

VERMONT PENSION INVESTMENT COMMISSION OPERATING POLICY



Amended: December 9, 2025

Article 1. Mission Statement

The mission of the Vermont Pension Investment Commission (“VPIC” or the “Commission”) is to make and manage investments with integrity, prudence, and skill to meet or exceed the financial objectives of the beneficiaries of the “sub-plans”, defined as the Vermont State Employees’ Retirement System (“VSERS”), Vermont State Teachers’ Retirement System (“VSTRS”), Vermont Municipal Employees’ Retirement Systems (“VMERS”), VSTRS Post-Adjustment Allowance Account (“PAAA”), and any other legislatively permitted participating entity which enter into an agreement with VPIC for the investment of their assets,. This Policy is subject to regular review by VPIC.

Article 2. Authority

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:

- There is no limit to the number of times a member can speak to a question.
- Informal discussion of a subject is permitted while no motion is pending.
- The Chair need not rise while putting questions to vote.
- 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.
- Alternates shall be encouraged to attend and participate in all meetings.
- VPIC may select a knowledgeable Parliamentarian Advisor from among the VPIC members.

Article 4. Vermont Pension Investment Commission

A. Powers. VPIC shall be responsible for the investment of the assets of the sub-plans and set the following actuarial assumptions as applicable:

- 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 the sub-plans, 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. VPIC shall hold meetings on a reasonable frequency to meet its mission, but not less than quarterly, as agreed to by VPIC. Meetings shall be open to the public, warned in accordance with 1 V.S.A. § 312(c)(1), and be held at a location accessible to the public, as determined by the Chair with agreement of 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 be held at a location determined by the Chair with the agreement of 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 attention by VPIC.

F. Quorum. Five members of VPIC constitutes a quorum. [3 V.S.A. § 522(f)]

G. Voting. If a member is not in attendance, the alternate of that member is eligible to act as a member of VPIC during the absence of the member. Five concurring votes are necessary for a VPIC decision, except that any decision of the Commission relating to setting actuarial assumptions pursuant to subdivision 3 V.S.A. § 523 (b)(1) requires six concurring votes. [3 V.S.A. § 522(f)]

H. 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 VPIC's Education Policy. [3 V.S.A. § 523(b)]

I. Attendance Reporting. In accordance with 3 V.S.A. § 522(h), 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."

J. Minutes. Minutes are taken of all VPIC meetings. The minutes include all topics and motions that arise at the meeting and give a true indication of the business of the meeting. Minutes include at least the following minimal information:

- 1) All members of the public body present;
- 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 VPIC's website, 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. Recordings of the meeting, except when in executive session, are available upon request.

K. Reports. The Commission shall:

- 1) Beginning on July 1, 2023, and every three years thereafter, study the assets and liabilities of each Plan over a 20-year period to the specifications outlined in 3 V.S.A. § 523(f), based on the most recent actuarial valuations of each Plan.
- 2) Beginning on January 15, 2022, and every year thereafter, submit to the House Committee on Government Operations and Military Affairs and Senate Committee on Government Operations and to each participant or beneficiary of each Plan per their designated preference for written or electronic copies:
 - a) 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;

- b) 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. VPIC may create one or more committees, the purpose and composition of which shall be specified in each committee's charter.
- B. Committee meetings shall be conducted in accordance with Vermont's Open Meeting Law requirements for advisory bodies, 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 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's role includes:

Responsibilities

1) Commission Governance

The Commission Chair ensures the Commission meets its obligations and fulfills its governance responsibilities with integrity and effectiveness. 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

The Commission Chair, serving as the presiding officer, leads the planning and execution of VPIC business. This includes:

- Setting and revising meeting agendas;
- Managing the forward-looking agenda cycle and workplan;
- Ensuring all discussion items align with the Commission's strategic role.

The Chair performs these duties in consultation with VPIC members, the Chief Investment Officer (CIO), and Staff, and strives to distribute the final agenda to all members at least five days before each meeting.

- 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.

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.

9) Compensation

Pursuant to 3 V.S.A. § 523(h), VPIC Chair may be compensated from the funds at a level as recommended by the other members of the Commission and approved through the State budget process.

10) Annual evaluation

The VPIC will evaluate the performance of the Chair in fulfilling their responsibilities and meeting expectations on an annual basis.

11) Authority

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

B. Vice Chair [3 V.S.A. § 522(e)]

A Vice Chair shall be elected from among the members of 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 VPIC.

C. Commission Secretary

The Commission Secretary is granted the authority to sign documents pertaining to the ordinary business of VPIC. VPIC's CIO will appoint this position, as well as a Deputy to perform the duties in the absence of the Secretary, from among the VPIC Staff.

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 Commission [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 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 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 VPIC
 - d) Participate in appropriate educational opportunities made available to 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

5) Term

Except for the ex-officio members of the Commission, all members and alternates of the Commission serve staggered four-year terms. A vacancy created before the expiration of a term is filled in the same manner as the original appointment for the unexpired portion of the term. A member or alternate appointed to fill a vacancy created before the expiration of a term is not deemed to have served a term for the purpose of this subsection. Members and alternates of the Commission are eligible for reappointment and may serve up to three terms; provided that a single term served as an alternate is not used to calculate a member's total term limit.

6) Eligibility

A legislator currently serving in the General Assembly may not serve on the Commission [3 V.S.A. § 522(e)]

7) VPIC Member Removal Procedure

- a) Any member of the Vermont Pension Investment Commission shall be immediately removed from the Commission in the event she or he:
 - i. pleads guilty or no contest to, or is convicted of, a felony criminal offense;
 - ii. pleads guilty or no contest to, or is convicted of or found liable for, 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.

F. Staff

VPIC Staff are responsible for managing the daily operations of VPIC.

- 1) Staff shall complete duties as outlined in VPIC's Investment Policy Statement within the "Investment Governance Overview". This includes, but is not limited to:
 - a) Manage the relationships of VPIC's vendors including investment consultants, custodian, investment managers, among others.
 - b) Develop policies and procedures for VPIC's consideration, to manage the operations of VPIC effectively and efficiently.
 - c) Recommend to VPIC, in coordination with the Investment Consultant and legal counsel, long-term investment policy, investment objectives and strategy, appropriate benchmarks, and rebalancing policies.
 - d) Provide investment analysis, underwriting, monitoring, and recommendations to VPIC and Committees for investment strategies, as appropriate.
 - e) Coordinate asset allocation reviews and recommend changes, as appropriate, in coordination with the Investment Consultant.
 - f) Conduct competitive and fair procurements of advisors, custodians, and other vendors.
 - g) Perform portfolio restructuring, rebalancing, and terminations, as directed by VPIC and in accordance with VPIC's policies.
 - h) Develop and monitor VPIC's budget, including quarterly reporting to VPIC or a designated Committee.

2) Work Schedule

Staff operate under a flexible work schedule overseen by the CIO to ensure business continuity across global market hours, uphold fiduciary duty, maximize team efficiency, and foster effective team collaboration. VPIC recognizes that this flexible work schedule differs from the State's established standard schedule. This model is considered best practice in the institutional investment management industry to accommodate necessary high-level travel, diverse meeting schedules, and varying global market hours of operation.

3) Adverse Weather

To maintain operational integrity during adverse weather or other disruptive events, VPIC employees can be directed to engage in telework by the CIO or Deputy CIO. This protocol is critical to business continuity, designed to safeguard transactional capabilities by decentralizing work locations and mitigate the risk of a single-point failure.

Article 7. Contracts

A. Execution. Contracts and contract amendments approved by 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

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 VPIC to do so;
- 2) Shall report such contact to 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 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 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 VPIC's Chair.
- 6) Shall comply with VPIC Standards of Conduct) 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 VPIC's Chair and will share with 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 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 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 VPIC's existing, or potential investments.

For purposes of this Article 7, "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 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 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 VPIC Staff, with assistance from VPIC legal counsel and Investment Consultant as appropriate, not less than every two (2) years. Staff will make recommendations to VPIC, who has the ability to adopt or amend at any regular or special meeting.

Article 9. Conflicts of Interest

Each VPIC member shall, at all times, act in accordance with VPIC's Standards of Conduct.

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 VPIC's Education Policy, which shall be read in conjunction with VPIC's Standards of Conduct.

Other VPIC Policies and Guidelines

The following policies are available along with this Operating Policy on [VPIC's website at this link](#).

- Education Policy
- Global Proxy Voting Policy
- Investment Policy Statement
- Watch List Policy
- Environmental, Social & Governance (ESG) Policy
- Carbon Reduction & Mitigation Policy
- Vermont Manager Program
- VPIC Standards of Conduct