

# MONTANA

## BOARD OF INVESTMENTS

## BOARD ADOPTED POLICY

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**POLICY NUMBER:** 40.907

**EFFECTIVE DATE:** November 30, 2021

**TITLE:** Investment Objectives and Guidelines  
Upper Blackfoot Response Action and  
Restoration Fund

**SUPERSEDES:** April 20, 2021

**BOARD ADOPTION:** November 30, 2021

**REVIEWED:**

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

- A. Schedule I-G: Investment Objectives and Guidelines Upper Blackfoot Response Action and Restoration 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 Upper Blackfoot Response Action and Restoration Fund investments under the guidance of the Board.
- B. The Upper Blackfoot Response Action and Restoration Fund originated in 2008, when a Settlement Agreement was entered between the State of Montana, the United States, Asarco, LLC (Asarco) and the Atlantic Richfield Company (ARCO), in order to settle certain bankruptcy and other claims and to provide for the funding of response and restoration actions at the Upper Blackfoot Mining Complex (UBMC). All funds paid by Asarco and ARCO and the earnings from the investment of these funds are to be used by the State, as Lead Agency, in consultation with the United States Forest Service, for the purpose of conducting response and restoration activities within the UBMC Site. These actions include the removal of the Mike Horse Impoundment as provided in the USFS Action Memorandum dated July 23, 2007, and any amendments thereto. In addition, the State would perform additional remedial and restoration work outside the scope of the Action Memorandum, including the cleanup of tailings along the Upper Blackfoot River, Beartrap Creek, and Mike Horse Creek and restoration of those streams with the intention of restoring westslope cutthroat and bull trout to the area.

### III. Statement of Purpose

- A. The purpose of these objectives and guidelines is to:
  - 1. Establish the investment objectives and performance standards of the Upper Blackfoot Response Action and Restoration 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 Upper Blackfoot Response Action and Restoration 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 and 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 Upper Blackfoot Response Action and Restoration Fund is an expendable fund. 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 Upper Blackfoot Response Action and Restoration 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 Upper Blackfoot Response Action and Restoration 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 eighty percent (80%) of the market value of the portfolio will be invested in U.S. Treasury and Agency Bonds.
2. A maximum of thirty percent (30%) of the market value of the portfolio will be invested in the TFIP.
3. A minimum of ten percent (10%) of the market value of the portfolio will be invested in the STIP.

- 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.