

# MONTANA

## BOARD OF INVESTMENTS

### BOARD ADOPTED POLICY

**POLICY NUMBER:** 40.906

**EFFECTIVE DATE:** November 30, 2021

**TITLE:** Investment Objectives and Guidelines  
Streamside Tailing Operable  
Settlement Fund

**SUPERSEDES:** April 20, 2021

**BOARD ADOPTION:** November 30, 2021

**REVIEWED:**

#### I. Appendix I: Trust Funds: Investment Objectives and Guidelines

- A. Schedule I-F: Investment Objectives and Guidelines Streamside Tailing Operable Settlement Fund.
- B. Approved Date of Schedule: April 3, 2018.
- C. This Schedule is effective upon adoption by the Board and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.

#### II. Introduction

- A. The purpose of this policy statement is to provide a framework for the Streamside Tailing Operable Settlement Fund investments under the guidance of the Board.
- B. The Streamside Tailing Operable Settlement Fund originated in 1998, when a Consent Decree between the State of Montana, the United States, the Atlantic Richfield Company (ARCO), and others was created in order to settle certain litigation, and to provide funding for the implementation of the remedy for the Streamside Tailings Operable Unit of the Silver Bow Creek/Butte Area (original portion) NPL Site. Funds paid by ARCO and the earnings from the investment of those funds are to be used by the State and EPA for the purpose of remediating the mine waste contamination at the Streamside Tailings Operable Unit. Any funds, including earnings, which are not ultimately required for the remediation of the Streamside Tailings Operable Unit are to be used by the State for natural resource damage restoration purposes, and will be transferred to the Upper Clark Fork Restoration Fund. The fund balance at that time is expected to be mostly TFIP units.

#### III. Statement of Purpose

- A. The purpose of these objectives and guidelines is to:
  1. Establish the investment objectives and performance standards of the Streamside Tailing Operable Settlement Fund account.
  2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

#### IV. Investment Objective

- A. Strategic
  1. The objective of the Streamside Tailing Operable Settlement Fund portfolio is to attain above benchmark total return within the parameters of the Investment Guidelines set forth below with an emphasis on investment income and preservation of principal.

B. Performance

1. Success in achieving this objective will be measured by comparing the risk and return of the account to the Trust Funds Investment Pool (TFIP) benchmark, the Short-Term Investment Pool (STIP) benchmark, and the Bloomberg/Barclays 1-5 Year Treasury Index, each weighted proportionately to the portfolio's holdings, over a five (5) year moving average.

C. Time Horizon

1. The Streamside Tailing Operable Settlement Fund is an expendable fund. Major expenditures are expected to continue through 2018, and projections through 2020 on a smaller scale. The Board expects to meet or exceed all objectives over a long-term investment horizon. Over shorter periods, the anticipated market volatility, and specific actions, including risk mitigation efforts of the Board may lead to unfavorable but expected deviation from these objectives.

D. Investment Guidelines

1. The Board will have full discretion to manage the Streamside Tailing Operable Settlement Fund portfolio consistent with the investment guidelines stated below. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any exceptions or compliance violations are to be reported to the Board at the next scheduled quarterly Board meeting.

E. Permitted Investments

1. The Streamside Tailing Operable Settlement Fund may only invest in the following:
  - a) U.S. Treasury Bond.
  - b) U.S. Agency Bonds.
  - c) TFIP.
  - d) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of sixty percent (60%) of the market value of the portfolio will be invested in U.S. Treasury and Agency Bonds.
2. A maximum of ninety percent (90%) of the market value of the portfolio will be invested in the TFIP.

- G. If at any time, due to market fluctuations or any other circumstances, any of the guidelines are not maintained, Staff will use its best efforts to conform to these limits in a timely manner, while considering current market conditions and the associated costs of rebalancing. At the Board's next regularly scheduled quarterly meeting, the CIO shall inform the Board of any cases that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.