

MONTANA

BOARD OF INVESTMENTS

TO: Interested Parties
FROM: Dan Villa, Executive Director 
DATE: 7/9/2024
RE: FY2024 Summary

The Board of Investments had a productive year wherein we met our actuarial hurdles, successfully launched new programs as directed by the 2023 Legislature and continued to lower costs while maintaining quality service to our clients and the people of Montana.

Investment Returns

Preliminary results show a Consolidated Asset Pension Pool (CAPP) return of 9.04%, or 20% above our actuarial benchmark. This number will likely adjust within a narrow band as the books are formally closed and payables/receivables are booked. With this FY24 return, the Inception to Date return is 7.76%, or 6% above our actuarial hurdle for all timeframes.

The Short-Term Investment Pool (STIP) saw performance in excess of 5% throughout the year, yielding \$447.2 million to state and local government participants. The State of Montana made \$353.2 million in total STIP distributions for the fiscal year, or more than all other state revenue sources save individual income and property taxes.

Trust Fund Investment Pool (TFIP) distributions ranged from 3.097% to 4.586% over the fiscal year for an annual average of 3.92%.

Housing Development

Governor Gianforte proposed, and the 2023 Legislature approved, the HOMES Act. The Board was tasked with implementing several provisions of the law. In the first year the Board was able to assist in the construction of 1,209 new homes in Billings, Butte, Great Falls, Havre, Kalispell, Libby, Bigfork, Missoula, Hamilton, and Bozeman. These investments total \$99 million.

The Board was also entrusted with investing \$12 million in workforce housing for employees of Montana State Hospital and Montana State Prison. The Pintler Meadows Subdivision has been approved for development by the City of Deer Lodge and the State of Montana/DEQ. Construction will begin in the summer of 2024 on 28 townhomes for state employees with room for an additional 28 units subject to additional legislative appropriation.

The Governor's Housing Task Force will be recommending the interest earnings of both accounts revolve back to the originating account which would increase available funds by approximately \$5.6 million.

Economic Development

The Commercial Loan Program made six loans to businesses in Kalispell, Billings, Butte and Columbia Falls totaling \$13.4 million. These loans have, in total, created 98 new jobs and leveraged approximately \$30 million in investment in the Montana economy.

The Municipal Loan Program made 24 loans to state, local and special districts totaling \$41.1 million.

Borrower	Project
NORTHERN EXPRESS TRANSIT AUTHORITY	Operating storage track expansion
CULBERTSON ELEMENTARY SCHOOL DISTRICT #17	Plumbing and Building repairs
CULBERTSON HIGH SCHOOL DISTRICT	Plumbing and Building repairs
PINESDALE	Used Fire Truck
BILLINGS	New Law and Justice/City Hall Remodel/Improvements
DNRC - STATE OF MONTANA	Water Pollution Control State Revolving Fund
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DNRC - STATE OF MONTANA	Drinking Water State Revolving Fund
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DNRC - STATE OF MONTANA	Renewable Resource Grants and Loans
PLAINS	Ambulance
CASCADE	Curb, Gutter, and Sidwalk project
CUSTER COUNTY	Motor grader
DANIELS COUNTY	Transfer facility
DANIELS COUNTY	Motor grader
CHOTEAU	Motor grader
TRANSPORTATION	Motor pool vehicles
COLUMBIA FALLS HIGH SCHOOL DIST	Building repairs
HEBGEN BASIN FIRE DISTRICT	Duplex housing unit
FAIR MONT EGAN ELEMENTARY SD	Building improvements
DRUMMOND PUBLIC SCHOOLS	Purchase property
OPPORTUNITY RURAL FIRE DISTRICT	Fire tender
HELENA	Solid waste vehicles and improvements
MADISON COUNTY	Storage Buildings

Cost Savings and Efficiencies

The Board's operating costs were approximately 19% below the Legislatively approved rate. These savings were paid to participants as a dividend totaling \$1.3 million. Board staff underwent a total cost review and identified \$25.1 million in cost reductions, new revenue, or financial assistance to other Agencies. The Board will be updated as the initiatives are implemented.

Thank you to the Board for the continued confidence you place in your staff. A special thank you to all of the dedicated employees of BOI whose contributions are the only reason for these successes.