

**MONTANA BOARD OF INVESTMENTS  
BOARD EDUCATION POLICY**

**I. PURPOSE**

The purpose of this Board Education Policy is to establish guidelines and procedures for members of the Montana Board of Investments that recognize and affirm the importance of education to the success of fulfilling their fiduciary responsibilities.

**II. POLICY OBJECTIVES**

1. All Board Members will have education opportunities to maintain the knowledge they need to carry out their fiduciary responsibilities and engage in effective group discussion, debate and decision making.
2. Newly appointed or elected Board Members will be provided with the general introductory knowledge they need to enable them to effectively participate in Board and Committee deliberations in a timely manner.
3. Board Members will have the opportunity to learn through networking with the Trustees of other public retirement systems and learn of alternate approaches to common issues and problems.

**III. ASSUMPTIONS AND PRINCIPLES**

1. Board Members are responsible for making policy decisions affecting all major aspects of plan administration. They, therefore, should acquire an appropriate level of knowledge of all significant facets of the investment management process rather than specializing in particular areas.
2. A variety of educational methods are encouraged since no single, educational method is optimal.
3. The Board Education Policy is not intended to dictate that Board Members attend only specific conferences or programs. Although a list is included in this Policy as a reference, the Policy is a framework for the types of opportunities that Board Members may use in their fiduciary education.

**IV. POLICY GUIDELINES****1. GENERAL PROVISIONS**

- A. All Board Members are encouraged to develop and maintain their knowledge and understanding of the issues involved in the policy direction and management of the Montana Board of Investments throughout their terms as Board Members.

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- B. Board Members are encouraged to develop an appropriate level of knowledge across a broad spectrum of issues, including:
- i. Governance and fiduciary duty
  - ii. Actuarial policies and pension funding
  - iii. Best practices in total fund, asset class composite and investment manager monitoring, funding and decision-making
  - iv. Key institutional investment management concepts, including, but not limited to:
    - a. Portfolio management theory and strategies
    - b. Asset class attributes and investment strategies
    - c. Performance evaluation concepts
- C. Board Members are encouraged to help seek out, evaluate and take advantage of appropriate educational tools, which may include, but are not limited to:
- i. External conferences, seminars, workshops, roundtables, courses or similar vehicles
  - ii. In-house presentations by the Board's service providers, staff, or non-affiliated investment experts
  - iii. Relevant periodicals, trade journals, textbooks, electronic media, etc.
- D. Standards for determining the appropriateness of a potential educational opportunity shall include, without limitation:
- i. The extent to which the opportunity is expected to provide Board Members with the knowledge they need to carry out their roles and responsibilities, and
  - ii. The expected return on investment of the program, taking into account the expected educational benefits weighed against the expected costs, such as travel, lodging and related expenses.
  - iii. Board Members are encouraged to assist in identifying the educational vehicles that best meet their needs, and to seek an appropriate level of knowledge in each of the areas listed in Section IV. 1. B. of this Policy.
- E. The Board shall establish an annual budget to cover the cost of providing continuing fiduciary education for its Board Members. The Board shall reimburse Board members for all reasonable and necessary expenses incurred in attending educational programs encouraged hereunder as provided in this Policy.

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- F. Each Board Member is encouraged to report to the Board on the most important knowledge or information gained from the conference/seminar/workshop attended and recommend whether to attend in the future.

**2. BOARD MEMBER ORIENTATION PROGRAM**

- A. An orientation program will be formalized and maintained for the benefit of new Board Members.
- B. The aim of the orientation program shall be to provide relevant information/education so that new Board Members are in a position to contribute fully to Board and Committee deliberations and effectively carry out their fiduciary duties as soon as possible after joining the Board.
- C. The orientation program may include:
- i. In-person introduction to MTBOI management and staff
  - ii. A tour of the staff office
  - iii. An orientation handbook, which may be presented to Board Members via an orientation seminar. The handbook and/or accompanying seminar should cover the following:
    - a. Most recent Governance Policy and Investment Policy Statements
    - b. Roles and responsibilities of Board Members, Committees and staff
    - c. An overview of State laws relevant to fund management
    - d. Material from legal counsel on fiduciary responsibility
    - e. Copies of Board and general operating policies and procedures
    - f. Most recent Comprehensive Annual Financial Report
    - g. Most recent Actuarial Valuation Report and Asset Liability Study
    - h. Most recent Investment performance report
    - i. Most recent MTBOI budget
    - j. Up-to-date organization chart
    - k. Names and telephone numbers of other MTBOI Board Members and Staff

**3. ATTENDANCE AT EDUCATIONAL CONFERENCES AND SEMINARS**

- A. Illustrative examples of conferences that Board Members may consider attending would include:

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- i. Council of Institutional Investors (CII)
  - ii. Institutional Investor Conference on Alternative Investments
  - iii. Institutional Investor Conference on Fund Management
  - iv. International Foundation of Employee Benefit Plans
  - v. Portfolio Concepts and Management sponsored by the Wharton School, University of Pennsylvania (Wharton)
  - vi. Public Pension Investment Management Program (SACRS)
  - vii. Semi-annual conference sponsored by the State Association of County Retirement Systems (SACRS)
- B. All Board Member out of state travel to be reimbursed by the Board will be first approved by the Chair after consultation with the Executive Director.
- C. In attending conferences, preference will be given to those sponsored by educational institutions or pension industry associations as opposed to conferences with agendas that are largely determined and executed by current or potential vendors to the MTBOI.