

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 [July 12, 2005].

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 (e)*

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

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 (g)*

Members and alternates of the [VPIC] who are not public employees shall be entitled to compensation as set forth in Section 1010 of Title 32 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 VSA §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

1. 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,
2. 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 provide 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.

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. 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.

D. 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 (e)*

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. 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 Office of the Treasurer 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.

E. 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 an oral 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 Clerk 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 HANDBOOK

The following materials shall be available on the Office of the Treasurer's 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 Treasurer's 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 Treasurer's Office 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.

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: _____ Date: _____
VPIC Member