

Vermont Pension Investment Commission

Operating Policies (Amended: November 2, 2021)

Article 1. Mission Statement

The mission of the Vermont Pension Investment Commission (VPIC) is to make and manage investments for the Vermont State Employees' Retirement System, Vermont State Teachers' Retirement System, Vermont Municipal Employees' Retirement Systems, and other Public Retirement Systems, with integrity, prudence, and skill to meet or exceed the financial objectives of the beneficiaries of the funds.

Article 2. Authority

The VPIC shall formulate policies and procedures deemed necessary and appropriate to carry out its functions. [3 V.S.A. § 523(d)]

Article 3. Policies and Procedures; Rules

VPIC meetings shall be conducted in accordance with the current edition of *Robert's Rules of Order* (hereinafter "*Robert's Rules*") with amendment to add sections for the Procedures in Small Boards Section:

1. There is no limit to the number of times a member can speak to a question.
2. Informal discussion of a subject is permitted while no motion is pending.
3. The Chair need not rise while putting questions to vote.
4. The Chair can speak in discussion without rising or leaving the chair; the Chair can invite motions but, per 3 V.S.A. § 522(d), may vote only to break a tie.
5. Alternates shall be encouraged to attend and participate in all meetings.
6. The VPIC may select a knowledgeable Parliamentary Advisor from among the VPIC members.

Article 4. Vermont Pension Investment Commission

A. Powers. The VPIC shall be responsible for the investment of the assets of the State Retirement Systems and set the following actuarial assumptions:

1. The investment rate of return;
2. The inflation rate;
3. The smoothing rate method used for the actuarial valuation of assets and returns.

B. The Commission shall strive to maximize total return on investment, within acceptable levels of risk for public retirement systems, in accordance with the standards of care established by the prudent investor rule under 14A V.S.A. § 902. [3 V.S.A. § 523(a)]

C. Regular Meetings. The VPIC shall hold a regular monthly meeting on the 4th Tuesday of each month, or as otherwise agreed to by the VPIC. Meetings shall be open to the public, warned in accordance with 1 V.S.A. § 312(c)(1), and be held in the Conference Room at 6

Baldwin St. Montpelier, VT, , or at another location, as determined by the Chair with agreement of the VPIC. Attendance will also be made available through a video conferencing platform.

- D. Special Meetings. Special meetings may also be held, as needed. Special meetings shall be open to the public, warned in accordance with 1 V.S.A. § 312(c)(2), and may be held in the same location as regular meetings, or at another location, as determined by the Chair with the agreement of the VPIC.
- E. Emergency Meetings. Emergency meetings may be held in accordance with 1 V.S.A. § 312(c)(3) when necessary to respond to an unforeseen occurrence or condition requiring immediate (i.e. same day) attention by the public body.
- F. Attending Meetings by Telephone. When any one or more members of the VPIC participate in a regular, special or emergency meeting through electronic or other means (e.g., by telephone or videoconference) the following additional rules of conduct shall apply: (i) at least one VPIC member, or at least one staff or designee of the VPIC shall be physically present at the designated meeting location; (ii) the VPIC member(s) attending by phone shall be identified at the outset of the meeting and must be able to hear the conduct of the meeting and be heard throughout the meeting; and (iii) all votes during the meeting shall be taken by roll call if the vote is not unanimous.
- G. Quorum. Six members of the VPIC shall constitute a quorum. [3 V.S.A. § 522(f)]
- H. Voting. If a member is not in attendance, the alternate of that member shall be eligible to act as a member of the VPIC during the absence of the member. Six concurring votes shall be necessary for a decision of the VPIC at any meeting of the VPIC. [3 V.S.A. § 522(f)]
- I. Expenses. Reimbursement for travel, including travel to and from VPIC meetings and for educational purposes, shall be paid consistent with the State's Administrative Bulletin 3.4 and with the VPIC Education Policy attached hereto as Attachment A. [3 V.S.A. § 523(b)]
- J. Attendance Reporting. In accordance with 3 V.S.A. § 522(h), the VPIC "shall provide an annual report to the respective authorities responsible for electing and appointing members and alternates regarding attendance at committee meetings and relevant educational programs attended."
- K. Minutes. Minutes shall be taken of all meetings of the VPIC. The minutes shall cover all topics and motions that arise at the meeting and give a true indication of the business of the meeting. Minutes shall include at least the following minimal information:
 - 1. All members of the public body present (and shall indicate whether the member was present physically or by telephone or other electronic means);
 - 2. All other active participants in the meeting;
 - 3. All motions, proposals and resolutions made, offered and considered, and what disposition is made of same; and
 - 4. The results of any votes, with a record of the individual vote of each member if a roll call is taken.

Meeting minutes must be posted to the VPIC website within five days of a meeting, as required by 3 V.S.A. § 312(b)(2). As a practical matter, draft minutes will need to be posted, and should be clearly marked "Draft – Subject to VPIC Approval," and then re-posted once approved.

- L. Reports. The Commission shall:

1. Beginning on July 1, 2022, and every three years thereafter, study the assets and liabilities of each Plan over a 20-year period to the specifications outlined in H.449, based on the most recent actuarial valuations of each Plan.
2. Beginning on July 1, 2022, and every year thereafter, submit to the House and Senate Committees on Government Operations and to each participant or beneficiary of each Plan per their designated preference for written or electronic copies:
 - i. A report on the performance of each Plan versus its demographic investment and other actuarial assumptions over three-, five-, seven-, and 10-year period, and the funding ratio of each plan to each plan beneficiary at the end of each fiscal year;
 - ii. A report on the status of the funding and investment performance of each Plan and any relevant information from the asset liability and scenario testing completed during the prior fiscal year.

Article 5. Committees

- A. Establishment. The VPIC may create one or more committees, the purpose and composition of which shall specified in each committee's charter.
- B. Committee meetings shall be conducted in accordance with Vermont's Open Meeting Law, 1 V.S.A. §§ 310-314.

Article 6. Roles & Responsibilities

- A. Chair [3 V. S. A. §§ 522 and 523]

A chair shall be appointed by the voting members of the VPIC and shall serve at the pleasure of the Commission. [3 V.S.A. § 522(a)(6)] The Commission chair is the leader of the Commission and serves as its spokesperson. The Commission chair is responsible for:

- Ensuring the integrity and effectiveness of the commission's governance role and processes.
- Setting the agenda and presiding at meetings of the commission.
- In collaboration with the commission, create and continually revise a forward looking agenda and workplan.
- Representing the commission within state government and the stakeholder community broadly.
- Maintaining effective relationships with commission members, staff, advisors and stakeholders.
- Assuring that all commission initiatives are implemented timely and efficiently.

Responsibilities

1. Commission Governance

The commission chair ensures the commission meets its obligations and fulfills its governance responsibilities. The chair oversees the quality of the commission's governance processes including:

- a. Ensuring that the commission performs a governance role that respects and understands the role of management.

- b. Ensuring that the commission adopts an annual workplan and objectives that are consistent with the commission's strategic directions, mission and vision.
 - c. Ensuring that the work of the commission committees is aligned with the commission's role and annual work plan and that the commission respects and understands the role of commission committees and does not redo committee work at the commission level. .
 - d. Ensuring that the commission and individual commissioners have access to appropriate education.
 - e. Overseeing the commission's evaluation processes and providing constructive feedback to individual committee chairs and commission members as required.
 - f. Ensuring that the commission's governance structures and processes are reviewed, evaluated, and updated as appropriate.
- 2. Presiding Officer

As the presiding officer, the chair is responsible for setting agendas and ensuring matters are dealt with to appropriately reflect the commission's role and annual work plan. The commission chair consults with the CIO and, whenever possible, develops the agenda at least 5 days prior to a meeting and communicates it to all members.
- 3. Ensuring that meetings are conducted according to applicable Vermont statutes and VPIC's governance policies:
 - a. Facilitating the business of the commission, including preserving order at meetings.
 - b. Encouraging input and ensuring that all points of view on issues and proposals are sought.
 - c. Encouraging all commissioners to participate and ensuring all members have equal opportunities to engage, ask questions and present their views.
 - d. Facilitating decision-making.
 - e. Ensuring relevant information is made available in a timely manner and that staff and external advisors are available to assist as required.
 - f. Ruling on procedural matters during meetings.
- 4. Representation
 - a. The chair is the official spokesperson for the commission.
 - b. The chair represents VPIC in the community and to its various stakeholders.
 - c. The chair represents the commission in dealings with government and regulatory authorities.
 - d. Whenever feasible, the chair will seek input from the commissioner on issues he/she will be required to address.
- 5. Relationships
 - a. The commission chair facilitates relationships with, and communication among, commission members and between commissioners and senior management.
 - b. The chair establishes a relationship with individual commissioners, meeting with each commissioner at least once a year to ensure that each commissioner contributes his/her special skill and expertise effectively.

- c. The chair provides assistance and advice to committee chairs to ensure committee chairs understand commission expectations and have the resources that are required for performance of their work.
- d. The chair maintains a constructive working relationship with the CIO, providing advice and counsel as required.
- e. The chair works with the CIO to ensure he or she understands commission expectations.
- f. The chair ensures that CIO annual performance objectives are established and an annual evaluation of the CIO is performed.

6. Other Duties

The chair performs such other duties as the commission determines from time to time.

7. Skills and Qualifications

The commission chair will be independent and a financial expert as outlined in the commission's governing statute and possess the following personal qualities, skills, and experience:

- a. All of the personal qualifications required of a commission member
- b. Proven leadership and governance skills
- c. Good strategic and facilitation skills, ability to influence and achieve consensus
- d. Ability to act impartially and without bias
- e. Tact and diplomacy
- f. Ability to communicate effectively
- g. Ability to move the commission toward final decisions once issues have been thoroughly discussed.
- h. The time to build strong relationships between the commission and stakeholders
- i. A trusted advisor relationship with CIO and other commission members

8. Term

The commission chair is elected by its appointed and ex officio members and serve at the pleasure of the commission, subject to a 20 year term limit.

Compensation: Pursuant to 3 V.S.A. § 523(b), the VPIC Chair may be compensated at a level not to exceed one third of the salary of the State Treasurer, as determined by the other members of the VPIC. The VPIC will consider the experience, effectiveness, and time availability of the person selected as VPIC Chair.

Annual evaluation: The VPIC will evaluate the performance of the Chair in fulfilling the responsibilities of and expectations on an annual basis.

Authority: The Chair shall adhere to adopted VPIC policies, rules, and statutes, and shall not act independently on VPIC matters without VPIC approval.

Minimum Qualifications: The VPIC will take into account the totality of experience and characteristics of prospective candidates interested in serving as Chair, it is anticipated that successful candidates will have considerable experience in finance and investments, experience serving on boards, a record of integrity, and excellent communication skills.

B. Vice Chair [3 V.S.A. § 522(e)]

A Vice Chair shall be elected from among the members of the VPIC. In the absence of the Chair, the Vice Chair shall assume the functions of the Chair as set forth above. The Vice Chair shall serve at the pleasure of the VPIC.

C. Clerk

The Clerk shall:

- 1) Provide administrative support to the VPIC.
- 2) Draft and distribute Agendas, as the Chair may direct.
- 3) Attend all meetings, take notes, and draft minutes
- 4) Circulate minutes for review and for distribution to VPIC membership for approval at next meeting
- 5) Assure VPIC compliance with all warning and minute availability requirements of the Open Meeting Law
- 6) Provide other duties as described in the *Robert's Rules*, and
- 7) Serve at the pleasure of the VPIC

D. The State Treasurer shall serve as the custodian of the funds of all three retirement systems [3 V.S.A. § 523(a)].

E. Commission Members

VPIC Member means any person who serves as a VPIC Member or any person who serves as the designee of a VPIC Member or as an Alternate to a VPIC Member.

The Member shall:

- 1) Participate in ongoing training in investments, securities, and fiduciary responsibilities as directed by the Committee [3 V.S.A. § 522(b)].
- 2) Maintain focus on VPIC's fiduciary and statutory duty as set forth above in Article 4(A) "Powers."
 - a. Act as a fiduciary of the VPIC
 - b. Maintain independence
 - c. Sustain attention on key topics and issues
 - d. Stay current on financial market and economic developments/investment strategy trends/pension issues
 - e. Respect members' commitment to process and their points of view.
 - f. Remain open minded and diplomatic, but be able to challenge conventional thinking
 - g. Be sensitive to the political context in which VPIC operates
- 3) Consult with the VPIC Chair about VPIC priorities and meeting agendas.
 - a. Request from the Chair meeting time on the agenda for issues of importance
 - b. Identify to the Chair appropriate background articles and research
 - c. Participate in educational content for use by the VPIC
 - d. Participate in appropriate educational opportunities made available to the VPIC
- 4) Participating in Meetings:
 - a. Help maintain a constructive, inclusive, and respectful atmosphere
 - b. Be additive to discussions with the consultant and managers
 - c. Be respectful in debate

- d. Continually strive to strengthen the decision-making process
- e. When appropriate, contribute insights from personal and professional experience

Procedures To Remove A VPIC Member:

- A. Any member of the Vermont Pension Investment Commission shall be immediately removed from the Commission in the event she or he:
 - 1. pleads guilty or no contest to, or is convicted of, a criminal offense or felony;
 - 2. pleads guilty or no contest to, or is convicted of, a misdemeanor or regulatory inquiry involving theft, embezzlement, deception, or other acts of dishonesty;
- B. Members may also be removed for any breach of fiduciary duty, noncompliance with VPIC's enabling statute and adopted policies, or nondisclosure of a material conflict of interest, with six concurring votes.

In all cases, the member, whose VPIC position is being challenged, shall be entitled to defend his or her behavior, but is precluded from voting on the matter.

The remainder of the vacated term will be filled by the appointing authority, as outlined in VPIC's governing statute.

Article 7. Contracts

- A. Execution. Contracts and contract amendments approved by the VPIC and related documents may be executed by the Chair, or in the Chair's absence, the Vice Chair.
[3 V.S.A. § 523(f)]

- B. Consent Agenda

The VPIC may use a consent agenda at each regular meeting at the discretion of the Chair to expedite the conduct of routine business during Commission meetings in order to allocate more meeting time to education and discussion of substantive issues.

- 1) The consent agenda should consist of routine financial, legal and administrative matters that require board action.
- 2) Consent agenda items are expected to be non-controversial and not require discussion.
- 3) Motions, resolutions and all supporting materials for the consent agenda should be sent to Commissioners in advance of a meeting, and each item shall be identified by a number.
- 4) The consent agenda shall be considered early in a meeting. The Chair will ask if any member wishes to remove a specific item from the consent agenda for separate consideration.
- 5) If any individual member requests that an item be removed from the consent agenda, it must be removed and placed in the appropriate section of the regular agenda for discussion. A vote or consensus of the Commission is not required for an item to be moved to the Regular meeting. Members may request that an item be removed for any reason.

- 6) When there are no more items to be removed, the Chair will advise that if there is no objection, the remaining items on the consent agenda will be adopted. After pausing for any objections, the Chair shall declare the items adopted. It is not necessary to hold a vote upon a motion.
- 7) The minutes shall contain the full text of the resolutions, reports or recommendations that were adopted as part of the consent agenda.
- 8) The following items would be suitable for the consent agenda:
 - Approval of minutes
 - Approval of contracts and related documents, including amendments and renewals, that have been reviewed by the Office of the Attorney General and VPIC staff

C. VPIC Member Contact with Vendors. Individual VPIC member contact with Vendors and Potential Vendors outside of a VPIC meeting, while not prohibited, is discouraged and shall be conducted with complete transparency and for the benefit all VPIC members.

When contacting a Vendor or Potential Vendor, an individual VPIC member:

- 1) Shall not represent, or imply, that he or she represents VPIC, unless expressly authorized by the VPIC to do so;
- 2) Shall report such contact to the VPIC as a whole at the next public VPIC meeting which the member attends, and further report all material information known to the member which could have a significant impact on the VPIC's existing, or potential investments;
- 3) Shall refrain from disclosure of confidential VPIC information.
- 4) Shall not request that a Vendor or Potential Vendor perform any research or work tasks that would result in a cost to the VPIC, without VPIC approval. Suggestions or ideas for requests should be discussed with the Chair or submitted to the Treasurer's Office for consultation with the Chair.
- 5) Shall, when communicating with a Vendor or Potential Vendor, excluding the investment consultant, make initial contact with the established client service representative after consultation with the VPIC Chair.
- 6) Shall comply with VPIC Standards of Conduct (attached hereto as Attachment B) with respect to contact with Vendors or Potential Vendors during the contract procurement process and concerning gifts.
- 7) When communicating with the Investment Consultant, Members shall
 - a. Make initial contact with the established client representative only after notification to the VPIC Chair and will share with the VPIC the member's question and any information provided by the consultant in response
 - b. Not request that the Investment Consultant perform any research or work tasks that would result in a cost to the VPIC, without VPIC approval. Suggestions or ideas for requests should be discussed with the Chair or submitted to the Treasurer's Office for consultation with the Chair.
 - c. Report such contact to the VPIC as a whole at the next public VPIC meeting which the member attends, and further report all material information known to

the member which could have a significant impact on the VPIC's existing, or potential investments.

For purposes of this Article 6, "Vendor" means a natural person, a corporation, a partnership, an association, a joint-stock company, a trust, an unincorporated organization, a limited liability company, or a limited liability partnership that performs services for the VPIC for direct or indirect compensation. The term includes affiliated entities and trade organizations. "Potential Vendor" means any Vendor that has bid on a VPIC contract and any Vendor that is in the business of providing goods or services of the type routinely purchased by the VPIC, whether or not it has bid on a VPIC contract, including but not limited to administrative, investment, financial, banking, and consulting services.

Article 8. Amendments

These operational policies shall be reviewed by the VPIC not less than every two (2) years and may be altered, amended, or repealed, and new policies may be adopted by the VPIC at any regular or special meeting.

Article 9. Conflicts of Interest

Each VPIC member shall, at all times, act in accordance with the VPIC Standards of Conduct attached hereto as Attachment B.

Article 10. Education

Prudent administration requires each VPIC member to achieve and maintain proficiency in the conduct of VPIC business by educating himself or herself in matters central to the investment of VPIC assets. To that end, each VPIC member shall follow the VPIC Education Policy, attached hereto as Attachment A, which shall be read in conjunction with the VPIC Standards of Conduct.

ATTACHMENT A

TITLE: Education Policy – Travel, Conferences, Meetings and Educational Materials

I. PURPOSE

Prudent administration requires each VPIC member to achieve and maintain proficiency in the conduct of VPIC business by educating himself or herself in matters central to the investment of Retirement System assets. To that end, the VPIC adopts this Education Policy to promote the VPIC members' ability to achieve this proficiency. The VPIC recognizes that Vendors and Potential Vendors (as defined herein) may offer conferences on investment topics. This policy is intended to facilitate the attendance of VPIC Members at such conferences when the VPIC has approved the conference agenda and determined that the conference has educational merit.

For purposes of this Policy, the term "VPIC Member" shall include VPIC members and alternates. These Guidelines are intended to be read in conjunction with the VPIC Standards of Conduct adopted January 25, 2011.

Each VPIC Member shall participate in ongoing training in investments, securities and fiduciary responsibilities as set forth below:

An authority responsible for electing or appointing a member or alternate ... shall inform potential members and alternates that they shall participate in ongoing training in investments, securities, and fiduciary responsibilities as directed by the [VPIC]. *3 VSA § 522(b)*

The [VPIC] shall be attached to the office of the state treasurer for administrative support, and the expenses of the [VPIC] and the treasurer's office in support of the [VPIC] shall be paid proportionately from the funds of the three retirement systems and any individual municipalities that have been allowed to invest their retirement funds pursuant to subsection 523(a) of this title. *3 VSA § 522 (f)*

Public employee members and alternates shall be granted reasonable leave time by their employers to attend ... [VPIC]-related education programs. *3 VSA § 522 (g)*

The [VPIC] shall provide an annual report to the respective authorities responsible for electing and appointing members and alternates regarding attendance at ...relevant educational programs attended. *3 VSA § 522 (h)*

Members and alternates of the [VPIC] who are not public employees shall be entitled to compensation as set forth in *32 VSA § 1010* and reimbursement for all necessary expenses that they may incur through service on the [VPIC] from the funds of the retirement systems. *3 VSA 523(b)*

II. VPIC DIRECTION TO APPOINTING AUTHORITIES

In accordance with 3 V.S.A. §522(b), the various electing or appointing authorities of the VPIC Members shall inform such VPIC Members that the VPIC Members are required to participate in ongoing training in investments, securities, and fiduciary responsibilities as directed by the VPIC.

III. GUIDELINES

A. General Provisions

The following guidelines set forth the VPIC's continuing education activities.

1. VPIC Members shall strive to develop and maintain an appropriate level of knowledge and skill necessary to comply with their statutory duty to prudently, and within acceptable levels of risk, strive to maximize total return on investment for the public retirement systems. The following areas of continuing education are required:

- a. Investment performance measurement;
- b. Principles of asset allocation and investment management;
- c. VPIC governance, ethics and fiduciary obligations; and
- d. Various types of asset classes

2. Educational opportunities designed to help VPIC Members achieve proficiency in these areas include:

- a. External conferences, seminars, workshops, and events;
- b. In-house educational seminars and presentations; and
- c. Relevant print and electronic media resources.

B. Program Selection and Approval Process

2. VPIC Members should seek out and evaluate educational programs which are consistent with the goals of this policy and the VPIC Standards of Conduct approved January 25, 2011. VPIC may approve attendance at free conferences offered by Vendors (defined below) and Potential Vendors (defined below) and conferences offered by Vendors for which the VPIC has paid in accordance with its contract,

3. VPIC Members shall attend such programs as may be directed by the VPIC. Otherwise, attendance by a VPIC Member at such programs in his or her capacity as a VPIC Member, shall require the consent of the VPIC upon consideration of the following:

- a. The extent to which attendance is expected to provide the VPIC Member with the level of knowledge and understanding sought by this Policy;
- b. The extent to which a program provides valuable substantive educational content, as opposed to being substantially a marketing opportunity for third parties;

- c. The cost effectiveness of the opportunity, considering the substance of the information presented;
- d. The timeliness and relevance of the opportunity and the number of VPIC Members proposed to attend;
- e. Whether attendance creates either an actual or potential conflict of interest or the appearance of a conflict of interest; and
- f. Such other considerations as the VPIC may deem relevant.

Such notice shall include disclosure of (i) the agenda, (ii) written materials pertaining to the event, (iii) when available, an estimate of the cost of the trip, and (iv) the names of all sponsors of the event to be attended.

VPIC Members shall execute the attached form when requesting VPIC consent and travel funding.

Notwithstanding the foregoing, the VPIC Chair may, in his or her discretion, approve incidental travel expenses of VPIC Members up to \$300.00 for appropriate educational opportunities. The requesting VPIC Member shall provide the Chair with any supporting documentation the Chair may request.

Nothing in this policy is intended to limit or restrict travel to, and attendance at, an event by a VPIC Member when attendance is in a capacity other than as a VPIC Member. VPIC Members who plan to attend external conferences, seminars, workshops and events sponsored by corporate sponsors, professional and trade organizations and/or other third party professional conferences relating to investment management ("Professional Conferences"), in any capacity other than as a VPIC Member, shall notify the VPIC in advance of any such Professional Conference. Such notice shall include disclosure of the individual or entity paying the costs of travel, lodging, registration fees and incidentals of the VPIC Member.

C. Print and Media Materials

VPIC Members should seek out and evaluate print and media materials, including newspapers, periodicals, books and electronic sources, which are consistent with the goals of this policy. Requests for VPIC reimbursement for print and media materials shall require the consent of the VPIC upon consideration of the applicable factors set forth in section B(2), above. VPIC shall also consider the aggregate cost of providing requested materials to each VPIC Member and Alternate, and may direct the VPIC Staff to research alternative electronic resources or government, group or other reduced pricing for such materials.

D. VPIC Education Sessions

The VPIC may organize educational sessions for the VPIC to discuss topics of special importance or relevance to the VPIC. The educational sessions may be scheduled in conjunction with the VPIC's regularly scheduled meetings.

E. Expenses

Continuing education expenses of the VPIC shall be paid proportionately from the funds of the three Retirement Systems and any individual municipalities that have been allowed to invest their retirement funds. *3 VSA § 522 (f)*

VPIC Payment of Education-Related Expenses. The reasonable and necessary expenses of education-related travel, lodging, meals, conference registration fees and incidentals for a VPIC Member, Retirement Board Trustee or employee of the Treasurer's Office traveling on behalf of the VPIC, or in his or her capacity as a VPIC Member, or because of his or her position as a VPIC Member, shall be paid proportionately from the funds of the three Retirement Systems and any individual municipalities that have been allowed to invest their retirement funds if approved prior to the travel by the VPIC. Additionally, where a VPIC Member's attendance at a conference or other education-related event conforms to this policy (*i.e.*, attendance is either with the direction or the consent of the VPIC), then the member shall be entitled to per diem in accordance with 3 V.S.A. § 523(b). Reimbursement for education-related travel shall be paid consistent with the State's Administrative Bulletin 3.4.

On an annual basis, the VPIC may establish a budget for reasonable and necessary education-related materials, including relevant print and electronic media resources, and travel expenses of VPIC Members.

Acceptance of Travel Expenses Prohibited. Solicitation or acceptance of travel expenses, lodging, meals, conference registration fees and incidentals by a VPIC Member shall be prohibited, except in accordance with Section 9(A) of the Standards of Conduct, or as the VPIC may otherwise approve. This prohibition shall include the acceptance of payment for travel, lodging, meals, conference registration fees or other expenses as compensation for serving on a panel, or providing any other service to the sponsor of the event.

The VPIC hereby directs of VPIC Staff to negotiate Vendor contracts to expressly include any Vendor conference registration fees in the Vendor fee schedule.

All expenses related to the travel of a spouse, family or household member, or other invitee of a VPIC Member, shall be paid by the VPIC Member or invitee.

For purposes of this policy, "Vendor" means a natural person, a corporation, a partnership, an association, a joint-stock company, a trust, an unincorporated organization, a limited liability company, or a limited liability partnership that performs services for the VPIC for direct or indirect compensation. The term includes affiliated entities and trade organizations. "Potential Vendor" means any Vendor that has bid on a VPIC contract and any Vendor that is in the business of providing goods or services of the type routinely purchased by the VPIC, whether or not it has bid on a VPIC contract, including but not limited to administrative, investment, financial, banking, and consulting services.

F. Reporting

A VPIC member attending (i) an approved education program in his or her capacity as a VPIC member; or (ii) a Professional Conference, shall provide a report to the VPIC at its next regular meeting on the content of the event, evaluating the program and its merits (or lack thereof) and whether a Vendor or Potential Vendor attempted to pay any expenses of the VPIC Member or sponsored any function or event in which the VPIC Member participated. In addition, the VPIC members shall provide the VPIC with the materials obtained during the program so that they may be available to other VPIC members and staff for reference purposes.

The Standards of Conduct shall be included as an attachment to all requests for proposals, bidding documents and contracts of the VPIC. Further, the VPIC may, in its discretion, contact, or direct the Office of the Treasurer to contact, Potential Vendors or the organizers of events sponsored by one or more Vendors or Potential Vendors to advise these entities that the offer of education-related travel expenses conflicts with the Standards of Conduct and this VPIC Policy.

The VPIC shall provide an annual report to the Governor and each of the three Retirement Systems regarding attendance at relevant educational programs attended. *3 VSA § 522 (g)*

IV. LIMITATIONS

No VPIC member may be reimbursed for educational travel unless the member receives a certificate of completion of the minimum number of sessions at the conference or seminar. In those cases where no certificate is provided, the VPIC member shall certify in writing at the time that the expenses are presented that the member attended at least 80% of the sessions.

V. NEW VPIC MEMBER RESOURCES

The following materials shall be available on the VPIC Website:

- The principal laws governing VPIC, including the State prudent investor rule;
- Existing VPIC Policies;
- A list of names and contact information for all VPIC members and alternates;
- The current schedule of VPIC meetings;
- A list of VPIC key service providers;
- Information on how to access information regarding the VPIC on the VPIC website;
- Any other relevant information or documents deemed appropriate by the Chair of the VPIC, and/or Treasurer acting as custodian of the funds.

The Chair of the VPIC will brief new VPIC members on current issues and the relevant functions of the VPIC Staff and the Office of the Attorney General.

VI. POLICY REVIEW

The VPIC shall review this Policy at least once every two years to ensure that it remains relevant and appropriate.

VII. NOTICE OF MEETING REMINDER

Attendance by a quorum of the members of the VPIC at an educational meeting constitutes a public meeting subject to the Vermont Public Meetings Law and public notice of the meeting must be provided in accordance with that Law.

VIII. SANCTIONS

A. The VPIC may take such actions it deems appropriate if a VPIC Member fails to comply with the provisions of this policy including, but not limited to:

1. A recommendation that a VPIC Member refrain from participation and voting in a matter or matters pending before the VPIC.
2. A recommendation that a VPIC Member repay or return any gift or benefit received by a VPIC Member from a Vendor or potential Vendor.
3. A recommendation that a VPIC Member refrain from particular actions that the VPIC determines constitute an actual or potential conflict and are detrimental to public confidence in the VPIC's integrity.
4. The VPIC may disqualify a Vendor or Potential Vendor from ongoing business or potential business for attempting to pay any expenses of a VPIC Member contrary to this policy.

IX. VPIC MEMBER HANDBOOK

VPIC will maintain and make available a VPIC Handbook to all Members electronically.

VPIC CONSENT AND EDUCATION-RELATED EXPENSE REQUEST FORM

The undersigned VPIC Member hereby requests the VPIC to consent to my attendance, as a VPIC Member, to the following education-related event:

I have attached the agenda and the written materials pertaining to the event, to the extent available as of the date of this request.

The sponsors of the event include the following Vendors and/or Potential Vendors:

Please list any additional sponsors on a separate sheet to be attached to this request.

The estimated cost of all education-related travel expenses is \$_____. This includes (please check all that apply):

- ☐ Airfare
- ☐ Mileage
- ☐ Lodging
- ☐ Meals
- ☐ Registration Fee
- ☐ Other (please describe: _____)

Should the VPIC consent to my attendance at this event, I hereby request reimbursement of travel-related expenses not to exceed \$_____. I understand that reimbursement for education-related travel shall be paid consistent with the State's Administrative Bulletin 3.4.

I further understand that I shall be required to certify in writing, at the time that the expenses are presented, that I attended at least 80% of the conference or meeting sessions.

By: _____
VPIC Member

Date: _____

ATTACHMENT B

REGULATION 2012-01: STANDARDS OF CONDUCT EFFECTIVE September 25, 2012

§1. STATEMENT OF PURPOSE

A. The Vermont Pension Investment Commission¹ (VPIC) is responsible for the investment of the assets of the State Teachers' Retirement System of Vermont, the Vermont State Employees' Retirement System, and the Vermont Municipal Employees' Retirement System pursuant to 3 V.S.A. § 472, 16 V.S.A. § 1943, and 24 V.S.A. § 5063. The VPIC is obligated to strive to maximize total return on investment, within acceptable levels of risk for public retirement systems, in accordance with the standards of care established by the prudent investor rule under 14A V.S.A. § 902.

B. VPIC Members must maintain high ethical and moral standards both professionally and personally in order to maintain and promote public confidence in the integrity of the decisions of the VPIC relating to investment of the Retirement Systems' assets. The ability to carry out these responsibilities may be impaired whenever a real or apparent Conflict of Interest exists between the private interest of a VPIC Member and his or her official responsibilities.

C. In recognition and consideration of their responsibilities and obligations as VPIC Members and to further the goal of protection of the Retirement Systems' members, beneficiaries, trustees and employees from the damage that could result from real or apparent conflicts of interest, the following Standards of Conduct are hereby adopted to assist and guide VPIC Members and VPIC Employees in the exercise of professional and moral judgment.

D. This regulation is intended to implement the standards of conduct provisions of 3 V.S.A. §472(d); 16 V.S.A. §1943(d); and 24 V.S.A. §5063(e).

§2. AUTHORITY

This regulation is adopted pursuant to 3 V.S.A. §471(d) and §472(d); 16 V.S.A. §1942(f) and §1943(d); and 24 V.S.A. §5062(d).

§3. APPLICABILITY

A. These standards of conduct shall apply to the Members and VPIC Employees.

B. These Standards of Conduct are intended to supplement, and not to replace, other State and federal laws. Where this code is less restrictive than another law, executive order, or regulation that applies to the conduct and activities of VPIC Members and VPIC Employees, such other stricter terms shall apply. Where this code is more restrictive than any other applicable law, executive order or regulation, the stricter standards of this code shall apply.

§4. DEFINITIONS

For the purposes of these Standards of Conduct, the following words have the following meanings:

A. "Benefit" means any gain, favor, profit, reward, value, accommodation or other advantage, including, but not limited to, acceptance of preferential pricing from Vendors or Potential Vendors with respect to brokerage accounts or investment fees and a Benefit to any other person in whose welfare the beneficiary is interested.

B. "Conflict of Interest" means any personal or financial interest of a VPIC Member, or such an interest, known to the VPIC Member, of a member of his or her immediate family, household member, or business associate in the outcome of any particular matter pending before the VPIC. A Conflict of Interest includes, but is not limited to, those defined in subsections 5 and 8.

C. "Gift" means any form of compensation or anything of value, tangible or intangible, and includes, but is not limited to, meals, alcoholic beverages, travel fare, room and board, gratuities, entertainment, cash, goods or services. "Gift" shall not include the nominal value of free conference registration offered by a Vendor or Potential Vendor and approved by the VPIC.

D. "Interest" means any personal or financial interest except an interest that is incidental to the person's membership in a Retirement System or participation in a plan administered by a Retirement System that is no greater than that of other persons generally affected by the outcome of the matter.

E. "Potential Vendor" means any Vendor that has bid on a VPIC contract and any Vendor that is in the business of providing goods or services of the type routinely

¹ This correction to "Commission" from "Committee" is made to conform to VPIC name change by statute, 3 V.S.A. § 521 (2021).

purchased by the VPIC, whether or not it has bid on a VPIC contract, including but not limited to administrative, investment, financial, banking, and consulting services.

F. "Retirement Systems" means the State Teachers' Retirement System of Vermont, the Vermont State Retirement System, and the Vermont Municipal Employees' Retirement System and any individual municipalities that have been allowed to invest their retirement funds with the VPIC.

G. "VPIC Member" means any person who serves as a VPIC Member or any person who serves as the designee of a VPIC Member or as an Alternate to a VPIC Member.

H. "VPIC Employee" means a person employed by the VPIC. Neither employees of the Vermont State Treasurer's Office nor the Chair of the VPIC shall be considered employees of the VPIC.

I. "Vendor" means a natural person, a corporation, a partnership, an association, a joint-stock company, a trust, an unincorporated organization, a limited liability company, or a limited liability partnership that performs services for the VPIC for direct or indirect compensation. The term includes affiliated entities and trade organizations.

§5. PROHIBITED CONDUCT: CONFLICTS OF INTEREST

The following conduct by a VPIC Member or a VPIC Employee creates either an actual or potential Conflict of Interest or the appearance of a Conflict of Interest and is prohibited:

A. Solicitation or acceptance of a Gift or Benefit from any Vendor or Potential Vendor except in accordance with Section 9(A).

B. Solicitation or acceptance of a Gift or Benefit from any person or entity with a personal or financial interest in the outcome of a particular matter pending before the VPIC.

C. The purchase, sale, exchange, or lease of property to or from the VPIC.

D. Acting upon or providing to any person any information relating to the investment of the VPIC's assets prior to that information becoming public record.

E. Acceptance of a fee, Gift or other Benefit for providing information relating to the VPIC and its assets, obtained as a VPIC Member, whether insider or otherwise, to any other person.

F. Participation in any breach of fiduciary duty by another person subject to this code, participation in concealing such breach, or knowingly or negligently permitting such breach to occur.

G. Participation in a violation of these Standards of Conduct by another person subject to this code, participation in concealing such violation, or knowingly or negligently permitting such violation to occur.

H. Acceptance of money, Gifts or Benefits in connection with any campaign for public office from any Vendor or Potential Vendor of the VPIC.

I. Any direct interest in the gains or profits of any investment made by the VPIC.

J. Direct or indirect use of the gains or profits of any investments made by the VPIC, for himself or as an agent, for any purpose except to make current and necessary payments as are authorized by the VPIC.

K. Becoming an endorser or surety, or in any manner an obligor, for money loaned to or borrowed from the VPIC.

§6. DISCLOSURE

A. To the extent (i) VPIC investment decisions continue to be made in public session of warned public meetings; (ii) certain VPIC investment data is available on the Office of the State Treasurer's website; and (iii) all VPIC assets are managed, at the discretion of external investment managers, within stated guidelines, there is very little, if any, investment information to which VPIC Members have access which is not also generally available to members of the public. Vermont State law does not prohibit VPIC Members from investing in the same investments in which the VPIC invests, or with Vendors except as may be otherwise inconsistent with this rule. Likewise, there is no State law reporting requirement regarding the personal investment holdings of the VPIC Members.

VPIC Members are expected to avoid personal investment activity which creates either an actual or potential Conflict of Interest or the appearance of a Conflict of Interest. On an annual basis, VPIC Members shall execute the attached "Standards of Conduct Disclosure for VPIC Members."

B. VPIC Members shall disclose to the VPIC all actual or potential conflicts of interest and appearances of a Conflict of Interest as soon as such actual or potential conflict or appearance of a conflict becomes known.

C. VPIC Employees shall disclose all actual and potential conflicts of interest and appearances of a Conflict of Interest to the VPIC as soon as such actual or potential conflict or appearance of a conflict becomes known.

§7. RECUSAL

No VPIC Member shall knowingly participate in a decision or action by the VPIC in which he or she has an actual or potential Conflict of Interest.

§8. TRAVEL, CONFERENCES AND MEETINGS

A. The reasonable and necessary expenses of travel, lodging, meals, and incidentals for a VPIC Member or VPIC Employee traveling on behalf of the VPIC, or in his or her capacity as a VPIC Member or VPIC Employee, or because of his or her position as a VPIC Member or VPIC Employee, shall be paid pro rata by the Retirement Systems if approved prior to the travel by the VPIC. The agenda, written materials pertaining to the event, when available, an estimate of the cost of the trip and the names of all sponsors of the event to be attended shall be provided to the VPIC at the time approval is requested. If approval is granted, the VPIC Member or VPIC Employee shall report to the VPIC, at the next scheduled meeting that he or she attends, on the content of the event and whether a Vendor or Potential Vendor attempted to pay any expenses of the VPIC Member or VPIC Employee or sponsored any function or event in which the VPIC Member or VPIC Employee participated.

B. All expenses related to the travel of a spouse, family or household member, or other invitee of a VPIC Member, shall be paid by the VPIC Member or invitee.

C. Nothing in this policy is intended to limit or restrict travel to, and attendance at, an event by a VPIC Member or VPIC Employee when attendance is in a capacity other than as a VPIC Member or VPIC Employee. When traveling in a capacity other than as a VPIC Member or VPIC Employee, a VPIC Member or VPIC Employee shall not solicit or receive any Gift including meals, alcoholic beverages, travel fare, room and board, or any other thing of value from a Vendor or Potential Vendor or from the organizers of an event sponsored by one or more Vendors or Potential Vendors, except in accordance with Section 9(A).

§9. GIFTS AND GRATUITIES

A. All VPIC Members shall refuse to accept any Gift that is received from or offered by a Vendor or Potential Vendor or from the organizers of an event sponsored by one or more Vendors or Potential Vendors, except for the following:

1. Items or products of de minimis value of \$10.00 or less; provided, however, that;
2. Items or products donated by a Vendor or Potential Vendor and awarded at a conference attended by a VPIC Member as long as they are offered to participants on a random basis through a drawing, raffle or game of chance and have a value of \$100.00 or less. Any item accepted under this provision with a value of greater than \$25.00 shall be reported by the VPIC Member pursuant to section 9(B).
3. Food or refreshment offered during a meeting or conference that appears on the agenda, is an integral part

of the event and is offered to all in attendance at the event and taken in a group setting.

4. Books, conference materials and other educational materials offered during a meeting or conference to all in attendance at the event.

B. VPIC Members who receive any item or product from a Vendor or Potential Vendor of more than de minimis value shall report the following to the Office of the State Treasurer:

- a description of the product,
- the date of receipt,
- the identity of the sender or donor,
- the item's approximate value, and
- the disposition of the item by the VPIC Member.

If the item is not perishable, the item shall be promptly returned to the sender. All perishable items shall be donated to a suitable charity or placed in a publicly accessible area for general enjoyment.

C. The Office of the State Treasurer shall record the information specified in section 9(B) for public inspection.

§10. INITIATION OR CONTINUATION OF CONTRACTUAL RELATIONSHIP

A. From the time the VPIC has decided to obtain bids or proposals for goods or services, or from the time the VPIC has under consideration the decision to renew an existing contract, and until a final contract is approved:

1. No VPIC Member shall have any direct or indirect communication about the bid or proposal with any Vendor or Potential Vendor seeking such new or continued contractual relationship with the VPIC except at an open meeting of the VPIC.

2. A VPIC Employee shall limit his or her direct or indirect communication about the bid or proposal with any Vendor or Potential Vendor during this time period to that necessary for administration of existing contracts or in connection with administration of the bid or proposal process. All communications shall be documented by the VPIC Employee and maintained as a record of the Office of the State Treasurer.

3. A VPIC Member who receives any direct or indirect communication outside of a meeting of the VPIC from any Vendor or Potential Vendor seeking a new or continued contractual relationship with the VPIC shall notify the VPIC of the communication prior to the VPIC's final approval of a contract.

B. The VPIC shall require that all Vendors or Potential Vendors seeking a new or continued contractual relationship with the VPIC give written disclosure to the

VPIC of all communications or contacts with any VPIC Member in the preceding year and any expenditures relating to those communications or contacts. Disclosure will be required before final interviews by the VPIC or, if there are no final interviews, before approval of a final contract.

C. The VPIC may disqualify a Vendor or Potential Vendor from ongoing business or potential business for any communication contrary to the provisions of this section, for attempting to pay any expenses of a VPIC Member or VPIC Employee contrary to section 8(A), or for any other conduct having the potential to create a Conflict of Interest or to cause a breach of fiduciary duty.

D. This regulation shall be included as an attachment to all requests for proposals, bidding documents and contracts of the VPIC. The VPIC shall require all consultants who conduct manager searches or other vendor searches on behalf of the VPIC to provide a copy of this policy to all Vendors or Potential Vendors during the search process.

§11. SANCTIONS

A. The VPIC may take such actions it deems appropriate if a VPIC Member fails to comply with the provisions of this rule including, but not limited to:

1. A recommendation that a VPIC Member refrain from participation and voting in a matter or matters pending before the VPIC.
2. A recommendation that a VPIC Member repays or returns any Gift or Benefit received by a VPIC Member from a Vendor or Potential Vendor.
3. A recommendation that a VPIC Member refrain from particular actions that the VPIC determines constitute an actual or potential conflict and are detrimental to public confidence in the VPIC's integrity.

B. The VPIC may recommend that the appropriate appointing authority take appropriate disciplinary action if a VPIC Member fails to comply with the provisions of this rule.

[End of VPIC Standards of Conduct]

VERMONT PENSION INVESTMENT COMMITTEE

Standards of Conduct Disclosure for VPIC Members

This disclosure is for the period January 1, 20__ to December 31, 20__ and needs to be filed with the Vermont Pension Investment Committee (VPIC). VPIC members and alternates are required to complete this disclosure in accordance with the VPIC Standards of Conduct adopted _____. All capitalized terms used in this form shall have the meaning set forth in the Standards of Conduct.

Please ensure full disclosure in the space provided for explanation or attach a separate sheet. This disclosure must be completed and returned electronically or via U.S. post to the attention of the Office of the Treasurer of the State of Vermont, 109 State Street, 4th Floor, Montpelier, VT 05609, no later than February 15, 20__.

PLEASE DISCLOSE ALL CONFLICTS OF INTEREST, POTENTIAL CONFLICTS OF INTEREST, OR SITUATIONS THAT COULD REASONABLY BE PERCEIVED AS CREATING CONFLICTS OF INTEREST.

☐ None to report.

I certify that I have read the VPIC Standards of Conduct. I further certify that I am in full compliance with the Standards of Conduct.

By: _____

Name: _____

Date: _____