

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 10.700

EFFECTIVE DATE: October 14, 2025

TITLE: Credit Enhancement

SUPERSEDES: September 23, 2022

BOARD ADOPTION: November 30, 2021

REVIEWED: October 14, 2025

I. Credit Enhancement

- A. The Board has the primary authority to invest state funds and to determine the types of investments to be made, subject to the restrictions of the Montana Constitution and the Unified Investment Program Act.
- B. The Board adopts this Policy to codify and clarify the circumstances under which the Board provides Credit Enhancement and to authorize the Executive Director to honor and fulfill the Board's obligations under the bond documents and Capital Reserve Account Agreement.
- C. The Board may approve Credit Enhancement for the Municipal Finance Consolidation Act (MFCA).
- D. The decision to provide Credit Enhancement is specific to each series of Bonds to be issued.
- E. The Board provides Credit Enhancement when it is prudent to do so and, in the Board's judgment, would result in a lower interest rate to the borrowers under the MFCA than could be otherwise obtained.
- F. The funds in the Unified Investment Program from which the Board's Credit Enhancement obligations could be satisfied include, but are not limited to:
 1. The Coal Severance Tax Permanent Fund,
 2. The Short-Term Investment Pool, or
 3. The Treasurer's Fund.
- G. Authorization
 1. The Board may provide Credit Enhancements, including purchase of defaulting bonds issued or funds to the MFCA.
- H. Duties of the Executive Director
 1. The Executive Director is authorized to take all necessary actions to implement Credit Enhancement activity authorized by the Board.
 2. If the Executive Director makes a loan or purchases bonds pursuant to the bond documents, he/she shall:
 - a) Notify Board members via e-mail within three (3) business days of such action, and
 - b) Provide a full report to the Board at its next regularly scheduled meeting, specifying:
 - (1) The reasons for such action,
 - (2) The dollar amount, and
 - (3) The terms and the funding source for the loan or bond purchase.

Adopted: November 30, 2021

Revised: October 14, 2025

Reviewed: October 14, 2025

Authority: Montana Constitution, Article VIII, Section 13
Montana Constitution, Article IX, Section 5
Section 2-15-1808, MCA
Section 17-1-113, MCA
Section 17-5-703 and -704, MCA
Section 17-6-201 through 17-6-205, MCA
Title 17, chapter 6, part 3, MCA