS	117,868,642	9.68%
COMMUNICATIONS	24,476,892	2.01%
ENERGY	31,977,465	2.63%
GAS/PIPELINES	6,103,542	0.50%
INSURANCE	67,314,514	5.53%
OTHER FINANCE	150,741,385	12.38%
RETAIL	9,463,915	0.78%
TRANSPORTATION	46,557,847	3.82%
UTILITIES	67,041,329	5.50%
INDUSTRIAL	99,126,040	8.14%
UTILITIES	1,009,471	0.08%
CREDIT	621,681,041	51.04%
TITLE XI	7,052,053	0.58%
TREASURY NOTES/BONDS	167,895,198	13.78%
AGENCY	217,984,504	17.90%
GOVERNMENT	392,931,754	32.26%
FHLMC	13,637,385	1.12%
FNMA	13,596,246	1.12%
GOVERNMENT-MORTGAGE BACKED	27,233,631	2.24%
CDO	7,500,000	0.62%
CMBS	16,012,903	1.31%
STRUCTURED OTHER	23,512,903	1.93%
TOTAL FIXED INCOME	1,065,359,330	87.47%
EQUITY INDEX FUNDS	137,532,240	11.29%
CASH EQUIVALENTS	15,146,197	1.24%
GRAND TOTAL	1,218,037,767	100.00%



MONTANA BOARD OF INVESTMENTS

SUMMARY OF INDIVIDUAL PLAN PERFORMANCE

Rates of Returns

Periods Ending June 30, 2011



STATE STREET

	MKT VAL \$(000)	ALLOC	MONTH	QTR	FYTD	1 Year	3 Years	5 Years	10 Years	ITD	INCEPT. DATE
STATE FUND INSURANCE											
TOTAL	1,229,181	100.0	-0.33	1.91	7.21	7.21	6.83	6.37	5.74	6.18	12/01/1993
EQUITIES	137,532	11.2	-1.62	0.16	30.61	30.61	4.01	3.37	2.94	1.81	01/01/2001
Domestic	120,542	9.8	-1.65	0.11	31.06	31.06	4.16	3.46	2.92		
Foreign	16,990	1.4	-1.42	0.49	22.99	22.99					
TOTAL FIXED INCOME	1,091,649	100.0	-0.17	2.13	4.69	4.69	6.89	6.09	5.68	6.14	12/01/1993
CASH EQUIVALENTS	15,152	1.4	0.02	0.07	0.30	0.30	0.76	3.33	2.89	4.08	
FIXED INCOME	1,076,497	98.6	-0.17	2.21	4.81	4.81	7.05	6.61	6.08	6.40	
STATE FUND INSURANCE CUSTOM COMPO			-0.33	1.84	6.24	6.24	5.63	5.84	5.08		
S&P 500			-1.67	0.10	30.69	30.69	3.34	2.94	2.72		
MSCI AC WORLD ex US (NET)			-1.45	0.38	29.73	29.73	-0.35	3.67	7.48		
BC GOV/CREDIT INTERMEDIATE			-0.16	2.12	3.77	3.77	5.76	6.08	5.34		
LIBOR 1 MONTH INDEX			0.02	0.05	0.25	0.25	0.62	2.24	2.31		

Treasurer's Fund

Richard Cooley, CFA, Portfolio Manager

August 16, 2011

The fund totaled \$1.023 billion as of June 30, 2011, consisting of approximately one third general fund monies and the balance in various other state operating accounts. There was an additional purchase of \$20 million in securities in the second quarter. Current securities holdings total \$30 million. The investment policy for the fund limits security holdings to 50% of the projected General Fund FYE balance of the current period. The June 30 balance was \$346 million.

Short Term Investment Pool (STIP)

Richard Cooley, CFA, Portfolio Manager
August 16, 2011

During the second quarter money market yields were lower as the Federal Reserve continued its two-year-old policy of low fed funds rates for an extended period of time. The money market credit curve flattened as investors placed money at the longer end of the curve to pick up additional yield. Three month LIBOR rates and one month LIBOR rates both fell by 5.8 basis points during the quarter. Credit spreads were mostly unchanged to slightly wider during the quarter, as depicted by the spread between three month Treasury bills and three month LIBOR rates (TED spread). This spread ended the second quarter at about 21 basis points, unchanged for the quarter.

TED Spread (06/30/10 – 06/30/11)

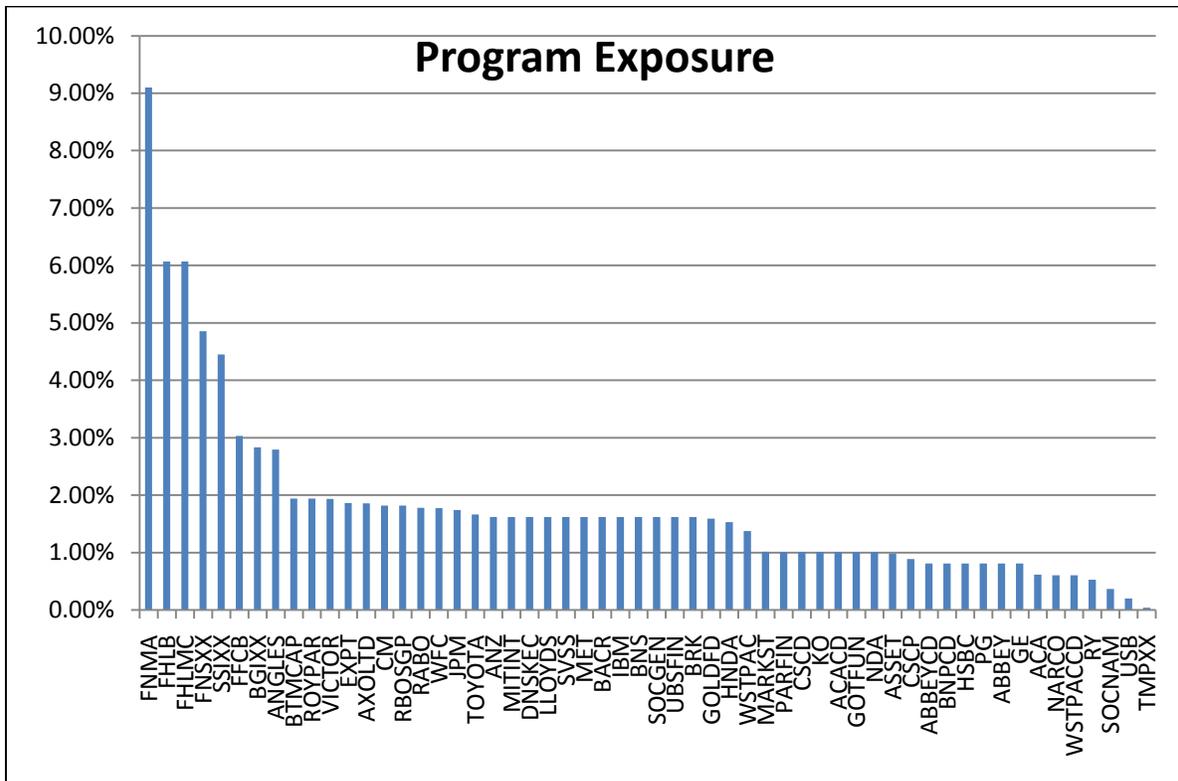
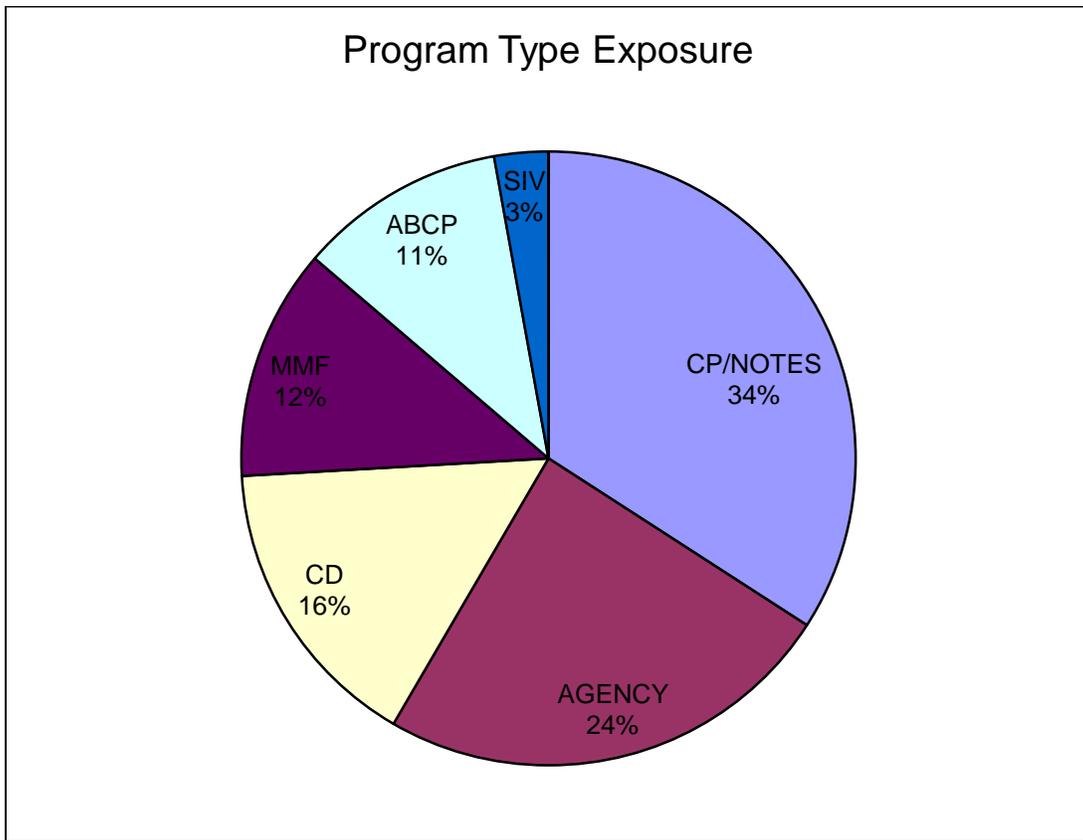


The STIP portfolio is currently well diversified and is operating within all the guidelines adopted by the Board at the February 2008 meeting. Daily liquidity is at a minimum of \$150 million and weekly liquidity is at a minimum of \$250 million. The average days to maturity are about 50 days as compared to a policy maximum of 60 days. Asset-backed commercial paper is about 11% of holdings (40% max) and corporate exposure is around 34% (40% max). We currently have approximately 24% in agency paper, 16% in Yankee CD's (30% max) and 12% in four institutional money funds. Several of the ABCP programs we have on the approved list have withdrawn from the market and the timing of their return is uncertain.

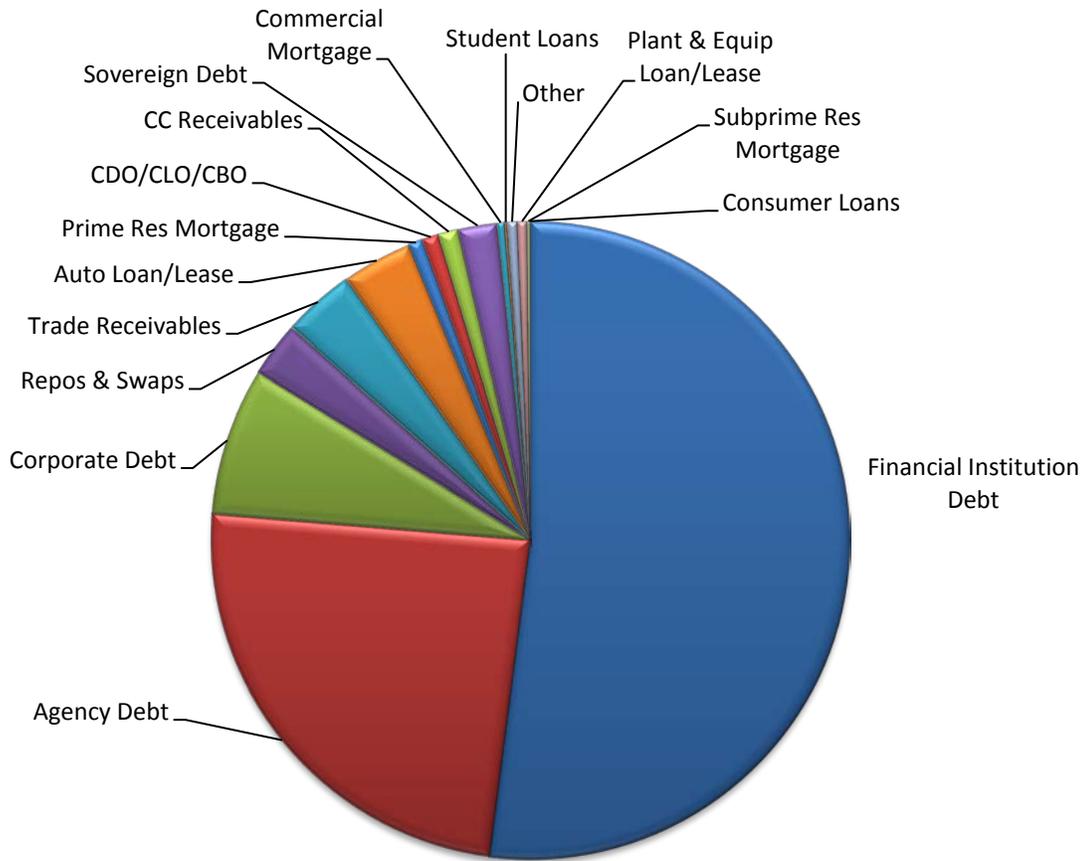
During the second quarter we purchased \$50 million of floating rate Agencies, pegged to one month Libor, as well as \$100 million of one year fixed rate Agencies. We also purchased \$125 million of floating rate Yankee CDs and \$13 million of a fixed rate Yankee CDs. Lower one month and three month Libor rates detracted from the portfolio yield during the quarter.

The net daily yield on STIP is currently 0.20% as compared with the current one-month LIBOR rate of 0.20% and current fed funds target rate of 0.0%-0.25%. The portfolio asset size is currently \$2.4 billion, up from three months ago.

All charts below are as of July 27, 2011.



Portfolio Composition by Sector



**MONTANA BOARD OF INVESTMENTS
MONTANA UNIVERSITY SYSTEM
GROUP INSURANCE (MU3Q) (FUND 06008)
INVESTMENT POLICY STATEMENT**

INTRODUCTION

This fund is governed by state regulations, specifically, the "prudent expert principle" which requires the Board of Investments to: (a) discharge its 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 manners 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 Montana Constitution does not allow equity type investments. This is a new account which is the reserve for the self insured health plan for the Montana University system.

OBJECTIVES

To maximize the investment income, consistent with preservation of capital through a diversified portfolio of fixed income securities. Current income is important since interest earned is used to pay claims and expenses and fund reserves. This fund is being managed as a short-term insurance account. Risk tolerance is minimal due to high liquidity needs.

PERMITTED FIXED INCOME INVESTMENTS

- 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 (e.g., EIB, IFC, IADB).
- 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 (CMOs), commercial mortgage backed securities (CMBS), hybrid ARMS and asset backed securities.
- When-issued securities.
- Rule 144a securities.
- Medium term notes.

PROHIBITED FIXED INCOME INVESTMENTS

- 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 CMOs or other structured securitizations.
- Capital securities (convertible from fixed to floating)
- Inverse floaters.
- Convertible bonds.

**MONTANA BOARD OF INVESTMENTS
MONTANA UNIVERSITY SYSTEM
GROUP INSURANCE (MU3Q) (FUND 06008)
INVESTMENT POLICY STATEMENT**

CONSTRAINTS

Fixed Income Quality: The fund may invest in STIP and high quality fixed income securities. Fixed income securities purchased must be rated at least A- or A3, at the time of purchase. Corporate credit risk will be limited to 2% in any one name.

Term: This fund is considered a short-term fund with uncertain future liabilities. The maximum maturity for any security purchased for this fund is approximately five (5) years.

Liquidity: A minimum STIP balance of \$10 million is required.

ADMINISTRATIVE

Securities Lending:

Section 17-1-113, MCA, authorizes the Board to lend securities held by the state. The Board may lend its publicly traded securities held in the investment pools, through an agent, to other market participants in return for compensation. Currently, through an explicit contract, State Street Bank and Trust, the state's custodial bank, manages the state's securities lending program. The Board seeks to assess the risks, such as counterparty and reinvestment risk, associated with each aspect of its securities lending program. The Board requires borrowers to maintain collateral at 102 percent for domestic securities and 105 percent for international securities. To ensure that the collateral ratio is maintained, securities on loan are marked to market daily and the borrower must provide additional collateral if the value of the securities on loan increases. In addition to the strict collateral requirements imposed by the Board, the credit quality of approved borrowers is monitored continuously by the contractor. From time to time, Staff or the investment manager may restrict a security from the loan program upon notification to State Street Bank. Staff will monitor the securities lending program, and the CIO will periodically report to the Board on the status of the program.

ASSET ALLOCATION (at market)

<u>FIXED INCOME</u>	<u>Range</u>
Government/Agency Bonds	0-60%
Corporate Bonds	0-30%
Short-term Investment Pool (STIP)	<u>20-100%*</u>
Total Fixed Income	<u>100.0%</u>

* Subject to minimum balance of \$10 million.

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: August 17, 2011
Subject: Pension Fund Actuarial Return Assumptions

Pension Fund Actuarial Assumptions

The state's nine defined benefit pension plans (plans) are valued annually as of June 30 to determine whether they are actuarially sound. The two pension boards retain actuaries to perform the valuations for all nine plans as required by state law:

Public Employees' Retirement Board:

“19-2-405. Employment of actuary -- annual investigation and valuation. (1) The board shall retain a competent actuary who is an enrolled member of the American academy of actuaries and who is familiar with public systems of pensions. The actuary is the technical adviser of the board on matters regarding the operation of the retirement systems.

(2) The board shall require the actuary to make an annual actuarial investigation into the suitability of the actuarial tables used by the retirement systems and an actuarial valuation of the assets and liabilities of each defined benefit plan that is a part of the retirement systems.”

Teachers' Retirement Board:

“19-20-201. Administration by retirement board. (1) The retirement board shall administer and operate the retirement system within the limitations prescribed by this chapter, and it is the duty of the retirement board to:

- (a) establish rules necessary for the proper administration and operation of the retirement system;**
- (b) approve or disapprove all expenditures necessary for the proper operation of the retirement system;**
- (c) keep a record of all its proceedings, which must be open to public inspection;**
- (d) submit a report to the office of budget and program planning detailing the fiscal transactions for the 2 fiscal years immediately preceding the report due date, the amount of the accumulated cash and securities of the retirement system, and the last fiscal year balance sheet showing the assets and liabilities of the retirement system;**
- (e) keep in convenient form the data that is necessary for actuarial valuation of the various funds of the retirement system and for checking the experience of the retirement system;**
- (f) prepare an annual valuation of the assets and liabilities of the retirement system that includes an analysis of how market performance is affecting the actuarial funding of the retirement system”;**

State law also requires that the plans be “actuarially sound”, which is defined as follows:

“19-2-409. Plans to be funded on actuarially sound basis -- definition. As required by Article VIII, section 15, of the Montana constitution, each system must be funded on an actuarially sound basis. For purposes of this section, "actuarially sound basis" means that contributions to each retirement plan must be sufficient to pay the full actuarial cost of the plan. For a defined benefit plan, the full actuarial cost includes both the normal cost of providing benefits as they accrue in the future and the cost of amortizing unfunded liabilities over a scheduled period of no more than 30 years.’

As of June 30, 2010, four of the state's nine plans were not actuarially sound, i.e., their unfunded liabilities could not be amortized in 30 years or less based on the actuarial assumptions and the current level of contributions.

The actuarial valuation process is limited to current members – retired and active – in the plans at the time of the June 30 valuation. In order to determine whether the plans are actuarially sound, the actuaries must first make several assumptions which address: future liabilities (benefit payments); future contributions made by employers/members; and the return on the investment of plan assets. Assumptions include an estimate of salary growth of active members throughout their career, as salary growth affects not only the contributions to be made on their behalf during their working career but also the benefits they will draw when they retire. (Benefits, as set in law, are based on years of service and highest average salaries.) Longevity assumptions must also be made to estimate how long members will draw benefits after retirement. These assumptions are very long-term. For example, a member hired just prior to the June 30 valuations may work 30 years and draw benefits for 20 to 30 years, a period of 50 to 60 years. In the near term, assumptions underlying the plans' liabilities are relatively stable and the liabilities typically change very little from year-to-year based on actual experience. In contrast, the assumptions regarding the investment returns on plan assets are far more complicated, and in the short-term, actual returns can vary widely from the return assumptions.

How Important is the Investment Return Assumption?

The investment return assumption, which is currently 7.75 percent annually for all plans, has a significant effect on the determination of plan soundness. Even a small reduction in the return assumption will significantly increase the unfunded liability of the plans, or create an unfunded liability when none currently exists. A reduction in the assumed rate of return would also increase the future contributions necessary to achieve the actuarial soundness required by law. Conversely, an increase in the actuarial return assumptions can reduce the plans' unfunded liability and reduce the estimated future contributions necessary to achieve actuarial soundness.

Given the substantial effect the assumed rate of return can have on the plans' funding status, it may be helpful to ask the question: "What purpose does the investment return assumption serve and how is it used in determining plan soundness?"

As of the plan valuation date, the only known component of the plan is the market value of the invested assets. The actuaries know the market value of the stocks, bonds, and other investments in the plans' asset portfolios as of the valuation date, but must estimate future employee/employer contributions and the future benefits that will be paid to members. In order to compare the present market value of the plans' assets with the present value of all future contributions into the plan and future benefits to be paid, both the future contributions and benefits are "discounted" back to a present value so they can be compared directly to the present market value of the plan's assets. The discount rate used in this calculation is the actuarial investment return assumptions for the plan's assets, i.e., the rate at which the plans invested assets are presumed to grow over time.

The present value of future contributions is then subtracted from the present value of all future benefits to determine the present value of plan liabilities. The present value of plan liabilities is then compared to the current value of plan assets. If they match, the plan is fully funded (100%). If the present value of future plan liabilities exceeds the current value of plan assets, the difference represents an unfunded

liability. Conversely, if the current value of plan assets exceeds the present value of the plan's future liabilities, the difference represents a surplus.

The actuaries calculate the plan's funding status in two different ways. The official plan valuation uses a process that smoothes the plan invested asset values over several years - the "actuarial" value of plan assets. This process is intended to reduce the impact that financial market volatility has on plan assets and valuations. The actuaries also calculate the funding status of the plans using the "market" value of plan assets, i.e., the actual market value of the plan assets at June 30 compared to the present value of the liabilities.

Who Determines the Actuarial Assumptions?

The two pension boards determine all plan actuarial assumptions based on recommendations from their actuaries as per the state constitution:

"Section 15. Public retirement system assets. (2) The governing boards of public retirement systems shall administer the system, including actuarial determinations, as fiduciaries of system participants and their beneficiaries."

By law, the Board of Investments (Board) is solely responsible for the investment of defined benefit plan assets but has no direct responsibility for determining the actuarial investment return assumptions. However, the Board may indirectly influence the return assumptions by the way in which it allocates plan assets to different types of investments. Various mixes of investment types will produce different expected rates of return and different levels of risk. For example, if the Board chose to invest plan assets exclusively in US Government Bonds, the pension actuaries would likely recommend a much lower return assumption based on the long-term expected returns of the bonds (currently ranging from approximately 2.9 percent to 4.5 percent), versus the current plans' mix of investment types, which target a much higher long-term expected rate of return. This raises the question: "Does the Board allocate pension fund assets to different types of investments with the explicit goal of trying to achieve the 7.75 percent annual return assumption, or is the assumption simply a reflection of the way the Board allocates plan assets to different types of investments?"

At some point in the life of the plans, someone assumed that the plans' assets could be invested in such a way to generate annual returns of 8.0 percent (the assumptions have since been reduced to 7.75 percent). Contribution rates and benefit levels were then set based on the assumption that plan assets would generate an 8.0 percent annual return. If the initial return assumption had been lower, the contribution levels would likely have been set higher, or benefits levels would have been set lower.

Since the current plans unfunded liabilities are based on a long-term return assumption of 7.75 percent, the Board has little choice but to attempt to allocate plan assets to generate the expected returns in a prudent manner. If the Board revised plan asset allocations to reduce equity exposure and raise exposure to investments with lower expected long-term returns, the pension board actuaries would no doubt recommend reducing the plan return assumptions. Lowering the assumptions would have an immediate effect of increasing the unfunded liabilities and increasing the level of future contributions necessary to make the plans actuarially sound. Even the Board's best attempts to achieve returns of 7.75 percent annually may fail because there is no assurance that the investment markets will permit any mix of investments to consistently generate that level of returns.

The Debate about Investment Return Assumptions

Public pension plan return assumptions have recently become a frequent subject of discussion. Some parties suggest that plans should be more conservative and utilize what is called a “risk-free” rate to discount future benefit liabilities. The risk-free rate would perhaps be the expected annual return on a US Government bond. The immediate effect of such a change would be a significant increase in the present value of future benefit payments. This change would increase any existing unfunded liabilities and raise the actuaries’ estimates of the future contributions needed to make the plans actuarially sound. However using a risk-free rate would not increase or decrease the actual amount of future benefits that must be paid by the plan. It would simply increase the present value of those benefits reflecting a reduced expectation of the investment returns as a source of financing them.

Most, perhaps all, of the parties proposing the use of a “risk free” discount rate do not have the responsibility of funding public pension plans. Plans sponsors that must ultimately pay promised benefits would argue that it does not make sense to use a risk-free discount rate when they are investing the assets pledged to pay those benefits in global equities and alternative investments that are expected to return significantly more than risk-free assets. When comparing the state’s current 7.75 percent investment return assumption to its peers, the assumption seems reasonable. Based on a December 31, 2010 survey conducted by R.V. Kuhns & Associates, the average return assumption for 56 public plans was 7.81 percent, with return assumptions ranging from 7.00 percent to 8.50 percent. The 56 plans had assets of \$1.26 trillion as of that date.

Who has the Responsibility to Fund the Plans?

The state legislature has the sole responsibility to ensure that the plans are actuarially sound. State law defines an “actuarially sound” plan as one that has sufficient current invested assets and expected future contributions to pay the full actuarial cost of the plan. This provision requires that contributions be sufficient to pay the normal cost of the plans and also to amortize any unfunded liability in 30 years or less. The legislature has embodied benefit and contribution levels in state law and those levels can only be changed by amending the law. The two pension boards are responsible for determining the actuarial assumptions that ultimately affect the systems’ funding status, but have no legal authority to solve any funding problems. The most the pension boards can do is make the legislature aware of any funding problems and request that it take action to address the problems.

For those plans that are currently “unsound” based on state law, any reduction in the current investment return assumptions will immediately increase the unfunded liabilities. This would raise the contribution levels necessary to achieve actuarial soundness, making it even more difficult for future legislatures to solve the problem. Using a risk-free return assumption would significantly impair the legislature’s ability to solve the plans’ funding problems.

What is the Board’s Responsibility?

The Board’s responsibility is to prudently invest the assets of the plans in an effort to achieve the actuarial assumed return over time. This role entails the assumption of risks inherent in the markets for these assets.

[Return to Agenda](#)

Bond Program Reports

INTERCAP Loan Program

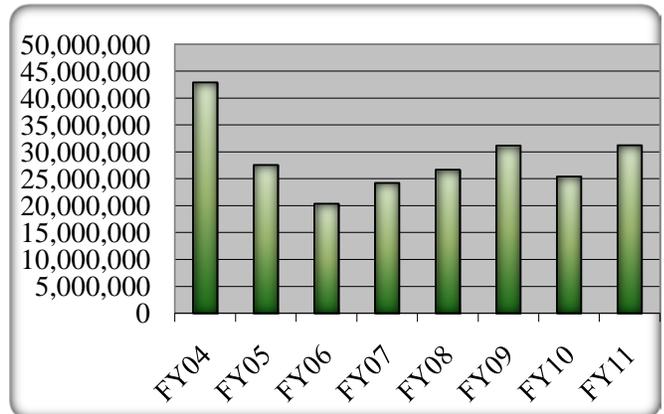
Activity Summary

As of June 30, 2011

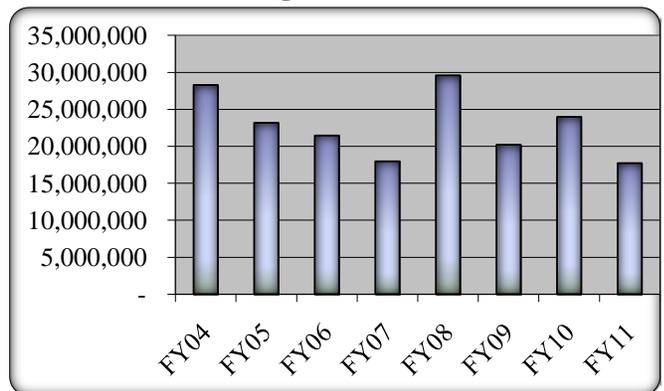
Since Inception 1987 - June 2011

Total Bonds Issued	136,000,000
Total Loan Commitments	376,405,928
Total Loans Funded	342,859,821
Total Bonds Outstanding	95,530,000
Total Loans Outstanding	75,552,672
Loan Commitments Pending	33,546,107

Commitments FY04-FY11



Fundings FY04-FY11



FY2011 To Date		
Month	Commitments	Fundings
July-10	\$ 1,697,145	\$ 1,475,213
August	875,000	817,598
September	566,039	500,288
October	1,506,999	845,556
November	902,000	1,278,855
December	7,839,469	1,825,704
January	4,076,050	913,532
February	6,742,500	538,891
March	2,866,500	1,705,084
April	1,311,278	1,600,406
May	534,122	2,635,920
June-11	2,296,351	3,582,679
To Date	\$ 31,213,453	\$ 17,719,727

Note: Commitments include withdrawn and expired loans.

Variable Loan Rate History February 16, 2004 - February 15, 2012

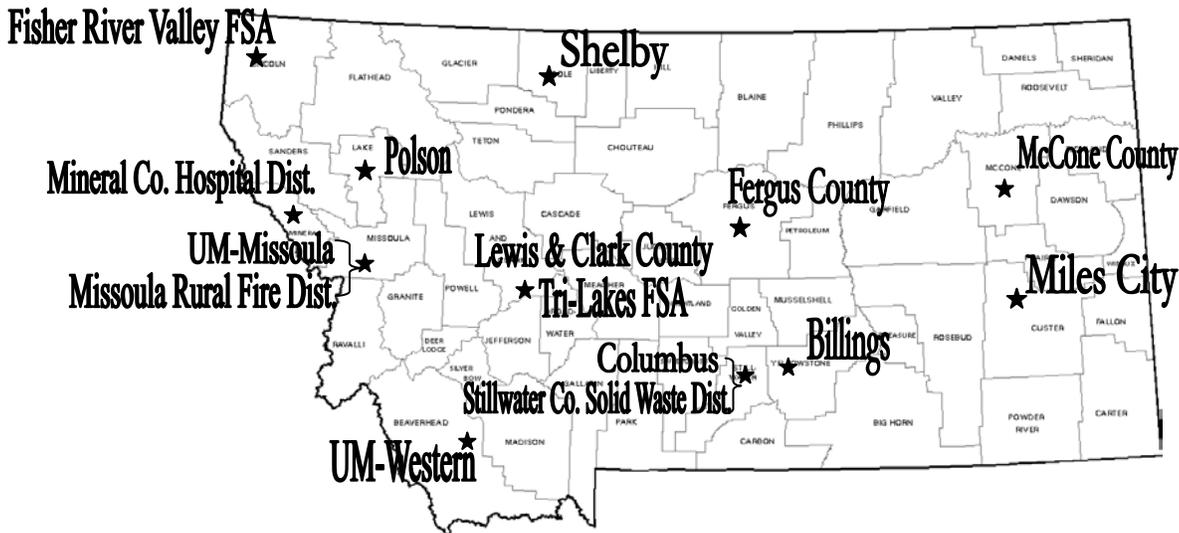
February 16, 2004 - February 15, 2005	<u>2.70%</u>	February 16, 2008 - February 15, 2009	<u>4.25%</u>
February 16, 2005 - February 15, 2006	<u>3.80%</u>	February 16, 2009 - February 15, 2010	<u>3.25%</u>
February 16, 2006 - February 15, 2007	<u>4.75%</u>	February 16, 2010 - February 15, 2011	<u>1.95%</u>
February 16, 2007 - February 15, 2008	<u>4.85%</u>	February 16, 2011 - February 15, 2012	<u>1.95%</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: August 17, 2011
Subject: INTERCAP Staff Approved Loans Committed

Staff approved the following loans – April 1, 2011 through June 30, 2011.



Borrower:	Stillwater County/Stillwater County Solid Waste District
Purpose:	Purchase new roll-off truck
Staff Approval Date	April 7, 2011
Board Loan Amount:	\$165,000
Other Funding Sources:	\$0
Total Project Cost:	\$165,000
Term:	10 years

Borrower:	City of Polson
Purpose:	Purchase a used wheel loader
Staff Approval Date	April 13, 2011
Board Loan Amount:	\$47,200
Other Funding Sources:	\$15,000
Total Project Cost:	\$62,200
Term:	3 years

Borrower:	Tri-Lakes Fire Service Area (Helena)
Purpose:	Purchase three used fire apparatuses
Staff Approval Date	April 21, 2011
Board Loan Amount:	\$200,000
Other Funding Sources:	\$0
Total Project Cost:	\$200,000
Term:	10 years

Borrower:	City of Shelby
Purpose:	Interim financing to construct a fire hall in anticipation of USDA Community Facilities Program long-term financing
Staff Approval Date:	April 29, 2011
Board Loan Amount:	\$350,000
Other Funding Sources:	\$0
Total Project Cost:	\$350,000
Term:	1 year

Borrower:	Missoula Rural Fire District
Purpose:	Purchase a new fire engine and water tender
Staff Approval Date:	April 29, 2011 (increased June 27, 2011)
Board Loan Amount:	\$475,000
Other Funding Sources:	\$0
Total Project Cost:	\$475,000
Term:	10 years

Borrower:	Fisher River Valley Fire Service Area (Libby)
Purpose:	Refinance fire station construction loan
Staff Approval Date:	May 10, 2011
Board Loan Amount:	\$136,245
Other Funding Sources:	\$0
Total Project Cost:	\$136,245
Term:	15 years

Borrower:	McCone County
Purpose:	Refinance sheriff vehicle loan
Staff Approval Date:	May 12, 2011
Board Loan Amount:	\$22,877
Other Funding Sources:	\$0
Total Project Cost:	\$22,877
Term:	3 years

Borrower:	City of Columbus
Purpose:	Construct a 10,500 sq. ft. public works facility
Staff Approval Date:	May 18, 2011
Board Loan Amount:	\$300,000
Other Funding Sources:	\$550,000
Total Project Cost:	\$850,000
Term:	10 years

Borrower:	Fergus County
Purpose:	Emergency road & bridge repairs
Staff Approval Date:	June 7, 2011
Board Loan Amount:	\$999,000.00
Other Funding Sources:	\$0
Total Project Cost:	\$999,00.00
Term:	15 years

Borrower:	Mineral County Hospital District (Superior)
Purpose:	Design/feasibility study for new hospital/clinic
Staff Approval Date:	June 8,2011
Board Loan Amount:	\$450,000
Other Funding Sources:	\$ 50,000
Total Project Cost:	\$500,000
Term:	6 years

Borrower:	City of Miles City
Purpose:	Purchase three ambulances
Staff Approval Date:	June 16, 2011
Board Loan Amount:	\$127,900
Other Funding Sources:	\$0
Total Project Cost:	\$127,900
Term:	5 years

Borrower:	City of Billings
Purpose:	Interim financing in anticipation of issuing its Pooled Special Improvement District Bonds (SID Nos. 1369 and 1391)
Staff Approval Date:	June 21, 2011
Board Loan Amount:	\$700,000
Other Funding Sources:	\$741,351
Total Project Cost:	\$1,441,351
Term:	1 year

Borrower:	Lewis & Clark County
Purpose:	Fantasy Road (East of Ferry Drive) Rural Improvement District #2011-1 road improvements
Staff Approval Date:	June 28, 2011
Board Loan Amount:	\$19,451
Other Funding Sources:	\$0
Total Project Cost:	\$19,451
Term:	15 years



MONTANA UNIVERSITY SYSTEM

Borrower:	University of Montana-Western MT College (Dillon)
Purpose:	Purchase Suburbans to replace motor pool vans
Staff Approval Date	April 21, 2011
Board Loan Amount:	\$99,078
Other Funding Sources:	\$0
Total Project Cost:	\$99,078
Term:	5 years

Borrower:	University of Montana – Missoula
Purpose:	Remodeling the O'Connor Center
Staff Approval Date	May 12, 2011
Board Loan Amount:	\$75,000
Other Funding Sources:	\$0
Total Project Cost:	\$75,000
Term:	10 years

Montana Board of Investments
LOAN COMMITTEE
August 16, 2011
INTERCAP Loan Summary and Approval



Borrower: Department of Natural Resources and Conservation (DNRC)

DNRC is requesting to borrow \$1.1 million for the Drinking Water State Revolving Fund (DWSRF) Loan Program in anticipation of receiving loan repayments. DNRC co-administers DWSRF with the Department of Environmental Quality (DEQ). The loan will be in the form of a general obligation (GO) short-term bond of the State of Montana not to exceed three (3) years.

The 1995 Legislature created the DWSRF to be a low-interest loan program that funds drinking water infrastructure projects by using the combination of federal grant money with state matching money. Loans made by the DWSRF to public entities have interest rates of up to 3.75 percent with terms not over 20 years. The state must match 20 percent of the grant of federal funds received from the United States Environmental Protection Agency (the "EPA"). This match can be from the sale of state general obligation bonds or other funds such as the recycled money from the DWSRF's loan repayments.

The DWSRF grew considerably due in part to an increase in federal grant money attributed to the American Recovery and Reinvestment Act of 2009. The DWSRF is similar to INTERCAP in that it uses loan repayments received every January 15 and July 15 to fund additional loans. However, timing of the loan repayments and the significant increase in loan commitments does not allow the DWSRF to fund all commitments within their borrowers' timeframe of need. The proposed GO will assist the DWSRF to satisfy its outstanding commitments in anticipation of receiving loan repayments.

Authorization:

Federal Title XIV of the Safe Drinking Water Act established the DWSRF program for states to make loans to community water systems. The DWSRF's enabling act [Montana Code Annotated Title 75, Chapter 6, Part 2 (particularly Section 75-6-225)], bond act [Title 17, Chapter 5, Part 8], and Trust Indenture dated June 1, 1991 gives the board of examiners authorization, upon request of the DNRC, to issue and sell bonds of the state to provide money for the program and, in particular, to provide matching funds required by the Safe Water Drinking Act as a condition to the state obtaining funds from the EPA to carry out the program. The bonds are general obligations on which the full faith, credit, and taxing powers of the state are pledged for payment of the principal and interest.

75-6-227 MCA The legislature....authorizes the creation of state debt in an amount not to exceed \$30 million....from time to time for the purpose of:...(2) funding portions of loans on an interim basis pending receipt of: ...(b) other revenue for the program. [Staff Note: DNRC has \$19,545,000 available debt authority.]

INTERCAP Debt:

DNRC has been using INTERCAP since 1996 primarily for short-term loans totaling over \$19.6 million in anticipation of issuing bonds or receiving loan repayments. Currently, DNRC has three (3) short-term loans with \$3,510,475 outstanding the longest of which matures May 2014. If the DNRC drew down the remaining commitment on the existing loans, the outstanding would increase to \$4,480,925. Historically, the DNRC pays off its short-term debt well before maturity.

Repayment:

Loan repayments of the DWSRF will repay the GO; however, as stated above, the full faith, credit, and taxing powers of the state are pledged for payment in the event that the loan repayments are insufficient to pay principal and interest when due. INTERCAP's standard repayment structure for this type of loan is total principal and interest due at maturity or such earlier date if the DWSRF receives sufficient loan repayments sooner.

It is important to note that the DWSRF is an entirely separate loan program from the Water Pollution Control State Revolving Fund (WPCSRF) Loan Program. The two programs do not share the same loan repayment revenues therefore, the proposed DWSRF loan will not be on parity lien with any revenues pledged to repay WPCSRF program debt.

However, this \$1.1 million GO will be on parity lien with the revenues pledged to repay the existing DWSRF \$1 million GO the Board approved in February 2011. The table below indicates there will be sufficient DWSRF loan repayments to service both loans.

MONTANA BOARD OF INVESTMENTS							
INTERCAP Loan Program							
Department of Natural Resources & Conservation							
(Drinking Water State Revolving Fund)							
<u>GO</u>	<u>Payment Due</u>	<u>Interest Payment</u>	<u>Principal Payment</u>	<u>Total Amount of Payment</u>	<u>Available Revenue to Pay Debt Service</u>	<u>Excess After Debt Service</u>	<u>Debt Service Coverage</u>
Existing	01/15/14	109,757	1,000,000	1,109,757	6,445,226	5,265,812	5.81
Proposed	07/15/14	136,126	1,100,000	1,236,126	5,592,998	4,356,872	4.52

Recommendation

Approval recommended with the following conditions:

1. The INTERCAP debt is an obligation of the state backed by the full faith & credit thereof, authorized by a two-thirds vote of the 59th Legislature through House Bill 142, and payable from any lawfully authorized money, including but not limited to Drinking Water State Revolving Fund.
2. The DNRC will not use INTERCAP loan proceeds to fund loans in the non-point source private loans program.
3. DNRC’s bond counsel, Dorsey & Whitney, will prepare the loan documents including but not limited to the General Obligation Short-Term Bond, the Resolution approved by the Board of Examiners, Supplemental Trust Indenture, and Attorney’s Opinion.

Staff Loan Committee

Carroll South, Executive Director _____ Approval Date: _____

Geri Burton, Deputy Director _____ Approval Date: _____

Louise Welsh, Bond Program Officer _____ Approval Date: _____

Board Loan Committee – August 16, 2011

Jack Prothero, Chairperson – Loan Committee
 Patrick McKittrick, Member
 James Turcotte, Member

Approval
 Yes No Abstain
 Yes No Abstain
 Yes No Abstain

Montana Board of Investments
LOAN COMMITTEE
August 16, 2011
INTERCAP Loan Summary and Approval



Borrower: Dept. of Natural Resources and Conservation (DNRC)

DNRC is requesting to borrow \$1.9 million for the Water Pollution Control Revolving Fund (WPCSRF) Loan Program in anticipation of receiving loan repayments. DNRC co-administers WPCSRF with the Department of Environmental Quality (DEQ). The loan will be in the form of a general obligation (GO) short-term bond of the State of Montana not to exceed three (3) years.

The 1989 Legislature created the WPCSRF to be a low-interest loan program that funds wastewater treatment infrastructure projects by using the combination of federal grant money with state matching money. Loans made by the WPCSRF to public entities have interest rates of up to 3.75 percent with terms not over 20 years. The state must match 20 percent of the grant of federal funds received from the United States Environmental Protection Agency (the "EPA"). This match can be from the sale of state general obligation bonds or other funds such as the recycled money from the WPCSRF's loan repayments.

The WPCSRF grew considerably due in part to an increase in federal grant money attributed to the American Recovery and Reinvestment Act of 2009. The WPCSRF is similar to INTERCAP in that it uses loan repayments received every January 15 and July 15 to fund additional loans. However, timing of the loan repayments and the significant increase in loan commitments does not allow the WPCSRF to fund all commitments within their borrowers' timeframe of need. The proposed GO will assist the WPCSRF to satisfy its outstanding commitments in anticipation of receiving loan repayments.

Authorization:

Title VI of the Federal Water Quality Act of 1987 established the WPCSRF program for states to make loans to community wastewater systems. The WPCSRF's enabling act [Montana Code Annotated Title 75, Chapter 5, Part 11 (particularly Section 75-5-1121)], bond act [Title 17, Chapter 5, Part 8], and Trust Indenture dated June 1, 1991 gives the board of examiners authorization, upon request of the DNRC, to issue and sell bonds of the state to provide money for the program and, in particular, to provide matching funds required by the Federal Water Quality Act as a condition to the state obtaining funds from the EPA to carry out the program. The bonds are general obligations on which the full faith, credit, and taxing powers of the state are pledged for payment of the principal and interest.

75-5-1122 MCA The legislature...authorizes the creation of state debt in an amount not to exceed \$40 million...from time to time for the purpose of:...(2) funding portions of loans on an interim basis pending receipt of: ...(b) other revenue for the program. [Staff Note: DNRC has \$30,800,000 available debt authority]

INTERCAP Debt:

DNRC has been using INTERCAP since 1996 primarily for short-term loans totaling over \$19.6 million in anticipation of issuing bonds or receiving loan repayments. Currently, DNRC has three (3) short-term loans with \$3,510,475 outstanding the longest of which matures May 2014. If the DNRC drew down the remaining commitment on the existing loans, the outstanding would increase to \$4,480,925. Historically, the DNRC pays off its short-term debt well before maturity.

Repayment:

Loan repayments of the WPCSRF will repay the GO; however, as stated above, the full faith, credit, and taxing powers of the state are pledged for payment in the event that the loan repayments are insufficient to pay principal and interest when due. INTERCAP's standard repayment structure for this type of loan is total principal and interest due at maturity or such earlier date if the WPCSRF receives sufficient loan repayments sooner.

It is important to note that the WPCSRF is an entirely separate loan program from the Drinking Water State Revolving Fund (DWSRF) Loan Program. The two programs do not share the same loan repayment revenues therefore, the proposed WPCSRF loan will not be on parity lien with any revenues pledged to repay DWSRF program debt.

However, this \$1.9 million GO will be on parity lien with the revenues pledged to repay a \$15 million short-term loan for the WPCSRF the Board approved in March 2010 to fund out of the Coal Tax Trust Fund (CTTF). DNRC does not anticipate needing to begin drawing on the \$15 million until September 2011. Assuming DNRC draws the full \$15 million; the CTTF loan will have approximately \$2.65 million debt service due semi-annually every January 15 and July 15 maturing July 2014. The total principal and interest on the proposed \$1.9 million GO is due July 2014. The table below indicates there will be sufficient WPCSRF loan repayments to service both loans.

MONTANA BOARD OF INVESTMENTS							
Department of Natural Resources & Conservation							
(Water Pollution Control State Revolving Fund)							
Funding Program	Payment Due	Interest Payment	Principal Payment	Total Amount of Payment	Available Revenue to Pay Debt Service	Excess After Debt Service	Debt Service Coverage
Coal Tax Trust Fund (CTTF)	01/15/12	179,815	2,464,282	2,644,097	8,084,747	5,440,650	3.06
	07/15/12	202,592	2,441,505	2,644,097	7,185,471	4,541,374	2.72
	01/15/13	164,927	2,479,170	2,644,097	8,088,214	5,444,117	3.06
	07/15/13	122,727	2,521,370	2,644,097	6,713,745	4,069,648	2.54
	01/15/14	83,452	2,560,645	2,644,097	7,677,862	5,033,765	2.90
	07/15/14	82,092	2,533,029	2,615,121	6,888,295	4,273,174	2.63
	INTERCAP	07/15/14	236,544	1,900,000	2,136,544	4,273,174	2,136,630

Recommendation:

Approval recommended with the following conditions:

1. The INTERCAP debt is an obligation of the state backed by the full faith & credit thereof, authorized by a two-thirds vote of the 59th Legislature through House Bill 142, and payable from any lawfully authorized money, including but not limited to Water Pollution Control State Revolving Fund.
2. The DNRC will not use INTERCAP loan proceeds to fund loans in the non-point source private loans program.
3. DNRC’s bond counsel, Dorsey & Whitney, will prepare the loan documents including but not limited to the General Obligation Short-Term Bond, the Resolution approved by the Board of Examiners, Supplemental Trust Indenture, and Attorney’s Opinion.

Staff Loan Committee

Carroll South, Executive Director	_____	Approval Date: _____
Geri Burton, Deputy Director	_____	Approval Date: _____
Louise Welsh, Bond Program Officer	_____	Approval Date: _____

Board Loan Committee – August 16, 2011

	<u>Approval</u>		
Jack Prothero, Chairperson – Loan Committee	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain
Patrick McKittrick, Member	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain
James Turcotte, Member	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain

Montana Board of Investments
Loan Committee
INTERCAP Loan Summary and Approval



Borrower: Town of Big Sandy

Date: June 21, 2011

The Town requests a \$2,314,000 interim loan in anticipation of the United States Department of Agriculture (USDA) Rural Development Services (RD)¹ long-term financing for its waste water plant improvement project. The loan will be for potentially two (2) years and in the form of a bond anticipation note (BAN). The funding package for the \$4,749,000 total project cost is as follows:

Borrower Portion	\$	52,000
Treasure State Endowment Program (TSEP) Grant		500,000
Department of Natural Resources		
-Renewable Resource Grant & Loan Program (RRGL) Grant		100,000
Rural Development (RD) Grant		1,783,000
INTERCAP Interim loan	2,314,000	
Rural Development (RD) Loan		<u>2,314,000</u>
Total	\$	4,749,000

Authorization:

¹<http://www.rurdev.usda.gov/>

7-7-109 Montana Code Annotated (MCA) (2) (a) When all conditions exist precedent to the offering for sale of bonds of a political subdivision in any amount and for any purpose authorized by law or the political subdivision has applied for and received a commitment for a grant or loan of state or federal funds, its governing body may by resolution issue and sell, in anticipation of the receipt of the grant, loan, or bonds in an amount not exceeding the total amount of bonds authorized or the total amount of the loan or grant that is committed, notes maturing within not more than three years from the date on which the notes are issued.

INTERCAP Debt:

The Town has been a borrower since 2003 financing over \$250,000 for water system projects. The Town has no INTERCAP debt outstanding at this time.

Repayment:

The bond proceeds from the Town's issuance and sale of a revenue bond to RD will repay the BAN. Special conditions to the Board's commitment to ensure the revenue bond takes out the BAN are as follows:

1. Prior to disbursing funds, the Board requires evidence of RD's commitment to pay off the BAN with a long-term loan. Copies of the following will provide sufficient evidence:
 - RD Letter of Intent to Fund ("I" Letter)
 - RD Letter of Conditions (**MBOI has on file**)
 - USDA Office of General Council (OGC) Loan Closing Instructions
2. The Board will require approval from RD for each specific draw on the loan.
3. The Board requires the Town to hire Bond Counsel to prepare the necessary BAN documents and provide the opinion at closing. The Bond Counsel needs to be nationally recognized and rendering a bond counsel opinion in the last ten years.

Recommendation

Approval recommended.

Staff Loan Committee

Carroll South, Executive Director
Louise Welsh, Bond Program Officer

Approval Date: 6/21/11
Approval Date: 6/21/11

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: August 17, 2011
Subject: INTERCAP Loans – Annual Loan Detail Report

Attached is the annual INTERCAP Loan Detail Report as of June 30, 2011. The report has three categories: Local Governments (sorted by the county in which the borrower is located), State Agency, and University loans.

In addition to the attached report, staff provides for the Board's information the concentration of INTERCAP loans outstanding as of June 30, 2011 as follows:

Borrower Type	Number of Borrowers	% of Total INTERCAP Loans Outstanding
State Agency	4	27.49%
County	25	25.22%
University	6	15.41%
City	42	13.38%
School District	36	4.85%
Other	9	4.42%
Fire District	18	3.87%
Solid Waste District	5	3.52%
Water/Sewer District	8	0.95%
Fire Service Area	7	0.89%
Total	160	100.00%

As of June 30, 2011, there are three entities with outstanding balances representing 5% or more of all INTERCAP loans outstanding, as follows:

<u>Borrower</u>	<u>Principal Outstanding</u>	<u>% of Total INTERCAP Loans Outstanding</u>
State Agency-Dept. of Justice	\$14,106,714	18.67%
Gallatin County	\$ 4,780,564	6.33%
Montana State University-Bozeman	\$ 7,132,850	9.44%

INTERCAP LOAN DETAIL REPORT

As of June 30, 2011



Local Government - by County
State Agency
University



Local Government INTERCAP loans* - by County

As of June 30, 2011

*only loans that have remaining commitment and/or outstanding

County Located	Borrower Name	Project Description	Term	CMT Date	Commitment	Fund Date	Draws	CMT Remaining	Outstanding	Maturity
BEAVERHEAD	BEAVERHEAD COUNTY	Purchase of Building	10	07/25/02	200,000	08/30/02	200,000	-	33,814	08/15/12
BEAVERHEAD	BEAVERHEAD COUNTY	Fairgrounds Restroom facility	10	07/07/05	108,000	06/02/06	108,000	-	65,617	08/15/16
BEAVERHEAD	BEAVERHEAD COUNTY	land road easements	10	06/18/07	118,632	11/16/07	118,632	-	88,794	02/15/18
BEAVERHEAD Total							426,632	-	188,225	
BIG HORN	FORT SMITH WATER & SEWER	Anticip of RD long term financing - water	2	12/23/10	1,218,000	05/20/11	57,766	1,160,234	57,766	05/01/12
BIG HORN Total							57,766	1,160,234	57,766	
BLAINE	HARLEM	Preliminary Engineering Report-wastewat	3	06/25/09	30,000	06/04/10	30,000	-	30,000	02/15/13
BLAINE Total							30,000	-	30,000	
CARBON	RED LODGE	Fire Truck	10	02/06/03	250,000	08/08/03	250,000	-	69,304	08/15/13
CARBON Total							250,000	-	69,304	
CASCADE	GREAT FALLS	Design & install. of city street lights-Mea	15	09/16/05	19,371	12/02/05	19,371	-	9,185	02/15/21
CASCADE	GREAT FALLS	Eagles Crossing Phase I street lights	15	11/30/05	56,000	01/20/06	56,000	-	29,847	02/15/21
CASCADE	GREAT FALLS	Meadowlark 4 street lights	10	08/22/06	23,000	03/16/07	23,000	-	11,989	02/15/22
CASCADE	GREAT FALLS	Eagles Crossing II & III design&install str	15	12/12/07	46,150	03/28/08	46,150	-	31,750	02/15/23
CASCADE	GREAT FALLS	design&instll Meadowlark Add#5 str ligh	15	01/02/08	29,325	05/30/08	29,325	-	23,656	08/15/23
CASCADE	GREAT FALLS	Bootlegger Phase 1 Street Lights	15	02/19/09	33,372	04/17/09	33,372	-	28,328	02/15/24
CASCADE	GREAT FALLS	Water Tower Addtn Lights	15	06/12/09	20,303	11/27/09	20,303	-	19,233	02/15/25
CASCADE	GREAT FALLS	Public Works Bldg Addtn/Remodel	10	05/12/10	600,000	12/10/10	346,019	253,981	346,019	08/15/20
CASCADE	CASCADE COUNTY	Whitetail Lane RID #11346	10	09/14/05	48,990	10/28/05	48,990	-	26,791	02/15/16
CASCADE	CASCADE COUNTY	Flood/Gannon RID No. 11347	10	09/23/05	269,342	10/28/05	269,342	-	147,295	02/15/16
CASCADE	CASCADE COUNTY	RID Bob Marshall Place	15	10/08/08	100,931	11/28/08	100,931	-	90,855	02/15/24
CASCADE	CASCADE COUNTY	Comp. Pub. Works Facility remodel. camp	10	11/05/08	1,250,000	01/30/09	1,250,000	-	1,050,012	02/15/19
CASCADE	CASCADE COUNTY	Purch. motor graders/loader	7	11/05/08	750,000	11/21/08	750,000	-	555,257	02/15/16
CASCADE Total							2,992,802	253,981	2,370,216	
CHOUTEAU	FORT BENTON	road material&patching machine	8	06/06/07	49,700	07/13/07	49,700	-	30,033	08/15/15
CHOUTEAU	FORT BENTON	Digital Radio Equip. for Police Dept.	5	07/31/08	45,350	01/09/09	45,350	-	26,040	08/15/13
CHOUTEAU	FORT BENTON	Purchase Pumper Truck	15	05/05/09	180,000	07/10/09	180,000	-	162,000	08/15/24
CHOUTEAU	MISSOURI RIVER MEDICAL CE	Purchase Land/Bldg	10	03/31/03	50,000	04/18/03	50,000	-	13,861	08/15/13
CHOUTEAU	MISSOURI RIVER MEDICAL CE	Purchase a Vitros 350 Chemistry Analyze	5	01/02/07	27,500	02/16/07	27,500	-	6,021	02/15/12
CHOUTEAU	MISSOURI RIVER MEDICAL CE	purchase property and improvement	10	05/07/07	38,000	06/15/07	38,000	-	27,007	08/15/17
CHOUTEAU	BIG SANDY ELEMENTARY DIS	boiler&water heaters	5	08/17/07	103,234	09/07/07	103,234	-	31,567	08/15/12
CHOUTEAU	BIG SANDY HIGH SCHOOL DIS	boiler&water heaters	5	08/17/07	132,091	09/07/07	132,091	-	38,483	08/15/12
CHOUTEAU	CARTER CHOUTEAU COUNTY	preliminary engineering report, phase III v	3	06/23/10	7,500	07/30/10	7,500	-	7,500	08/15/13
CHOUTEAU Total							633,374	-	342,512	
CUSTER	MILES CITY	To purchase three police vehicles	3	03/17/11	53,500	05/06/11	53,500	-	53,500	08/15/14
CUSTER	MILES CITY	purchase 3 ambulances	5	06/16/11	127,900	07/22/11	-	127,900	-	08/15/16
CUSTER	MILES COMMUNITY COLLEGE	New Student Housing	10	10/18/02	300,000	05/23/03	300,000	-	83,082	08/15/13
CUSTER Total							353,500	127,900	136,582	
DANIELS	FLAXVILLE	Water System Improvements	10	07/13/04	39,313	09/03/04	39,313	-	14,232	08/15/14
DANIELS Total							39,313	-	14,232	
DAWSON	DAWSON COMMUNITY COLLEGE	Phys Ed, Arts Ctr, Library Expansion	10	06/15/04	500,000	06/09/06	500,000	-	303,783	08/15/16
DAWSON Total							500,000	-	303,783	
DEER LODGE	ANACONDA-DEER LODGE COU	Elevator-Hearst Library	10	05/21/03	175,000	08/22/03	175,000	-	49,300	08/15/13
DEER LODGE	ANACONDA-DEER LODGE COU	courthouse preservation	15	08/19/10	800,000	07/15/11	-	800,000	-	08/15/26
DEER LODGE Total							175,000	800,000	49,300	
FALLON	BAKER	purchase John Deere Grader Patrol	7	11/30/06	118,000	12/29/06	118,000	-	54,470	02/15/14
FALLON	BAKER	purchase a new garbage truck and packer	7	11/30/06	92,157	02/16/07	92,157	-	39,501	02/15/14
FALLON Total							210,157	-	93,971	

Local Government INTERCAP loans* - by County

As of June 30, 2011

*only loans that have remaining commitment and/or outstanding

County Located	Borrower Name	Project Description	Term	CMT Date	Commitment	Fund Date	Draws	CMT Remaining	Outstanding	Maturity
FERGUS	FERGUS COUNTY	Emergency road & bridge repairs	15	06/07/11	999,000	no draw	0.00	999,000	0.00	
FERGUS	MOORE ELEMENTARY SCHOOL	New roof on school	10	11/03/08	90,000	08/07/09	90,000	-	81,000	08/15/19
FERGUS	MOORE HIGH SCHOOL DIST #4	Repair/replace roof & site Improvem	10	11/03/08	90,000	08/07/09	90,000	-	81,000	08/15/19
FERGUS Total							180,000	999,000	162,000	
FLATHEAD	KALISPELL	Heating/Air Cond/ Fire Safety	10	12/16/03	151,836	07/16/04	151,836	-	57,443	08/15/14
FLATHEAD	KALISPELL	2003 American La France Eagle Pumper	10	04/18/05	279,900	04/22/05	279,900	-	139,077	02/15/15
FLATHEAD	KALISPELL	Purchase aerial buck truck and other park	5	09/30/10	106,309	12/30/10	99,520	6,789	99,520	02/15/16
FLATHEAD	FLATHEAD COUNTY	Rural Impr Dist No.142 sew coll syst imp	10	04/18/07	186,666	07/20/07	186,666	-	132,908	08/15/17
FLATHEAD	WEST VALLEY FIRE DISTRICT,	Construct new fire hall	15	08/05/09	650,000	10/16/09	650,000	-	604,937	08/15/24
FLATHEAD	WEST VALLEY FIRE DISTRICT,	Purchase a new aerial ladder truck	10	11/23/09	600,000	12/11/09	600,000	-	548,320	02/15/20
FLATHEAD	FLATHEAD VALLEY COMMUNI	Campus expansion	10	11/30/06	3,258,779	07/20/07	3,258,779	-	2,262,334	02/15/17
FLATHEAD	SOMERS SCHOOL DISTRICT #2	Heat System Replacement	10	07/11/02	147,000	11/08/02	147,000	-	26,198	08/15/12
FLATHEAD	SOMERS SCHOOL DISTRICT #2	Renovate School	10	08/05/02	113,500	09/20/02	113,500	-	19,321	08/15/12
FLATHEAD	SOMERS SCHOOL DISTRICT #2	School Renovations	10	06/02/04	200,000	07/30/04	200,000	-	79,950	08/15/14
FLATHEAD	SWAN RIVER ELEMENTARY DI	PAVE PARKING LOT	10	08/09/04	19,435	09/17/04	19,435	-	7,348	08/15/14
FLATHEAD	PLEASANT VALLEY SCHOOL D	new manufactured home	5	12/28/05	36,891	02/24/06	36,891	-	3,955	08/15/11
FLATHEAD	SMITH LAKE VISTA CO W&S DI	Water System Improvements	10	08/14/03	15,400	09/05/03	15,400	-	3,400	08/15/13
FLATHEAD	WAPITI ACRES COUNTY WATE	PER for water system upgrades	6	10/24/07	11,000	06/06/08	11,000	-	6,752	08/15/14
FLATHEAD	SHEAVERS CREEK LAKE COUN	to finance the final cost of water storage t	10	02/01/11	25,000	02/18/11	25,000	-	25,000	02/01/21
FLATHEAD	FLATHEAD COUNTY WATER D	USDA RD water improvements	1	12/29/09	700,000	03/04/11	633,360	66,640	633,360	02/07/12
FLATHEAD Total							6,428,286	73,429	4,649,822	
GALLATIN	MANHATTAN	Rescue Truck	10	04/30/02	80,000	07/03/03	80,000	-	22,177	08/15/13
GALLATIN	THREE FORKS	Arena Lighting/Irrigation	10	03/27/03	30,000	06/20/03	30,000	-	2,861	08/15/13
GALLATIN	WEST YELLOWSTONE	Purchase Caterpillar Wheel Loader	10	01/16/09	128,624	02/06/09	128,624	-	106,889	02/15/19
GALLATIN	BOZEMAN	Contract & Furnish Fire Station	10	02/05/09	890,000	08/28/09	890,000	-	509,705	08/15/19
GALLATIN	WEST YELLOWSTONE	911 Dispatch Center Remodel	10	04/23/09	422,500	05/29/09	422,500	-	377,697	08/15/19
GALLATIN	THREE FORKS	construction a 30x40 office/storage buildi	10	01/14/11	48,000	06/17/11	48,000	-	48,000	08/15/21
GALLATIN	GALLATIN COUNTY	Purchase Building	10	02/03/04	999,000	02/27/04	999,000	-	327,969	02/15/14
GALLATIN	GALLATIN COUNTY	RE-ENTRY FACILITY	10	08/27/04	800,000	03/31/06	800,000	-	441,020	02/15/16
GALLATIN	GALLATIN COUNTY	Fairgrounds improvements	10	04/20/05	500,000	04/13/07	500,000	-	285,380	08/15/15
GALLATIN	GALLATIN COUNTY	Multiple city libraries improvements	10	04/20/05	999,000	06/17/05	999,000	-	498,215	08/15/15
GALLATIN	GALLATIN COUNTY	District Court Remodel	10	11/09/05	999,000	04/20/07	999,000	-	682,791	02/15/17
GALLATIN	GALLATIN COUNTY	Courthouse Annex Building purch &movi	10	06/14/07	999,000	07/27/07	999,000	-	699,556	08/15/17
GALLATIN	GALLATIN COUNTY	Road/Bridge Shop Complex	10	03/28/08	1,300,000	06/06/08	1,300,000	-	1,024,461	08/15/18
GALLATIN	GALLATIN COUNTY	Construct and Equip 9-1-1 Center	10	02/10/09	1,000,000	03/27/09	1,000,000	-	821,171	02/15/19
GALLATIN	AMSTERDAM RURAL FIRE DIS	Purchase Fire Truck	10	04/14/03	80,000	08/29/03	80,000	-	17,459	08/15/13
GALLATIN	FORT ELLIS FIRE SERVICE ARE	new fire rescue vehicle	10	05/03/07	190,000	05/25/07	190,000	-	88,191	08/15/17
GALLATIN	THREE FORKS ELEMENTARY S	utilities and roadway to school land	4	12/06/07	80,000	08/15/08	80,000	-	31,593	08/15/12
GALLATIN	THREE FORKS HIGH SCHOOL D	utilities and roadway to school land	4	12/06/07	36,330	08/15/08	36,330	-	14,347	08/15/12
GALLATIN	LAMOTTE SCHOOL DISTRICT #	Purchase & Install Modular	5	06/26/09	135,000	09/25/09	135,000	-	98,193	08/15/14
GALLATIN	GALLATIN COUNTY/GALLATIN	Land Purchase - Logan	10	04/13/10	1,250,000	06/25/10	1,250,000	-	1,187,500	08/15/20
GALLATIN Total							10,966,454	-	7,285,177	
GOLDEN VALLEY	GOLDEN VALLEY COUNTY	2008 Ford F250 Ambulance	10	05/14/09	44,000	06/12/09	44,000	-	38,275	08/15/19
GOLDEN VALLEY	LAVINA SCHOOL DISTRICT #2	SCHOOL BUS	2	09/09/10	20,000	10/29/10	20,000	-	10,097	
GOLDEN VALLEY Total							64,000	-	48,372	
GRANITE	PHILIPSBURG SCHOOL DISTRIC	Biomass Heating System replacement	10	03/18/04	355,000	01/14/05	355,000	-	149,160	08/15/14
GRANITE Total							355,000	-	149,160	

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County Located	Borrower Name	Project Description	Term	CMT Date	Commitment	Fund Date	Draws	CMT Remaining	Outstanding	Maturity
HILL	HAVRE	Chiller & cooling Towner for Ice Dome	10	12/09/04	60,000	04/01/05	60,000	-	26,387	02/15/15
HILL	HAVRE	Change city hall (two bldgs) from flat to p	15	05/15/07	280,000	08/03/07	280,000	-	230,816	08/15/22
HILL	HAVRE	Change city hall roof (two bldgs) from flr	10	05/15/07	175,800	07/13/07	175,800	-	122,933	08/15/17
HILL	HAVRE	Purchase an asphalt reclaiming Mach.	10	01/22/10	86,950	02/24/10	86,950	-	79,390	02/15/20
HILL	HAVRE	to purchase a 2012 Freightliner M2106 ga	7	12/15/10	49,500	03/04/11	49,500	-	49,500	02/15/18
HILL	HILL COUNTY	Wanke Bridge	10	05/19/04	136,390	12/23/04	136,390	-	58,343	02/15/15
HILL	UNIFIED DISPOSAL DISTRICT	Develop facility at new landfill	15	10/26/10	900,000	12/10/10	900,000	-	900,000	02/15/26
HILL Total							1,688,640	-	1,467,369	
JEFFERSON	BOULDER	Preliminary Engineering Report - water	6	05/03/06	25,000	12/22/06	25,000	-	9,425	02/15/13
JEFFERSON	WHITEHALL	2008 Fire Engine	10	04/16/09	150,000	07/02/09	150,000	-	129,876	08/15/19
JEFFERSON	BOULDER	Unexpected costs related to water proj.	10	04/06/10	50,000	04/30/10	50,000	-	47,728	08/15/20
JEFFERSON	WHITEHALL	assume municipal pool debt	10	06/11/10	99,894	07/23/10	99,894	-	95,231	08/15/20
JEFFERSON	WHITEHALL	Anticip of RD long term financing -waste	1	12/23/10	3,000,000	no draw	0.00	3,000,000	0.00	
JEFFERSON	JEFFERSON COUNTY	RID #2506 road improvements	15	08/15/08	75,376	09/19/08	75,376	-	66,345	08/15/23
JEFFERSON	JEFFERSON COUNTY	County Offices Remodel	10	04/21/09	300,000	05/15/09	266,325	33,675	242,880	08/15/19
JEFFERSON	JEFFERSON COUNTY	Martinez Gulch RID #2517 Rd. Improv.	15	08/11/09	262,879	11/20/09	262,879	-	249,200	08/15/24
JEFFERSON	JEFFERSON COUNTY	Moonlight Ridge RID #2511 road improv	15	09/04/09	241,096	12/24/09	241,096	-	225,540	02/15/25
JEFFERSON	BULL MOUNTAIN RURAL FIRE	Refinance Water Tender	10	09/16/02	35,000	10/04/02	35,000	-	5,782	08/15/12
JEFFERSON	JEFFERSON CITY FIRE DISTRICT	New Fire Hall	10	03/30/04	75,000	06/11/04	75,000	-	28,935	08/15/14
JEFFERSON	BULL MOUNTAIN RURAL FIRE	Construct fire truck garage	10	11/21/08	49,837	12/12/08	49,837	-	42,775	02/15/19
JEFFERSON	JEFFERSON CITY FIRE DISTRICT	Purchase fire pumper engine	7	09/03/09	11,500	10/09/09	11,500	-	9,193	08/15/16
JEFFERSON	CLANCY FIRE SERVICE AREA	Fire Station Addition	10	08/22/03	40,000	12/24/03	40,000	-	13,129	02/15/14
JEFFERSON	CLANCY FIRE SERVICE AREA	FIRE TRUCK	10	07/02/10	80,000	09/24/10	77,058	2,942	75,402	08/15/20
JEFFERSON	MONTANA CITY SCHOOL DIST	Payoff GAN file #1027	8	07/22/05	44,893	08/15/05	44,893	-	17,513	02/15/14
JEFFERSON	WHITEHALL ELEMENTARY SCI	new natural gas boiler	10	03/01/07	84,484	05/18/07	84,484	-	44,400	08/15/17
JEFFERSON Total							1,588,343	3,036,617	1,303,355	
JUDITH BASIN	HOBSON	chip sealing the streets	10	06/29/07	85,000	08/03/07	85,000	-	59,613	08/15/17
JUDITH BASIN Total							85,000	-	59,613	
LAKE	RONAN	Anticip. RD Long Term Financing-Water	2	02/15/11	2,528,000	no draw	0.00	2,528,000	0.00	
LAKE	POLSON	To purchase a 2008 Case wheel loader	3	04/13/11	47,200	05/13/11	47,200	-	47,200	08/15/14
LAKE	LAKE COUNTY/LAKE COUNTY	Solid Waste Transfer Station	10	12/16/03	880,000	02/06/04	880,000	-	321,350	08/15/13
LAKE Total							927,200	2,528,000	368,550	
LEWIS AND CLARK	HELENA	Tower Truck/Station Remodel	10	11/02/01	1,081,116	11/08/02	1,081,116	-	246,639	02/15/13
LEWIS AND CLARK	HELENA	Mowers & Turf Sweeper	10	07/30/03	56,551	10/24/03	56,551	-	18,672	02/15/14
LEWIS AND CLARK	HELENA	Chambers Remodel	10	03/10/04	175,974	10/01/04	175,974	-	66,316	08/15/14
LEWIS AND CLARK	HELENA	GOLF POND IMPROVEMENTS	10	07/29/04	62,901	12/03/04	62,901	-	27,197	02/15/15
LEWIS AND CLARK	EAST HELENA	Construction of new shop building	10	05/11/07	177,208	06/22/07	177,208	-	124,507	08/15/17
LEWIS AND CLARK	HELENA	imprvm to City's golf course	10	10/30/07	207,000	09/25/09	207,000	-	179,286	08/15/19
LEWIS AND CLARK	EAST HELENA	Reconstruction of muni. swim. pool	10	08/07/08	692,958	09/19/08	692,958	-	545,296	08/15/18
LEWIS AND CLARK	HELENA	Sidewalk, curb, Gut., & driveway/alley ap	10	08/11/08	326,549	02/06/09	326,549	-	278,418	02/15/19
LEWIS AND CLARK	HELENA	Replace Sidewalks, curbs, gutters etc	10	09/30/09	150,000	no draw	0.00	150,000	0.00	
LEWIS AND CLARK	LEWIS & CLARK COUNTY	Bleachers- LandC Co. Fairgrounds	10	09/18/01	199,900	06/07/02	199,900	-	34,130	08/15/12
LEWIS AND CLARK	LEWIS & CLARK COUNTY	Remodel County Courthouse	10	03/14/03	450,000	05/21/04	450,000	-	171,415	08/15/14
LEWIS AND CLARK	LEWIS & CLARK COUNTY	FAWN MEADOW RID	10	06/14/04	14,194	11/18/05	14,194	-	1,870	02/15/16
LEWIS AND CLARK	LEWIS & CLARK COUNTY	Gable Estates RID	10	06/15/04	317,476	02/10/06	317,476	-	121,907	02/15/16
LEWIS AND CLARK	LEWIS & CLARK COUNTY	MUNGER RD RID	10	06/28/04	11,580	11/18/05	11,580	-	1,514	02/15/16
LEWIS AND CLARK	LEWIS & CLARK COUNTY	Golden Estates RID 2001-1	10	05/06/05	28,754	11/18/05	28,754	-	15,725	02/15/16
LEWIS AND CLARK	LEWIS & CLARK COUNTY	Oro Fino RID 1994-5	10	05/06/05	30,470	03/03/06	30,470	-	16,752	02/15/16
LEWIS AND CLARK	LEWIS & CLARK COUNTY	Maynard Road RID 2005-1	10	05/06/05	8,680	03/03/06	8,680	-	4,730	02/16/16
LEWIS AND CLARK	LEWIS & CLARK COUNTY	Applegate RID	7	05/25/05	43,006	03/03/06	43,006	-	23,434	02/15/16
LEWIS AND CLARK	LEWIS & CLARK COUNTY	Lincoln Rd RID 2004-6	10	06/27/05	348,772	02/24/06	348,772	-	120,555	02/15/16

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County Located	Borrower Name	Project Description	Term	CMT Date	Commitment	Fund Date	Draws	CMT Remaining	Outstanding	Maturity
LEWIS AND CLARK	LEWIS & CLARK COUNTY	Prickley Pear RID 1985-2	10	06/27/05	168,861	03/03/06	168,861	-	33,488	02/05/16
LEWIS AND CLARK	LEWIS & CLARK COUNTY	Lambkin Road RID No 1989-1	10	10/24/05	29,352	03/03/06	29,352	-	15,994	02/15/16
LEWIS AND CLARK	LEWIS & CLARK COUNTY	Integrated Public Safety Radio System	7	01/31/06	750,000	02/17/06	750,000	-	234,573	02/15/13
LEWIS AND CLARK	LEWIS & CLARK COUNTY	Ten Mile Creek Estates RID 97-2 mainter	7	08/14/06	23,684	01/26/07	23,684	-	11,034	02/15/14
LEWIS AND CLARK	LEWIS & CLARK COUNTY	Treasure State Acres RID 90-5 mainten	7	08/14/06	194,066	01/26/07	194,066	-	90,416	02/15/14
LEWIS AND CLARK	LEWIS & CLARK COUNTY	Middlemas Road RID #1987-4 and 4C ro	10	01/25/07	10,475	04/13/07	10,475	-	6,781	02/15/17
LEWIS AND CLARK	LEWIS & CLARK COUNTY	Town View Estates RID #1990-9 road im	10	08/17/07	40,858	03/20/08	40,858	-	24,581	02/15/18
LEWIS AND CLARK	LEWIS & CLARK COUNTY	Riddock RID # 1985-1 road improvement	10	08/17/07	6,724	03/20/08	6,724	-	2,330	02/15/18
LEWIS AND CLARK	LEWIS & CLARK COUNTY	Green Acres RID #2001-8 Road Improve	10	08/17/07	26,467	03/20/08	26,467	-	16,656	02/15/18
LEWIS AND CLARK	LEWIS & CLARK COUNTY	Bel Air Addition RID No. 2006-5	10	09/12/07	213,266	06/20/08	213,266	-	115,520	08/15/18
LEWIS AND CLARK	LEWIS & CLARK COUNTY	Bel Air Curb RID No. 2006-6	10	09/12/07	13,685	03/20/08	13,685	-	8,448	02/15/18
LEWIS AND CLARK	LEWIS & CLARK COUNTY	elevator, air cnd, upgds, roof rpr& remodel	10	11/23/07	999,483	03/14/08	999,483	-	774,234	02/15/18
LEWIS AND CLARK	LEWIS & CLARK COUNTY	County Landfill Scraper	15	12/24/08	649,900	01/23/09	649,900	-	241,848	02/15/24
LEWIS AND CLARK	LEWIS & CLARK COUNTY	Sky View RID #2008-9	10	02/26/09	52,996	03/19/10	52,996	-	38,305	02/15/20
LEWIS AND CLARK	LEWIS & CLARK COUNTY	Fox Crossing RID #2008-6 road imp	15	03/02/09	29,191	03/19/10	29,191	-	20,333	02/15/25
LEWIS AND CLARK	LEWIS & CLARK COUNTY	Autumn Wind Court RID road improv	15	08/27/09	40,124	08/20/10	40,124	-	39,105	08/15/25
LEWIS AND CLARK	LEWIS & CLARK COUNTY	Purchase 2005 Cat. 420D Backhoe	6	10/26/09	31,975	11/13/09	31,975	-	27,066	02/15/16
LEWIS AND CLARK	LEWIS & CLARK COUNTY	Remodel City/County Admin. Bldg-2nd fl	10	11/17/09	505,000	06/25/10	505,000	-	480,674	08/15/20
LEWIS AND CLARK	LEWIS & CLARK COUNTY	Rural road improvements	15	06/28/11	19,451	no draw	0.00	19,451	0.00	
LEWIS AND CLARK	BAXENDALE FIRE DIST	Tanker Fire Truck	10	03/25/05	80,000	04/15/05	80,000	-	39,911	02/15/15
LEWIS AND CLARK	BAXENDALE FIRE DIST	constructing a fire hall addition	10	11/30/06	50,000	07/20/07	50,000	-	35,030	08/15/17
LEWIS AND CLARK	MONTANA CITY RURAL FIRE I	new pumper truck	10	08/08/07	345,343	05/16/08	345,343	-	235,839	08/15/18
LEWIS AND CLARK	BIRDSEYE RURAL FIRE DISTRI	Purchase intl 4x4 structure engine	9	11/12/09	176,000	12/11/09	176,000	-	158,868	02/15/19
LEWIS AND CLARK	YORK FIRE SERVICE AREA	constructing a fire station	10	05/07/07	70,000	11/09/07	70,000	-	54,419	02/15/18
LEWIS AND CLARK	WOLF CREEK/CRAIG FIRE SVC	Build a 50' x 80' truck barn	15	08/06/09	139,798	10/02/09	139,798	-	130,582	08/15/24
LEWIS AND CLARK	TRI-LAKES VOLUNTEER FIRE I	Purchase a Sutphen CAFS rescue pumper	10	11/17/09	175,000	12/24/09	175,000	-	159,087	02/15/20
LEWIS AND CLARK	TRI-LAKES VOLUNTEER FIRE I	Three Used Apparatuses	10	04/21/11	200,000	07/15/11	-	200,000	-	08/15/21
LEWIS AND CLARK	WOLF CREEK WATER&SEWER	grant writing&adm start up costs	6	01/22/08	20,000	02/15/08	20,000	-	10,717	02/15/14
LEWIS AND CLARK	CRAIG COUNTY WATER & SEW	PER FOR WASTEWATER SYSTEM	5	07/02/10	25,000	no draw	0.00	25,000	0.00	
LEWIS AND CLARK	Total						9,075,338	394,451	5,004,200	
LINCOLN	LIBBY	Anticip. of RD long term - wastewater	2	02/25/11	678,000	06/10/11	316,490	361,510	316,490	08/15/13
LINCOLN	LINCOLN COUNTY RFD	Water Tenders - 2 new	10	01/12/06	299,900	02/09/07	299,900	-	110,091	08/15/16
LINCOLN	FISHER RIVER VALLEY FIRE SE	Refi Fire Station Construction Loan	15	05/10/11	136,245	06/24/11	136,245	-	136,245	08/15/26
LINCOLN	TROY PUBLIC SCHOOLS DISTR	Energy Cost Savings replace old boiler h	10	10/27/06	59,000	11/24/06	59,000	-	35,694	02/15/17
LINCOLN	EUREKA ELEMENTARY SCHOC	central wood-fired heating plant&dist line	10	05/14/07	283,240	09/14/07	283,240	-	202,769	08/15/17
LINCOLN	LINCOLN HIGH SCHOOL	cent wood-fired heating plant&dist lines	10	05/14/07	283,240	09/14/07	283,240	-	202,769	08/15/17
LINCOLN	Total						1,378,115	361,510	1,004,058	
MADISON	SHERIDAN	Purchase land for Main St. parking	10	07/25/05	43,000	09/09/05	43,000	-	21,231	08/15/15
MADISON	SHERIDAN	Engineering Services-Wastewater	6	09/04/09	100,000	03/19/10	100,000	-	88,269	02/15/16
MADISON	SHERIDAN	Engineering Services-Water	6	09/04/09	75,000	03/19/10	72,296	2,704	65,911	02/15/16
MADISON	SHERIDAN	Anticip of RD loan - wastewater	2	02/03/10	815,000	10/01/10	420,092	394,908	420,092	08/15/12
MADISON	TWIN BRIDGES	Engineering services - water/wastewater	6	03/15/10	130,000	04/23/10	130,000	-	119,746	08/15/16
MADISON	TWIN BRIDGES	Antic. of RD long term financing - wastev	2	04/01/10	1,000,000	06/24/11	198,941	801,059	198,941	
MADISON	MADISON COUNTY	Anticip of RD long-term Finan. TRMCC	2	11/05/09	1,242,000	10/15/10	655,565	586,435	655,565	08/15/12
MADISON	MADISON VALLEY RURAL FIRI	Refi Fire Station Loan	10	07/26/10	245,000	09/24/10	240,708	4,292	229,255	08/15/20
MADISON	Total						1,860,602	1,789,398	1,799,009	
MCCONE	MCCONE COUNTY	McCone Co Courthouse Updates	10	12/23/03	190,000	02/13/04	190,000	-	65,303	02/15/14
MCCONE	MCCONE COUNTY	Purchase 2010 Ford F250 4x4 P.U.	5	09/29/09	26,148	10/23/09	26,148	-	21,250	02/15/15
MCCONE	MCCONE COUNTY	COMMUNITY FACILITY AT FAIRGRC	10	07/19/10	125,000	08/13/10	125,000	-	121,795	08/15/20
MCCONE	MCCONE COUNTY	Refinance a 2006 Ford Expedition	3	05/12/11	22,877	06/03/11	22,877	-	22,877	08/15/14
MCCONE	Total						364,025	-	231,225	

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*only loans that have remaining commitment and/or outstanding

County Located	Borrower Name	Project Description	Term	CMT Date	Commitment	Fund Date	Draws	CMT Remaining	Outstanding	Maturity
MINERAL	ALBERTON	Skid-steer Loader with attachments	7	11/28/05	49,673	01/13/06	49,673	-	15,548	02/15/13
MINERAL	MINERAL COUNTY HOSPITAL	Design Feasibility Study for New Hospita	6	06/08/11	450,000	no draw	0.00	450,000	0.00	
MINERAL Total							49,673	450,000	15,548	
MISSOULA	MISSOULA	Art Museum Remodel	10	06/15/04	300,000	07/09/04	300,000	-	125,646	08/15/14
MISSOULA	MISSOULA	CHRISTIAN DR. SID #530	10	08/12/04	6,706	01/13/06	6,706	-	3,356	02/15/16
MISSOULA	MISSOULA COUNTY	Western Montana Fair Equipment	10	04/12/04	158,623	04/30/04	158,623	-	60,430	08/15/14
MISSOULA	MISSOULA COUNTY	Missoula Aging Services (MAS) renovati	10	01/13/06	250,000	02/24/06	250,000	-	138,127	02/15/16
MISSOULA	MISSOULA COUNTY	Grader/Motor Pool/Office Equip	4	04/07/09	995,281	05/08/09	995,281	-	636,646	08/15/13
MISSOULA	MISSOULA COUNTY	Purchase Historical Building	10	04/27/09	432,500	05/15/09	432,500	-	399,332	08/15/24
MISSOULA	MISSOULA COUNTY	Williams Addtn RID -sewer system imprc	15	11/04/09	73,000	05/07/10	73,000	-	70,570	08/15/25
MISSOULA	SEELEY LAKE RURAL FIRE DIS	Water Tender	7	06/09/04	40,000	07/02/04	40,000	-	2,962	08/15/11
MISSOULA	SEELEY LAKE RURAL FIRE DIS	Purchase land/building to house trucks an	15	07/28/09	325,000	08/28/09	325,000	-	298,761	08/15/24
MISSOULA	MISSOULA RURAL FIRE DISTRI	FINANCE A NEW FIRE ENGINE, WAT	10	04/29/11	475,000	no draw	0.00	475,000	0.00	
MISSOULA Total							2,581,110	475,000	1,735,829	
MUSSELSHELL	MUSSELSHELL COUNTY	Ambulance Barn Construction	10	01/13/05	200,000	10/07/05	200,000	-	98,049	08/15/15
MUSSELSHELL	MUSSELSHELL COUNTY	Purchase John Deere 872G grader	8	10/08/10	227,000	11/12/10	227,000	-	227,000	02/15/19
MUSSELSHELL Total							427,000	-	325,049	
PARK	LIVINGSTON	Automate Solid Waste System	10	11/07/02	250,000	05/30/03	250,000	-	62,482	08/15/13
PARK	LIVINGSTON	Replace Sewer Mains	10	06/22/09	141,743	10/23/09	141,743	-	127,569	02/15/20
PARK	LIVINGSTON	Replace Water Mains	10	06/22/09	152,941	10/23/09	152,941	-	137,647	02/15/20
PARK	PARK COUNTY	Gardiner Airport Easement	10	12/11/03	68,350	04/27/04	68,350	-	26,039	08/15/14
PARK	PARK COUNTY RURAL FIRE DI	Purchase Metal Building	10	07/29/02	90,000	10/04/02	90,000	-	14,867	08/15/12
PARK	GARDINER RURAL FIRE DISTRI	replacement fire engine	5	06/06/07	44,000	03/14/08	44,000	-	10,342	08/15/12
PARK	PARADISE VALLEY FIRE SERV	Purchase (2) Fire Trucks	10	07/26/02	75,000	08/16/02	75,000	-	12,797	08/15/12
PARK Total							822,034	-	391,742	
PONDERA	VALIER	Anticipation of RD long term financing-w	1	11/01/10	902,000	11/24/10	899,748	2,252	0.00	02/15/12
PONDERA	PONDERA COUNTY	Upgrade 911 Equipment	10	02/06/03	333,096	03/07/03	333,096	-	77,275	02/15/13
PONDERA	PONDERA COUNTY	Co. Hosp. Heat-Vent-AC Sys Replacemer	10	02/03/04	435,000	05/28/04	435,000	-	167,164	08/15/14
PONDERA	PONDERA COUNTY	Purchase Building for Senior Center	10	06/06/08	89,550	07/03/08	89,550	-	70,083	08/15/18
PONDERA	PONDERA COUNTY RURAL FIR	2009 Freightliner Pumper Truck	10	06/03/09	100,000	07/31/09	100,000	-	62,582	08/15/19
PONDERA	VALIER ELEMENTARY SCHOOL	Boiler/Heating System	10	05/27/05	100,000	07/29/05	100,000	-	49,271	08/15/15
PONDERA	VALIER ELEMENTARY SCHOOL	Swimming Pool Rehab	10	05/26/10	150,000	05/20/11	49,852	100,148	49,852	08/15/21
PONDERA	VALIER HIGH SCHOOL DISTRIC	Swimming Pool Rehab	10	05/26/10	150,000	05/20/11	49,852	100,148	49,852	08/15/21
PONDERA Total							2,057,098	202,547	526,079	
POWDER RIVER	POWDER RIVER COUNTY/POW	Expand landfill	10	09/15/05	220,000	11/18/05	220,000	-	110,000	02/15/16
POWDER RIVER Total							220,000	-	110,000	
POWELL	POWELL COUNTY	bridge maintenance/replacement	7	05/10/07	250,000	11/09/07	250,000	-	145,231	08/15/14
POWELL	GARRISON FIRE DISTRICT	Construct Fire Hall	10	04/29/05	107,000	08/19/05	107,000	-	53,190	08/15/15
POWELL	ELLISTON RURAL FIRE DISTRI	Construct new fire hall	10	06/21/05	96,470	08/19/05	96,470	-	48,568	08/15/15
POWELL	DEER LODGE ELEMENTARY SI	Purch & Install Wood-Fired Heat Plant	10	11/18/08	335,000	01/16/09	335,000	-	260,095	02/15/19
POWELL Total							788,470	-	507,084	
PRAIRIE	PRAIRIE COUNTY HOSPITAL D	Replace hospital & clinic roof	15	04/15/10	168,619	12/23/10	168,619	-	168,619	08/15/25
PRAIRIE Total							168,619	-	168,619	
RAVALLI	STEVENSVILLE	Anticip. RD long term financing - wastew	2	07/02/10	780,000	no draw	0.00	780,000	0.00	
RAVALLI	STEVENSVILLE	Anticipation RD financing for its water sy	2	02/15/11	2,173,000	04/08/11	115,862	2,057,138	115,862	02/15/13
RAVALLI	RAVALLI COUNTY	Renovate Existing Courthouse	10	04/08/02	500,000	04/18/03	500,000	-	148,437	08/15/13
RAVALLI	RAVALLI COUNTY	Camera/Jail Ctrl Panel	10	06/16/03	64,257	07/16/04	64,257	-	24,310	08/15/14
RAVALLI	RAVALLI COUNTY	Aggregate Crushing Plant & Excavator	10	12/03/04	535,000	03/04/05	535,000	-	230,546	02/15/15
RAVALLI	RAVALLI COUNTY	Public Saftey Vehicles	5	05/19/08	164,903	01/22/10	164,903	-	133,653	02/15/15
RAVALLI	RAVALLI COUNTY	Roofing courthouse & related improv	10	11/07/08	196,364	11/28/08	196,364	-	163,401	02/15/19
RAVALLI	RAVALLI COUNTY	Purchase Building for Search & Rescue	10	04/23/10	425,000	07/16/10	425,000	-	405,004	08/15/20

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RAVALLI	RAVALLI COUNTY	Purchase replacement sherriff vehicles	5	02/14/11	300,000	no draw	0.00	300,000	0.00	
RAVALLI	PAINTED ROCKS FIRE DISTRICT	Construct Fire Station	10	04/11/03	100,000	10/10/03	100,000	-	31,043	08/15/13
RAVALLI	NORTH VALLEY PUBLIC LIBRARY	library renovation phase 1	10	08/17/10	75,000	10/01/10	38,836	36,164	38,328	08/15/20
RAVALLI	HAMILTON SCHOOL DISTRICT	BOILER REPLACEMENT	10	03/18/04	418,989	11/12/04	418,989	-	168,668	08/15/14
RAVALLI	VICTOR SCHOOL DISTRICT #7	Retrofit Heating System	10	04/20/04	103,918	09/24/04	103,918	-	40,538	08/15/14
RAVALLI	VICTOR SCHOOL DISTRICT #7	Insulation proj. remodel/renovate cafe.	10	09/10/09	75,000	12/04/09	75,000	-	68,540	02/15/20
RAVALLI Total							2,738,129	3,173,302	1,568,331	
RICHLAND	SIDNEY	Water Meter Project	10	05/21/01	107,550	06/15/01	107,550	-	10,755	08/15/11
RICHLAND	SIDNEY	Replace Water Meters	10	05/21/01	107,550	06/18/01	107,550	-	10,755	08/15/11
RICHLAND	SIDNEY	Replace Wtr Treatment Plant Filters	10	05/26/10	884,307	12/17/10	884,307	-	804,307	08/15/20
RICHLAND Total							1,099,407	-	825,817	
ROOSEVELT	POPLAR	Purchase Land	10	06/02/03	108,374	06/20/03	108,374	-	30,043	08/15/13
ROOSEVELT	CULBERTSON	New Refuse Truck	7	07/26/05	75,758	09/09/05	75,758	-	16,226	08/15/12
ROOSEVELT	CULBERTSON	Street, Curb and Gutter Improvements	15	09/24/10	137,200	no draw	0.00	137,200	0.00	
ROOSEVELT	WOLF POINT SCHOOL DISTRICT	Boiler Replacement	10	03/17/04	357,045	06/18/04	357,045	-	134,212	08/15/14
ROOSEVELT	CULBERTSON ELEMENTARY SCHOOL	Remodel/Repave & Replace Kitchen Equ	10	04/29/10	690,975	08/06/10	690,975	-	666,499	02/15/20
ROOSEVELT Total							1,232,152	137,200	846,980	
ROSEBUD	FORSYTH	Refund Revenue Bond	10	08/17/01	262,698	01/25/02	262,698	-	26,268	02/15/12
ROSEBUD	COLSTRIP	Jet Vacuum Truck	10	03/17/03	100,000	04/04/03	100,000	-	21,856	02/15/13
ROSEBUD	LAME DEER ELEMENTARY SCHOOL	remodeling projects	10	08/11/05	231,000	09/16/05	231,000	-	119,739	08/15/15
ROSEBUD	LAME DEER HIGH SCHOOL DISTRICT	remodeling projects	10	08/11/05	269,000	09/16/05	269,000	-	142,611	08/15/15
ROSEBUD Total							862,698	-	310,475	
SANDERS	THOMPSON FALLS	front end loader	10	10/19/07	82,997	03/20/08	82,997	-	61,283	02/15/18
SANDERS	THOMPSON FALLS	two police vehicle	5	10/19/07	37,998	12/21/07	37,998	-	15,978	02/15/13
SANDERS	THOMPSON FALLS	COMPUTER SERVER AND GENERATOR	5	06/11/10	78,563	06/25/10	78,563	-	70,838	08/15/15
SANDERS	SANDERS COUNTY	Arena/Holding Pens Upgrade	10	06/12/08	140,942	07/11/08	140,942	-	110,497	08/15/18
SANDERS	SANDERS COUNTY	CONCESSION STAND AND FAIRGROUND	10	07/01/10	140,556	07/30/10	140,556	-	134,051	08/15/20
SANDERS	DIXON ELEMENTARY DISTRICT	Remodel Exist. Shop Building	10	07/31/02	40,000	09/27/02	40,000	-	6,845	08/15/12
SANDERS Total							521,056	-	399,492	
SHERIDAN	PLENTYWOOD	Bank Stabilization(Wastewater)	10	10/09/02	151,003	11/08/02	151,003	-	30,243	08/15/12
SHERIDAN Total							151,003	-	30,243	
SILVER BOW	BUTTE-SILVER BOW	Caterpillar PM-201 Cold Planer	10	03/12/07	736,843	04/13/07	736,843	-	476,974	02/15/17
SILVER BOW	BUTTE-SILVER BOW	Two Pumper trucks	7	03/19/07	729,213	04/13/07	729,213	-	338,533	02/15/14
SILVER BOW	BUTTE-SILVER BOW	New 100' Super HD Aerial Ladder Truck	10	03/19/07	978,554	09/28/07	978,554	-	651,416	08/15/17
SILVER BOW Total							2,444,610	-	1,466,924	
STILLWATER	COLUMBUS	Storm Drain Sewer+street/curb reconstruction	10	02/15/07	1,147,220	11/16/07	1,147,220	-	875,605	02/15/18
STILLWATER	COLUMBUS	CONSTRUCTING OF A PUBLIC WORKS	10	05/18/11	300,000	no draw	0.00	300,000	0.00	
STILLWATER	STILLWATER COUNTY	Building for co office space	10	03/08/06	125,000	03/24/06	125,000	-	61,545	02/15/16
STILLWATER	STILLWATER COUNTY	constructing a new dispatch center	10	03/30/07	130,500	04/27/07	130,500	-	85,612	08/15/17
STILLWATER	STILLWATER COUNTY	dispatch center equipment	6	04/02/07	83,500	10/19/07	83,500	-	37,531	08/15/13
STILLWATER	STILLWATER COUNTY	FOR THE PURCHASE OF TWO NEW M	7	12/02/10	299,055	01/14/11	299,055	-	299,055	02/15/18
STILLWATER	PARK CITY RURAL FIRE DISTRICT	Fire Truck	10	01/14/02	164,685	01/31/03	164,685	-	37,168	02/15/13
STILLWATER	PARK CITY RURAL FIRE DISTRICT	Bldg Demolition, Bldg Expansion	10	09/01/09	130,000	10/09/09	130,000	-	116,974	08/15/19
STILLWATER	STILLWATER COUNTY/STILLWATER	BUILDING CONSTRUCTION	10	03/18/04	400,000	08/13/04	400,000	-	139,529	08/15/14
STILLWATER	STILLWATER COUNTY/STILLWATER	Purchase a new roll truck for it solid wast	10	04/07/11	100,472	08/05/11	-	100,472	-	08/15/21
STILLWATER Total							2,479,960	400,472	1,653,018	
SWEET GRASS	SWEET GRASS COUNTY	Purchase road equipment	5	02/01/10	200,000	03/19/10	200,000	-	161,190	02/15/15
SWEET GRASS Total							200,000	-	161,190	

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TETON	CHOTEAU	Street Sweeper	10	04/27/01	39,000	05/18/01	39,000	-	2,422	08/15/11
TETON	TETON COUNTY	Law Enforcement Center	10	05/27/03	500,000	08/15/03	500,000	-	126,754	08/15/13
TETON	TETON COUNTY HOSPITAL DIS	Purchase/installation of fire alarm/nurse c	10	12/28/06	213,233	01/26/07	213,233	-	139,010	02/15/17
TETON	TETON COUNTY HOSPITAL DIS	Time and Attendance System/Medical Eq	5	12/28/06	64,991	01/26/07	64,991	-	14,265	02/15/12
TETON	POWER ELEMENTARY SCHOOI	Remodel/add on to existing gym locker ro	10	03/14/08	127,500	06/19/09	127,500	-	87,447	02/15/19
TETON	POWER HIGH SCHOOL DISTRIC	Remodel/add on to existing locker rooms,	10	03/14/08	122,500	02/20/09	122,500	-	83,629	02/15/19
TETON Total							1,067,224	-	453,527	
TOOLE	SHELBY	Equipment/Park Improvements	10	05/20/02	200,000	09/20/02	200,000	-	34,717	08/15/12
TOOLE	SHELBY	Vehicle/Equipment	10	10/21/04	550,878	01/21/05	550,878	-	245,036	02/15/15
TOOLE	SHELBY	Land Purchase-landfill	10	02/28/06	148,000	07/21/06	148,000	-	81,400	08/15/16
TOOLE	KEVIN	Purchase refuse truck & household cont	7	02/27/09	45,735	04/24/09	45,735	-	35,937	08/15/16
TOOLE	SUNBURST	Sunburst SID #4 Street, Curb, & Gutter Ir	4	10/20/10	500,000	11/12/10	249,999	250,001	249,999	08/15/19
TOOLE	SUNBURST	Street, Curb & Gutter Improvements	5	10/20/10	145,000	11/12/10	70,000	75,000	70,000	08/15/19
TOOLE	SUNBURST	Purchase a 1999 Mack MR688P garbage	5	01/14/11	28,050	02/18/11	28,050	-	28,050	02/15/16
TOOLE	SHELBY	Anticip of RD Comm Fac long term - fire	1	04/29/11	350,000	no draw	0.00	350,000	0.00	
TOOLE	SHELBY COUNTY	5 Different county projects..see notes	10	06/27/05	486,769	07/15/05	486,769	-	259,555	08/15/15
TOOLE	TOOLE COUNTY	Magnetic Resonance Imaging (MRI)	5	04/03/07	240,000	04/13/07	240,000	-	50,535	02/15/12
TOOLE	TOOLE COUNTY	New search and rescue boat	10	06/06/07	60,000	12/28/07	60,000	-	43,468	08/15/17
TOOLE	TOOLE COUNTY	Energy Retrofit County Buildings	10	06/24/10	425,000	07/23/10	425,000	-	405,163	08/15/20
TOOLE	TOOLE COUNTY	Purchase hospital equipment for MMC	5	12/06/10	308,390	04/21/11	308,390	-	308,390	08/15/16
TOOLE	TOOLE COUNTY	Purchase 2010 Cat 140M Motor Grader	5	12/06/10	139,466	02/11/11	139,466	-	139,466	02/15/16
TOOLE	TOOLE COUNTY	Purchase 2010 John Deere 872G Motor G	7	12/06/10	226,058	12/30/10	226,058	-	226,058	02/15/18
TOOLE	NORTHERN EXPRESS TRANS.	purchase land	10	11/29/07	100,000	12/21/07	100,000	-	70,000	08/15/17
TOOLE	TRI-CITY INTERLOCAL EQUIP I	Purchase sewer jet truck	7	08/19/09	244,000	03/12/10	244,000	-	210,808	02/15/17
TOOLE	SHELBY HIGH SCHOOL DISTRI	RENOVATE FOOTBALL FIELD AND T	10	06/11/10	100,000	08/20/10	79,461	20,539	75,829	08/15/20
TOOLE	GALATA COUNTY WATER DIST	Refund Revenue Bonds	10	08/15/01	70,000	09/14/01	70,000	-	1,903	08/15/11
TOOLE Total							3,671,806	695,540	2,536,314	
VALLEY	NASHUA	Phase I of its water system improvements	10	10/07/10	60,000	11/05/10	52,481	7,519	52,481	02/15/21
VALLEY	GLASGOW	Anticip. RD long term financing - wastew	2	12/23/10	2,599,000	03/04/11	383,764	2,215,236	383,764	02/15/13
VALLEY	VALLEY COUNTY	Purchase D7 Dozer	10	09/19/02	155,000	10/18/02	155,000	-	34,982	02/15/13
VALLEY Total							591,245	2,222,755	471,227	
YELLOWSTONE	LAUREL	9-1-1 Equipment	5	02/28/06	85,000	05/19/06	85,000	-	9,438	08/15/11
YELLOWSTONE	LAUREL	new amb veh&used fire tnd-new vac tank	7	01/31/08	160,000	02/29/08	160,000	-	97,591	02/15/15
YELLOWSTONE	LAUREL	Purchase 2008 FL-106 Interface 1250CPt	10	01/29/09	200,000	02/27/09	200,000	-	164,758	02/15/19
YELLOWSTONE	BILLINGS	Zimmerman SID sewer improvement	15	09/15/09	80,500	12/24/09	80,500	-	75,134	02/15/25
YELLOWSTONE	LAUREL	SIDEWALK, CURB ANDGUTTER IMP	10	09/27/10	37,189	no draw	0.00	37,189	0.00	
YELLOWSTONE	BILLINGS	Anticip. of SID bond	1	06/21/11	700,000	no draw	0.00	700,000	0.00	
YELLOWSTONE	CUSTER COUNTY	Rock crusher for road repair	10	09/04/07	50,000	10/19/07	50,000	-	37,424	02/15/18
YELLOWSTONE	CUSTER COUNTY	2009 Volvo G940 Motor Grader	5	04/09/09	110,000	05/01/09	110,000	-	78,855	08/15/14
YELLOWSTONE	CUSTER COUNTY	BRIDGE PROJECT	10	06/10/10	250,000	07/09/10	180,000	70,000	171,464	08/15/20
YELLOWSTONE	CUSTER COUNTY	Motor Grader	7	07/28/10	120,000	08/20/10	120,000	-	111,936	08/15/17
YELLOWSTONE	LOCKWOOD RURAL FIRE DISTI	Fire Engine & Water Tender	5	07/29/10	178,587	04/21/11	178,587	-	178,587	08/15/16
YELLOWSTONE	HUNTLEY PROJECT SCHOOL D	Construct Multipurpose Bldg.	10	09/20/02	300,000	02/21/03	300,000	-	70,352	02/15/13
YELLOWSTONE	BILLINGS ELEMENTARY SCHO	Upgrade computer network infra & replac	7	04/17/06	516,278	06/23/06	516,278	-	157,916	08/15/13
YELLOWSTONE	BILLINGS HIGH SCHOOL DISTR	Upgrade computer network infrastructure	7	04/17/06	254,286	06/23/06	254,286	-	77,779	08/15/13
YELLOWSTONE	LAUREL HIGH SCHOOL DISTR	Purchase & install stadium scoreboard	3	09/25/09	130,000	10/16/09	130,000	-	65,845	08/15/12
YELLOWSTONE	CANYON CREEK SCHOOL	Parking Lot Project	10	05/10/10	70,000	09/17/10	70,000	-	66,695	08/15/20
YELLOWSTONE	CUSTER SCHOOL DISTRICT #15	roofing project	10	09/08/10	50,000	11/19/10	47,304	2,696	47,304	02/15/21
YELLOWSTONE	CRYSTAL SPRINGS YELLOWST	Preliminary Engineering Report - Water	6	03/07/11	40,000	05/20/11	37,733	2,267	37,733	08/15/17
YELLOWSTONE Total							2,519,688	812,152	1,448,812	
Grand Total							67,322,531	20,093,487	43,140,101	

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DNRC	RAN - DWSRF	3	02/04/11	1,000,000	03/14/11	850,000	150,000	850,000	03/01/14
DNRC	Anticip of CST bond (RRGL) Tax Exempt	3	03/24/11	1,200,000	06/17/11	1,178,550	21,450	1,178,550	05/01/14
DNRC	Anticip. of CST Bond (RRGL)-Taxable	3	03/24/11	800,000	06/17/11	1,000	799,000	1,000	05/01/14
DNRC Total						2,029,550	970,450	2,029,550	
JUSTICE	IT System/First Phase Titling System (MERLIN)	15	08/20/01	4,500,000	09/14/01	4,500,000	-	1,566,791	06/15/16
JUSTICE	InfTechSys-2nd Phase Per HB 261	14	02/04/04	24,000,000	06/18/04	18,958,401	5,041,599	12,539,923	06/15/18
JUSTICE Total						23,458,401	5,041,599	14,106,714	
PETROLEUM TANK RI	Undergrd Storage Tank Cleanup	10	06/26/02	1,000,000	08/16/02	1,000,000	-	170,622	08/15/12
PETROLEUM TANK RI	Undergrd Storage Tank Cleanup	10	08/09/07	2,500,000	12/21/07	1,000,000	1,500,000	740,094	02/15/18
PETROLEUM TANK RELEASE COMP. Total						2,000,000	1,500,000	910,716	
TRANSPORTATION	Pickups and Vans	7	02/04/08	308,378	02/29/08	308,378	-	132,162	06/15/14
TRANSPORTATION	Motor Pool-Sedan	6	07/31/08	197,991	08/08/08	197,991	-	98,996	06/15/14
TRANSPORTATION	Motor Pool - all types	7	04/06/09	2,814,268	04/17/09	2,814,268	-	1,787,104	06/15/15
TRANSPORTATION	Motor Pool - various vehicles	7	12/28/09	2,383,057	01/22/10	2,383,057	-	1,702,183	06/15/16
TRANSPORTATION Total						5,703,695	-	3,720,445	
Grand Total						33,191,645.82	7,512,049.00	20,767,425.40	

University INTERCAP Loans

As of June 30, 2011

*only loans that have remaining commitment and/or outstanding

Borrower Name	Project Description	Term	CMT Date	Commitment	Fund Date	Draws	CMT Remaining	Outstanding	Maturity
MSU-BILLINGS	Relocate College of Tech soccer field	10	06/18/08	725,000.00	06/20/08	725,000.00	-	566,205.61	08/15/18
MSU-BILLINGS	Replace indoor tennis bubble	6	03/30/10	148,740.00	04/30/10	148,740.00	-	137,007.63	08/15/16
MSU-BILLINGS Total						873,740.00	-	703,213.24	
MSU-BOZEMAN	Leon Johnson Bldg Networking	10	12/23/03	85,000.00	12/31/03	85,000.00	-	27,698.73	02/15/14
MSU-BOZEMAN	COBLEIGH HALL WIRING PROJECT	10	02/25/04	117,536.00	03/12/04	117,536.00	-	38,408.90	02/15/14
MSU-BOZEMAN	Roberts Hall Networking	4	05/24/04	78,085.00	06/04/04	78,085.00	-	29,744.28	08/15/14
MSU-BOZEMAN	Reid Hall Networking	10	11/15/04	154,223.00	11/26/04	154,223.00	-	66,683.77	02/15/15
MSU-BOZEMAN	Gaines Hall Networking	10	04/01/05	117,020.00	04/15/05	117,020.00	-	51,253.99	02/15/15
MSU-BOZEMAN	IT Infra Replace-UPS Equip	6	07/12/05	23,764.00	07/22/05	23,764.00	-	2,122.74	08/15/11
MSU-BOZEMAN	IT Infra Replace - Elec Code Corr & Cable Remov	10	07/12/05	77,965.00	07/22/05	77,965.00	-	38,504.09	08/15/15
MSU-BOZEMAN	Design & construct animal containment building	10	01/04/06	39,523.00	02/24/06	39,523.00	-	22,909.03	02/15/16
MSU-BOZEMAN	IT Infra Replacement Program-Marsh Lab Networ	10	03/09/06	36,285.00	03/24/06	36,285.00	-	20,043.84	02/15/16
MSU-BOZEMAN	EPS Bldg - Atrium Renovation	10	05/23/06	552,519.41	05/25/07	552,519.41	-	388,953.67	08/15/17
MSU-BOZEMAN	VMB Lab/Animal Containment Bldg	10	05/23/06	1,600,477.00	04/18/08	1,600,477.00	-	1,261,250.43	08/15/18
MSU-BOZEMAN	IT Infra Replace-Engineering Study-Elec & AC sy	6	08/11/06	20,000.00	08/25/06	20,000.00	-	5,511.68	08/15/12
MSU-BOZEMAN	IT Infra Replace-Network Equip-Replace/Supplen	7	08/11/06	122,487.00	08/25/06	122,487.00	-	48,257.09	08/15/13
MSU-BOZEMAN	IT Infra Replace-Networking/Remove copper/add	10	08/11/06	83,085.00	08/25/06	83,085.00	-	50,349.22	08/15/16
MSU-BOZEMAN	Telecom. Infra Replace - PBX Core, PBX Duel T-	10	01/23/07	93,847.00	02/16/07	93,847.00	-	61,470.58	02/15/17
MSU-BOZEMAN	IT Infra Replace Program-Network-Fiber Optic O	7	01/24/07	33,772.00	02/16/07	33,772.00	-	15,832.88	02/15/14
MSU-BOZEMAN	ElecMedRec&LabInfSys software	10	10/24/07	152,330.00	02/01/08	152,330.00	-	116,046.43	02/15/18
MSU-BOZEMAN	recreational sports&fitness equip	7	12/18/07	125,000.00	02/15/08	125,000.00	-	76,743.38	02/15/15
MSU-BOZEMAN	IT Infra. replacement plan IDF Camp Net work In	7	05/05/08	663,372.00	05/23/08	663,372.00	-	448,584.85	08/15/15
MSU-BOZEMAN	IT Infra Rep. Plan-Banner Sys	4	05/05/08	597,357.00	05/23/08	597,357.00	-	235,906.81	08/15/12
MSU-BOZEMAN	IT Infra Rep Plan Banner Sys.	4	05/06/08	62,544.00	05/23/08	62,544.00	-	24,699.73	08/15/12
MSU-BOZEMAN	IT Infra. Rep. Plan-IDF Upgrade	10	06/06/08	150,000.00	06/20/08	150,000.00	-	117,145.99	08/15/18
MSU-BOZEMAN	IT Infra, Repl, Plan Network Build. Wiring	10	06/09/08	163,000.00	06/20/08	163,000.00	-	127,298.64	08/15/18
MSU-BOZEMAN	Purchase motion based drive simul	10	09/18/08	280,000.00	10/10/08	280,000.00	-	227,494.80	08/15/18
MSU-BOZEMAN	IT Infra Repl Plan - Northern Tier Network	7	06/01/09	567,801.00	06/11/10	567,801.00	-	529,797.27	08/15/17
MSU-BOZEMAN	Football Video Server/Software Upgrade	4	04/26/10	80,783.00	06/25/10	80,783.00	-	70,811.07	08/15/14
MSU-BOZEMAN	Cooley Lab Renovation	5	05/05/10	1,300,000.00	12/23/10	76,971.51	1,223,028.49	76,971.51	02/15/16
MSU-BOZEMAN	Bobcat Stadium End Zone Project	15	01/12/11	4,000,000.00	04/29/11	2,179,354.27	1,820,645.73	2,179,354.27	08/15/26
MSU-BOZEMAN	ADA Accessibility Projects	6	03/08/11	773,000.00	05/06/11	773,000.00	-	773,000.00	08/15/17
MSU-BOZEMAN Total						9,107,101.19	3,043,674.22	7,132,849.67	
MSU-NORTHERN	Various Equip Purchase & Install including ATC	10	06/21/06	400,000.00	06/27/06	400,000.00	-	243,026.62	08/15/16
MSU-NORTHERN	Campus Improvements-pedestrian campus core rei	10	06/28/06	440,000.00	11/10/06	440,000.00	-	319,780.93	02/15/19
MSU-NORTHERN Total						840,000.00	-	562,807.55	

University INTERCAP Loans

As of June 30, 2011

*only loans that have remaining commitment and/or outstanding

Borrower Name	Project Description	Term	CMT Date	Commitment	Fund Date	Draws	CMT Remaining	Outstanding	Maturity
UOFM-MISSOULA	Construct Research Lab Facility	10	02/10/04	1,000,000.00	06/11/04	1,000,000.00	-	380,235.48	08/15/14
UOFM-MISSOULA	Park-n-Ride Parking Facility	8	01/10/05	406,370.00	02/04/05	406,370.00	-	109,505.16	02/15/13
UOFM-MISSOULA	East Broadway Parking	10	06/16/05	288,722.91	04/21/06	288,722.91	-	175,418.40	08/15/16
UOFM-MISSOULA	Buses	5	10/26/07	387,006.50	02/01/08	387,006.50	-	176,067.61	02/15/13
UOFM-MISSOULA	Replace Astro Turf @ Wash Grzz Stad	5	08/08/08	250,000.00	11/21/08	250,000.00	-	156,248.47	02/15/14
UOFM-MISSOULA	Purchase bus	5	02/09/09	276,603.00	02/20/09	276,603.00	-	171,143.23	02/15/14
UOFM-MISSOULA	Purchase Real Property @820 Arthur	15	10/05/09	640,000.00	10/16/09	640,000.00	-	461,943.00	08/15/24
UOFM-MISSOULA	Northern Tier Project	7	10/05/09	1,000,000.00	10/23/09	1,000,000.00	-	870,570.77	02/15/17
UOFM-MISSOULA	Addition to Bldg 24 for bus storage	10	01/05/10	250,000.00	04/16/10	250,000.00	-	226,315.71	02/15/20
UOFM-MISSOULA	Replacement Passenger Vans	5	09/08/10	170,000.00	10/29/10	88,542.00	81,458.00	88,542.00	02/15/16
UOFM-MISSOULA	KUFM Fundraising soft/hardware	5	02/28/11	38,500.00	03/25/11	38,061.25	438.75	38,061.25	02/15/16
UOFM-MISSOULA	Remodeling the O'Connor Center	10	05/12/11	75,000.00	no draw	0.00	75,000.00	0.00	
UOFM-MISSOULA Total						4,625,305.66	156,896.75	2,854,051.08	
UOFM-MONTANA TECH	Microwave Network	7	05/24/04	70,185.78	07/02/04	70,185.78	-	5,196.70	08/15/11
UOFM-MONTANA TECH	Design, Renovate, expand HPER building	15	01/13/10	2,740,000.00	no draw	0.00	2,740,000.00	0.00	
UOFM-MONTANA TECH Total						70,185.78	2,740,000.00	5,196.70	
UOFM-WESTERN MT C	Life Safety Improv. to the PE Complex	15	06/19/08	299,999.61	10/30/09	299,999.61	-	287,948.85	02/15/25
UOFM-WESTERN MT C	Suburbans to replace motor vans	5	04/21/11	99,078.00	05/20/11	99,078.00	-	99,078.00	08/15/16
UOFM-WESTERN MT COLLEGE Total						399,077.61	-	387,026.85	
Grand Total						15,915,410.24	5,940,570.97	11,645,145.09	

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Montana Loan Program Reports

MEMORANDUM

Montana Board of Investments

Department of Commerce

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

To: Board of Directors
From: Herb Kulow, CMB
Senior Portfolio Manager
Date: August 2, 2011
Subject: Commercial and Residential Portfolios

The commercial loan portfolio reflected a balance of \$157,546,000 as of June 30, 2011. There were five outstanding reservations totaling \$8,189,839 and six outstanding commitments totaling \$15,834,799. Past due percentages improved dramatically from the last board meeting when total past due represented 6.01% of the portfolio. As of June 30, 2011, there were 5 loans over 30 days past due representing 0.44% of the portfolio and 2 loans over 90 days past due representing 0.14% of the portfolio. According to the Mortgage Bankers Association, nationally, 9.18% of commercial loans held by federally insured financial institutions were past due 30 days or more and 4.18% of those loans were past due more than 90 days as of the end of the first quarter of 2011. The following is a brief summary of the types of loans in our commercial portfolio.

Commercial Portfolio as of 6-30-11			
<u>Loan Type</u>	<u>Balance</u>	<u>Percent of Portfolio</u>	<u>Number of Loans</u>
Participation	80,500,936	51.10%	81
Gov. Guaranteed	46,550,700	29.55%	54
Infrastructure	23,557,398	14.95%	8
Value-Added	3,154,341	2.00%	6
IRP	2,944,542	1.87%	17
Seasoned	605,740	0.38%	1
Link	232,343	0.15%	2
	157,546,000	100.00%	169
Total past due	697,540	0.44%	5
Past due over 90 days	223,102	0.14%	2

MBOI is limited in the use of the coal tax trust to 25% of the balance of the trust. Staff performed that calculation as of June 30, 2011, which indicated we are only using 16.71% of the trust, well below the 25% cap.

Residential loans continue to pay off depleting our portfolio to an outstanding balance of \$26,891,645, as of June 30, 2011. There are no outstanding reservations. Total past due stood at \$703,765 represented by 12 loans, two of which are conventional uninsured loans and ten had FHA guarantees. Three loans were past due greater than 90 days and totaled \$175,744. One of those loans is a conventional uninsured loan totaling \$20,810. We have begun foreclosure on this loan and there may be some loss exposure to MBOI. Of the other two loans past due more than 90 days, one is making payments under Chapter 13 and the other one was brought current in July. Total residential past due represented 2.62% of the portfolio and the over 90 days past due residential loans represented 0.65% of the portfolio. According to the Mortgage Bankers Association, of the residential loans held by federally insured financial institutions, 12.31% of those residential loans were one payment past due or more and 8.32% were past due more than 90 days, as of the end of the first quarter of 2011. The following is a brief summary of the types of loans in our residential loan portfolio.

Residential Portfolio as of 6-30-11			
		Percent of	Number of
<u>Loan Type</u>	<u>Balance</u>	<u>Portfolio</u>	<u>Loans</u>
Conventional	15,705,062	58.40%	360
FHA Guaranteed	10,110,917	37.60%	206
VA	<u>1,075,666</u>	<u>4.00%</u>	<u>19</u>
	26,891,645	100.00%	585
Total past due	703,654	2.62%	12
Past due over 90 days	175,744	0.65%	3