

HB863 Annual Presentation 2027 Biannual Presentation

Legislative Finance Committee
State Administration and Veterans' Affairs Committee
General Government Interim Budget Committee

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FY25 In Review

- Short Term Investment Pool
 - 11,159 STIP transactions totaling \$26,744,017,670 with distributed earnings of \$407,467,394.
- Trust Funds Investment Pool
 - 77 TFIP transactions totaling \$441,098,000 with distributed earnings of \$139,198,342.
- Consolidated Asset Pension Pool
 - 112 CAPP transactions totaling \$664,688,910.
- TOTAL POOL TRANSACTIONS: \$27,849,804,580*
- TOTAL DISTRIBUTIONS: \$546,665,736

**Does not include capital calls, rebalances, or security purchases.*

Montana Municipal Finance Consolidation Act

- Authorizes loans to Montana governments to save on bond issuance costs and to lower interest rates.
- Created in 1987, the INTERCAP program has funded 541 loans to 567 borrowers for \$737.4M.
- There are 210 loans outstanding to 124 borrowers totaling \$69.5 million.
- There have been no losses or write downs in the program's history.
- Program information is available at <https://investmentmt.com/INTERCAP/>.

Commercial Loan Portfolio

- The Participation, Infrastructure, and Intermediary Loan Programs are managed by BOI.
 - These programs have funded 820 loans totaling \$652,758,500.55 since 2000.
- The Down Payment Assistance Loan Program is managed by BOI per Legislative and Executive Direction (federal funds). 141 loans totaling \$83,725,989.45 processed.*
- The Loan Deferment Program was also managed by BOI. 1,566 applications totaling \$69,216,960.48 processed.*
 - *Programs were managed by existing staff and resources.

Housing Programs Continue to Expand Affordability and Access

Project Name	Developer/Approved Lender	Funded/Requested Amount	Location	Units
Bigfork Senior Housing	Americant Covenant	3,600,000	Bigfork	24
Unified Campus	Montana Rescue Mission	6,000,000	Billings	189
Iron Street Development/Duplex	National Affordable Housing Network	243,268	Butte	2
Iron Street Development/Infrastructure	National Affordable Housing Network	166,601	Butte	12
Iron Street Development	National Affordable Housing Network	160,950	Butte	1
Baatz Block	Homeward, Inc	5,000,000	Great Falls	24
Elmore Apartments	Community Preservation Partnership	9,000,000	Great Falls	60
Carter Commons	Housing Solutions	4,775,000	Great Falls	25
Highland Manor	Beki Brandborg	4,000,000	Havre	32
Creekside Commons	Housing Solutions	6,325,000	Kalispell	31
Cabinet Affordable Housing Apartments	Community Action Partnership	6,000,000	Libby	24
Scott Street Affordable Housing/Ravara Development	Goodworks Development	5,000,000	Missoula	44
Mitchell Court	GL Development	5,700,000	Billings	32
Midtown Aspen	Midtown 654	8,650,000	Bozeman	50
7th and Aspen 4	Boundary Development	4,070,000	Bozeman	12
7th and Aspen 9	Boundary Development	5,842,738	Bozeman	23
7th and Aspen 4.2	Boundary Development	1,932,990	Bozeman	12
Iron Street Development	National Affordable Housing Network	130,000	Butte	2
The Manor	Sapphire Lutheran Homes	6,500,000	Hamilton	60
Twin Creek Development 4	United Housing Partners	3,600,000	Helena	52
Twin Creek Development 9	Housing Partners	4,950,000	Helena	20
Creekside Apartments	Homework Inc	3,500,000	Missoula	161
Polson Gardens	Housing Solutions	5,550,000	Polson	24
The Homestead	The Housing Company	5,000,000	Dillon	20
Hidden Creek 4 Apartments	Hidden Creek Developers	10,000,000	Bozeman	158
Hidden Creek 9 Apartments	Hidden Creek Developers	5,000,000	Bozeman	24
Opportunity Place Apartments	42-44 Developers LLC	4,750,000	Missoula	24
Riverstone Senior Residences	Housing Solutions	5,150,000	Hamilton	23
Kalispell Portfolio	Community Preservation Partners	10,000,000	Kalispell	116
Phoenix 3rd Floor	National Affordable Housing Network	2,600,000	Butte	15
Gibbon Avenue	NeighborWorks Montana	1,890,000	West Yellowstone	20
Scott Street Affordable Housing/Ravara Development	Goodworks Development	2,010,419	Missoula	45
Total		147,096,965		1,360

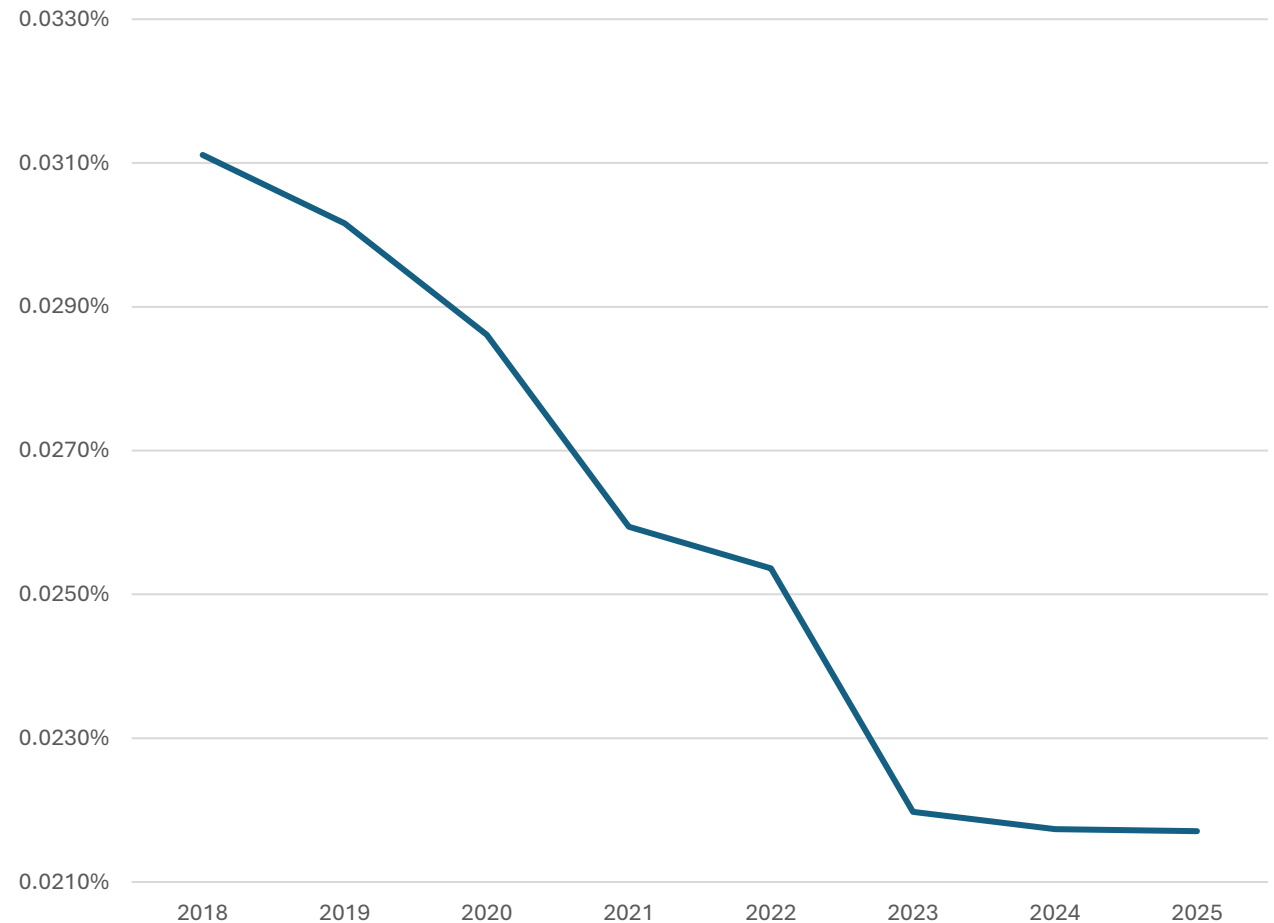
Continuing Efficiencies Increase Participant Earnings

BOI continues to focus on cost as a critical component of successfully managing the portfolio.

What's Next:

- Leaning heavily into AI and other automation processes to create operational efficiency, cost savings, new capacity with fewer FTE, and to support new revenue generating initiatives. (“AI is a tool.”)
- Service diversification and simplification being pursued throughout core competencies.
- Velocity matters because time is money!

Board of Investments Expense Ratio



... and these efficiencies make BOI among best in class for US public funds.

Return Chasing

How Does a Fund Get Into the Top Quartile?

- *Swing for the fences?*
 - One or two big years
- OR
- *Hit for Average* -- Singles and Doubles ?
 - Many solid, but no “great” years?
- Imagine a hypothetical public pension fund that ranks in 40th Percentile in each calendar year (decent performance but never in the top 3rd of peer funds)
 - Where does it rank after 20 years?
 - **Top Quartile!!!**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	20 Years
Return	10.7	13.5	-11.9	14.7	13.2	19.4	-3.6	15.6	8.0	0.3	6.7	17.0	13.0	1.1	13.5	20.9	-23.3	8.4	13.5	7.6	7.3
Rank	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	17

- MBOI performance has largely followed the same pattern. Ranking above median in 16/20 prior calendar years has resulted in a top quartile ranking relative to peers.

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	20 Years
PERS Return	9.7	12.2	-7.9	18.3	12.5	17.4	-2.0	15.3	7.8	2.3	8.6	18.0	13.8	2.7	13.4	16.1	-25.6	9.0	14.1	6.1	7.9
Rank	40	30	38	29	36	41	46	62	57	7	7	19	42	22	46	77	32	48	62	90	12

Data shown in top table is hypothetical and ranks are as of 6/30/2025.
 Data shown in bottom table is specific to MBOI and performance and ranks are as of 6/30/2025.
 *Ranks may not align between the tables shown based on when the specific analysis was run.



Key Takeaways

Returns

- Your 5-year net total return was 9.4%. This was above both the U.S. Public median of 8.9% and the peer median of 8.6%.
- Your 5-year policy return was 8.5%. This was above both the U.S. Public median of 7.7% and the peer median of 7.5%.

Implementation impact

- Your 5-year implementation impact was 0.9%. This was below both the U.S. Public median of 1.2% and the peer median of 1.3%.

Cost

- Your investment cost of 49.6 bps was above your benchmark cost of 44.8 bps.
- Your fund was above benchmark cost because it paid more than peers for some services.
- Despite being 4.8 bps above benchmark cost, you delivered a five-year implementation impact of 86.4 bps.

HB863 Saved Montana Taxpayers \$1.7 million

Legislative Internal Service Budget

- \$8,079,321



Board Adopted Enterprise Budget

- \$6,332,346
- SAVINGS: \$1,746,975
- SAVINGS: 21%

How did we do it?

- More efficient processing
- Reduced working capital charges
- Challenged overhead costs