

# MONTANA

## BOARD OF INVESTMENTS

### BOARD ADOPTED POLICY

---

POLICY NUMBER: 40.956

EFFECTIVE DATE: February 26, 2025

TITLE: NRDP Libby Asbestos  
Investment Policy Statement

SUPERSEDES: NEW

BOARD ADOPTION: February 26, 2025

REVIEWED: February 26, 2025

---

#### I. Introduction

- A. The purpose of this policy is to provide a framework for the NRDP Libby Settlement 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. In 2023, the court entered a Settlement Agreement between the State of Montana and W.R. Grace (Grace; the Responsible Party) that resolved the State's natural resource damage claim in Grace's bankruptcy. The Settlement Agreement included \$18.5 million in natural resource damages (NRD) to restore, rehabilitate, replace, or acquire the equivalent of the State natural resources injured by the Libby Asbestos Superfund Site operations. The \$18.5 million, plus interest, will be paid to the State over 10 years.
- D. The Account is expendable.
- E. The Board will have full discretion to manage the NRDP Libby Settlement account 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 NRDP Libby Settlement 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 NRDP Libby Settlement Account is to attain above benchmark total return within the parameters of this policy with an emphasis on investment income and preservation of principal.

- B. Performance - Success in achieving this objective will be measured by comparing the risk and return of the fund to the securities owned, weighted proportionately to the portfolio's holdings, over a five (5) year rolling average.
- C. Time Horizon - The NRDP Libby Settlement 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 REIS Account may only invest in the following:
  - 1. STIP or any cash vehicle at the Custodial Bank,
  - 2. U.S. Treasury Obligations,
  - 3. Direct Obligations of the U.S. Agencies, and
  - 4. Trust Fund Investment Pool (TFIP).
- B. Direct Obligations of U.S. agencies shall consist of only the discount notes, notes and debentures of the agencies and does not include mortgage pass-through obligations. Coupons may be fixed or floating rate.

#### VIII. Other Restrictions

- A. A maximum of ninety-seven percent (97%) of the market value of the portfolio will be invested in the TFIP.
- B. The maximum maturity of the U.S. Treasury and Agency Bond will be six (6) years.

Authority: Montana Constitution, Article VIII, Section 13  
Section 2-15-1808, MCA  
Sections 17-6-201 through 17-6-205, MCA