

VERMONT PENSION INVESTMENT COMMITTEE INVESTMENT POLICY STATEMENT



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VERMONT PENSION INVESTMENT COMMITTEE
INVESTMENT POLICY STATEMENT

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I. PURPOSE AND MISSION

This Investment Policy provides guidance to the Vermont Pension Investment Committee (“VPIC”) regarding the investment of the assets of the State Teachers’ Retirement System of Vermont (“VSTRS”), the Vermont State Employees’ Retirement System (“VSERS”), and the Vermont Municipal Employees’ Retirement System (“VMERS”) and the municipalities of the State of Vermont which enter into an agreement with the VPIC for the investment of participating municipal plan assets. This Policy is subject to regular review by the VPIC.

The mission of the VPIC is to manage investments for the participating retirement plans with integrity, prudence, and skill to meet or exceed the financial objectives of the beneficiaries of the participating retirement systems.

VPIC will implement its purpose and mission through its annual portfolio asset allocation and investment strategy development process. This process is designed to assure that the VPIC investment portfolio reflects the characteristics of the pension liabilities, including plan funded status, plan cash flows, and the inherent mismatches between the investment assets and the plan liabilities. VPIC’s asset allocation and strategy development process will attempt to strike a balance between the portfolio risks required to achieve the actuarial investment return assumption and the more conservative risk profile appropriate for an investment portfolio designed to make guaranteed pension payments.

II. INVESTMENT PERFORMANCE MEASUREMENT

The ultimate measure of VPIC’s long-term success will be the portfolio’s ability to provide promised benefits to pension beneficiaries. Progress toward the achievement of this objective will be measured by the following intermediate measures:

1. The VPIC seeks a net investment return, over rolling 5-year periods, which meets or exceeds the actuarially-established rate of return.
2. The VPIC seeks to meet or exceed, on a risk-adjusted basis, net of fees, and over a rolling 5-year period, an overall benchmark of 60% MSCI ACWI and 40% CITI WGBI.
3. The VPIC seeks to generate a total portfolio return, which exceeds the Allocation Index Return, as defined in Section VII.
4. The VPIC will also make qualitative assessments of its performance by examining the asset allocation, investment strategy, and investment results of a peer group of public defined benefit retirement systems with like investment characteristics and risk parameters.

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III. LEGAL AUTHORITY

Legal Authority

The VPIC was established by Act of the Vermont Legislature (Acts of 2005, No. 215 (Adj. Sess.), as amended by Acts of 2007, No. 100 (Adj. Sess.) and Acts of 2009, No. 130 (Adj. Sess.)) to combine the assets of the VSTRS, VSERS and VMERS for the purpose of (i) investment in a manner that is more cost- and resource-efficient; (ii) improving the effectiveness of the oversight and management of the assets of the Retirement Systems; and (iii) maintaining the actuarial, accounting, and asset allocation integrity of the Retirement Systems. The VPIC is authorized to enter into agreements with municipalities administering their own retirement systems to invest retirement funds for those municipal plans (the three retirement systems, together with any other municipal system for which the VPIC invests shall be referred to herein as the “Retirement Systems”, the assets of the Retirement Systems shall be referred to herein as the “VPIC Portfolio”).

Standard of Care

The VPIC is required by law to strive to maximize the 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. Specifically, in making investments for the Retirement Systems the members of the VPIC shall exercise “reasonable care, skill, and caution” and “invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust.”

Investments of the VPIC Portfolio shall be made in full accordance with any and all applicable Vermont statutes, as well as any other applicable legislation or regulation, state, federal or otherwise.

IV. CORE PROCESSES AND BELIEFS

1. VPIC has a long-term investment strategy consistent with the duration, funded status, and risk profile of the Retirement System liabilities.
2. The VPIC Portfolio shall maintain adequate liquidity to meet required benefit payments to the beneficiaries of the Retirement Systems.
3. VPIC’s investment strategy is expressed in its Policy Portfolio, which is designed to be a fully invested, “all-weather” portfolio reflecting the broad spectrum of long-term risks and opportunities in the global economy/financial markets and the actuarial assumptions and funding requirements of the Retirement Systems.
4. VPIC’s annual asset allocation process determines the structure and composition of the Policy Portfolio.

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5. VPIC lacks the resources to devise, analyze and execute short-term tactical or market timing investment strategies, or to make direct investments in individual securities or real assets.
6. Decisions regarding specific asset classes, sub-classes, and investment managers are always considered within the context of the risk/return profile of the VPIC Policy Portfolio.
7. Portfolio risk management is a central VPIC responsibility, and portfolio diversification is VPIC's most effective risk management tool, provided that meaningful diversification also means determining the number of managers appropriate for the size of the portfolio.
8. VPIC maintains a strong bias toward lower overall portfolio volatility, believing that high volatility has the potential to expose the portfolio to unacceptable market losses, which would be particularly critical with respect to the funded status and cash flow priorities of the Retirement Systems.
9. VPIC relies on its investment consultant for investment manager due diligence and recommendations for new managers; neither staff nor individual Committee members make new manager recommendations to the VPIC.
10. VPIC believes that well selected and monitored active investment managers can add value to the portfolio but recognizes that active management and strategy complexity also add potential additional risks and costs.
11. VPIC believes that passive, indexed strategies are effective in portfolio sectors where active management is unlikely to provide attractive risk adjusted returns after management fees.
12. VPIC recognizes the high frictional cost of switching investment managers and understands the perils of hiring or terminating managers based on recent investment performance.
13. To the extent possible, VPIC's investment decision-making is driven by data and analysis, including the findings of the financial market and investment management literature.
14. VPIC believes that a disciplined investment process is essential to developing a long-term sustainable investment advantage, and that a disciplined process helps avoid the very human tendency to engage in reactive investment decision-making driven by emotion, the latest news, investment fads, or conventional wisdom.
15. VPIC strives to be a thoughtful, analytical, and patient investor.

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V. VPIC GOVERNANCE; ALLOCATION OF RESPONSIBILITIES

VPIC maintains a governance framework that ensures that all of its fiduciary and legal responsibilities are addressed on an ongoing basis. VPIC focuses its time on its four core responsibilities: asset allocation, risk management, governance, and member education. All other VPIC responsibilities are largely delegated: to investment managers, a proxy voting vendor, VPIC's master custodian, VPIC's investment consultant, Treasurer's office investment staff, and the Vermont Attorney General's office. VPIC has operating policies in place to manage these delegated responsibilities, and VPIC receives reports and responds to recommendations from staff and from its investment consultant.

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Investment Governance Overview

Entity	Policy and Implementation Responsibilities	Oversight responsibilities
VPIC	<p>Approves:</p> <ul style="list-style-type: none"> • Policies and procedures, including standards of conduct • Investment policy, including asset allocations and risk tolerances • Custodian, investment manager, consultant and other service provider appointments 	<p>Reviews:</p> <ul style="list-style-type: none"> • Effectiveness and continued appropriateness of investment policies, including asset allocations • Total returns relative to objectives • Asset class and manager performance
Treasurer’s Office Staff	<ul style="list-style-type: none"> • Serves as custodian of the VPIC assets • Manages day-to-day operations of the VPIC <p>Recommends:</p> <ul style="list-style-type: none"> • Long term investment policy, investment objectives and strategy, credit quality appropriate indexes and rebalancing policies 	<p>Reviews:</p> <ul style="list-style-type: none"> • Investment Consultant asset liability study and annual report on expected rate of return based on capital models, benefit payments and cash flows • Internal control • Investment manager contractually-required reporting • Proposed policies and procedures
Investment Consultant	<p>Delivers:</p> <ul style="list-style-type: none"> • Asset liability study and annual report <p>Recommends:</p> <ul style="list-style-type: none"> • Appropriate modifications to investment policies, including asset allocations • Managers for selection by the VPIC 	<p>Reviews:</p> <ul style="list-style-type: none"> • Investment manager performance and operational controls

VI. ASSET LIABILITY STUDY

Every five (5) years the Investment Consultant will prepare an Asset Liability Study. The VPIC shall direct the Investment Consultant to take into account the Asset Liability Study and, at a minimum, (i) report on asset allocation modeling (including methodology and specifics) linked to funding and liability management; (ii) analyze the investment characteristics of available asset alternatives; and (iii) recommend a methodology and time-table to achieve the asset allocation. The VPIC shall consider adjustments to the Asset Allocation as may be appropriate given the long term nature and objectives of the investments. The various asset class characteristics are described below.

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VII. ASSET ALLOCATION

Target Allocations

The VPIC recognizes that, over the long term, asset allocation is the single greatest contributor of return and risk to the VPIC Portfolio. On an annual basis, the VPIC will undertake a comprehensive review of its Asset Allocation and its asset allocation modeling and policy, including the current and projected assets and cash flows of each of the Retirement Systems; long-term capital markets and actuarial rate of return assumptions; the VPIC's risk tolerances; and the VPIC Mission and Core Processes articulated above.

The current asset allocation table may be seen on the Treasurer's website at <http://www.vermonttreasurer.gov/pension-funds>. It reflects the VPIC's consideration of expected returns for equity, fixed income, alternatives and multi-strategy in domestic and foreign markets as well as considerations of inflation and economic conditions. Allocation of investments among the asset classes identified in the asset allocation table shall be implemented with the aim of achieving the risk and return objectives for that asset class at the lowest cost to the VPIC Portfolio that does not sacrifice quality of execution.

Rebalancing

The purpose of rebalancing is to maintain the risk/reward relationship implied by the VPIC-approved long-term asset allocation targets. The Treasurer's Office shall implement rebalancing as set forth below and Investment Managers and the Custodian Bank will be directed to transfer funds to rebalance the assets under management as necessary.

Actions to initiate the rebalancing of the VPIC Portfolio will be taken on a semi-annual basis, during the latter half of March and September, each year using data at month-end for February and August, respectively. Asset class or manager deviations from the target policy of greater than twenty percent (20%) will be candidates for rebalancing. Notice of anticipated cash flow needs will be provided to the Investment Managers in accordance with the terms of the respective Investment Manager contracts.

While using its discretion, and as part of the normal rebalancing process, the Treasurer's Office will consider the unique characteristics of each asset class, the degree of overweight/underweight, liquidity characteristics, current market conditions, transaction costs, and any other relevant considerations to ensure prudence and care.

Asset Class Characteristics

The VPIC's four general asset class categories are Equity, Fixed Income, Alternatives and Multi-Strategy. The characteristics of these four general categories, and the specific type of investments within each general asset class are discussed in greater detail

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below. The VPIC asset classes are defined by differences in their expected response to economic conditions, such as economic growth and price inflation. The VPIC uses the asset classes in such a way as to maximize the total return on investment, within acceptable levels of risk for public retirement systems, subject to fundamental diversification and liquidity constraints.

Equity

Established domestic and international equity asset classes are viewed as potentially attractive because of the capacity for long-term capital appreciation and inflation hedging. As performance over the long-term is largely a function of earnings and dividend growth, equities can benefit from economic growth and inflation.

Fixed Income

Established domestic and international fixed income asset classes are viewed as potentially attractive due to their historically lower volatility and diversification characteristics (relative to equities), as well as their income-producing nature. These characteristics are typically considered beneficial in environments characterized by low growth and low inflation.

Alternatives

Non-equity and non-fixed-income asset classes such as commodities, REITs and TIPs, as well as equity and fixed income asset classes with high exposure to emerging markets are recognized as potentially attractive due to their risk diversification, inflation hedging, and higher risk premia characteristics. In particular, environments with high rates of inflation would also be expected to see these asset classes performing well.

Multi-Strategy

These funds represent opportunities to invest in the above mentioned asset classes using tactical allocation strategies, instruments and other approaches not represented by traditional fund managers. The strategies would be expected to provide a return and risk profile that adds a diversifying element to the overall portfolio, thereby assisting in the broader goal of lowering total portfolio volatility. As such, they would be expected to add value to the portfolio irrespective of the prevailing economic growth/inflation regime.

Asset Class Benchmarks

The VPIC selects benchmarks for assessment of performance of each type of investment invested in by the VPIC. The VPIC shall consider the benchmark recommendations of the Investment Consultant, however each benchmark must be definable in advance, representative of the specific asset class and the desired exposure within that asset class and readily measured with widely available historical data. The VPIC shall require the Investment Consultant to prepare monthly performance comparisons to reflect the performance of each investment type's benchmark and performance of the portion of the VPIC Portfolio allocated to the investment type. To the extent that multiple managers are used for an investment type, the appropriate benchmark for the manager shall be reported as well. Each benchmark, to the extent

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available for a specific investment, shall be incorporated in each investment management agreement as the basis for evaluation of performance.

Policy Index Return

The Policy Index Return shall measure the success of the Portfolio's target allocation. It shall be calculated by using index rates of return for each asset class invested in by the VPIC Portfolio multiplied by the percent targeted to each asset class.

Allocation Index Return

The Allocation Index Return shall measure the success of the VPIC Portfolio's current allocation. It shall be calculated by using index rates of return for each asset class invested in by the VPIC Portfolio multiplied by the actual percent allocated to each asset class. The difference between the Allocation Index Return and the Policy Index Return measures the effects of deviating from the target allocation. If the Allocation Index Return is greater than the Policy Index Return, then deviating from the target allocation has added value. If the Allocation Index Return is less than the Policy Index Return, then deviation has not added value.

The difference between the Allocation Index Return and the total portfolio return measures the effect of active management. If the total portfolio return is greater than the Allocation Index Return, then active management has in aggregate added value. If the total portfolio return equals or is less than the Allocation Index Return then active management has not added value.

The long-term performance benchmark for each investment type is shown in the table below:

Manager Benchmarks

Investment Type	Benchmark
U.S. Large Cap Core Equity	S & P 500
Small/Mid Cap Core Equity	Russell 2000
Established International Equity	MSCI EAFE
Emerging Market Equity	MSCI EM
Diversified Fixed Income	Barclays Aggregate
High-Yield Fixed Income	Barclays High Yield

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Global Fixed Income	Citi WGBI
Emerging Market Debt	JP Morgan EMBI Global TR
TIPS	Barclay's US TIPS
Real Estate	NCREIF Property Index NCREIF ODCE
Hedge Fund of Funds	HFRI Fund of Funds
Global Asset Allocation	Various
Commodities	Bloomberg Commodity Index
Private Equity	Cambridge Private Equity Index

Asset Management Implementation

In all cases, the investment function will be outsourced to managers that have the experience and resources to do thorough risk and securities analysis. Assets may be held in privately managed separate accounts and/or commingled funds, including membership in limited liability companies, limited partnerships, acquisition of shares in collective investment funds and other fund structures. Exposure through commingled funds shall be evaluated on a case-specific basis through analysis of the fund's "offering document" and the instruments establishing the fund.

In all cases, the VPIC, in consultation with the Investment Consultant and Staff, shall review and approve the specific investment guidelines for that investment prior to contract execution.

Each investment manager will function under a formal contract that delineates its responsibilities, performance expectations, administrative requirements, investment guidelines and management fee.

Investment Services Provider Selection Process

The VPIC investment services selection process shall be open, competitive, and objective and designed to insure that the VPIC has access to a broad array of the highest quality service providers that have the experience and capabilities to provide investment and investment-related services to the VPIC.

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Investment Managers

The VPIC may direct the Investment Consultant to conduct data-base searches or public requests for proposals for investment managers and investment products, considering advice from the Investment Consultant, at the time of authorization.

The Investment Consultant may be directed to coordinate and summarize the findings of a search. The VPIC shall be responsible for reviewing the qualified vendor responses in consultation with the Investment Consultant and Treasurer's Office Staff as appropriate.

Interviewing finalists and Investment Manager selection will be conducted by the VPIC. Each respective Investment Manager shall be required to provide the VPIC with a detail of its proposed investment guidelines.

All contract terms shall be consistent with this Investment Policy. Contract summaries of each VPIC Investment Manager contract shall be made available on the Treasurer's website at <http://www.vermonttreasurer.gov/pension-funds/investment-guidelines>.

Other Investment Services

The VPIC may direct the Investment Consultant or Treasurer's Office Staff to conduct RFIs, RFQs and RFPs, consistent with the State of Vermont Bulletin 3.5, for other investment service providers, such as custodians, investment consultants and proxy voting services.

The Investment Consultant may be directed to coordinate and summarize the findings of a search. The Treasurer's Office Staff shall be responsible for reviewing the qualified vendor responses in consultation with the Investment Consultant and the Office of the Attorney General as appropriate.

Service provider selection will be conducted by the VPIC upon the recommendation of Treasurer's Office Staff and the Investment Consultant.

VIII. POLICY CONSTRAINTS

When selecting Investment Managers, the VPIC shall consider the following guidelines:

Investment Manager Qualifications

All investment management agreements of the VPIC shall be with an investment adviser duly and properly registered under the Investment Advisers Act of 1940, a regulated bank, an insurance company or a mutual fund organization.

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Full Investment

The VPIC Portfolio is expected to be fully invested. No more than 10% of any Investment Manager's allocation may consist of cash, or cash equivalents. "Cash and Cash equivalents" may include bank accounts, imprest cash, short-term investments with an original maturity of 3-months or less such as certificates of deposit, commercial paper, federal government agencies' discount notes, money market accounts, and repurchase agreements.

Liquidity

Consistent with the need to maintain adequate liquidity to meet required benefit payments to the beneficiaries of the Retirement Systems, the Treasurer's Office will review the liquidity requirements of the Portfolio on a periodic basis, as well as immediately prior to the execution of any contract with "lock-up" or similar provisions.

VPIC Liability

While certain Investment Managers may use leverage in accordance with their respective contract terms, in no event shall the financial exposure of the VPIC in any one investment exceed 100% of such investment.

Professional Standards and Ethics

Each Investment Manager shall be required to demonstrate a commitment to professional standards and ethics by employing Chartered Financial analysts and by adhering to either the CFA Institute Asset Manager Code of Professional Conduct or a reasonably similar set of standards.

Environmental, Social and Governance Initiatives

All opportunities to either make or divest from investments for the purpose of achieving certain environmental, social or governance goals that do not appear to be primarily investment-related ("Environmental, Social and Governance (ESG) Initiatives"), shall be evaluated in accordance with the VPIC ESG Policy, as the same may be amended from time-to-time, which may be found on the Treasurer's website at <http://www.vermonttreasurer.gov/pension-funds/investment-guidelines>.

Special Issues Relating to Separate Accounts

Best Execution

All investment management agreements shall require that trades must be done on a "best execution" basis.

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Conflicts of Interest

The use of brokers in which an Investment Manager has a financial interest shall be prohibited, except that VPIC index, money market and transition management accounts managed by divisions or wholly-owned subsidiaries of the VPIC's Custodian Bank may use the Custodian Bank's broker-dealer division or wholly-owned subsidiary, subject to obtaining best execution.

Tobacco

Investment Managers investing VPIC assets in privately managed separate accounts are prohibited from purchasing the securities of companies whose primary source of revenue is derived from the production and sale of tobacco products.

Proxies

The VPIC has adopted Domestic and International Proxy Voting Guidelines, which are available at <http://www.vermonttreasurer.gov/pension-funds/proxy-voting>. All proxies shall be voted in accordance with applicable State law and VPIC policy, as more specifically described below.

Burma (Myanmar)

In accordance with Section 3(a) of Act No. 13 of the Vermont General Assembly (1999 Sess.), the VPIC shall vote in favor of —shareholder resolutions filed by shareholders when those resolutions raise concerns about doing business in Burma, including requests: (1) to report on company activities in Burma; (2) to report on the full costs of doing business in Burma; (3) to address human rights or drug trafficking conditions in Burma; or (4) to establish human rights guidelines.

MacBride (Northern Ireland)

In accordance with Act No. 50 of the Vermont General Assembly (1989 Sess.), Investment Managers shall provide the VPIC with a list of corporations that directly, or through a subsidiary, do business in Northern Ireland and in whose stocks or obligations the VPIC has invested and shall advise the VPIC whether each corporation has achieved the goals known as the MacBride principles. At every reasonable opportunity VPIC shall support shareholder resolutions designed to encourage United States corporations doing business in Northern Ireland in which the VPIC Portfolio is invested to adopt and implement the MacBride principles.

Investments in Terrorist or Genocide Linked Countries

Investments shall be restricted or prohibited in certain countries engaged in the sponsorship of terrorism or genocide or in companies which support a government or government-associated group or entity engaged in terrorist or genocidal activities, in accordance with the VPIC Policy on Investments in Terrorist or Genocide-Linked

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Countries, as the same may be amended from time-to-time, which may be found on the Treasurer's website at <http://www.vermonttreasurer.gov/pension-funds/investment-guidelines>.

IX. RISK MANAGEMENT

Operational Risk Management

Treasurer's Office staff shall seek to minimize the operational risks associated with the custody and investment of assets. Staff will assess in an ongoing manner the performance of the Custodian and investment managers as it relates to timeliness and completeness of reporting, responsiveness to support requests, compliance with cash flow directives, etc. Any concerns regarding the safety of the assets at either the Custodian or in the care of an investment manager, as well as any concerns over operational controls will be brought to the attention of the State Treasurer and the VPIC at the earliest opportunity.

Investment Manager Monitoring

The VPIC, with support from the Investment Consultant and the Staff, shall monitor and conduct on-going due diligence on each Investment Manager.

The Investment Manager Monitoring process is primarily delegated to Treasurer's Office staff and the Investment Consultant who are responsible for advising the VPIC of (i) deviations from specific Investment Manager investment strategy and process, (ii) changes to key personnel responsible for portfolio management, (iii) organizational stability and whether performance meets applicable benchmarks.

Investment Manager monitoring shall include, at a minimum:

- Annual self-reporting by each Manager on contract compliance;
- Electronic monitoring by the VPIC Custodian of each separately managed account for compliance with the applicable contractual investment guidelines; Periodic site visits to the Investment Manager's premises by the Investment Consultant to confirm that the infrastructure is in place to support the investment process;
- Review of Investment Manager reporting by the Treasurer's Office Staff and the Investment Consultant;
- Quarterly presentation by the Investment Consultant of a comprehensive investment performance review for all Investment Managers, as well as for the VPIC Portfolio as a whole.

Portfolios shall be measured over various and appropriate time periods. The VPIC may consider multiple factors influencing Investment Manager performance and attempt to discern style differences from manager over/underperformance.

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The VPIC shall:

- Monitor and evaluate Investment Manager performance using the Investment Consultant's Quarterly Investment Performance and Portfolio Analysis and other analyses as needed. The Investment Consultant shall advise the VPIC of other matters as appropriate;
- Review actual investment results achieved by each Investment Manager to determine whether the Investment Managers performed satisfactorily when compared with the objectives set and in relation to other similarly managed funds;
- Conduct in-house meetings with Investment Managers, for the purpose of reviewing performance, in cooperation with the Investment Consultant and staff of the Treasurer's Office. In-person interviews with Investment Managers will be held only as the VPIC deems necessary.

The VPIC may appoint other vendors to assist in the ongoing evaluation process. The consultant(s) selected by the VPIC is expected to be familiar with the investment practices of similar retirement portfolios and will be responsible for suggesting appropriate changes in the VPIC Portfolio's investment program over time.

The Investment Consultant may place an Investment Manager on a watch list due to concerns about significant changes in the Investment Manager's firm, changes in the Investment Manager's investment strategy, investment performance, anticipated changes in the VPIC's Portfolio structure, or any other reasons which the VPIC deems appropriate.

Attainment of investment objectives does not guarantee continued employment by the VPIC nor does failure to achieve these guidelines ensure dismissal. Investment Managers serve at the discretion of the VPIC.

Portfolio-Level Risk Control Procedures and Documentation Requirements

Treasurer's Office staff, in conjunction with the investment managers and the Investment Consultant, will periodically conduct portfolio-level risk analytics such as an up/down market sensitivity study, factor analysis, stress testing, scenario analysis, drawdown review, or other assessments of portfolio risk as capabilities allow.

Contract Compliance

Each investment manager is expected to adhere to its respective contractual investment and reporting guidelines. However, an Investment Manager may from time-to-time request a waiver for temporary deviations from its contractual Investment Guidelines along with a plan for coming back into compliance within a period of time. For example, a request may be made as the result of a downgrade in credit rating, or overweighting relative to permitted tolerances.

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Such requests shall be approved as follows:

1. The Director of Investments (Director) shall be authorized to review and approve waiver requests, and establish terms for remediation for amounts less than \$1 million.
 - The Director shall consult with the Investment Consultant to determine appropriate action.
 - The Director shall notify the VPIC of “**Director approved waivers**,” and terms, in his report to the Committee at the next scheduled meeting.
2. The Director shall discuss all waiver requests over \$1 million and up to \$3 million with the VPIC Chair to reach consensus for action.
 - The Director and Chair shall consult with the Investment Consultant to determine appropriate action.
 - The Director shall notify the VPIC of approved “**Consensus waivers**,” and terms, in his report to the Committee at the next scheduled meeting.
3. The Director shall, upon consultation with the Chair, request full Committee action to discuss/approve waiver requests and remediation proposals for amounts over \$3 million.

The market value of the securities at the time the waiver request is made shall constitute the waiver request amount.

X. FEE ANALYSIS

Every three years the Investment Consultant shall be required to perform a fee analysis for each of the Investment managers and investment products.

XI. INVESTMENT POLICY REVIEW.

The VPIC shall direct Staff and its Investment Consultant to perform an annual review of this Investment Policy and, as needed, recommend appropriate modifications to the VPIC. The VPIC shall review this Investment Policy at least annually, and, taking into account recommendations of the Investment Consultant, the Treasurer’s Office and the Office of the Attorney General, make modifications, which it, in its sole discretion, deems necessary.