



STATE OF VERMONT  
OFFICE OF THE STATE TREASURER

109 State Street, 4<sup>th</sup> Floor  
MONTPELIER, VERMONT 05609-6200  
802-828-2301  
[www.vermonttreasurer.gov](http://www.vermonttreasurer.gov)

## REQUEST FOR PROPOSAL

# ADVISORY SERVICES REGARDING POTENTIAL TERRORIST AND GENOCIDAL STATES RELATED INVESTMENTS

RELEASE DATE: **Wednesday, June 6, 2012**

QUESTIONS DUE BY: **Friday, June 15, 2012**

ANSWERS POSTED: **Wednesday, June 20, 2012**

DATE OF BID OPENING: **Wednesday, June 27, 2012**

TIME OF BID OPENING: 4:00 P.M. Eastern Time

LOCATION OF BID OPENING: 109 State Street, Montpelier, VT, 4<sup>th</sup> Floor

CONTACT: Mr. JP Isabelle  
TELEPHONE: (802) 828-1451  
E-MAIL: [jp.isabelle@state.vt.us](mailto:jp.isabelle@state.vt.us)  
FAX: (802) 828-2772



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## SEALED BID INSTRUCTIONS

All bids must be sealed and must be addressed to the Office of the State Treasurer, 109 State Street, 4<sup>th</sup> Floor, Montpelier, VT 05609-6200. **BID ENVELOPES MUST BE CLEARLY MARKED 'SEALED BID' AND SHOW THE PROPOSAL TITLE, OPENING DATE AND NAME OF BIDDER.**

All bidders are hereby notified that sealed bids must be in the Office of the State Treasurer by the time of the bid opening. Bidders are cautioned that it is their responsibility to originate the sending of bids in sufficient time to ensure receipt by the Office of the State Treasurer prior to the time of the bid opening. Hand-carried bids shall be delivered to a representative of the Office of the State Treasurer prior to the bid opening. Bids not in possession of the Office of the State Treasurer at the time of the bid opening will not be considered.

The Office of the State Treasurer may, for cause, change the date and/or time of the bid opening. If a change is made, the Office of the State Treasurer will make a reasonable effort to inform all bidders.

All bids will be publicly opened. Any interested party may attend the bid opening. Bid results may be requested in writing and are available once an award has been made.



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DATE: **June 6, 2012**

REQUEST FOR PROPOSAL  
THIS IS A SEALED BID RESPONSE  
BIDS MUST BE RECEIVED BY **June 27, 2012**, at 4:00 P.M.

This form must be completed and submitted as part of the response for the bid to be considered valid. The undersigned has read, understood and accepted all provisions, terms and conditions of this proposal.

## VERMONT TAX CERTIFICATE

To meet the requirements of Vermont Statute 32 V.S.A. § 3113, by law, no agency of the State may enter into, extend or renew any contract for the provision of goods, services or real estate space with any person unless such person first certifies, under the pains and penalties of perjury, that he or she is in good standing with the Department of Taxes. A person is in good standing if no taxes are due, if the liability for any tax that may be due is on appeal, or if the person is in compliance with a payment plan approved by the Commissioner of Taxes, 32 V.S.A. § 3113.

In signing this bid, the bidder certifies under the pains and penalties of perjury that the company/ individual is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due the State of Vermont as of the date this statement is made.

Quotation Valid for \_\_\_\_\_ Days    Date: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Name of Company: \_\_\_\_\_

Fax Number: \_\_\_\_\_

Federal Identification Number: \_\_\_\_\_

E-mail address: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Signature (Proposal Not Valid Unless Signed)

(Type or Print)

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## 1 OVERVIEW

The following subsections provide general information about the RFP.

### **1.1 Executive Summary**

On behalf of the Vermont Pension Investment Committee (VPIC), the Vermont Office of the State Treasurer is seeking Advisory Services from a qualified and objective advisor to contribute to the ongoing effective implementation a policy regarding investments in Terrorist and Genocide Linked Countries.

VPIC acts as fiduciary for the investment assets of the Vermont State Teachers', Vermont State Employees' and Vermont Municipal Employees' Retirement Systems and certain other municipal retirement system. VPIC assets as of May 31, 2012 were approximately \$3.5 billion. Assets are invested in domestic and international equity securities, domestic and international fixed income securities including high yield debt, global asset allocation strategies, real estate and private equity.

On November 29, 2006, the VPIC adopted the "Policy on Investments in Terrorist or Genocide Linked Countries" (Policy), which was amended and re-adopted on November 25, 2008. A copy of the Policy is attached as Appendix A to this RFP.

Proposal specifications are set forth in Section 2, "Scope of Services."

### **1.2 Minimum Bidder Qualifications**

**The bidder must meet all of the following minimum qualifications to be given further consideration. Failure to satisfy each of the minimum qualifications will result in the immediate rejection of the proposal.**

- The bidder must demonstrate a history of providing the desired services with a minimum of five years of experience.
- The bidder must demonstrate provision of the desired services to at least three large (>\$1 billion in assets under management) public pension funds that invest in domestic and international equity and fixed income securities.

### **1.3 Single Point of Contact**

The sole point of contact for questions and all other contractual matters relating to this RFP is:

Mr. JP Isabelle, Executive Assistant to the State Treasurer  
Vermont State Treasurer's Office  
109 State Street, 4<sup>th</sup> Floor  
Montpelier, Vermont 05609-6200  
Telephone: 802-828-1451  
Facsimile: 802-828-2772  
E-Mail: [jp.isabelle@state.vt.us](mailto:jp.isabelle@state.vt.us)

Attempts by bidders to contact any other party may result in the rejection of their proposal.

### **1.4 Bidder Questions**

Questions must be submitted in writing until the date and time specified in Section 1, *RFP Timetable*.

E-mail is the preferred method of communicating questions. All e-mail communications with Mr. Isabelle must include the words "Advisory Services RFP" in the subject line.

Response to questions will be posted to our Web site at [www.vermonttreasurer.gov](http://www.vermonttreasurer.gov). All questions submitted must include the name of the firm and the person submitting the questions.

### **1.5 RFP Timetable**

RELEASE DATE OF THE RFP:	June 6, 2012
QUESTIONS DUE BY:	June 15, 2012
ANSWERS TO QUESTIONS POSTED ON <a href="http://www.vermonttreasurer.gov">www.vermonttreasurer.gov</a>	June 20, 2012
ALL PROPOSALS MUST BE SUBMITTED NO LATER THAN 4:00 P.M. Eastern Time ON:	June 27, 2012

### **1.6 Attachments to RFP**

The following information has been provided as attachments to the RFP:

- **Attachment A** – Standard Contract Provisions
- **Appendix A** – VPIC Policy on Investments In Terrorist or Genocide Linked Countries

## **2 SCOPE OF SERVICES**

### ***2.1 Discussion of Policy***

The VPIC Policy presents several classes of investments and issuers with varying degrees of limitation as to allowable holdings. The securities of certain issuers, such as terrorist or genocidal states and companies that contribute to terrorism or genocide, are prohibited in the VPIC Policy items 1 and 2. Other securities and issuers are categorized as to be avoided as described in the VPIC Policy items 3, 4 and 5, and include companies operating contrary to the sanctions outlined by the U.S. Treasury Department of Foreign Asset Control, companies which provide military supplies to an entity in a country engaged in the sponsorship of terrorism or genocide as identified by the U.S. State Department, and companies operating in a country engaged in the sponsorship of terrorism or genocide when such companies have been documented by reputable sources to support an entity engaged in terrorist or genocidal activities, and refuse engagement with investors.

Since implementation of the Policy, and based on information from a reputable source, the VPIC deliberated and determined that an international oil service company violated its policy and instructed two investment managers to divest the holding. At this time the VPIC is interested in expanding its discussions with investment managers for the purposes of both engagement of and, if ultimately necessary, divestment of companies in violation of the VPIC Policy. While the VPIC Policy requires investment managers to inform the VPIC of potential violating investments, managers frequently inform us that their qualifications to identify such violations is not a primary competency that they possess, and that subjective elements further complicate doing so.

### ***2.2 Services Requested***

The VPIC requires the following services from an advisor:

1. Review and suggest potential revision of the VPIC Policy through discussion with the VPIC or VPIC Policy Sub-committee, and based on developments in terrorist and genocidal activities.
2. Create lists in relationship to, and that address each, of the issues set forth in the VPIC Policy items 1 through 5, and provide the rationale for inclusion of each entity on the lists. Transmit the lists to the appropriate VPIC investment managers. These lists should be updated continuously as needed and transmitted to managers upon any changes.
3. Be available to answer questions from investment managers regarding the lists distributed and rationales.
4. Be available to answer questions from the Vermont Pension Investment Committee and Vermont State Treasurer's Office staff regarding the lists and rationales. This may include meeting by phone with the VPIC to discuss companies on the lists and rationales for their inclusion.

### **3 PROCUREMENT AND CONTRACTUAL ADMINISTRATION**

The following subsections discuss the administrative and contractual requirements that pertain to this procurement.

#### ***3.1 Bidding and Contractual Requirements***

The State of Vermont reserves the right to obtain clarification or additional information necessary to properly evaluate a proposal. Bidders may be asked to give a verbal presentation. Failure of bidder to respond to a request for additional information or clarification could result in rejection of that bidder's proposal. The State reserves the right to accept or reject any and all bids, in whole or in part, with or without cause. The State reserves the right to make an award without further discussion of the proposal submitted. The State does not guarantee that an award will be made as a result of this RFP.

##### ***3.1.1 Incurred Expenses***

The cost of developing and submitting the proposal is entirely the responsibility of the bidder. This includes costs to determine the nature of this engagement, preparation of the proposal, submitting the proposal, negotiating for the contract, and other costs associated with this RFP.

##### ***3.1.2 Public Records and Bidder Proprietary Information***

All responses will become the property of the State of Vermont and will be a matter of public record. Pursuant to Title 1 §317 (15), public records requests for information regarding this RFP will not be acted upon pending contract negotiations, and until a signed contract has been recorded by the State.

##### ***3.1.3 Member Confidentiality***

The State wants to assure the confidentiality of its members' and retirees' records. Therefore, each bidder shall be required to execute a Corporate Agreement of Confidentiality in order to submit a proposal in response to this RFP (see Attachment B). In the event that the bidder is selected to perform services, all bidder staff members assigned to the contract in any capacity will be required to sign statements of confidentiality.

##### ***3.1.4 Pricing***

The bidder must be aware the State wants the most effective combination of price, performance, and quality possible within the constraints of their budget. Pricing must include all expenses. There may be no best and final offer procedure. Therefore, the proposal shall be submitted on the most favorable terms that the bidder can provide.

##### ***3.1.5 Subcontracting***

The State of Vermont will only enter into contracts with the primary contractor, and the State must approve any subcontractor contract in writing (See ATTACHMENT A, sub-Attachment C #13). The selected bidder must assume responsibility for subcontractor performance and payment. Subcontractors must abide by all conditions set forth in the contract with the primary contractor. The successful bidder will be expected to execute sub agreements for each subcontractor named in the proposal upon award of this contract. The bidder must provide a brief description in the cost proposal in regard to the basis for selecting each subcontractor (low bid, competitive negotiation, technical capabilities, etc.). The bidder must provide subcontractor cost estimates in the bidder's cost proposal.

### ***3.1.6 Doing Business in Vermont***

The bidder awarded this contract shall, upon notification of award, apply for registration with the Vermont Secretary of State's Office to do business in the State of Vermont, if not already so registered. The registration form may be obtained from the Vermont Secretary of State, Redstone Building, 26 Terrace Street, Drawer 09, Montpelier, VT 05609-1101. The telephone number is (802) 828-2386. The Treasurer's Office will not execute the contract until the bidder is registered with the Secretary of State's Office.

Bidders are responsible for complying with all statutory provisions applicable to doing business in the State of Vermont (see above and Attachment A), attached to this RFP, which is required to execute after the specific details of the transaction have been inserted. Any objections, or requested changes to the standard form language must be provided with the bid, or they shall be waived by the bidder.

### ***3.1.7 Minority Business Enterprises***

The State of Vermont recognizes the important contribution and vital impact that small businesses have on the state's economy. In this regard, the state subscribes to a free and open bidding process that affords all businesses equal access and opportunity to compete for state contracts for goods and services. The state also recognizes the existence of businesses owned by minorities and women and has directed all state agencies and departments to make a good faith effort to encourage these firms to compete for state contracts.

### ***3.1.8 Duration of Proposal Offer***

Proposals submitted in response to this RFP are irrevocable for 120 days following the closing date of proposals. This period may be extended at the request of the State, and with the bidders' written approval.

### ***3.1.9 Revisions to the Solicitation***

The State reserves the right to modify requirements should a bidder inquiry identify a change that is in the best interest of State. Such modifications (or amendments) to the RFP will be posted to the Treasurer's Web site at [www.vermonttreasurer.gov](http://www.vermonttreasurer.gov) and will not be distributed through any other means. It is the bidder's responsibility to check the Web site for such changes.

### ***3.1.10 General Conditions***

The general conditions and specifications of the RFP, the successful bidder's response/proposal, all questions and answers, and all RFP amendments (if any) will become part of the contract by reference.

The bidder is expected to respond with due diligence by providing the requested information in the designated manner. Bidders failing to respond to this RFP as prescribed will place themselves at a comparative disadvantage or will be subject to disqualification at the discretion of the State.

### ***3.1.11 Contract Duration***

The successful bidder to this RFP can expect a contract with the State (see sample contract Attachment A), for a term of two years with two one-year extensions.

The successful bidder will be required to execute the State's standard contract after the specific details of the transaction have been inserted. Any objections, or requested changes to the standard form language must be provided with the bid, or they shall be waived by the bidder. Any additional contract language sought by the bidder must be provided with the bid, or such language requests shall be waived by the bidder. Any bidder seeking changes to the State standard form contract, or to add additional language to

the contract must state whether the request is a requirement of their bid, or simply a request for the State's consideration. In the event the State determines that an otherwise apparent winning bidder's requirements are unacceptable, it may handle the bid in the manner it deems most appropriate, including but not limited to rejecting the bid as not complying with this RFP. Bidders should be aware that the State of Vermont rarely accepts amendments to its standard form contract.

## 4 PROPOSAL PREPARATION

This section sets forth the format that must be followed by bidders in developing their proposals in response to this RFP. The instructions provided and format requested for bidder proposals are designed to ensure a clear and complete understanding and comprehensive evaluation of each proposal. There is no intent to limit the content of the proposals or to inhibit a presentation in other than the bidder's favor.

### **4.1 Proposal Acceptance**

The bidder is encouraged to include additional information or data as may be appropriate or to offer alternate solutions. However, the bidder should not exclude from its proposal any portion requested in this document. Proposals that vary materially from this prescribed format may be judged non-compliant and withdrawn from consideration. The bidder should also list any potential conflicts of interest including an explanation.

The bidder must understand that the State will view the degree of compliance with this section as an indication of the degree of cooperation to be expected from the bidder in working with the State after contract award.

#### ***4.1.1 Proposal Packaging and Required Copies***

Cost Proposals must be packaged separately from Technical Proposals and sealed in a separate envelope, so labeled.

Bidders must submit three (3) bound copies of their technical proposal and cost proposal, each packaged separately.

The information in the table provided below must appear on the title page of each copy of each proposal, and on the outside of the packages in which they are shipped (if proposals are shipped by overnight courier, the title sheet may be affixed to the package inside the courier's packaging material):

#### **Contents of Response Cover Page**

RFP title:	Advisory Services Regarding Potential Terrorist and Genocidal States Related Investments
RFP section:	Technical or Cost
<b><i>Closing date and time for submission of proposals: June 27, 2012, 4:00 P.M. Eastern Time</i></b>	
Name, address, e-mail, and (voice) telephone number of firm submitting proposal	

Proposals must be addressed for this RFP to the point of contact identified in Section 1, *Single Point of Contact*.

Bidders are to organize their proposals into five parts with a cover letter and other administrative information as follows:

Part I – Administrative	Cover page Cover Letter as described below
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	Tax Certificate Table of Contents
Part II	Bidder Information
Part III	Technical Approach
Part IV	Bidder References
Part V (to be packaged separately)	Cost

The following subsections describe the required content of the bidder's proposal.

## **4.2 Bidder's Proposal Part I -Administrative Section**

In addition to the cover page and table of contents, the items that need to appear in the Administrative Section of the proposal are described below.

### **4.2.1 Cover Letter**

The response should contain a cover letter and introduction, including: the company name and address, and the name, e-mail address, and telephone number of the person or persons authorized to represent the respondent regarding all matters related to the response. The cover letter must contain the following statement:

*"We have read the State's Request for Proposals (RFP) for ADVISORY SERVICES REGARDING POTENTIAL TERRORIST AND GENOCIDAL STATES RELATED INVESTMENTS and fully understand its intent. We certify that we have adequate personnel, equipment, and facilities to provide the State's requested services that we have indicated we can meet. We understand that our ability to meet the criteria and provide the required services shall be judged solely by the Office of the State Treasurer."*

A person authorized to bind the firm to all commitments made in its response shall sign this letter.

In addition, the cover letter must certify that:

- The response is genuine, and is not collusive or a sham.
- The response is not made in the interest of or on the behalf of any person not named therein.
- The bidder has not directly or indirectly induced or solicited any person to submit a false or sham response or to refrain from submitting a proposal.
- The bidder has not in any manner sought by collusion to secure an advantage over any other respondent.
- The bidder has thoroughly examined the RFP requirements, and the proposed fees cover all the services that the State has requested.
- The bidder acknowledges and accepts all terms and conditions included in the RFP.
- The bidder agrees to provide services in a manner acceptable to the State, and as stipulated in the RFP and subsequent contract.
- The bidder and key professionals do not have or anticipate a potential conflict of interest with the Office of the State Treasurer or the Boards of Trustees of the three retirement systems.
- The bidder and key professionals do not accept fees and derive no benefit from relationships with any persons involved in the RFP.

#### **4.2.2 Tax Certificate**

This certificate appears on page 3 of this RFP and must be completed and submitted with the response to the RFP.

### **4.3 Bidder's Proposal Part II – Bidder Information**

#### **4.3.1 Section 1 – General**

In this section, the bidder shall provide basic information about its firm and staff, including the following:

Please address the following items in your proposal:

1. Describe your organization's history and current structure:
  - a. Founders and date of founding
  - b. Form of legal entity (e.g., corporate, partnership, taxable or tax free, etc.)
  - c. Regulatory form if any (e.g., registered investment advisor, etc.)
  - d. Initial purpose for founding
  - e. Principals – names and biographies
  - f. Board of Directors – names and biographies
  - g. Location of Principal Offices
  
2. Describe the current scope of services
  - a. Range of services offered
  - b. Percent of revenues attributable to terrorist/genocidal activities advisories
  - c. Any past services no longer offered
  - d. Any future services likely to be offered
  
3. Describe your firm's ability to deliver the requested services objectively. Please include answers to the following questions:
  - a. Has your firm at any time done business in, or with, a country engaged in the sponsorship of terrorism or genocide, as identified by the U.S. State Department, Treasury Department, or Securities and Exchange Commission? If so, please identify the countries and your firm's activities in or with those countries. How will those activities affect your firm's ability to objectively provide the above requested services?
  
  - b. Has your firm at any time been affiliated, through business or otherwise, with a business operating in a country engaged in the sponsorship of terrorism or genocide, as identified by the U.S. State Department, Treasury Department, or Securities and Exchange Commission? If so, please identify the business, its activities in those countries, and your firm's connection to that business. How will that connection affect your firm's ability to objectively provide the above requested services?
  
  - c. Has your firm at any time been affiliated in any way with an advocacy group actively advocating a position or action concerning a country engaged in the sponsorship of terrorism or genocide, as identified by the U.S. State Department, Treasury Department, or Securities and Exchange Commission? If so, please identify the advocacy group, its activities in those countries, and your firm's connection to that advocacy group. How will that connection affect your firm's ability to objectively provide the above requested services?

d. If your business is a corporation, has any member of your board of directors, or any corporate officer been affiliated with a company described in subparagraph a, or with an advocacy group described in subparagraph b? If so, please identify the business or advocacy group, its activities in those countries, and your firm's connection to that business, or advocacy group. How will that affiliation affect your firm's ability to objectively provide the above requested services?

e. If your business is not a corporation, has any principal member of your firm been affiliated with a company described in subparagraph a, or with an advocacy group described in subparagraph b? If so, please identify the business or advocacy group, its activities in those countries, and your firm's connection to that business, or advocacy group. How will that affiliation affect your firm's ability to objectively provide the above requested services?

f. Does your firm derive income from any source that might be impacted by providing the services described in this RFP, i.e. potentially affected businesses, industry trade associations, investment or other financial services firms, etc.? If so, please identify those entities, their activities in those countries, and your firm's connection to them. How will that affiliation affect your firm's ability to objectively provide the above requested services?

4. Over the past three years, please indicate the number of clients won and lost for (i) all services provided and (ii) services similar to the ones requested herein. For the number of clients lost, please indicate the reason(s).

5. Please describe any litigation for your firm over the past five years. Describe parties, allegations, defenses and outcomes (or pending if applicable).

6. Please list and describe any regulatory actions taken with respect to your firm in the past five years.

7. Please present your plan to deliver services as described herein. Include:

- e. Sources of information on countries and companies
- f. Form and frequency of communications to VPIC and to managers
- g. Staffing including biographies of assigned personnel
- h. Criteria for determining corporate transgressions of VPIC Policy
- i. Availability of staff to respond to questions from VPIC staff and investment managers
- j. Availability of staff to meet with VPIC in Vermont

8. Please provide contact information for any clients that terminated your services over the past three years.

#### **4.4 Bidder's Proposal PART III – Technical Approach**

This part of the bidder's proposal shall address the following:

- *Section 1 – Summary/Overview.* This should include a statement in the bidder's own words of the overall nature of the services requested in this RFP and a narrative of how it will provide the

requested services identified in the RFP. The narrative should address all services outlined in the “Scope of Services” and should be prepared simply and economically, providing a straightforward and concise description of the bidder’s philosophy, services and qualifications.

- *Section 2 – Proposed Value-Added Options* – The State will consider any option proposed by the bidder as a value-added option that will substantially reduce costs, and improve efficiency of operations. This Section is optional (but desirable) in the bidder’s proposal.
- *Section 3 – Assumptions and Exceptions* – Identification of all assumptions that the bidder made in preparing its proposal as well as any exceptions that the bidder takes with regard to the requirements expressed in the RFP. This section must contain a list of **all** assumptions and exceptions, with a cross-reference to the specific section of the RFP to which the assumption or exception applies.

#### **4.5 Bidder’s Proposal PART IV – Bidder References**

The bidder shall provide a minimum of three (3) references, for public sector clients with assets in excess of \$1 billion and including both domestic and foreign equities and fixed income securities. For each reference, the bidder must include the name, address, e-mail address, and telephone numbers of individuals qualified to provide information from both the management and technical viewpoints. For each reference, the bidder must specify:

- The length of time during which services were performed;
- A description of the specific services provided.

#### **4.6 Bidder’s Proposal Part V– Cost**

Please base your cost proposal on the following characteristics of VPIC investments:

Approximate composite value:	\$3.5 billion
Investment Funds:	2 Large Cap Domestic Equity (1 active and 1 index) 2 International Equity 3 Domestic Small/Mid Cap Equity (1 active and 2 index) 2 Diversified Bonds (both active) 2 High Yield Debt (both active) 2 Global Bonds (both active)

**Total 13 Investment Managers with Relevant Assets**

Additional Information: Is available on the Vermont Treasurer’s website at  
<http://www.vermonttreasurer.gov/pension/index.html>

Please format your cost proposal on the following two bases:

- 1) A single comprehensive annual fee to VPIC inclusive of all out of pocket expenses for travel, office expenses etc.;

- 2) A single comprehensive annual fee to VPIC inclusive of all out of pocket expenses, office expenses etc., but NOT including travel;
- 3) Comprehensive cost per investment fund inclusive of all out of pocket expenses for travel, office expenses, etc.; and
- 4) Comprehensive cost per investment fund inclusive of all out of pocket expenses, office expenses, etc., but NOT including travel.

**Additional Fees:**

Please provide a fee quote for any services, if any, that would not be covered in the fees proposed in part 1 and/or 2 above. Please state as flat fees or hourly rates. Flat fees and/or hourly rates must be all inclusive of all administrative, travel, labor and incidental costs.

Service _____	\$ _____
Service _____	\$ _____
Service _____	\$ _____

**Additional Information:**

Please provide any additional information that may assist us in more clearly understanding your proposed fee.

**NOTE: This part of the proposal must be bound separately and sealed in an envelope separate from the technical proposal and be labeled “Cost Proposal.” Cost information is NOT to be provided in any other part of the bidder’s proposal.**

## 5. BIDDER EVALUATION AND SELECTION CRITERIA

### 5.1 Bidder Evaluation

The Office of the State Treasurer will conduct a fair and impartial evaluation of the proposals received in response to this RFP.

Fees and compensation will be an important factor in the evaluation of responses. However, the Office of the State Treasurer is not required to select the low-cost bidder, but may select the bid that demonstrates the “best value” overall, including proposed alternatives, and that meets the objectives of this RFP. The Office of the State Treasurer reserves the right to negotiate a change in any element of contract performance or cost identified in the RFP.

The factors to be used by the Treasurer’s Office in evaluating the proposals will include, but are not limited to, the following:

<b>Evaluation of Proposals</b>
<b>A. Nature and level of objectivity of respondent</b> Approach Clarity Creativity of proposal Responsiveness to Scope of Services and ability to provide requested services
<b>B. General Experience and Qualifications of Firm</b> Experience Assigned personnel Any other resources assigned to State
<b>C. Quality of Plan of Service Delivery</b>
<b>D. Cost</b>
<b>E. Ability to enter into Standard State Contract (see attached)</b>

The Office of the State Treasurer reserves the right to seek clarification of any proposal submitted, request oral presentations and to select the proposal considered to best promote the public interest.

The State of Vermont is conscious of and concerned about collusion. It should therefore be understood by all that in signing the bid and contract documents they agree that the prices quoted have been arrived at without collusion and that no prior information concerning these prices has been received from or given to a competitive company.

**Note: Cost proposals will be opened and reviewed only for those bids that meet the established minimum technical thresholds.**

## ATTACHMENT A – STANDARD CONTRACT PROVISIONS

1. Parties: This is a contract for services between the State of Vermont, \_\_\_\_\_ (hereafter called “State”), and \_\_\_\_\_, with principal place of business in \_\_\_\_\_ (hereafter called “Contractor”). Contractor’s form of business organization is \_\_\_\_\_. If Contractor does not have a Business Account Number, it is the Contractor’s responsibility to contact the Vermont Department of Taxes to determine if, by law, the Contractor is required to have a Vermont Department of Taxes Business Account Number.

2. Subject Matter: The subject matter of this contract is services generally on the subject of \_\_\_\_\_. Detailed services to be provided by the Contractor are described in Attachment A.

3. Maximum Amount: In consideration of the services to be performed by Contractor, the State agrees to pay Contractor, in accordance with the payment provisions specified in Attachment B, a sum not to exceed \$\_\_\_\_\_.00.

4. Contract Term: The period of Contractor’s performance shall begin on \_\_\_\_\_, 20\_\_ and end on \_\_\_\_\_, 20\_\_.

5. Prior Approvals: If approval by the Attorney General’s Office or the Secretary of Administration is required, (under current law, bulletins, and interpretations), neither this contract nor any amendment to it is binding until it has been approved by either or both such persons.

- Approval by the Attorney General’s Office is/is not required.
- Approval by the Secretary of Administration is/is not required.
- Approval by the CIO/Commissioner DII is/is not required.

6. Amendment: No changes, modifications, or amendments in the terms and conditions of this contract shall be effective unless reduced to writing, numbered and signed by the duly authorized representative of the State and Contractor.

7. Cancellation: This contract may be canceled by either party by giving written notice at least \_\_ days in advance.

8. Attachments: This contract consists of \_\_ pages including the following attachments, which are incorporated herein:

- Attachment A – Specifications of services to be performed
- Attachment B – Payment Provisions
- Attachment C –“Standard State Contract Provisions,” a preprinted form (revision date 1/11),
- Attachment D – Other Provisions.

WE, THE UNDERSIGNED PARTIES, AGREE TO BE BOUND BY THIS CONTRACT.

by the **STATE OF VERMONT:**

by the **CONTRACTOR:**

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Name/Title: \_\_\_\_\_

Name/Title: \_\_\_\_\_

Agency: \_\_\_\_\_

**STATE OF VERMONT  
CONTRACT FOR PERSONAL SERVICES**

**ATTACHMENT A  
SPECIFICATIONS OF WORK TO BE PERFORMED**

1. Contractor shall act as an adviser for the State. Contractor shall provide advisory services to the State and its pension investment advisors relating to and consistent with the Vermont Pension Investment Committee's "Investments in Terrorist or Genocide Linked Countries" Policy as may be revised. Services shall include the following:
  - a. A review and suggestions as to potential revision of the VPIC Policy through discussion with the VPIC or VPIC Policy Sub-committee considering developments in terrorist and genocidal activities.
  - b. Creation of lists in relationship to, and that address each of, the issues set forth in the VPIC Policy items 1 through 5, and provision of rationales for inclusion of each entity on the lists. Transmission of the lists to the VPIC and to appropriate VPIC investment managers. These lists are to be updated continuously as needed and transmitted to managers upon any changes.
  - c. Availability to answer questions from investment managers regarding the lists distributed and rationales.
  - d. Availability by phone to answer questions from the Vermont Pension Investment Committee and Vermont State Treasurer's Office staff regarding the lists and rationales.
2. Contractor shall discharge its duties solely in the interest of the State and with the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
3. Notices: All notices required by this contract shall be directed to:

if for the State:

Matt Considine, CFA  
Director of Investments  
Office of the State Treasurer  
109 State Street  
Montpelier, VT 05609-6200  
Phone: 802-828-3668  
Fax: 802-828-2772

E-mail: [matt.considine@state.vt.us](mailto:matt.considine@state.vt.us)  
Katie George  
Investments Manager  
Office of the State Treasurer  
109 State Street  
Montpelier, VT 05609-6200  
Phone: 802-828-3708

Fax: 802-828-2772

E-mail: [katie.george@state.vt.us](mailto:katie.george@state.vt.us)

and if for the Contractor:

**To be inserted**

At any time during the term of this Contract, Contractor may find the most current version of the “Investments in Terrorist or Genocide Linked Countries” Policy on the Office of the Vermont State Treasurer’s Web site, which may be located at: <http://www.vermonttreasurer.gov/>.

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**STATE OF VERMONT  
CONTRACT FOR PERSONAL SERVICES**

**ATTACHMENT B  
PAYMENT PROVISIONS**

**(To be inserted by the State  
Upon RFP acceptance and negotiations)**

**STATE OF VERMONT  
CONTRACT FOR PERSONAL SERVICES**

**ATTACHMENT C  
CUSTOMARY STATE CONTRACT PROVISIONS**

## ATTACHMENT C: STANDARD STATE PROVISIONS FOR CONTRACTS AND GRANTS

1. **Entire Agreement:** This Agreement, whether in the form of a Contract, State Funded Grant, or Federally Funded Grant, represents the entire agreement between the parties on the subject matter. All prior agreements, representations, statements, negotiations, and understandings shall have no effect.
2. **Applicable Law:** This Agreement will be governed by the laws of the State of Vermont.
3. **Definitions:** For purposes of this Attachment, “Party” shall mean the Contractor, Grantee or Subrecipient, with whom the State of Vermont is executing this Agreement and consistent with the form of the Agreement.
4. **Appropriations:** If this Agreement extends into more than one fiscal year of the State (July 1 to June 30), and if appropriations are insufficient to support this Agreement, the State may cancel at the end of the fiscal year, or otherwise upon the expiration of existing appropriation authority. In the case that this Agreement is a Grant that is funded in whole or in part by federal funds, and in the event federal funds become unavailable or reduced, the State may suspend or cancel this Grant immediately, and the State shall have no obligation to pay Subrecipient from State revenues.
5. **No Employee Benefits For Party:** The Party understands that the State will not provide any individual retirement benefits, group life insurance, group health and dental insurance, vacation or sick leave, workers compensation or other benefits or services available to State employees, nor will the state withhold any state or federal taxes except as required under applicable tax laws, which shall be determined in advance of execution of the Agreement. The Party understands that all tax returns required by the Internal Revenue Code and the State of Vermont, including but not limited to income, withholding, sales and use, and rooms and meals, must be filed by the Party, and information as to Agreement income will be provided by the State of Vermont to the Internal Revenue Service and the Vermont Department of Taxes.
6. **Independence, Liability:** The Party will act in an independent capacity and not as officers or employees of the State.

The Party shall defend the State and its officers and employees against all claims or suits arising in whole or in part from any act or omission of the Party or of any agent of the Party. The State shall notify the Party in the event of any such claim or suit, and the Party shall immediately retain counsel and otherwise provide a complete defense against the entire claim or suit.

After a final judgment or settlement the Party may request recoupment of specific defense costs and may file suit in Washington Superior Court requesting recoupment. The Party shall be entitled to recoup costs only upon a showing that such costs were entirely unrelated to the defense of any claim arising from an act or omission of the Party.

The Party shall indemnify the State and its officers and employees in the event that the State, its officers or employees become legally obligated to pay any damages or losses arising from any act or omission of the Party.

7. **Insurance:** Before commencing work on this Agreement the Party must provide certificates of insurance to show that the following minimum coverages are in effect. It is the responsibility of the Party to maintain current certificates of insurance on file with the state through the term of the Agreement. No warranty is made that the coverages and limits listed

herein are adequate to cover and protect the interests of the Party for the Party's operations. These are solely minimums that have been established to protect the interests of the State.

Workers Compensation: With respect to all operations performed, the Party shall carry workers' compensation insurance in accordance with the laws of the State of Vermont.

General Liability and Property Damage: With respect to all operations performed under the contract, the Party shall carry general liability insurance having all major divisions of coverage including, but not limited to:

Premises - Operations  
Products and Completed Operations  
Personal Injury Liability  
Contractual Liability

The policy shall be on an occurrence form and limits shall not be less than:

\$1,000,000 Per Occurrence  
\$1,000,000 General Aggregate  
\$1,000,000 Products/Completed Operations Aggregate  
\$ 50,000 Fire/ Legal/Liability

Party shall name the State of Vermont and its officers and employees as additional insureds for liability arising out of this Agreement.

Automotive Liability: The Party shall carry automotive liability insurance covering all motor vehicles, including hired and non-owned coverage, used in connection with the Agreement. Limits of coverage shall not be less than: \$1,000,000 combined single limit.

Party shall name the State of Vermont and its officers and employees as additional insureds for liability arising out of this Agreement.

- 8. Reliance by the State on Representations:** All payments by the State under this Agreement will be made in reliance upon the accuracy of all prior representations by the Party, including but not limited to bills, invoices, progress reports and other proofs of work.
- 9. Requirement to Have a Single Audit:** In the case that this Agreement is a Grant that is funded in whole or in part by federal funds, and if this Subrecipient expends \$500,000 or more in federal assistance during its fiscal year, the Subrecipient is required to have a single audit conducted in accordance with the Single Audit Act, except when it elects to have a program specific audit.

The Subrecipient may elect to have a program specific audit if it expends funds under only one federal program and the federal program's laws, regulating or grant agreements do not require a financial statement audit of the Party.

A Subrecipient is exempt if the Party expends less than \$500,000 in total federal assistance in one year.

The Subrecipient will complete the Certification of Audit Requirement annually within 45 days after its fiscal year end. If a single audit is required, the sub-recipient will submit a copy of the audit report to the primary pass-through Party and any other pass-through Party that requests it within 9 months. If a single audit is not required, the Subrecipient will submit the Schedule of Federal Expenditures within 45 days. These forms will be mailed to the Subrecipient by the Department of Finance and Management near the end of its fiscal

year. These forms are also available on the Finance & Management Web page at:  
<http://finance.vermont.gov/forms>

**10. Records Available for Audit:** The Party will maintain all books, documents, payroll papers, accounting records and other evidence pertaining to costs incurred under this agreement and make them available at reasonable times during the period of the Agreement and for three years thereafter for inspection by any authorized representatives of the State or Federal Government. If any litigation, claim, or audit is started before the expiration of the three year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved. The State, by any authorized representative, shall have the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed under this Agreement.

**11. Fair Employment Practices and Americans with Disabilities Act:** Party agrees to comply with the requirement of Title 21V.S.A. Chapter 5, Subchapter 6, relating to fair employment practices, to the full extent applicable. Party shall also ensure, to the full extent required by the Americans with Disabilities Act of 1990, as amended, that qualified individuals with disabilities receive equitable access to the services, programs, and activities provided by the Party under this Agreement. Party further agrees to include this provision in all subcontracts.

**12. Set Off:** The State may set off any sums which the Party owes the State against any sums due the Party under this Agreement; provided, however, that any set off of amounts due the State of Vermont as taxes shall be in accordance with the procedures more specifically provided hereinafter.

**13. Taxes Due to the State:**

- a. Party understands and acknowledges responsibility, if applicable, for compliance with State tax laws, including income tax withholding for employees performing services within the State, payment of use tax on property used within the State, corporate and/or personal income tax on income earned within the State.
- b. Party certifies under the pains and penalties of perjury that, as of the date the Agreement is signed, the Party is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due the State of Vermont.
- c. Party understands that final payment under this Agreement may be withheld if the Commissioner of Taxes determines that the Party is not in good standing with respect to or in full compliance with a plan to pay any and all taxes due to the State of Vermont.
- d. Party also understands the State may set off taxes (and related penalties, interest and fees) due to the State of Vermont, but only if the Party has failed to make an appeal within the time allowed by law, or an appeal has been taken and finally determined and the Party has no further legal recourse to contest the amounts due.

**14. Child Support:** (Applicable if the Party is a natural person, not a corporation or partnership.) Party states that, as of the date the Agreement is signed, he/she:

- a. is not under any obligation to pay child support; or
- b. is under such an obligation and is in good standing with respect to that obligation; or

- c. has agreed to a payment plan with the Vermont Office of Child Support Services and is in full compliance with that plan.

Party makes this statement with regard to support owed to any and all children residing in Vermont. In addition, if the Party is a resident of Vermont, Party makes this statement with regard to support owed to any and all children residing in any other state or territory of the United States.

- 15. Sub-Agreements:** Party shall not assign, subcontract or subgrant the performance of his Agreement or any portion thereof to any other Party without the prior written approval of the State. Party also agrees to include in all subcontract or subgrant agreements a tax certification in accordance with paragraph 13 above.
- 16. No Gifts or Gratuities:** Party shall not give title or possession of any thing of substantial value (including property, currency, travel and/or education programs) to any officer or employee of the State during the term of this Agreement.
- 17. Copies:** All written reports prepared under this Agreement will be printed using both sides of the paper.
- 18. Certification Regarding Debarment:** Party certifies under pains and penalties of perjury that, as of the date that this Agreement is signed, neither Party nor Party's principals (officers, directors, owners, or partners) are presently debarred, suspended, proposed for debarment, declared ineligible or excluded from participation in federal programs or programs supported in whole or in part by federal funds.

(End of Standard Provisions)

**STATE OF VERMONT  
CONTRACT FOR PERSONAL SERVICES**

**ATTACHMENT D  
VPIC CODE OF CONDUCT**

**TITLE: Standards of Conduct**

**VERMONT PENSION INVESTMENT COMMITTEE**

**§1. STATEMENT OF PURPOSE**

A. The 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 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 Employees of the VPIC.

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 employees of the VPIC, 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 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.

H. "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.

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 an Employee of the VPIC 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 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. Employees of the VPIC 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 Employee traveling on behalf of the VPIC, or in his or her capacity as a VPIC Member or Employee, or because of his or her position as a VPIC Member or 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 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 Employee or sponsored any function or event in which the VPIC Member or 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 Employee when attendance is in a capacity other than as a VPIC Member or Employee. When traveling in a capacity other than as a VPIC Member or Employee, a VPIC Member or 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 State Treasurer's Office:

- 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 State Treasurer's Office 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 Trustee or 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 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.

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.

**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, 4<sup>th</sup> 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: \_\_\_\_\_

**STATE OF VERMONT  
CONTRACT FOR PERSONAL SERVICES**

**APPENDIX A  
VPIC POLICY ON INVESTMENTS IN TERRORIST OR GENOCIDE LINKED  
COUNTRIES**

*End RFP*

**TITLE: VPIC Policy on Investments in Terrorist or Genocide Linked Countries**

**Policy:**

Subject to the requirement that investments shall be made in accordance with the standard of care established by the prudent investor rule under 9 V.S.A. Chapter 147, the Vermont Pension Investment Committee (“VPIC”) has established the following policy:

- 1) No investments are permitted in government bonds, notes, or bills of nations identified as State Sponsors of Terrorism by the U.S. State Department (“State Sponsors of Terrorism” listed at [www.state.gov/s/ct/c14151.htm](http://www.state.gov/s/ct/c14151.htm)).
- 2) No investments are permitted in companies whose business activities contribute to terrorism or genocide, or that pose a national security risk, as identified by the U.S. State Department, Treasury, or any other authorized agency of the U.S. Government, recognized and accepted by the VPIC.
- 3) The VPIC seeks to avoid investments in companies operating contrary to the sanctions outlined by the U.S. Treasury Department of Foreign Asset Control listed at <http://treas.gov/offices/enforcement/ofac/programs/>).
- 4) The VPIC seeks to avoid investments in companies which provide military equipment, arms or military supplies to any government or government associated group or entity in a country engaged in the sponsorship of terrorism or genocide as identified by the U.S. State Department, or contrary to the sanctions listed by the U.S. Treasury Department Office of Foreign Asset Control.
- 5) The VPIC seeks to avoid investments in companies operating in a country engaged in the sponsorship of terrorism or genocide as identified by the U.S. State Department or included on the listing of sanctioned countries by the U.S. Treasury Department Office of foreign Asset Control, when such companies have been documented by reputable sources to support a government or government associated group or entity engaged in terrorist or genocidal activities, and which companies consistently refuse engagement with investors or humanitarian organizations about steps the company could take to play a positive role in the country.
- 6) This policy does not require exit from an index or commingled investment vehicle. However, reasonable efforts will be made to find a comparable product that will be compliant with this policy and managers will be encouraged to consider developing products that would be compliant.

**Procedures:**

- A) A letter will be sent annually to all investment managers stating VPIC’s Policy on Investments in Terrorist or Genocide Linked Countries. Investment managers will be asked to report on their perspectives about the risk that terrorism and genocide places on our portfolio and what efforts the manager is undertaking to screen for possible terrorist or genocidal connections with securities held on behalf of the VPIC.

- B) Quarterly, investment managers shall report to VPIC staff on any securities in VPIC's portfolio which could reasonably be construed to be in conflict with this policy. VPIC staff will prepare a report, including any conflicting information, for the VPIC investment subcommittee to consider at its next meeting. The subcommittee may make a recommendation to the full VPIC whether the security should be held or should be sold.
- C) VPIC proxies will generally be voted in support of shareholder resolutions supporting transparency about company activities in countries engaged in the sponsorship of terrorism or genocide, as identified by the U.S. State Department, Treasury Department, or any other authorized agency of the U.S. Government, as well as requests for companies to play a role of constructive engagement in those countries.
- D) This policy will remain in effect unless amended or abolished by the VPIC.