

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 70.780

EFFECTIVE DATE: June 4, 2025

TITLE: Real Estate Investment Service
Investment Policy Statement

SUPERSEDES: NEW

BOARD ADOPTION: June 4, 2025

REVIEWED: June 4, 2025

I. Introduction

- A. The purpose of this policy is to provide a framework for the Real Estate Investment Service 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. The Real Estate Investment Service (REIS) Account was established to acquire space currently occupied by the state or intended for future use by the state as directed by the Legislature or another participant.
- D. The Account is permanent.
- E. The Board will have full discretion to manage the REIS 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 REIS 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 REIS 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.

Adopted: June 4, 2025

Revised: NEW

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- C. Time Horizon - The REIS 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. Fully collateralized, interest-bearing Demand Deposit Accounts at Montana domiciled banks and credit unions; and
3. Private real estate direct investment, including:
 - a) Workforce Housing located in Deer Lodge, Montana pursuant to HB819 (2023); and
 - b) Behavioral Health Facility pursuant to HB5 (2025).

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