EXHIBIT 1
DATE 2/5/2015
HB 347

House Business and Labor Committee

HB 347 – Establish qualifications for & continuing education of Bd. Of Investments

Handouts referenced in testimony

Hearing - February 5, 2015

Complete referenced documents provided to Chairman Berry for the record:

- Green Sheets, prepared by Legislative Services

From Montana Board of Investment website, board meeting materials:

- Montana Board of Investments CEM Benchmarking Results, August 2014
- RVK, Montana Board of Investments, Investment Performance Analysis, Period Ended: September 30, 2014

MEA-MFT
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Montana's Public Employees' Retirement Plans: Summary Tables
(Source: Actuarial Valuations and Montana Board of Investments)

Table 6 – INVESTMENT DATA

SYSTEM Year enacted	TEACHERS' RETIREMENT SYSTEM (TRS) 1937	PERS DEFINED BENEFIT PLAN (PERS-DBRP) 1945	JUDGES (JRS) 1967	HIGHWAY PATROL OFFICERS' (HPORS) 1945	SHERIFFS' (SRS) 1974	GAME WARDENS' AND PEACE OFFICERS' (GWPORS) 1963	MUNICIPAL POLICE OFFICERS (MPORS) 1974	FIREFIGHTERS' UNIFIED (FURS) 1981
Amount invested (market value on 6/30/14)	$3.65 billion	$4.94 billion	$84.22 million	$126.01 million	$284.65 million	$138.74 million	$ 319.19 million	$321.56 million
Rate of return for composite index FY2014	18.15%	18.15%	18.14%	18.16%	18.13%	18.11%	18.14%	18.13%
Rate of rate return on pension fund	17.17%	17.16%	17.16%	17.17%	17.14%	17.12%	17.20%	17.19%
5-year compound rate of return, composite index	13.99%	13.99%	13.95%	14.00%	13.93%	13.91%	13.93%	13.92%
5-year compound rate of return, on pension fund	13.28%	13.27%	13.24%	13.29%	13.22%	13.20%	13.24%	13.23%
Percentage growth in total assets between FY 2013 and FY 2014 valuations	10.79%	11.01%	11.58%	10.87%	12.59%	15.46%	13.72%	14.21%
Percentage growth in total liabilities between FY2013 and FY 2014 valuations	4.58%	4.66%	2.77%	4.45%	7.20%	10.44%	5.39%	5.60%

MONTANA BOARD OF INVESTMENTS

SUMMARY OF RETIREMENT PLANS

Rates of Returns

Perods Ending December 31, 2014

STATE STREET.

	MKT VAL $(000)	Month	QTR	FYTD	1 Year	3 Years	5 Years	10 Years	ITD	INCEPT. DATE
PUBLIC EMPLOYEES RETIREMENT PLAN										
TOTAL - Gross	4,975,540	-0.31	2.25	2.11	8.61	13.40	11.18	6.90	8.08	07-01-94
TOTAL - Net All	4,975,540	-0.35	2.15	1.90	8.07	12.83	10.59	6.43	7.83	07-01-94
FIREFIGHTERS RETIREMENT PLAN										
TOTAL - Gross	322,957	-0.31	2.25	2.11	8.61	13.40	11.14	6.88	7.90	07-01-94
TOTAL - Net All	322,957	-0.35	2.15	1.90	8.07	12.83	10.55	6.41	7.65	07-01-94
GAME WARDENS RETIREMENT PLAN										
TOTAL - Gross	142,726	-0.31	2.24	2.11	8.57	13.36	11.13	6.84	7.96	07-01-94
TOTAL - Net All	142,726	-0.35	2.15	1.90	8.03	12.79	10.55	6.37	7.71	07-01-94
HIGHWAY PATROL RETIREMENT PLAN										
TOTAL - Gross	126,483	-0.31	2.26	2.12	8.62	13.41	11.19	6.90	7.94	07-01-94
TOTAL - Net All	126,483	-0.35	2.16	1.91	8.08	12.84	10.60	6.43	7.69	07-01-94
JUDGES RETIREMENT PLAN										
TOTAL - Gross	85,159	-0.31	2.25	2.11	8.60	13.38	11.16	6.89	7.95	07-01-94
TOTAL - Net All	85,159	-0.35	2.15	1.90	8.06	12.81	10.57	6.42	7.70	07-01-94
POLICE RETIREMENT PLAN										
TOTAL - Gross	319,422	-0.31	2.25	2.11	8.61	13.40	11.14	6.85	7.91	07-01-94
TOTAL - Net All	319,422	-0.35	2.15	1.90	8.07	12.84	10.56	6.38	7.66	07-01-94

MONTANA BOARD OF INVESTMENTS

SUMMARY OF RETIREMENT PLANS

Rates of Returns

Perods Ending December 31, 2014

STATE STREET.

	MKT VAL $(000)	Month	QTR	FYTD	1 Year	3 Years	5 Years	10 Years	ITD	INCEPT. DATE
SHERIFFS RETIREMENT PLAN										
TOTAL - Gross	289,011	-0.31	2.25	2.11	8.59	13.37	11.14	6.87	7.95	07-01-94
TOTAL - Net All	289,011	-0.35	2.15	1.90	8.05	12.80	10.55	6.41	7.70	07-01-94
VOLUNTEER FIREFIGHTERS RETIREMENT PL										
TOTAL - Gross	32,488	-0.31	2.26	2.14	8.63	13.40	11.21	6.87	7.71	07-01-94
TOTAL - Net All	32,488	-0.35	2.17	1.93	8.09	12.83	10.63	6.41	7.46	07-01-94
TEACHERS RETIREMENT PLAN										
TOTAL - Gross	3,643,360	-0.32	2.25	2.12	8.63	13.41	11.19	6.90	8.10	07-01-94
TOTAL - Net All	3,643,360	-0.36	2.15	1.91	8.09	12.84	10.61	6.43	7.85	07-01-94
TOTAL RETIREMENT PLANS										
TOTAL - Gross	9,937,145	-0.31	2.25	2.12	8.61	13.41	11.18	6.90	8.08	07-01-94
TOTAL - Net All	9,937,145	-0.35	2.15	1.90	8.07	12.83	10.59	6.43	7.82	07-01-94

Summary of key takeaways

Returns

- Your 4-year net total return was 11.3%. This was above the U.S. Public median of 10.4% and above the peer median of 10.2%.
- Your 4-year policy return was 11.5%. This was above the U.S. Public median of 10.4% and above the peer median of 10.1%.

Implementation impact

- Your 4-year implementation impact was -0.2%. This was below the U.S. Public median of 0.1% and below the peer median of 0.1%.

Cost and cost effectiveness

- Your investment cost of 56.7 bps was below your benchmark cost of 63.2 bps. This suggests that your fund was slightly low cost compared to your peers.
- Your fund was slightly low cost because you had a lower cost implementation style and you paid less than peers for similar mandates..
- Your fund had a 4-year implementation impact of -0.2% and cost savings of 3.8 bps on the cost effectiveness chart.

24 Month Systematic Work and Education Plan 2015				
Completed	Completed	Completed	Proposed	
2012	**2013**	**2014**	**2015**	
		X	X	Accounting Review
X	X	X	X	Annual report and financial statements
X	X	X	X	Asset Allocation Range Approval (Board must review/approve annually as per policy)
X	X		X	Capital Market/Asset Allocation
X	X	X	X	Audit (Financial)
	X		X	Benchmarks used by Board
	X		X	Board as a rated investment credit, a bond issuer and a credit enhancer
X	X	X	X	Board member education
X	X	X	X	Board's budget
	X		X	Board as landlord/tenant holdings
	X		X	Board's website
X		X		Cash Management of state monies
X	X	X	X	Cost reporting including CEM, Inc. analysis
		X		Custodial bank relationship, performance, continuity
	X		X	Customer relationships (State government)
	X	X		Disaster Recovery and other emergency preparedness
X	X	X	X	Exempt staff performance and raises (HR policy requires annual consideration)
X	X	X	X	Ethics policy – (Board policy requires annual affirmations)
X	X		X	Fixed Income
	X		X	In-state Loan program
X		X		INTERCAP program
X	X	X	X	Internal controls
X	X	X	X	Investment Policy Statements Review (Governance policy requires annual review)
X	X	X	X	Legislative session and interim matters
	X	X		Outreach efforts for Board - loan and municipal programs
X	X	X	X	PERS and TRS relationship
X		X		Private Equity
		X		Proxy voting public equities
X		X		Public Domestic Equities
X		X		Public International Equities
X		X		Real Estate and timberland
X	X	X	X	Resolution 217 update of current Investment Firms (Board policy requires annual update)
X	X	X	X	Resolution 218, role of deputy director to serve as acting executive if necessary
	X		X	Securities Lending
X	X	X	X	Securities Litigation
X	X	X	X	Staffing levels (required biannually in board policy)
	X		X	State Fund as major client

Systematic Work and Education Plan 2015

Feb. 24-25 **Quarterly Meeting**
Quarterly reports and subcommittee meetings
Annual Report and Financial Statements
Financial Audit
Ethics
Board's real property holdings
Securities lending

April 7 **Non-Quarterly Meeting**
All policy review
Capital market/asset allocation overview
Board as a rated credit
In – state loan programs
RVK presentation (TBD)
Board education and possible conferences (IFE usually in June)

May 19-20 **Quarterly Meeting**
Quarterly reports and subcommittee meetings
Fixed income
Fixed income trust clientele joint presentations (and luncheon)
Board's web site
State Fund as major BOI client
Staffing level review

August 18-19 **Quarterly Meeting**
Quarterly reports and subcommittee meetings
CEM Benchmarking
MBOI Budget and legislative-related action-decision
Internal Controls
Fiscal Year performance through June 30th
RVK presentation (TBD)

October 6 **Non-Quarterly Meeting**
TBD

Nov. 17-18 **Quarterly Meeting**
Quarterly reports and subcommittee meetings
Affirm or Revise Asset Allocation
Resolution 217
Resolution 218
PERS/TRS annual update
Benchmarks used by Board
Securities litigation status
Exempt staff annual review
Accounting Review