MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.933

EFFECTIVE DATE: October 21, 2026

TITLE: Investment Objectives and Guidelines Luttrill Pit – Oper & Maint

SUPERSEDES: November 30, 2021

BOARD ADOPTION: November 30, 2021

REVIEWED: October 21, 2026

I. Appendix I: Investment Objectives and Guidelines

A. Schedule I-AG: Investment Objectives and Guidelines Luttrill Pit – Oper & Maint.

B. Approved Date of Schedule: February 11, 2020.

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 Luttrill Pit - Oper & Maint investments under the guidance of the Board.

B. The Luttrell Pit is a part of the Basin Mine Site, a former heap leach gold mine located 17 miles southwest of Helena. The mine was developed and operated by Pegasus Gold Corp. (Pegasus) in the early 1990's. Pegasus closed the mine in 1993 and conducted a partial reclamation of the site. In 1998 Pegasus Gold Corp. declared bankruptcy. As the result of the bankruptcy settlement, The Montana Department of Environmental Quality (DEQ) became the owner of site and continues with reclamation activity.

C. During and after the Bankruptcy, the Environmental Protection Agency (EPA) entered into agreement with the Bankruptcy Trustee and later, the DEQ, to use a portion of the site (the Luttrell Pit) as a repository for historic mine waste from abandoned mine sites located throughout the region. As part of this Agreement, EPA has paid rental and use fees ($2,301,278.21) to DEQ, as part of their on-going operation. As per Agreement between EPA and DEQ, the Operation and Maintenance (O&M) of the site is the responsibility of DEQ, once work at the site is completed and the repository has a final cap. DEQ will use monies collected from EPA to fund O&M. At present, EPA has no plans for placement of a final cap on the repository. DEQ does not envision any O&M costs until 2030.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Luttrill Pit - Oper & Maint 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 Luttrill Pit - Oper & Maint 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 1-5 Year Treasury Index, each weighted proportionately to the portfolio's holdings, over a five-year (5) moving average.

C. Time Horizon

1. The Luttrill Pit - Oper & Maint a long-term expendable trust 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 Luttrill Pit - Oper & Maint 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 Luttrill Pit – Oper & Maint may only invest in the following:

   a) Debt obligations of the U.S. Government, including its agencies and instrumentalities.
   b) TFIP.
   c) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of ninety-nine percent (99%) of the market value of the portfolio will be held in any combination of TFIP or Government/Agency securities.
2. The maximum maturity of Government/Agency securities will be six (6) years.

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.

Authority: Montana Constitution, Article VIII, Section 13
Section 2-15-1808, MCA
Section 17-1-113, MCA
Sections 17-6-201 through 17-6-205, MCA
Luttrell Pit Basin Mine Site Pegasus Gold Bankruptcy (1998)