

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.954

EFFECTIVE DATE: October 9, 2024

TITLE: Repayment Account
Investment Policy Statement

SUPERSEDES: NEW

BOARD ADOPTION: October 9, 2024

REVIEWED: October 9, 2024

I. Introduction

- A. The purpose of this policy is to provide a framework for the Repayment Account under the guidance of the Board.
- B. All Separately Managed Accounts are governed by the Separately Managed Accounts Investment Policy Statement, Policy 40.900.
- C. Earnings on and repayments of ARPA funds allocated in the Down Payment Assistance Loan Program will be placed into the account as they are earned or repaid.
- D. The Account is expendable.
- E. The Board will have full discretion to manage the Repayment Account portfolio consistent with this policy. 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.
- F. 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 situations where 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.

II. Purpose

- A. The purpose of this policy statement is to:
 - 1. Establish the investment objectives and performance standards of the Repayment Account; and
 - 2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

III. Investment Objectives

- A. Strategic - The objective of the Repayment Account fund portfolio is to protect principal and provide income from investments within the parameters established in this policy.
- B. Performance - Success in achieving this objective will not be measured relative to an investment performance benchmark.

C. Time Horizon - The Repayment Account is an expendable account. The Board expects to meet or exceed all objectives over the long-term investment horizon. Over shorter periods, the anticipated market volatility, and specific actions, including risk mitigation efforts by the Board may lead to unfavorable, but expected deviation from these objectives.

IV. Permitted Investments

A. The Repayment Account may only invest in the following:

1. STIP or any cash vehicle at the Custodial Bank;
2. Fully collateralized, interest-bearing Demand Deposit Accounts at Montana domiciled banks and credit unions; or
3. Any state of Montana approved program loan, bond, note, or guarantee.

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

Adopted: October 9, 2024
Revised: NEW
Reviewed: October 9, 2024