MONTANA

BOARD OF INVESTMENTS

One of the purposes of a public investment board Governance Manual is to clearly spell out the fiduciary responsibilities of the Montana Board of Investments (Board) as an entity and how those responsibilities, if any, are delegated to staff to carry out the Board's mission on a day to day basis.

Governance Manual

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I. PURPOSE

One of the purposes of a public investment board Governance Manual (Manual) is to clearly spell out the fiduciary responsibilities of the Montana Board of Investments (Board) as an entity and how those responsibilities, if any, are delegated to staff to carry out the Board's constitutional mission on a day to day basis. State law assigns to Board members the fiduciary responsibility of managing the Unified Investment Program and gives the Board the authority to hire staff as it deems necessary. Because the fiduciary responsibility ultimately lies with the Board it is important that the authority and roles of the Board as an entity and Board staff be clearly defined. Board staff has only those powers specifically delegated to them by the Board as specified in this Manual. This Manual shall be published on the Board's web site and may only be revised by the Board at a public meeting, with limited exceptions. Staff may update the Board membership and committee roster sections, as needed. Staff may also update Appendices for which they have been delegated authority over, such as Appendix K - Administrative Rules and Investment Policies and Appendix O – Legal Services Vendors. Staff will apprise the Board of staff changes at the next regularly scheduled Board meeting.

II. BOARD MEMBER AUTHORITIES, DUTIES, AND ROLES

1. General Duties Prescribed by Law

A) The Unified Investment Program – Article VIII Section 13 of the Montana Constitution requires that the Legislature provide for a Unified Investment Program for public funds. Section 17-6-201, Montana Code Annotated (MCA) established the Unified Investment Program, created the Montana Board of Investments (the "Board"), and gave the Board sole authority to invest state funds in accordance with state law and the state constitution. Section 17-6-201(1), MCA, requires the Board to operate under the "prudent expert principle," defined as: 1) discharging its duties with the care, skill, prudence, and diligence that a prudent person acting in a like capacity with the same resources and familiar with like matters exercises in the conduct of an enterprise of a like character with like aims; 2) diversifying the holdings of each fund to minimize the risk of loss and maximize the rate of return; and 3) discharging its duties solely in the interest of and for the beneficiaries of the funds managed.

B) Economic Development Programs - In addition to managing the Unified Investment Program, the Legislature assigned to the Board the responsibilities of managing several loan programs as detailed in Section 17-6-300, MCA.

C) Municipal Lending Programs - The Board manages programs under the Municipal Finance Consolidation Act, primarily through the INTERCAP program as detailed in Section 17-5-1600, MCA, and the Economic Development Bond program as detailed in Section 17-5-1500, MCA.

2. Board Membership - The Board is comprised of nine voting members appointed by the Governor as prescribed in Section 2-15-124, MCA, subject to confirmation by the state Senate and two ex-officio, nonvoting members. Section 2-15-1808 (3) and (4), MCA,

"The members are:

(a) one member from the public employees' retirement board, provided for in 2-15-1009, and one member from the teachers' retirement board provided for in 2-15-1010. If either member of the respective retirement boards ceases to be a member of the retirement board, the position of that member on the board of investments is vacant, and the governor shall fill the vacancy in accordance with 2-15-124.

(b) seven members who will provide a balance of professional expertise and public interest and accountability, who are informed and experienced in the subject of investments, and who are representatives of:

- **(i)** the financial community;
- **(ii)** small business;
- **(iii)** agriculture; and
- **(iv)** labor; and

(c) two ex officio, nonvoting legislative liaisons to the board, of which one must be a senator appointed by the president of the senate and one must be a representative appointed by the speaker of the house. The liaisons may not be from the same political party. Preference in appointments is to be given to legislators who have a background in investments or finance. The legislative liaisons shall serve from appointment through each even-numbered calendar year and may attend all board meetings. Legislative liaisons appointed pursuant to this subsection (3)(c) are entitled to compensation and expenses, as provided in 5- 2-302, to be paid by the legislative council.

(4) The board is designated as a quasi-judicial board for the purposes of 2-15-124."

The Board is allocated to the Department of Commerce for administrative purposes as prescribed in Section 2-15-121, MCA. The following members have been appointed to the Board for a four-year term and confirmed by the State Senate:

Member	Location	Term Expires
Karl Englund – Chairperson	Missoula	01/01/2023
Mark Noennig – Vice Chair	Billings	01/01/2021
Jim Edwards	Helena	01/01/2021
Diane Fladmo	Helena	01/01/2023
Jeff Greenfield	Shepherd	01/01/2021
Teresa Olcott Cohea	Helena	01/01/2023
Bruce Nelson	Bozeman	01/01/2023
Maggie Peterson	Anaconda	01/01/2021
Jack Prothero	Great Falls	01/01/2021

3. **Board Chairperson** - As prescribed in Section 2-15-124, MCA the Governor shall designate the Chairperson, whose duty is to ensure that the Board operates consistent with state law, state rules, and Board policies. The Chairperson may make and second motions and vote. The Chairperson shall review and sign all meeting minutes and all resolutions approved by the Board. The Chairperson may appoint a Vice Chairperson to preside in his/her absence.

4. **Code of Ethics** - The Board shall create and annually confirm adherence to a Code of Ethics (the Code) for its members and staff. The Code shall be designed to ensure that Board members and Board staff have no conflicting interests that would harm the integrity of the Board, harm the clients for whom the Board invests funds, or interfere with the Board's fiduciary responsibility. The Code approved by the Board is attached as **Appendix B**.

5. **Governing Law** - The Board shall maintain and update as necessary a written and electronic manual of all its pertinent Montana governing laws and shall post the manual on its website for public access.

6. **Quorum and Voting** - A majority of the Board membership (five members) constitutes a quorum to do business. A favorable vote of at least a majority of all members (five members) of the Board is required to adopt any resolution, motion, or other substantive decision, as prescribed in Section 2-15-124, MCA. For example, if only five members are present, all five members must approve a substantive motion.

7. **Board Meeting Frequency and Recording** - The Board meets at least quarterly and is subject to the call of the Chairperson if additional meetings are required. The frequency of Board meetings is subject to change at the direction of the Board. Board meetings are recorded as provided by Section 2-3-214, MCA.

8. **Notice of Meetings -** Section 2-3-103, MCA requires all meetings of the Board must be open to the public. Meetings will be 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. Section 2-3-203, MCA states 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. **Systematic Work and Education Plan -** To keep the Board and the public informed on a systematic basis on the Board's programs, missions, and responsibilities, the Executive Director shall submit a Systematic Work and Education Plan formatted as agenda topics for the upcoming Board meetings for each calendar year rotating subject matters so that all are covered within a 24-month period to educate, review and in all respects to help Board Members fulfill their fiduciary role. The work plan will include the annual presentation from the pension systems, per Section 19-2-410, MCA. The Board Education Policy, addressing the importance of the Systematic Work and Education Plan, is attached as **Appendix M**.

11. **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. A letter from the Governor expressing the importance of compliance with this law is attached as **Appendix A**.

12. **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. The charters are attached as **Appendices C**, **D**, and **E**.

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.

Current members of the committees are:

Audit	Loan	Human Resource
Maggie Peterson, Chairperson	Jack Prothero, Chairperson	Teresa Olcott Cohea, Chairperson
Jeff Greenfield	Teresa Olcott Cohea	Diane Fladmo
Diane Fladmo	Jim Edwards	Jack Prothero
Jim Edwards	Bruce Nelson	Maggie Peterson
Bruce Nelson		Mark Noennig

13. **Adoption of Resolutions -** All resolutions committing the Board to issue bonds either directly or as a conduit issuer; or to enhance bonds issued by others as authorized by law must be approved by the Board at a public meeting and signed by the Chairperson and the Executive Director.

14. **Selection of Custodial Bank and Investment Consultant -** While this Governance Manual delegates general contracting authority to the Executive Director, the Board reserves the right and the authority to make the final selection of the Custodial Bank and the Investment Consultant after which the Executive Director shall negotiate a contract. The Board's powers are specifically circumscribed under 17-6-101 for custodial/depository banking services, and 18-4-122 et. seq. pertaining to the State's procurement laws.

15. **Asset Allocation -** The Board, as the fiduciary of the Unified Investment Program, is responsible for establishing the investment parameters of the Unified Investment Program. The Board has the authority to allocate portfolios to any asset class in the proportions it considers prudent, subject to such limitations as are contained in law and Article VIII Section 13 of the Montana Constitution. When the law or Constitution precludes certain investments, the Board is responsible for allocating portfolios to asset classes within the investment types permitted by law. Asset allocation decisions may be made by the Board only in a public meeting. ***The authority to establish asset allocation ranges and targets rests solely with the Board and may not be delegated to staff. The Board shall review and affirm pension allocation ranges at least annually.***

16. **Administrative Rules -** The Board has rule-making authority under state law and Article VIII Section 13 of the Montana State Constitution. Administrative rules are regulations, standards or statements of applicability that implement, interpret, or set law or policy. Administrative rules can also describe the organization, procedures or practice requirements of the Board. ***The authority to revise Board Administrative Rules may not be delegated to staff.*** A list of Board Administrative Rules is attached as **Appendix K**.

17. **Investment Policy Statements -** The Board shall create, maintain, and revise as necessary Investment Policy Statements (IPS) for each separate account it manages. The IPS shall cite the law establishing the account if such law exists, the permissible investments authorized by law, and establish an investment range for each of the permissible investments. The Board shall review such policies at least annually or more frequently at the request of Board staff. IPS may only be revised in a public meeting. All IPS shall be posted on the Board's web site for review by the public. ***The authority to approve Investment Policy Statements may not be delegated to staff.*** A list of IPS is attached as **Appendix K**.

18. **Coal Tax Trust Loan Policies -** The Board shall create, maintain, and revise as necessary loan policies for each of the Coal Tax Trust loan programs assigned to it by law. The loan policies shall be based on the law creating the programs and may be revised from time to time as necessary to accommodate changes in the law or to enhance or clarify the programs. Substantive loan policy revisions may be made only by the Board at a public meeting. All loan policies shall be posted on the Board's web site. ***The authority to substantively revise Coal Tax Trust Loan Polices approved by the Board may not be delegated to staff.*** A list of Coal Tax Trust Loan Policies is attached as **Appendix K**.

19. **Bond Program Policies -** The Board shall create, maintain, and revise as necessary policies for its various Bond Programs assigned to it by law. The bond program policies shall be based on the law creating the programs and may be revised from time to time as necessary to accommodate changes in the law or to enhance or clarify the programs. Substantive bond program policy revisions may be made only by the Board at a public meeting. All bond program policies shall be posted on the Board's web site. ***The authority to substantively revise Bond Program Policies approved by the Board may not be delegated to staff.*** A list of Bond Program Policies is attached as **Appendix K**.

20. **Interest Rate Setting Process/Methodology -** The Board shall establish and approve an interest rate setting process and methodology for loan programs for which it has discretion to set rates. Staff shall utilize the approved process and post the rates weekly on the Board's web site. ***The authority to revise interest rate setting processes and/or methodologies approved by the Board may not be delegated to staff.***

21. **Class Action Litigation Participation -** The Board shall adopt, maintain, and revise as necessary a process and policy to ensure that it participates in all class action litigation to which it is entitled. The process and policy adopted by the Board is attached as **Appendix F**.

22. **Budget -** The Executive Director shall prepare the Board's budget and staffing level recommendations for Board review and approval. After Board approval the budget is submitted to the Department of Commerce for approval and then to the Governor's Office of Budget and Program Planning for final approval. The Board's budget is funded from two revenue sources.

A) The Investment Program is funded by fees charged the Board's clients. Because the Board's clients are primarily state agencies, the Legislature sets the maximum fee the Board may charge which is then allocated by Board staff to all Board clients. The Board's methodology used to allocate charges to its clients is audited by the Legislative Auditor.

B) The Bond Program is funded by the "spread" between the interest paid on the bonds sold and the interest on loans made from the bond proceeds. The spread may be no greater than 1.5 percent. Because the Bond Program's clients are primarily non-state agencies, the Legislature does not set a maximum fee the Board may charge.

23. **Board Staff –** Per Section 2-15-1808(2), MCA, the Board appoints the Executive Director who has general responsibility for selection, management, and the job performance of Board staff. The Board also appoints the Chief Investment Officer. The Board assigns the duties and sets the salaries of ten staff - the Executive Director, Chief Investment Officer, and eight investment professional staff. The Board's functional organization chart is attached as **Appendix G**.

III. DELEGATION OF AUTHORITY TO STAFF

The Board delegates to its the Executive Director and the Chief Investment Officer the following day to day duties required to carry out the Board's mission.

1. **Executive Director -** The Executive Director is empowered by the Board to administratively supervise all Board staff and to delegate responsibilities and work assignments as necessary, including the annual approval of job descriptions and evaluations for non-exempt employees. The Executive Director will authorize expenditures, all travel, and sign any and all documents required to conduct Board business, unless there are specific written policies or instructions from the Board to the contrary. These documents include, but are not limited to vendor contracts, commitments to investment managers, invoices, official letters detailing the position of the Board on any matter, resolutions approved by the Board, leases for Board owned buildings, authorizations to renovate and repair Board owned buildings, staff time sheets, and staff job descriptions. In exercising the delegated authority, the Executive Director shall provide the Board with the information and reports necessary for the Board to fulfill its fiduciary duty in monitoring and reviewing the actions of the Board staff and operations. In addition, the Executive Director may direct the Chief Investment Officer to delay any investment decision if, in the Executive Director's opinion it is contrary to the strategic asset allocation of the Board. Any delays must be reported to the Board at the next regular or special Board meeting.

2. **Deputy Director -** To ensure continuity the Deputy Director is empowered by the Board to carry out the duties of the Executive Director in his/her absence unless there are specific written policies or instructions from the Board to the contrary. The Executive Director shall establish a written protocol to ensure continuity in his/her absence and such protocol was approved in **Resolution 218** and attached hereto as **Appendix I**.

3. **Chief Investment Officer -** The Chief Investment Officer is empowered by the Board to serve as the principal staff person responsible for overseeing the investment activities under the Board's jurisdiction in compliance with the Board's policies. Specific duties include managing asset exposures to stay within approved asset allocation ranges, recommending new asset types, and overseeing all aspects of the investment process including but not limited to rebalancing assets, hiring and terminating external investment managers, setting appropriate due diligence standards to be followed in the selection of any new external managers, overseeing the review and any revisions of investment policies, and providing staff investment reports to the Board. The Chief Investment Officer supervises staff as assigned by the Executive Director and delegates duties to them as necessary to achieve the various investment objectives of the funds under management of the Board of Investments, consistent with fiduciary best practices and state laws. Unless there is a Board motion adopted for providing instructions to the contrary, continuity for the Chief Investment Officer is governed by Resolution 234, and attached hereto as **Appendix L**.

4. **Deputy Chief Investment Officer -** To ensure continuity the Deputy Chief Investment Officer is empowered by the Board to carry out the duties of the Chief Investment Officer in his/her absence unless there are specific written policies or instructions from the Board to the contrary. The Executive Director shall establish a written protocol to ensure continuity in the absence of the Chief Investment Officer and such protocol was approved in **Resolution 234** and attached hereto as **Appendix L**.

5. **Operations Delegation -** The Executive Director is responsible for all day-to-day operations of the Board and may delegate as necessary but remain in specific compliance with this Governance Policy. As an agency head, the Executive Director has all powers and authority normally vested in similar positions in other state agencies to include, but not be limited to, the supervision and management of all staff, the hiring and firing of non-exempt staff, and the commitment of funds necessary for the efficient conduct of Board business. Exempt staff may only be terminated upon Board Approval. In carrying out these duties, the Executive Director shall ensure compliance with Board policies and directives, as well as applicable state and federal laws and regulations.

6. **Communications Delegation -** The Executive Director shall serve as the primary spokesperson for the Board when communicating with the Legislature, the Governor, the public, and the media, and depending on circumstances, be clear when communications represent the official position of the Board, or is for informational-purposes only, or for any iteration in-between.

   Board members in any of their communications on Board matters, policy, or position shall distinguish whether they are speaking on behalf of the Board or speaking only as an individual member; however, the Chairperson is deemed a spokesperson for the Board, as *ex officio* and Board committee chairs are also deemed to be a spokesperson for the Board *ex officio* when the context is clearly within the scope of their respective committee missions.

7. **Investment Manager Contracts -** The Board in discharging its duties under Article VIII Section 13 of the Montana Constitution and the Unified Investment Program(the "Program") as defined in Section 17-6-201, MCA, enters into various contracts. For those contracts that are fundamental in enabling the Board to invest public funds and satisfy its legal duty under the Program, including its responsibility to "determine the type of investment to be made" (17-6-201 (5)(c), M.C.A.), the Board reserves to itself the sole discretion of entering into such contracts in compliance with its constitutional and statutory mandate. The Board delegates and directs the following:

a. The Executive Director and the Chief Investment Officer are authorized jointly to contract for investment manager services and if deemed appropriate, terminate them.
b. However, the Chief Investment Officer is authorized to have the final decision on external investment managers, subject to C below.
c. Provided that, the Executive Director may be a part of any negotiation and at a minimum sign all contracts for investment manager services.
d. And further provided that the Board's Legal Counsel review and sign all investment management contracts and review all other investment-related service contracts as the Executive Director or Chief Investment Officer deem necessary or advisable.
e. All new investment manager contracts, commitments, and terminations along with sufficient other related information, and in particular, alternative investment managers and their key terms of the fund, shall be reported to the Board at its next regularly scheduled meeting.

8. **All Other Contracts -** For all contracts not specifically investment manager contracts, such contracts both competitive and sole source, shall be processed according to the State's procurement and contracting laws. The Executive Director is authorized to negotiate and enter into all contracts necessary to carry out the Board's mission without advance approval of the Board, except for contracts with the Board's Custodial Bank and Investment Consultant. The Board shall approve (as limited by statute) the selection of the Custodial Bank and the Investment Consultant after which the Executive Director shall negotiate contracts with the firms. The Executive Director may approve contract extensions for which the Board's Custodial Bank and Investment Consultant are eligible under the original contract terms. In compliance with state requirements and Board policies review by the Board's Legal Counsel is required for all contracts.

A) **Legal Services -** The Board delegates to the Executive Director the authority to provide appropriate legal representation for all Board activities. The Executive Director shall contract for legal services and ensure that there is no lapse in service. Legal services may be provided by a combination of private legal services contract, the Department of Commerce Legal Counsel, the Attorney General's offices as appropriate and other legal services as deemed appropriate and necessary. The Executive Director shall also ensure that the Board has legal representation for any class action litigation to which it is entitled to participate. A list of the Board's Legal Services Vendors is attached as **Appendix O**.

B) **Building Management Services -** The Executive Director is authorized to make all day to day decisions required in managing the Board's direct real estate program. These decisions include but are not limited to negotiating and signing leases, authorizing payment of invoices, authorizing repair and renovation, authorizing improvement and construction, and contracting with a Building Manager. The Board must approve the purchase and sale of all direct real estate.

C) **Personal Services Contracts -** The Executive Director is empowered to negotiate personal services contracts as necessary to ensure proper staffing levels and/or to obtain specialized services not otherwise available.

D) **Interagency Agreements -** The Executive Director is empowered to sign Interagency Agreements and contracts with other state agencies as necessary to fulfill the Board's mission and/or to implement recently enacted legislation.

9. **Legal Action -** When the Board is named as a defendant in a legal action the Executive Director is authorized to act on behalf of the Board with the advice of legal counsel and shall notify the Chairperson in a timely manner. The Executive Director may only initiate legal action with Board approval.

10. **Class Action Litigation -** The Executive Director is authorized to join class action lawsuits on behalf of the Board so that the Board may share in any distribution from the settlement, unless it is determined that legal action by the Board, independent of a class action lawsuit, is advisable as per the Class Action Litigation Policy **(Appendix F)**. The Executive Director may consult with legal counsel and Audit Committee members as necessary and shall report to the Board, at its next meeting, any decisions regarding class action suits.

11. **Authorization of Investment Vendors -** Board funds may not be committed, wired, or otherwise transferred to investment vendors without the specific approval by the Executive Director of such vendors as per **Resolution 217** approved by the Board and attached as **Appendix H.**

12. **Authorization of Staff Transactions -** Board staff may not transact business with investment vendors without the specific approval of the Executive Director as per **Resolution 217** approved by the Board and attached as **Appendix H.**

13. **Credit Enhancement Implementation -** The Executive Director is authorized to take all necessary action to implement credit enhancement activity authorized by the Board as per **Resolution 219** attached as **Appendix J**.

14. **Annual Report -** The Board is required by law to submit an annual report on all its activities by December 31st. The Executive Director shall prepare and publish the annual report.

15. **Board Office Space -** The Executive Director shall provide for office space for the Board's operations and is authorized to negotiate and sign leases for office space as appropriate and in conformance with state policy.

16. **Legislative Duties -** The Executive Director, or designee, shall represent the Board before the Legislature. Duties include and are not limited to: recommending for Board approval proposed legislation to further the Board's mission; testifying on legislation that may impact the Board and its mission; and monitoring all legislation introduced to determine what if any impact such legislation may have on the Board and its mission. The Executive Director shall keep the Board informed on these activities as necessary during legislative sessions.

17. **Meal Policy -** Board members and staff are subject to the provisions of Title 2, Section 18 of the Montana Code Annotated for meals, lodging, and transportation while in travel status. Lunch may be provided for Board members, staff, necessary participants during regularly scheduled meetings for the benefit of the organization, including improved communication, efficiency of time, and increased collaboration.

APPENDIX A **PUBLIC MEETING LETTER FROM GOVERNOR**

OFFICE OF THE GOVERNOR
STATE OF MONTANA

BRIAN SCHWEITZER
GOVERNOR

JOHN BOHLINGER
LT. GOVERNOR

TO: Executive Branch Officers
Department Directors
Chairs and other Presiding Officers of All Executive Branch Boards, Bureaus, Commissions, Departments, Authorities, and Agencies

FROM: Governor Brian Schweitzer

DATE: October 16, 2012

RE: Public participation in agency decisions pursuant to § 2-3-103, MCA

Montana's public participation laws require me, as Governor, "to ensure that each board, bureau, commission, department, authority, agency, or officer of the executive branch of the state" adopts rules, setting forth policies and procedures to facilitate public participation in agency programs and decisions. Sec. 2-3-103(2), MCA. I have written you in past years to remind you of these important statutory obligations, and I take this opportunity to remind you of them again.

Montanans have a constitutional right to participate in the activities of their government. The "Right of Participation" is found at Article II, section 8 of the Montana Constitution, which provides:

> The public has the right to expect governmental agencies to afford such reasonable opportunity for citizen participation in the operation of the agencies prior to the final decision as may be provided by law.

This constitutional right is implemented by Montana statutes (Title 2, chapter 3, part 1, MCA) requiring every agency to develop procedures to permit and encourage public participation in agency decisions "that are of significant interest to the public." The statutes require agencies to provide adequate notice to the public and assist public participation. Meeting agendas must include an item allowing public comment on any public matter not on the agenda but within the agency's jurisdiction. Additionally, the agency may not act on any matter that was not included on the agenda and for which public comment on the matter was not allowed. Public comments must be incorporated into the official minutes of the meeting. The district courts may set aside agency decisions not in conformity with the public participation laws where a person's rights have been prejudiced. Model rules to implement these laws are found at ARM §§ 1.3.101 and 1.3.102.

As you know, this Administration takes very seriously the public's right to participate in the decisions of government, and I applaud your efforts to ensure this public right. If you or your agency needs assistance in crafting appropriate guidelines and rules to conform to Montana's public participation laws, feel free to contact my legal counsel, Ann Brodsky, for assistance (444-3558).

STATE CAPITOL • P.O. BOX 200801 • HELENA, MONTANA 59620-0801
TELEPHONE: 406-444-3111 • FAX: 406-444-5529 • WEBSITE: WWW.MT.GOV

APPENDIX B

CODE OF ETHICS – FEBRUARY 2020

I. PURPOSE: TO PROTECT AND HONOR THE PUBLIC TRUST

The Montana Board of Investments (the "Board") fully accepts its responsibility and obligation to follow all state laws regarding ethical conduct. The Board expects its members, employees and all associated parties doing business with the Board to conduct themselves within the highest ethical standards that will in all circumstances reflect well on the Board and the people it serves. All members and employees must obey state law and the additional requirements as to their conduct as further provided within this policy.

II. STATE CODE OF ETHIC PROVISIONS

The Board's ethics policy complements and does not substitute for state law and Montana Operations Manual (MOM) Ethics Policy. Members and employees are expected to be familiar with and obey all state laws and MOM policy and understand and obey those regarding conduct, disclosure and conflict of interest requirements of the state code of ethics Title 2 Part 1 Montana Code Annotated.

III. ADDITIONAL AREAS RELATING TO ETHICAL CONDUCT AT THE MONTANA BOARD OF INVESTMENTS

1. **Conflict of Interest.** There shall be no action taken by a member or employee related to the affairs of the Board that would result in the receipt of a financial benefit to the member or employee or the appearance of a 'quid pro quo.' Members must disclose and recuse themselves from any situation involving a possible conflict. Employees must disclose to their supervisor and avoid any such conflict.

2. **Protection of Information.** Members and employees must protect and may not disclose or use, except as allowed by Board procedures, any investment information, internal control procedures, or any confidential personal information.

3. **Use of Board's assets.** No person may use the physical or electronic assets of the Board for personal gain or for any use other than to fulfill the missions and programs of the Board. This provision also pertains to all the fiduciary assets including all investment or Board program information of every type. All assets of the Board are exclusively for the benefit of the citizens and must be protected in all respects.

IV. SPECIFIC PROVISIONS RELATED TO GIFTS, TRAVEL MEALS AND CONFERENCES

1. **Gifts.**

    a. All gifts received shall be addressed as provided by state law and as further limited by this Section IV of the Board's ethics policy.

    b. All gifts shall be logged with the date of receipt, their description and final disposition noted.

    c. All allowable gifts, i.e., those having values below the statutory limit of $50, if perishable shall be shared with Board staff, if non-perishable shall be auctioned and the proceeds provided to a charity designated by the Executive Director.

2. **Travel.** All travel is to be approved by the Executive Director. Reimbursement for travel expenses and for determining work time or overtime is subject to state policy. Where the Board participates on a Limited Partner Advisory Committee ("LPAC") and the limited partnership agreement or other legal documents entered into by the General Partner and the Limited Partners explicitly provide for LPAC members to be reimbursed for reasonable expenses related to travel, lodging and meals incurred while attending LPAC meetings, such reimbursement may be accepted, but only with the express approval of the Executive Director who shall report such activity to the Board at least annually.

3. **Meals.** Meals provided during conferences or by vendors or other parties that are reasonably incidental to the conduct of the Board's business such as during breakfast or lunchtime meetings may be accepted, however meals at restaurants are to be 'no-host.'

4. **Conferences.** All member requests and permission to attend conferences are to be approved by the Executive Director after consulting with the Chair. All other conferences are to be approved by the Executive Director.

I have read and understand the Montana Board of Investments Code of Ethics and agree to comply with all its provisions; that it is my responsibility to abide both by the State ethics law Title 2 Part 1 Montana Code Annotated and MOM Ethics policy. It is also my responsibility to abide by the State's travel policy as provided in the Montana Operations Manual governing allowable travel reimbursement expenses and the rules for designating work or overtime hours.

Board member/staff Date

_____ _____

APPENDIX C LOAN COMMITTEE CHARTER

I. DELEGATED AUTHORITY

A. This Charter delegates authority to Board staff and the Loan Committee as follows:

1. Board staff may approve federally guaranteed loans of any size without concurrence of the Loan Committee.
2. The Board staff and Loan Committee authority is based upon the aggregate dollar amount of any requested credit under consideration and any remaining credit balance outstanding for any single borrower of all Coal Tax Trust loans.
3. Board staff may approve all Coal Tax Trust and INTERCAP loans up to $1.0 million without concurrence of the Loan Committee, provided that the underwriting for such loans complies with all provisions of the relevant loan policies approved by the Board.
4. Board staff may authorize enhancement of up to $1.0 million in Montana Facility Finance Authority Act (MFFA) bonds, without concurrence of the Loan Committee.
5. Board staff may approve all Coal Tax Trust and INTERCAP loans greater than $1.0 million and up to $5.0 million only with concurrence of the Loan Committee.
6. Board staff may authorize enhancement of MFFA bonds greater than $1.0 million and up to $5.0 million, only with concurrence of the Loan Committee. Enhancement of MFFA bonds greater than $5.0 million shall be reviewed by the Loan Committee and recommended to the full Board for final approval.
7. All non-federally guaranteed Coal Tax Trust and INTERCAP loans in excess of $5.0 million shall be reviewed and approved by the Loan Committee and recommended to the full Board for final approval.
8. Board staff may authorize write-downs to a single borrower of all Coal Tax Trust and INTERCAP loans up to $1.0 million without concurrence of the Loan Committee. Board staff will report write-downs to the full Board at its next scheduled meeting. Coal Tax Trust and INTERCAP loan write-downs greater than $1.0 million and up to $5.0 million require Loan Committee approval. Coal Tax Trust and INTERCAP loan write-downs in excess of $5.0 million shall be reviewed and approved by the Loan Committee and recommended to the full Board for final approval.

B. For purposes of this Charter, loan amounts include only the Board's portion of a participation loan.

II. LOAN PARAMETERS

A. Commercial maximum loan size is limited by law to 10.0 percent of the Coal Tax Trust.
B. Value-Added maximum loan size is limited by law to 1.0 percent of the Coal Tax Trust.
C. Value-Added minimum loan size is set by law at $250,000.
D. Maximum amount of Value-Added loans outstanding is limited by law to $70.0 million.
E. Infrastructure maximum loan size is limited by law to $16,666 per each job created.
F. Infrastructure minimum loan size is set by law at $250,000.
G. Maximum amount of Infrastructure loans outstanding is limited by law to $80.0 million.
H. Maximum Board participation in Commercial loans is 80.0 percent.
I. Board participation in Value-Added loans is set by law at 75.0 percent.
J. Infrastructure loans are made directly to local government entities.

III. PURPOSE OF COMMITTEE

A. The purpose of the Loan Committee is:
1. To provide the due diligence required for Coal Tax Trust loans, and enhancement of MFFA bonds in an amount greater than $1.0 million.
2. To review and approve Coal Tax Loan Program Policy and Residential Loan Program Policy prior to presentation to the Board.
3. Provide guidance regarding pricing of loans.

IV. The Committee is charged with:

A. Reviewing and taking appropriate action on all staff recommendations for non-federally guaranteed Coal Tax Trust loans, INTERCAP loans, and the enhancement of MFFA bonds in excess of $1.0 million and up to $5.0 million.

B. Reviewing staff recommendations for non-federally guaranteed Coal Tax Trust loans and INTERCAP loans in excess of $5.0 million and enhancement of MFFA bonds in excess of $5.0 million and making a recommendation to the full Board.

C. Reviewing staff recommendations to issue additional INTERCAP bonds and recommending to the full Board approval of the recommendation as modified by the Committee.

V. COMMITTEE MEMBERSHIP

A. The Committee shall consist of at least three Board Members.

B. Members shall be appointed by the Board Chair who shall notify the Board of all appointments as they are made. The Chair shall appoint for membership to the Committee only those individuals who the Chair believes in his/her judgment are qualified to perform the due diligence duties of the Committee as set forth in this Charter. The Chair shall designate one member of the Committee as its chairperson. The Chair may remove a Committee member at any time and appoint a replacement to complete the removed Member's term, provided the Chair notifies the Board of the removal and the reasons at the time of the removal.

VI. COMMITTEE STRUCTURE AND OPERATIONS

A. Loans, Loan Write-Downs and Bond Enhancement Greater than $1.0 Million and up to $5.0 Million:

Staff shall provide hard copy loan or loan write-down 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 or loan write-down 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 or loan write-down 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.

B. Loans, Loan Write-Downs and Bond Enhancement Greater than $5.0 million:

Staff shall provide hard copy loan and loan write-down 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.

Committee Members may require that certain loan or loan write-down provisions, loan participation share (when permitted by law), or loan covenants recommended by staff be revised. Such revisions shall be incorporated into the staff recommendations and if the staff recommendations with any such revisions are approved by at least two Members, the recommendations shall be forwarded to the full Board for a final decision. If the staff recommendations with any such revisions are not approved by at least two Members, the lender and the borrower may appeal such decision to the full Board at its next regularly scheduled meeting.

VII. COMMITTEE DUTIES AND RESPONSIBILITIES

A. The following are the general duties and responsibilities of the Committee:

1. Review staff recommendations to approve Coal Tax Trust loans and loan write-downs, INTERCAP loans and loan write-downs, and MFFA bond enhancement greater than $1.0 million and up to $5.0 million and suggest revisions or modifications to the staff recommendations as necessary.
2. Concur or not concur with staff recommendations as revised or modified by Committee Members.
3. Review staff recommendations to approve Coal Tax Trust loans and loan write-downs, INTERCAP loans and loan write-downs, and MFFA bond enhancement in excess of $5.0 million and recommend to the full Board modifications to and approval of the staff recommendations.
4. Review staff recommendations to approve the issuance of Municipal Finance Consolidation Act bonds and the purchase of tendered bonds that have not been remarketed and recommend to the full Board modifications to and approval of the staff recommendations.
5. Provide, when necessary and appropriate, an appeals function for lenders and borrowers whose loan applications have been disapproved by staff.
6. Review staff-recommended revisions to the various loan program policies/applications and recommend to the full Board the approval, denial, or modifications of such revisions.
7. When necessary and prudent, recommend to the full Board the waiver of certain loan policy provisions, as long as such waiver is limited to the merits of an individual loan application and is considered by the Committee to be in the public interest.
8. Advise the Executive Director on the job performance of the loan and bond program staff.
9. Prepare and deliver to the Board, at such time as the Board shall request and as required by this Charter, reports concerning the activities and recommendations of the Committee.
10. Any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to in-state investments.

B. REPORTS

1. A written summary of the actions taken, recommendations and decisions made by the Committee shall be presented to the Board at the next Board meeting following the action/decision.

VIII. RESOURCES AND AUTHORITY OF THE COMMITTEE

A. The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities.

APPENDIX D

AUDIT COMMITTEE CHARTER
Approved June 8, 2020

I. PURPOSE OF COMMITTEE

The purpose of the Audit Committee (Committee) is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, the Board's process for monitoring compliance with laws and regulations and its code of ethical conduct.

II. COMMITTEE AUTHORITY AND RESOURCES

The Committee has authority to conduct or authorize an investigation on any matters within its scope of responsibility. It is empowered to:

A. Select and retain outside counsel, accountants, or others to advise the committee or assist in the conduct of an investigation, as it deems appropriate.

B. Seek any information it requires from Board employees, all of whom are directed to cooperate with the committee's requests or external party requests on behalf of the committee.

C. Meet with Board management or other external parties, as necessary.

III. COMMITTEE MEMBERSHIP

The Committee will consist of at least three members of the Board. The Chair of the Board shall serve as an ex-officio member of the committee. The Board Chair will appoint committee members and the Committee Chair per Section II.12 of the Governance Manual.

IV. COMMITTEE MEETINGS

The Committee will meet at least twice a year, with authority to convene additional meetings, as circumstances require. Committee members are expected to attend each meeting in person or by alternative electronic means. It may hold private meetings with auditors. Minutes will be prepared.

The committee will invite members of management, auditors, or others to attend meetings and provide pertinent information.

V. BOARD STAFF DUTIES AND RESPONSIBILITIES

A. In consultation with the Committee Chair, Board staff will prepare meeting agendas which will be provided in advance to committee members, along with appropriate briefing materials.

B. Board staff will provide the Committee an updated Committee checklist at each regularly scheduled meeting.

VI. COMMITTEE DUTIES AND RESPONSIBILITIES

The following are the general duties and responsibilities of the Committee:

A. Financial Statements

1. Review with management and the external auditors:
   a. the results of the audit, including any difficulties encountered;
   b. significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas;
   c. recent professional and regulatory pronouncements, and understand their impact on the financial statements;
   d. the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles;
   e. other sections of the annual report before release and consider the accuracy and completeness of the information; and
   f. all matters required to be communicated to the committee under generally accepted auditing standards.
   g. interim financial reports before filing with state agencies and constituent groups, and consider whether they are complete and consistent with the information known to committee members, if prepared by management.

B. Internal Control

1. Consider the effectiveness of the Board's internal control systems, including financial reporting and information technology security and control.
2. Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

C. External Audits

1. Review any external auditors' proposed audit scope and approach, including coordination of audit effort with management.
2. Review the performance of the external auditors.
3. Review and confirm the independence of the external auditors.
4. Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

D. Compliance

1. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
2. Review the findings of any examinations by regulatory agencies, and any auditor observations.
3. Review the process for communicating the code of ethics to Board personnel, and for monitoring compliance therewith.
4. Obtain regular updates from management regarding compliance matters.
5. Obtain a written report from Board staff if any audit contains findings, deficiencies or recommendations.

E. Reporting Responsibilities

1. Provide an open avenue of communication between the external auditors, and the Board.
2. Report at least annually to the Board how the committee has fully discharged all of its responsibilities for the period being reported.
3. Review any other reports the Board issues that relate to committee responsibilities.

F. Securities and Litigation Policy

1. Authorize the commencement of separate litigation or filing of motion for lead plaintiff or co-lead plaintiff status or support for another's application for lead plaintiff status.
2. Approve settlement of separate litigation or class action in which the Board is lead plaintiff or co-lead plaintiff.
3. Authorize opting out of a class settlement.
4. Authorize filing of objections and comments on settlements.
5. At least annually, receive and review staff reports on the status of matters other than passive claim filings.

G. Other Responsibilities

1. Review on an annual basis the custodial bank's rating from at least two nationally recognized statistical rating organizations.
2. Review and assess the adequacy of the committee charter annually, requesting Board approval for proposed changes.
3. Perform other activities related to this charter as requested by the Board.

VII. COMMITTEE REPORTS

The Committee will keep the Board informed on a timely basis on the actions taken, recommendations, and decisions made by the Committee.

APPENDIX E

HUMAN RESOURCE COMMITTEE CHARTER

PURPOSE OF COMMITTEE

The purpose of the Human Resources Committee is to discharge the Board's responsibilities relating to personnel matters of all Board staff and compensation of the Board's exempt staff.

COMMITTEE MEMBERSHIP

The Committee shall consist of at least three Board Members.

Members shall be appointed by the Board Chair who shall notify the Board of all appointments as they are made. The Chair shall appoint for membership to the Committee only those individuals who the Chair believes in his/her judgment are qualified to perform the duties of the Committee as set forth in this charter. The Chair may remove a Committee member at any time and appoint a replacement to complete the removed member's term, provided the Chair notifies the Board of the removal and the reasons at the time of the removal.

COMMITTEE STRUCTURE AND OPERATIONS

The Chair shall designate one member of the Committee as its chairperson. The Committee shall meet in person or telephonically as it deems necessary or appropriate, and at least two times per year, at a place and time determined by the Committee chairperson

The Committee may invite such staff to its meetings as it may deem desirable or appropriate, consistent with the maintenance of the confidentiality of performance and compensation discussions. The Board's Executive Director ("Director") should not attend any meeting where the Director performance or compensation is discussed, unless specifically invited by the Committee.

If one member of the Committee cannot attend a meeting, the remaining two members of the Committee, acting unanimously, shall have the power to take any action necessary or convenient to the efficient discharge of its responsibilities. No action of the Committee shall be valid unless approved by at least two members of the Committee.

COMMITTEE DUTIES AND RESPONSIBILITIES

The following are the general duties and responsibilities of the Committee:

A. In consultation with the Director and Chief Investment Officer ("CIO"), establish and periodically review the general compensation policies applicable to the Board's employees, and oversee the development and implementation of compensation programs. This activity includes the commissioning of peer salary surveys, the review of such surveys, and the establishing of pay ranges based on the surveys.

B. Review and recommend the compensation and incentive programs, and modifications and amendments thereto, applicable to the exempt Board staff and other employees of the Board whose compensation has a component that includes the relationship of the Board's investment performance to compensation and the basis for calculating such compensation. Discharge any responsibilities imposed on the Committee by any of these programs.

C. Review and recommend the specific levels of compensation, including salaries, incentives, benefits and perquisites, of the Director, CIO and the other exempt Board staff and of other staff as the Board may have authority over with respect to compensation.

D. Review and approve goals and objectives relevant to the compensation, including incentive compensation, of the Director, CIO, and other exempt staff. In setting long-term goals and objectives relevant to the long-term incentive component of those goals and objectives, the Committee shall consider, among other factors, the Board's investment performance and return relative to investment performance at comparable investment boards, the awards given to the CIO and investment staff in past years and the provisions of the Board's compensation plan for exempt staff.

E. Oversee the Director in developing Job Profiles and performance criteria for all exempt staff.

F. Evaluate and advise the Board concerning the performance of the Director, the CIO, and other exempt staff against established goals and objectives.

G. Recommend the Director's, CIO's, and exempt staff compensation level for the coming year based on this evaluation and recommend, as appropriate, a course of action to remedy deficiencies observed or improve performance.

H. Review and advise the Board concerning and, if deemed appropriate, retain consultants to advise the Committee regarding industry compensation practices and trends in order to assess the adequacy and competitiveness of the Board's compensation programs. Retain as necessary consultants to advise on other personnel issues.

I. Prepare and deliver to the Board, at such time as the Board shall request, reports concerning the activities and recommendations of the Committee and disclose the compensation policies applicable to the Director, CIO, and exempt Board staff. Discuss the relationship of the Board's investment performance to exempt staff compensation and the basis for the compensation awarded during such period.

J. Oversee the Director in development and maintenance of a succession plan for exempt staff and other key employees, and report to the Board the Committee's recommendations regarding succession.

K. In consultation with the Director, oversee regulatory compliance with respect to compensation matters.

L. Consider and act on written employee appeals and grievances when the Director is unable to resolve differences with exempt employees.

M. Any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to exempt staff performance and compensation.

COMMITTEE REPORTS

The Committee shall produce the following reports and provide them to the Board.

A. The Committee will keep the Board informed on a timely basis either verbally or in writing on all matters related to its duties and purpose. The Committee has the discretion to keep specific personnel matters within the Committee or, if required by the Board, to report on any such matter in executive session of the Board.

RESOURCES AND AUTHORITY OF THE COMMITTEE

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of special legal counsel or other experts or consultants, as it deems appropriate, subject to state procurement rules. With respect to compensation consultants retained to assist in the evaluation of staff this authority shall be vested solely in the Committee.

APPENDIX F

SECURITIES AND LITIGATION POLICY

I. PRINCIPLES

1. The Board of Investments manages the assets entrusted to it "in accordance with the prudent expert principle" which requires that the Board act "with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity with the same resources and familiar with like matters exercises in the conduct of an enterprise of a like character and with like aims." Montana Code Sec. 17-6-201. See also, Montana Constitution, Art. VIII, Sec.13.

2. Claims under state and federal securities laws arising out of losses on securities under the Board's management are assets subject to the Board's fiduciary duty of prudent management. Accordingly, the Board should take reasonable steps to identify and recover on such claims. Such steps may include:

- Participating as passive class member in class actions brought by others, and filing a proof of claim when action is settled/resolved.
- Enhanced participation as class member in class actions brought and led by others, by considering objections or comments on settlements
- Active participation in class action litigation, including serving as a "lead plaintiff" or "co-lead plaintiff" pursuant to the Private Securities Litigation Reform Act
- Separate litigation on behalf of the Board

3. The Board will delegate to qualified service providers the responsibility to take steps to identify, analyze, pursue and collect upon securities law claims. The duties of each service provider shall be clearly articulated as a matter of contract and the Board shall adopt prudent, documented procedures to monitor the implementation of its policies.

II. POLICIES

1. The Board shall take reasonable, cost-effective steps to identify, pursue and collect upon claims under state and federal securities laws for losses suffered by the Board on its investments because of alleged or proven violations of securities laws.

2. A proof of claim should be filed on behalf of the Board in connection with every securities class action litigation settlement or judgment in which the Board is a member of the plaintiff class.

3. Because pursuing securities litigation as an active plaintiff, either by separate lawsuit or by serving as a lead plaintiff in a class action, imposes on the Board a separate fiduciary responsibility to other class members (in the case of lead plaintiff status), administrative, legal and other burdens and possibly out-of-pocket expense, the Board will not consider separate litigation or lead plaintiff status with respect to any claim unless the losses suffered with respect to the particular securities are at least $1,000,000. When losses exceed that amount, the Board may commence separate litigation or apply for lead or co-lead plaintiff status, after receiving advice from the Board's General Counsel that it is in the interest of the Board to do so. The criteria to be considered in deciding whether to commence separate litigation or apply for lead plaintiff status are set forth on Attachment 1.

4. If the Board has suffered losses of $500,000 or more, and the Board is not pursuing separate litigation or acting as lead or co-lead plaintiff in a class action, the Board may play an enhanced role, which may include review of the terms of any settlement, including applications for legal fees, to determine if the Board should file a comment or objection with respect to the settlement, or opt out of the class. The criteria for deciding whether to opt out are set forth on Attachment 1. The Board is authorized to direct the filing of a comment or objection.

5. The Board will act only as a passive class member with respect to any claim in which the losses suffered are less than $500,000. Proofs of claim will be filed on behalf of the Board upon a settlement or final judgment awarding damages in relevant class actions.

6. The Board delegates to its Audit Committee the decision to seek lead or co-lead plaintiff status or to play an enhanced role in a class action under Paragraphs 3 and 4.

7. The Executive Director, the Chief Investment Officer, the Board's General Legal Counsel, and the Board's Investment Consultant shall receive reports from the Monitoring Legal Firm, regarding the status of all securities class action litigation matters in which the Board is or could be a member. The Executive Director shall receive such reports at least quarterly and upon each filing of proofs of claim.

III. ROLES AND AUTHORITY

1. Board Role and Authority:

- Review staff reports regarding securities litigation matters
- Periodically review and, as appropriate, modify this Policy
- Establish, periodically review and, as appropriate, modify Protocols for implementation of this Policy
- Select a securities class action "Monitoring Firm" to identify and evaluate potential claims and oversee the process for selecting such firm
- Approve, modify or terminate agreements with service providers responsible for implementation of this Policy

2. Audit Committee Role and Authority:

- Authorize commencement of separate litigation or filing of motion for lead plaintiff or co- lead plaintiff status or support for another's application for lead plaintiff status, consistent with this Policy.
- Approve settlement of separate litigation or class action in which the Board is lead plaintiff or co-lead plaintiff, consistent with Board Policy.
- Authorize opting out of a class settlement, consistent with this Policy.
- Authorize filing of objections and comments on settlements, consistent with Board Policy.
- Receive and review staff reports on the status of matters other than passive claim filings.

3. Staff Role and Authority

- Circulate to Board members, Board General Legal Counsel, and Investment Consultant the reports from the Custodian and Monitoring Firm showing status of all securities litigation matters in which the Board may have an interest (e.g. date case filed, date of settlement, due date for claim filing, date Board's claim filed, date of recovery).
- Approve, circulate, and review responses to requests for proposals for Monitoring Firm services for and make recommendations to Board regarding selection.
- Monitor, with assistance from the Board's General Counsel, performance of the Monitoring firm and report deficiencies to the Board.
- As appropriate, recommend to the Board modifications to this Policy and Implementation Protocols.

4. Board General Counsel Role and Authority:

- Assist in the preparation of Requests for Proposals for a Monitoring Firm, review responses and make recommendation to Board members and staff regarding candidates.
- Assist in negotiations of terms and agreements with Monitoring Firm, with assistance from the Board's Investment Consultant.
- Review, prior to submission to the Audit Committee, all recommendations from the Monitoring Firm regarding whether to commence separate litigation or seek lead plaintiff or co-lead plaintiff designation, or to opt out of or object to class settlements.
- Review, prior to submission to the Audit Committee, all recommendations from Monitoring Firm regarding proposed settlements of separate actions brought by the Board or class actions in which the Board is lead or co-lead plaintiff.
- Review, prior to submission to the Audit Committee, all recommendations from Monitoring Firm regarding whether to file objections to or comments upon settlements.
- Supervise and monitor outsides Legal Counsel's conduct of litigation when Board pursues separate litigation or acts as lead or co-lead plaintiff.

5. Custodian Role and Authority

- Maintain and communicate data necessary to identify the Board's securities holdings and transactions in order to determine if the Board is a class member and calculate losses.
- Collect and distribute to the Monitoring Firm all notices regarding the commencement, class certification and settlement of class action lawsuits in which the Board has an interest as an actual or potential class member.
- Collect, record on the Board's custody statements and deposit into appropriate accounts for investment, proceeds from the Board's claims.

6. Custodian/Class Action Role and Authority

- Establish and implement procedures to identify all securities class actions filed by others in which the Board is or may be a class member.

- Collect and distribute to Monitoring all official notices of pendency of class actions in which the Board, according to this Policy, may consider applying for lead plaintiff status or pursuing separate litigation.
- Timely file accurate proofs of claim on behalf of the Board in all class actions in which the Board may participate as class member and notify the Monitoring Firm.
- Provide necessary custody data to the Monitoring Firm.

7. Monitoring Firm Role and Authority

- Ensure by written communication that the Custodian has filed the appropriate documents for Board participation in pending class action litigation.
- Identify circumstances in which the Board may have incurred investment losses in excess of the minimum threshold which give rise to potentially meritorious claims for the Board which are not yet the subject of litigation.
- Evaluate claims over $1,000,000 and recommend whether the Board should pursue separate litigation or lead or co-lead plaintiff designation.
- Evaluate settlements of actions in which Board is not lead plaintiff where losses exceed $500,000 and recommend whether Board should object to, comment upon or opt out of settlement.
- File objections to and comments upon settlements as authorized.

IMPLEMENTATION

These Policies shall be implemented in accordance with a written statement of procedures to be adopted by the Board incorporated as Attachment 1.

ATTACHMENT 1

Considerations Relevant to Deciding Whether to Pursue Separate Litigation or Lead or Co-Lead Plaintiff Status

Will the Board add value by volunteering to lead or co-lead litigation in view of the fiduciary responsibilities (as class action lead or co-lead plaintiff), administrative burdens and costs that are associated with separate litigation and acting as lead or co-lead plaintiff?

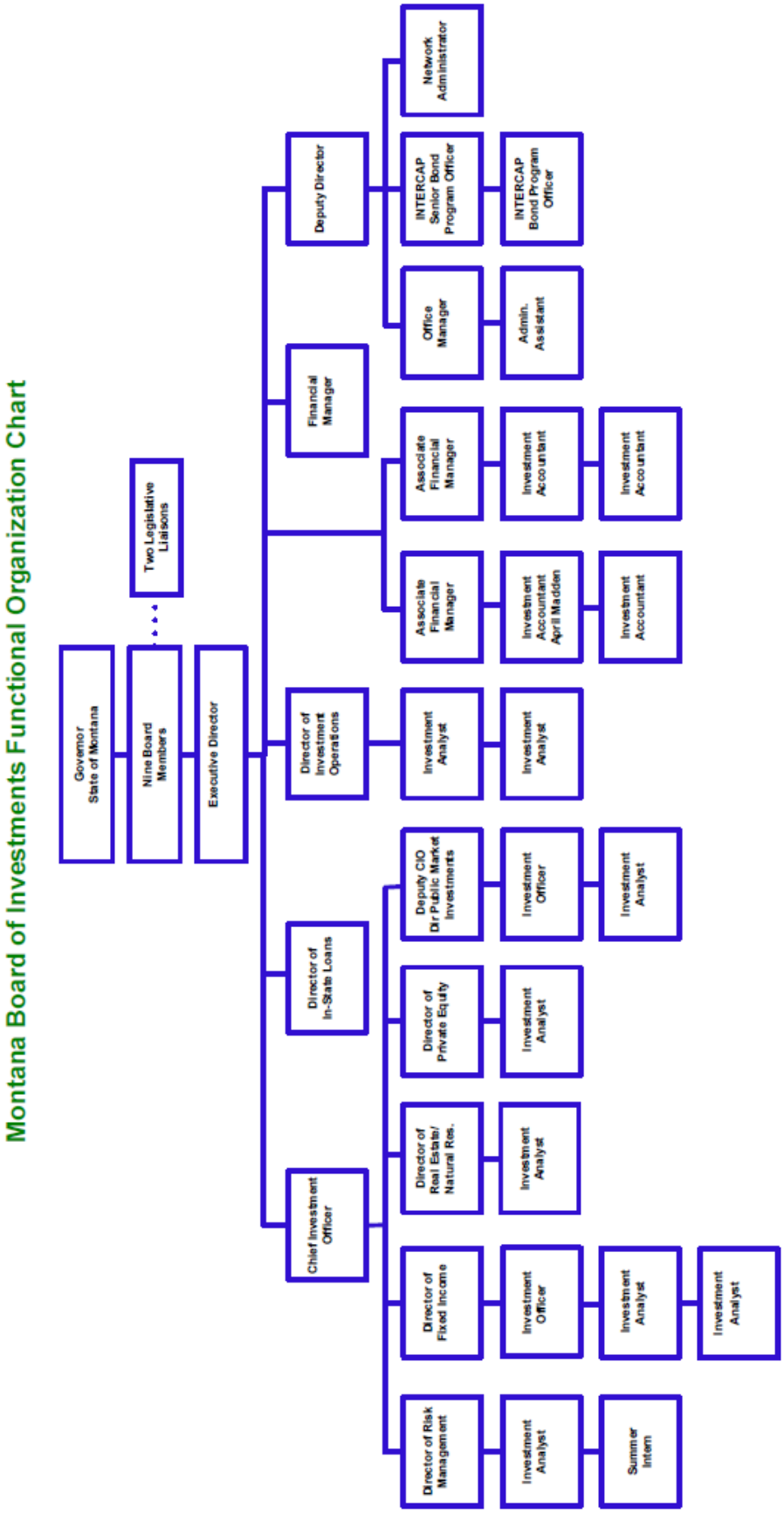
1. Size of the Board's damages measured by standards applicable to securities litigation
2. Strength of claims, including evaluation of defenses
3. Special circumstances which render the Board's claims different from, stronger or weaker than claims of typical class members such that it would be in the interest of the Board to act as lead or co-lead plaintiff
4. Venue of litigation
5. Resources available to pay a significant judgment (e.g. financial condition of potential defendants, availability of insurance, potential for bankruptcy)
6. Qualifications of other lead plaintiff candidates and their counsel, and likelihood that the Board would be selected a lead or co-lead plaintiff
7. Relation of claims to other corporate governance issues of special interest to the Board, and impact on other Board holdings
8. Potential for non-monetary remedies of special importance to the Board which other class members/lead plaintiffs may not pursue
9. Costs to the Board of separate litigation/lead or co-lead plaintiff status such as discovery, legal fees and Board staff time and resources needed to monitor litigation more actively
10. Potential exposure to counterclaims/court costs, and willingness of litigation counsel to indemnify the Board against such exposure

Considerations Relevant to Deciding Whether to Opt Out, Object to or Comment on Settlements

Is the Board receiving fair value for its claims? Does the likely gain to the Board to be achieved by objecting to or commenting on a settlement outweigh the costs of engaging counsel to file the objection/comment? Should the Board risk losing the certain recovery the settlement provides in order to opt out of the class and pursue separate claims independently?

1. Financial value of settlement to class as a whole and the Board in particular
2. Non-monetary (e.g. corporate governance) aspects of settlement, or the lack thereof
3. Amount of attorneys fees sought and merits of attorneys fee claim
4. Expense and risk (including value which might be lost if settlement is disrupted or rejected) associated with opting out, commenting or objecting in relation to expected benefits of doing so

APPENDIX G



Approved February 11, 2020

APPENDIX H

RESOLUTION NO. 217 – STAFF AUTHORIZATION

WHEREAS, the Montana Board of Investments (Board) maintains several accounts with investment firms for the purchase and sale of stocks, bonds, covered options, purchase options (stock open indicies, interest rate options, foreign currency options), repurchase agreements, reverse repurchase agreements, and other securities and property, which accounts are described on Appendix "A" attached hereto and incorporated herein; and

WHEREAS, the Board desires to provide a procedure for the future designation or removal of Board staff for purposes of acting on behalf of the Board to deal with investment firms in connection with such accounts; and

WHEREAS, the Board desires to provide flexibility for future changes in accounts, investment firms and in Board staff with authority to act on behalf of the Board relative to such accounts; and

WHEREAS, the Board adopted Resolution No. 199 on October 31, 2002 for the foregoing purposes.

NOW, THEREFORE:

RESOLVED, that the Board intends that this resolution supersedes in every respect and replaces in its entirety Resolution No. 199

RESOLVED, that the Board of Investments hereby designates its Executive Director as agent of the Board to deal with investments firms in connection with Board accounts with such firms; and that the investment firms are hereby authorized to deal with the Executive Director or the Executive Director's designated staff as agents of the Board; to accept all orders for purchases and sales and all instructions given by any of them on behalf of the Board as and for the action of the Board without further inquiry as to their authority; to receive any funds, securities or property for the account of the Board; to sell, assign, transfer or deliver either in bearer form, in street certificates or in such names as said persons or any of them shall direct, any funds, securities or other property held for the account of the Board, to said persons or any of them or as they or any of them shall in writing, or verbally with subsequent confirmation in writing, order; and to send or communicate all confirmation, notices, demands and other communications to them or any of them and to the Attention of the Board of Investments, P.O. Box 200126, Helena, MT 59620-0126.

FURTHER RESOLVED, that the establishment and maintenance of all of the accounts, hereinafter described in Appendix "A," and the actions of the Executive Director or the Executive Director's designated staff members shown in Appendix "A," acting on behalf of the Board dealing with investment firms related to said accounts since January 21, 1993, are hereby approved and ratified.

FURTHER RESOLVED, that the Board hereby authorizes its Executive Director to close any of the accounts listed in Appendix "A", to open new accounts, to designate additional staff members to act on behalf of the Board for the purpose of dealing with investment firms regarding any account, and to remove the authority of any of the named staff members or other staff members designated by him/her to act on behalf of the Board for purposes of dealing with investment firms regarding any account.

FURTHER RESOLVED, that an investment firm may act in reliance upon the foregoing resolution and subsequent designations by the Executive Director of staff members who may act on behalf of the Board until receipt of written notice that the authority of the designated staff member to act on behalf of the Board has been terminated.

FURTHER RESOLVED, that the Executive Director shall annually, on or around the regularly scheduled October Board meeting, provide a report to the Board showing the staff members and the accounts added to or deleted from Appendix A, which information shall include the date on which the addition or deletion occurred.

Dated and approved this 6th day of November 2007.

ATTEST

By: _____
Chairman

APPENDIX I

RESOLUTION NO. 218 AS AMENDED CONTINUITY – EXECUTIVE DIRECTOR

WHEREAS, Mr. Dan Villa is the Executive Director of the Montana Board of Investments (Board), Ms. Peggy MacEwen is the Deputy Director and Mr. Jon Putnam is the Chief Investment Officer as of April 14, 2020; and

WHEREAS, the Authorized Signatures for the above named individuals is as follows; and

Name	Title	Authorized Signature
Dan Villa	Executive Director	_____
Peggy MacEwen	Deputy Director	_____
Jon Putnam	Chief Investment Officer	_____

WHEREAS, the Board has empowered to the Executive Director certain critical authority and duties as outlined in the Board's Governance Policy Section III. 1., including the ability to sign any and all documents required to conduct Board business, unless there are specific written policies or instructions from the Board to the contrary; and

WHEREAS, the Board has delegated certain critical authority and duties to its Executive Director that must be exercised and performed in the absence of the Executive Director; and

WHEREAS, the Executive Director may be incapacitated or temporarily absent from the office under circumstances that render the Executive Director unavailable to exercise such authority and perform such duties,

NOW, THEREFORE:

RESOLVED, that the Executive Director or the Deputy Director shall notify the Board Chair immediately at any time the Executive Director, due to incapacity or a temporary absence from the office, is unable to perform his/her duties; and

FURTHER RESOLVED, that "incapacity" means the occurrence of a mental or physical disability rendering the Executive Director incapable of exercising his/her authority and carrying out his/her duties; and

FURTHER RESOLVED, that during an incapacity of the Executive Director, the Deputy Director is hereby designated Acting Executive Director; and

FURTHER RESOLVED, that the Executive Director may, after notifying the Board Chair, delegate his/her executive authority to the Deputy Director to serve as Acting Executive Director during periods of official travel or authorized leave away from the Board's office, if in the judgment of the Executive Director, such delegation would be in the best interest of the Board; and

FURTHER RESOLVED, that during any period that the Deputy Director is not available to assume the role of Acting Executive Director pursuant to the provisions of this Resolution, the Chief Investment Officer shall serve as Acting Executive Director; and

FURTHER RESOLVED, that the Acting Executive Director shall operate only within the authority and parameters established in the Board's Governance Policy.

Dated and approved this 8th day of June 2020.

ATTEST

By: _____
Board Chair

APPENDIX J

RESOLUTION NO. 219 CREDIT ENHANCEMENT

Be It Resolved by the Montana Board of Investments (the "Board") as follows:

Section 1. Recitals.

Section 1.01. History, Authorization of Unified Investment Program and the Board. Article VIII, Section 13 of the Montana Constitution (the "Constitution") directs the legislature to provide for a unified investment program for public funds and public retirement system and state compensation insurance fund assets. The Legislature, pursuant to Title 17, Chapter 6, Part 2, Montana Code Annotated (the "Unified Investment Program Act"), has created and directed the Board to administer the unified investment program mandated by the Constitution. The Board has the primary authority to invest state funds, and to determine the types of investments to be made, subject to the restrictions of the Constitution and the Unified Investment Program Act.

Section 1.02. History, Authorization of Montana Economic Development Board and Municipal Finance Consolidation Act Bonds. The 1983 Legislature created the Montana Economic Development Authority Board ("MEDB"), to among other things issue notes and bonds to finance loans to and the purchase of bonds and notes of Montana governmental units, to establish or replenish reserves securing the payments of its bonds and notes, and to finance all expenditures incident to and necessary or convenient to carry out the provisions of Title 17, Chapter 5, Part 16, Montana Code Annotated (the "Municipal Finance Consolidation Act" or "MFCA Act"). As set forth in Section 17-5-1602(2)(b) of the Municipal Finance Consolidation Act, the State's goal was to foster the provisions of efficient capital markets, to reduce costs of borrowing and, among other things, to provide additional security for the payment of bonds and notes held by investors. In conjunction with issuing its Municipal Finance Consolidation Act Bonds in 1985, the MEDB adopted Resolution No. 68 on July 24, 1985, establishing a Municipal Finance Consolidation Act Reserve Fund (the "Reserve Fund") to secure bonds or obligations issued under the Municipal Finance Consolidation Act ("MFCA Bonds"). Pursuant to a Resolution, the MEDB and the Board entered into a Security Agreement whereby the Board agreed to make an interest bearing loan to the MEDB to restore any deficiency in the Reserve Fund and also agreed, for a fee, to purchase MFCA Bonds tendered for purchase and not remarketed. Each series of MFCA Bonds credit enhanced by the Board is approved by resolution by the Board. The Board has never been called upon to make any loans or purchase any of these Bonds.

Section 1.03. Authorization for the Board to Issue Municipal Finance Consolidation Act Bonds. Pursuant to Chapter 581, Montana Session Laws of 1987, the Board assumed the role of the MEDB with respect to the issuance of the Montana Finance Consolidation Act Bonds and other bond programs authorized by the State. The Board issued its first series of Intermediate Term Capital Program (INTERCAP) Municipal Finance Consolidation Act Bonds in 1987 (the "Series 1987 INTERCAP Bonds"). The Series 1987 INTERCAP Bonds and all series of INTERCAP Bonds subsequently issued by the Board have also been secured by the Reserve Fund. In the Resolution authorizing and approving the issuance of the Series 1987 INTERCAP Bonds, the Board approved the Indenture of Trust pursuant to which the Series 1987 INTERCAP Bonds were to be issued and secured (the "1987 Trust Indenture"); agreed to make an interest bearing loan to the Reserve Fund and agreed, for a fee, to purchase any Series 1987 INTERCAP Bonds tendered for repurchase that were not remarketed (the "Authorizing Resolution"). In 1991, the INTERCAP program was expanded, requiring a new Trust Indenture (the "1991 Trust Indenture"), securing the INTERCAP Bonds, that was approved by the Board. Each subsequent series of INTERCAP Bonds issued by the Board have been approved by an Authorizing Resolution and a Supplemental Indenture. The Authorizing Resolutions, the 1991 Trust Indenture and Supplemental Indenture are collectively referred to as the "Bond Documents." The Board has never been called on to make a loan to the Reserve Fund or purchase tendered MFCA Bonds under the Bond Documents.

Section 1.04. History, Authorizations, Montana Facility Finance Authority Bonds. Pursuant to Chapter 703, Montana Session Laws of 1987, now codified in Montana Code Annotated, Title 90, Chapter 7, Parts 1, 2 and 3, as amended (the "MFFA Act"), the Montana Health Facility Finance Authority, now the Montana Facility Finance Authority (the "MFFA") is authorized to issue revenue bonds to finance nonprofit hospitals, prelease centers and other nonprofit health-care providers or entities. The MFFA has created a capital reserve account to provide additional security ("Capital Reserve Account") for the Bonds it issues under the MFFA Act ("MFFA Bonds"). Pursuant to the MFFA Act, the Board is authorized to loan money to the MFFA for deposit in its capital reserve account and to purchase its bonds and notes. Pursuant to resolutions of the Board relating to each series of MFFA Bonds for which credit enhancement is provided, the Board is authorized to enter into an agreement with the MFFA whereby the Board agrees to make an interest bearing loan to the Capital Reserve Account to restore any deficiency (the "MFFA Capital Reserve Account Agreement"). For each series of MFFA Bonds credit enhanced by the Board, the Board has by Resolution approved entering into additional Capital Reserve Account Agreements. The Board has never been called upon to make a loan to the MFFA Capital Reserve Account. To date, the Board has not entered into any agreements to purchase tendered MFFA Bonds.

Section 1.05. Previous Credit Enhancement Policies. The Board adopted a "Credit Enhancement Policy" on February 17, 2006.

Section 2. Findings and Determinations of the Board.

Section 2.01. The Board desires to continue to enhance the marketability of bonds and notes issued under both the MFCA Act and the MFFA Act and to assist the Board and the MFFA in obtaining the lowest possible interest rates on loans to eligible governmental units and non-profit corporations providing needed and essential services and facilities to the public.

Section 2.02. The Board adopts this resolution to codify and clarify the circumstances under which the Board has and will continue to provide credit enhancement; to authorize its Executive Director to honor and fulfill the Board's obligations under the Bond Documents (and Capital Reserve Account Agreement); and to make this resolution a part of the Board Governance Policy.

Section 2.03. Resolution No. 68 adopted by the Montana Economic Development Board on July 24, 1985, establishing the Reserve Fund to secure bonds or obligations issued by the Board [is attached hereto as Schedule 1 and incorporated by reference.]

Section. 3. Decision to Provide Credit Enhancement; source of Credit Enhancement.

Section 3.01. The decision to provide credit enhancement as authorized by the MFFA Act and the MFCA Act shall be made by the Board pursuant to a duly authorized resolution of the Board related to each series of Bonds to be issued.

Section 3.02. The Board's policy shall be to provide credit enhancement when it is prudent to do so and in the Board's judgment would result in a lower interest rate to the borrowers under the MFCA Act and MFFA Act than could be otherwise obtained.

Section 3.03. The funds in the Unified Investment Program from which the Board's

Credit Enhancement obligations could be satisfied include but are not limited to: the Permanent Fund sub-fund of the Coal Tax Trust, the Short Term Investment Pool, and the Treasurer's Fund.

Section 4. Duties of the Executive Director.

Section 4.01. Loans. When required under the terms of the Bond Documents, the Executive Director of the Board is authorized to loan funds to the Board Reserve Fund and the MFFA Capital Reserve Account pursuant to the requirements of the Bond Documents.

Section 4.02. Purchase of Bonds. When required to do so under the Bond Documents, the Executive Director is authorized to purchase Bonds pursuant to the requirements of the Bond Documents.

Section 4.03. Use of Funds. The Executive Director is authorized to determine which legally available funds to use for the above purposes.

Section 4.04. Notification of Board. If the Executive Director makes a loan to the Reserve Funds, Capital Reserve Account or purchases bonds pursuant to the Bond Documents, he/she shall notify Board members via e-mail within three (3) business days of such action and provide a full report to the Board at its next regularly scheduled meeting specifying the reasons for such action, the dollar amount, the terms, and the funding source for the loan or bond purchase.

Section 5. Effective Date; No Repeals Policy.

Section 5.01. This resolution shall become effective upon passage by the Board and execution and certification by the Chairman of the Board. This Resolution shall supersede in every respect and replace in its entirety the "Credit Enhancement Policy" adopted by the Board on February 17, 2006.

Section 5.02. This resolution is not intended and shall not be construed to modify any commitment, obligations or agreements, the Board has made pursuant to any duly authorized resolution or agreement relating to Bonds issued under the MFCA Act or the MFFA Act.

Section 5.03. The policies and procedures established by resolution become an integral part of the Board's Governance Policy.

Dated and approved this 14th day of May 2008.

ATTEST

By:_____
Chairman

CERTIFICATE OF MINUTES RELATING TO
RESOLUTION NO. 068

Issuer: Montana Economic Development Board

Kind, date, time and place of meeting: A board meeting held on July 24, 1985, at 8:00 o'clock a.m. at Jorgenson's Holiday Motel in Helena, Montana.

Members present: Pat McKittrick, Jack Schotte, Yvonne Snider, Karen Locke, John Orth, and Jerry Sullivan.

Members absent: Steve Brown.

Documents attached:
Minutes of said meeting (pages):

RESOLUTION NO. 068

RESOLUTION OF THE MONTANA ECONOMIC DEVELOPMENT BOARD ESTABLISHING A MUNICIPAL FINANCE CONSOLIDATION ACT RESERVE FUND

I, the undersigned, being the fully qualified and acting recording officer of the public body issuing the obligations referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of the public body in my legal custody, from which they have been transcribed; that the documents are a correct and complete transcript of the minutes of a meeting of the governing body at the meeting, insofar as they relate to the obligations; and that the meeting was duly held by the governing body at the time and place and was attended throughout by the members indicated above, pursuant to call and notice of such meeting given as required by law.

WITNESS my hand officially as such recording officer this 24 day of July, 1985.

John Orth
Secretary

RESOLUTION 068

Member Jack Schutte introduced the following resolution and moved its adoption:

RESOLUTION OF THE MONTANA ECONOMIC DEVELOPMENT BOARD ESTABLISHING A MUNICIPAL FINANCE CONSOLIDATION ACT RESERVE FUND

BE IT RESOLVED by The Montana Economic Development Board (the Board) as follows:

1. Recitals. The Board is authorized and directed by Title 17, Chapter 5, Part 15, Montana Code Annotated, as amended (the Act) to create funds and accounts necessary to implement the Act, including a municipal consolidation finance act reserve fund and other funds and accounts; to issue and sell bonds and notes for the purpose of financing programs thereunder; and to secure the bonds and notes pursuant to an indenture of trust and resolution. Pursuant to the Act, the Board has undertaken a Cash Anticipation Financing Program to acquire Notes issued by local government units (the Borrowers) to finance their cash flow requirements. To provide funds to acquire the Notes, the Board has authorized the execution of an Indenture of Trust (the Indenture) between the Board and First Trust Company of Montana (the Trustee) pursuant to which the Board is authorized to issue and sell its Bonds. In order to provide for the segregation of and accounting for certain of its revenues and funds and in furtherance of the Act, the Board hereby determines it necessary and appropriate to adopt this resolution (the Resolution).

2. Definitions. Capitalized terms used but not defined herein shall have the meanings assigned them in the Indenture.

3. Municipal Finance Consolidation Act Reserve Fund. The Board hereby creates and establishes the Municipal Finance Consolidation Act Reserve Fund and authorizes the creation of accounts therein for the purpose of securing one or more series of bonds or obligations issued by the Board. Accounts may be created pursuant to indentures or resolutions with respect to series of bonds or obligations secured thereby and may be held by a trust and invested pursuant to the provisions of such indentures or resolutions. A reserve fund requirement may be established with respect to each account. So long as the reserve fund requirement of each

account is maintained, all investment income therefrom may be transferred to other accounts and funds of the Board as provided in the indenture and resolution securing the bonds.

4. Other Funds and Accounts. Nothing contained in this Resolution shall be deemed to limit the authority of the Board to create other funds and accounts pursuant to the Act in addition to the Municipal Finance Consolidation Act Reserve Fund.

Chairman

APPENDIX K **RULES AND POLICIES**

MONTANA BOARD OF INVESTMENTS ADMINISTRATIVE RULES		
ADMINISTRATIVE RULES		
Rule No.	**Rule Title**	**Effective Date**
Municipal Finance Consolidation Program		
8.97.715	Definitions	3/22/1996
8.97.716	Scope of Subchapter 7	10/16/1992
8.97.717	Description of Municipal Finance Consolidation Act Programs	3/22/1996
8.97.718	Application Procedure	3/22/1996
8.97.719	Criteria For Evaluation of all Program Applications	3/22/1996
8.97.720	Agreements	3/22/1996
8.97.722	General Term, Interest Rates, Fees and Charges	3/22/1996
8.97.724	Closing Requirements	3/22/1996
Organizational Rules		
8.97.1101	Organizational Rule	2/11/2000
Citizen Participation Rules and Procedural Rules		
8.97.1201	Citizen Participation Rules	2/11/2000
8.97.1202	Procedural Rules	2/11/2000
General Requirements for All Investments in Mortgages and Loans		
8.97.1301	Definitions	2/11/2000
8.97.1308	Authorized Loan Types	2/11/2000
8.97.1309	Authorized Applicants	2/11/2000
8.97.1310	Loan Program Policies	2/11/2000
Additional Requirements for Commercial, Multi-Family Federally Guaranteed Loans & Economic Development Linked Deposits		
8.97.1502	Interest Rate Reduction for Loans Funded from the Coal Tax Trust	2/11/2000
Bonds & Notes of Board, Loan Loss Reserve Account, Purchase of Montana Capital Company Debentures		
8.97.1601	Bonds and Notes of Board	10/14/1988
Economic Development Bond Program		
8.97.1701	Definitions	5/26/1989
8.97.1702	Description of Economic Development Bond Programs	5/26/1989
8.97.1703	Confidentiality of Information	5/26/1989
8.97.1704	Allocation of Capacity	5/26/1989
8.97.1705	False or Misleading Statements	5/26/1989
8.97.1706	Application and Financing Fees, Costs and Other Charges	5/26/1989
8.97.1707	Application Procedures and Public Hearing Requirements	5/26/1989
8.97.1708	Public Interest Criteria	5/26/1989
8.97.1709	Thirty Day Review Requirement	5/26/1989
Moral Obligation Economic Development Bond Program		
8.97.1801	Description of MOBP Program	5/26/1989
8.97.1802	Eligibility Requirements of MOBP Program	5/26/1989
8.97.1803	Criteria For Evaluating Applications for Project Financing Under the MOBP Program	5/26/1989
8.97.1804	Interest Rates	5/26/1989
8.97.1805	Closing of Loans	5/26/1989
Stand Alone Economic Development Bond Program		
8.97.1901	Description of the SABP Program	5/26/1989
8.97.1902	Eligibility Requirements of SABP Program	5/26/1989
8.97.1903	Criteria For Evaluating Applications for Project Financing Under the SABP Program	5/26/1989

RULES AND POLICIES

MONTANA BOARD OF INVESTMENTS ADMINISTRATIVE RULES		
ADMINISTRATIVE RULES		
Rule No.	**Rule Title**	**Effective Date**
Conservation Reserve Payment Enhancement Program		
8.97.2001	Definitions	12/22/1989
8.97.2002	Description and Goals of the State CRP Enhancement Program	12/22/1989
8.97.2003	General State CRP Program Requirements	12/22/1989
8.97.2004	Eligibility Criteria For State CRP Program	12/22/1989
8.97.2005	Holdback For Esabishment of Cover Emergency Use of Cover	12/22/1989
8.97.2006	Permissible Uses of Loan Funds	12/22/1989
8.97.2007	Application Procedures for State CRP Program - Loan Requirements for the Application/Borrower	12/22/1989
8.97.2008	Application Procedures for CRP Program - Loan Agreement, Closing, Funding	12/22/1989
8.97.2009	Determination of Loan Amount	12/22/1989
Rules Implementing The Montana Enironmental Policy Act		
8.97.2101	Adoption of MEPA Rules	9/14/1990
8.97.2102	General Requirements of the Environmental Review Process	2/11/2000

INVESTMENT POLICY STATEMENTS

MONTANA BOARD OF INVESTMENTS				
INVESTMENT POLICY STATEMENTS				
MU #	**Policy**	**Policy Path/File Name Link**	**Date**	**Revised**
MU11	Abandoned Mine	M:\POLICY\Updated IPS\Abandoned Mine ips Feb 2011		02/2011
MU66	Big Sky Econonomic Development Fund	M:\POLICY\Updated IPS\Big Sky Econ Dev ips Aug 2007	08/2007	
MU3F	Butte Area One Restoration Fund	M:\POLICY\Updated IPS\Butte Area One MU3F Fund 08219 ips Feb 11	02/2011	
MU3H	Clark Fork Restoration Fund	M:\POLICY\Updated IPS\Clark Fork MU3H Fund 08221 ips Feb 2011		02/2011
MU3A	Clark Fork Site Response Action Fund	M:\POLICY\Updated IPS\Clark Fork MU3A Fund 08212 ips Feb 2011		02/2011
MU53	Coal Tax Park Trust	M:\POLICY\Updated IPS\Coal Tax Park Trust Fund 2-2004		02/2004
MU40	Core Internal Bond Portfolio	M:\POLICY\Updated IPS\CIBP Core Internal Bond Port ips Feb 09	02/2009	
MU63	Cultural Trust Fund	M:\POLICY\Updated IPS\Cultural Trust Fund 2-2004		02/2004
MU3S	East Helena Compensation	M:\POLICY\Updated IPS\East Helena Compensation Nov 2012	11/14/2012	
MU12	Endowment for Children	M:\POLICY\Updated IPS\Endow for Children ips Aug 2007	08/2007	
MU16	FWP License Account	M:\POLICY\Updated IPS\FWP License MU16 ips Feb 2011		02/2011
MU13	FWP Mitigation Trust	M:\POLICY\Updated IPS\FWP Mitigation MU13 ips Feb 2011		02/2011
MU51	FWP Real Property Trust Fund	M:\POLICY\Updated IPS\FWP real property ips Sept 2003	09/2003	
MU33	Group Benefits	M:\POLICY\Updated IPS\Group Benefits MU33 ips Feb 2011		02/2011
MU60	Highway 93 Bond Proceeds	M:\POLICY\Updated IPS\Highway93 Bond Proceeds ips June 05	06/2005	
MU96	Historical Society Trust Funds	M:\POLICY\Updated IPS\Historical Society ips 11-30-2010		11/30/2010
MU48	Montana Domestic Equity Pool	M:\POLICY\Updated IPS\MDEP ips May 2012		05/2012
MU38	Montana International Pool	M:\POLICY\Updated IPS\MTIP ips Aug 2012		08/2012
MU14	Montana Pole Superfund	M:\POLICY\Updated IPS\MT Pole Superfund MU14 ips Feb 2011		02/2011
MU47	Montana Private Equity Pool	M:\POLICY\Updated ISP\MPEP ips 8-12-2010	08/12/2010	
	Montana Public Retirement Plans	M:\POLICY\Updated IPS\Pensions ips 8-21-12		08/21/2012
MU1A	Montana Real Estate Pool	M:\POLICY\Updated ISP\MTRP ips 12-1-2010		12/1/2010
MU3Q	Montana University System Group Insurance	M:\POLICY\Udated IPS\MUS Group Ins MU3Q ips 8-14-11	8/17/2011	
MUXX	Montana University System Group Insurance	M:\POLICY\Udated IPS\MUS Group Ins MUXX ips Feb 2011	02/2011	
MU61	Noxious Weed MU61 ips Feb 2011	M:\POLICY\Updated IPS\Noxious Weed MU61 ips Feb 2011		02/2011
MU1Y	Older Montanans Trust Fund	M:\POLICY\Updated IPS\Older Mont Trust ips Aug 2007	08/2007	
MU49	Permanent Coal Trust Funds	M:\POLICY\Updated IPS\Permanent Coal Tax Trust Policy		02/21/2012
N/A	Public Markets Manager Evaluation Policy	M:\POLICY\Updated IPS\Public Markets Manager Evaluation Policy	02/22/2012	
MU52	Resource Indemnity Trust Fund	M:\POLICY\Updated IPS\Resource ips Sept 2003	09/2003	
MU30	Retirement Funds Bond Pool	M:\POLICY\Updated IPS\RFBP MU30 ips Feb 2011	02/2011	
MU36	Short Term Investment Pool	M:\POLICY\Updated IPS\STIP ips Nov 2012		11/14/2012
MU3I	Smelter Hill Feb 2011	M:\POLICY\Updated IPS\Smelter Hill MU3I Fund 08222 ips Feb 2011		02/2011
MU26	State Fund Insurance	M:\POLICY\Updated IPS\State Fund ips Feb 2013	2/26/2013	
MU19	Streamside Tailings	M:\POLICY\Updated IPS\Streamside Tailings ips 11-07	11/2007	
MU27	Subsequent Injury	M:\POLICY\Updated IPS\Subsequent injury ips March 03	03/2003	
MU62	Tobacco Trust	M:\POLICY\Updated IPS\TobaccoTrust ips Jan 03	01/2003	
MU65	Treasure State Endowment Funds	M:\POLICY\Updated IPS\Treasure St Funds 09040 & 09044 ips June 04	05/2004	
MU64	Treasure State Regional Water Funds	M:\POLICY\Updated IPS\Treasure St Funds 09046 & 09047 ips June 04	05/2004	
MU10	Treasurers Fund MU10	M:\POLICY\Update IPS\Treasurers Fund MU10 ips Feb 2011		02/2011
MU58	Trust & Legacy	M:\POLCIY\Updated IPS\Trust & Legacy ips Aug 07	08/2007	
MU41	Trust Funds Investment Pool	M:\POLICY\Updated IPS\TFIP MU41 2011		02/2011
	U of M Endowments	M:\POLICY\Updated IPS\U of M Endowments ips Dec 03	12/2003	
MU79	U of M Operating Funds	M:\POLICY\Updated IPS\U of M Operating Funds ips July 02	07/2002	
MU3P	Upper Blackfoot Response	M:\POLICY\Updated IPS\UBMC IPS Feb 2011		02/2011
MU22	Upper Clark Fork River Basin Reserve Fund	M:\POLICY\Updated IPS\UCFRB Reserve Fund 02200 ips Jan 04	01/2004	
MU21	Upper Clark Fork River Basin Restoration Fund	M:\POLICY\Updated IPS\UCFRB Restoration Fund 02937 ips Jan 04	01/2004	
MU55	Wildlife Habitat Trust ips	M:\POLICY\Updated IPS\Wildlife Habitat Trust ips Sep 03	09/2003	
MU30	Zortman/Landusky Long Term Water	M:\POLICY\Updated IPS\ZORTMAN MU30 Fund 02540 ips Feb 2011		02/2011
MU67	Zortman/Landusky Trust	M:\POLICY\Udated IPS\ZORTMAN Trust MU67 Fund 09005 ips Feb 2011		02/2011

COAL TAX TRUST LOAN POLICIES AND BOND PROGRAM POLICIES

Coal Tax Trust Policies			
Approved Lender Policy	M:\POLICY\In-State\Approved Lender Application		06/2004
Commercial Loan Policy	M:\POLICY\Updated IPS\Commerical Loan Policy 04082014.docx		4/8/2014
Infrastructure Loan Policy & App	M:\POLICY\Updated IPS\Infrastructure Policy 04082014.docx		4/8/2014
Residential Loan Policy	M:\POLICY\In-State\ResidentialMortgagePolicy		08/18/2005
Value Added Loan Policy	M:\POLICY\Updated IPS\Value Added Policy 04082014.docx		4/8/2014
Bond Program Policies			
INTERCAP Policy	M:\POLICY\Updated IPS\INTERCAP POLICY 201305	05/2012	05/29/2013
University System INTERCAP Loan Policy	M:\POLICY\Updated IPS\University System Intercap Loan Policy 201305	5/29/2013	

APPENDIX L

RESOLUTION NO. 234 AS AMENDED - CONTINUITY – CHIEF INVESTMENT OFFICER

WHEREAS, Mr. Jon Putnam is the Chief Investment Officer of the Montana Board of Investments (Board), Mr. Rande Muffick is the Deputy Chief Investment Officer and Mr. Dan Villa is the Executive Director as of April 14, 2020; and

WHEREAS, the Authorized Signatures for the above named individuals is as follows; and

Name	Title	Authorized Signature
Jon Putnam	Chief Investment Officer	_____
Rande Muffick	Deputy Chief Investment Officer	_____
Dan Villa	Executive Director	_____

WHEREAS, the Board has delegated certain critical authority and duties to its Chief Investment Officer that must be exercised and performed in the absence of the Chief Investment Officer; and

WHEREAS, the Chief Investment Officer may be incapacitated or temporarily absent from the office under circumstances that render the Chief Investment Officer unavailable to exercise such authority and perform such duties,

NOW, THEREFORE:

RESOLVED, that the Executive Director and the Deputy Director shall notify the Board Chair immediately at any time the Chief Investment Officer, due to incapacity, unexpected absence or other circumstance, is unable to perform his/her duties; and

FURTHER RESOLVED, that during the period of incapacity, absence, or inability to perform the duties by the Chief Investment Officer, the Deputy Chief Investment Officer is hereby designated the Acting Chief Investment Officer and fully empowered to perform all the duties of this position except as further described herein below for ***Investment Manager Contracts***; and

FURTHER RESOLVED, that during any period that the Deputy Chief Investment Officer is not available to assume the role of Acting Chief Investment Officer pursuant to the provisions of this Resolution, the Executive Director shall serve as Acting Chief Investment Officer; and

FURTHER RESOLVED, that while serving as the Acting Chief Investment Officer, the Executive Director may designate, after consultation with the Board Chair, a Deputy Chief Investment officer from among the Board's exempt investment staff whose role and authority would be defined at the time; and

FURTHER RESOLVED, that during the time that the Executive Director serves also as the Acting Chief Investment Officer, in order that appropriate checks and balances are preserved for matters ***specifically*** and ***only pertaining*** to ***Investment Manager Contracts***, as further prescribed by the Board's Governance Policy, that the oversight responsibilities regarding ***Investment Management Contracts*** held by the Chief Investment Officer shall be overseen by whomever the Board's portfolio manager is responsible for the relevant asset class involving the particular ***Investment Management Contract*** issue; and

FURTHER RESOLVED, that so long as the Chief Investment Officer is incapacitated, absent or otherwise unable to perform their duties, and during the period that there is an Acting Chief Investment Officer, the Acting Chief Investment Officer must specifically update the Board, at its regularly scheduled meetings or at the Board's request, regarding all relevant matters pertaining to the need for the continued implementation of this Resolution's delegations; and

FURTHER RESOLVED, that the Acting Chief Investment Officer shall operate only within the authority and parameters established in the Board's Governance Policy, and as otherwise provided by Board policy and statute.

Dated and approved this 8th day of June 2020.

ATTEST

By: _____
Board Chair

APPENDIX M

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.

B. Board Members are encouraged to develop an appropriate level of knowledge across abroad 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.

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. Orientation materials, which may be presented to Board Members via an orientation session, which may include:
      a. Current Governance Policy
      b. Roles, responsibilities and ethics of Board Members and Staff
      c. Board Committees
      d. An overview of State laws relevant to fund management
      e. Most recent Annual Report
      f. Most recent Investment performance report
      g. Budget authorization and cost monitoring
      h. Current organization chart
      i. Names of Board Members and Staff
      j. Work plan, calendar, acronym and terminology lists

3. SYSTEMATIC WORK AND EDUCATION PLAN

A. In order to educate, review and in all respects, assist Board Members in fulfilling their fiduciary role, Board Members will be provided on-going training and education on investment related topics and Board Operations through the Systematic Work and Education Plan (See Section 10 in the Board's Governance Manual).

4. ATTENDANCE AT EDUCATIONAL CONFERENCES AND SEMINARS

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

APPENDIX N

CUSTODIAL BANK POLICY

1. The Board recognizes that Montana law authorizes central depository banking services:

   17-6-101. Deposit of funds in hands of state treasurer. (1) Under the direction of the board of investments, the state treasurer shall deposit public money in the treasurer's possession and under the treasurer's control in solvent banks, building and loan associations, savings and loan associations, and credit unions located in the state, except as otherwise provided by law, subject to national supervision or state examination. (6) The state treasurer may contract with a financial institution to provide general depository banking services. The cost of contracting for banking services is statutorily appropriated, as provided in 17-7-502, from the general fund.

2. The purpose of this policy is twofold: first, to acknowledge the complex and substantial role of the Custodial Bank and therefore provide the following policy guidance; and second, to acknowledge that there is an associated custodial credit risk specific to the Custodial Bank relationship and the steps required to mitigate this risk. Risk in this context is the event of failure of the depository financial institution in possession of the Board's assets whereby the state is not able to recover the value of the investments or collateral securities. This risk is not limited only to the Custodial Bank; there may be sub-custodial Banks particularly in foreign countries that may not be affiliates of the primary Custodial Bank.

3. The Custodial Bank provides a range of services including securities safekeeping and settlement services including global and domestic U.S. custody, global and domestic cash processing including foreign exchange, securities accounting and reporting, participant accounting (transfer agent accounting and reporting), investment performance and analytics reporting, custodial securities lending or non-custodial securities lending facilitation at the Board's option, providing and maintaining a comprehensive on-line accounting system to account for the Board's entire portfolio and all transactions.

4. Given the complex role, responsibility and trust associated with the Board's Custodial Bank, the selection is proscribed as follows: First, the Board acknowledges that the selection process is governed by the State's procurement process through a formal 'Request for Proposal'. Second, the Board specifies the following *minimum* qualifications for respondents to the RFP:

   A. Offeror must have been providing domestic and global master custody services for at least ten (10) years.

   B. Offeror must have under custody at least $1 trillion in assets at fair value, $500 billion of which must include international foreign currency assets.

   C. Offeror must have been providing domestic and global master custody services for at least ten (10) public or corporate pension funds, each with assets of at least $10 billion, at fair value for a minimum of five (5) years.

D. Offeror must have provided securities lending services for public pension and non-pension funds for a minimum of ten (10) years, and the fair value of securities on loan must have averaged $40 billion daily during the twelve (12) preceding months.

E. Offeror must be able to perform all procedures necessary to convert from the current Custodial Bank's system to the new Custodial Bank's system of record. Offeror must have completed transitions of at least five (5) public funds with diversified assets totaling at least $25 billion at fair value.

F. Offeror must be able to provide participant (transfer agent) accounting (mutual fund type accounting) and be able to demonstrate to the Board's satisfaction its ability to provide such accounting.

G. Offeror must be able to provide on-line comprehensive securities accounting and be able to demonstrate to the Board's satisfaction its ability to provide such accounting.

H. Offeror must allow Board staff to customize reports and provide an electronic interface for such reports

I. Offeror must be able to provide a direct interface between its securities accounting system and the Board's Financial Asset and Investment Management System (the Board's trade order management system).

J. Offeror must be able to provide assurance through a third party, in writing, that its internal control reviews are conducted in compliance with the Statement of Standards for Attestation Engagements (SSAE) Number 16 (SOC, Report on Controls at a Service Organization); and the Offeror must have in place an internal audit staff who consistently evaluates all internal control systems and risks associated with master trust/custody services.

K. In addition to the above minimum qualifications, the Offeror must be able to demonstrate to the Board's satisfaction:

Organizational Resources, Technology and Staffing Securities Safekeeping and Core Servicing
Securities Settlement, Accounting and Reporting Cash and Exposure Management
Foreign Exchange Securities Lending
Comprehensive Accounting System including Transfer Agency Performance Measurement and Portfolio Risk Analysis Transition and Conversion

5. The Board acknowledges that the Custodial Bank will generally have investment and deposit options available to the Board. To mitigate risk:

A. Custodial Bank must demonstrate that it has sufficient financial strength to protect the interests of the Board.
B. Must be rated at a minimum at the 6th highest investment grade rating by at least two nationally recognized statistical rating organizations (NRSRO).
C. For any cash balances held as deposits of Custodial Bank or sub-custodial banks, they are held in the name of the Board or its accounts and are incidental and only held for short periods while awaiting instructions or other disposition.

6. The Board delegates to the Custodial Bank that it is to be the 'book of record', however, the Board reserves to itself its fiduciary responsibility to assure accurate records regarding both holdings and performance.

7. The Board acknowledges and allows that some of its fiduciary assets are by their nature held elsewhere other than by the Custodial Bank and by cross-reference to (article) III part 3 of its Governance Policy, directs and requires the Chief Investment Officer to set appropriate due diligence and control standards to provide for the prudent safeguarding of such assets as:

   A. Index funds
   B. Private equity and real estate ownership interests
   C. Any commingled funds held within managed accounts (these would include use of any ETF's or proprietary commingled funds in the form of an institutional trust vehicle)

APPENDIX O

LEGAL SERVICES VENDORS

1. Luxan & Murfitt, PLLP: Board's general counsel, general Board business including most contract review

2. Jackson Walker: for specific services related to private equity, real estate and other private investments

3. Dorsey & Whitney LLP: Board's bond counsel as an issuer of tax-exempt bonds

4. Jackson, Murdo & Grant P.C.: underwriter's counsel for Board's bond underwritings

5. Ice Miller LLP: services specifically related to pension tax matters

6. Barrack, Rodos & Bacine and Bernstein Litowitz Berger & Grossmann LLP: serve as the Board's monitoring firms for possible securities class actions

7. Department of Commerce Counsel: FOIA (Freedom of Information Act) requests, human resource issues and other general government matters