

Vermont Fuel Dealers Association Executive Board Information Packet

This packet is distributed at every meeting held by VFDA.

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VFDA
vermontfuel.com

VFDA

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Executive Officers

Manny Fletcher, President
 Jack Corse, Vice-President
 Steve Goodrich, Treasurer
 Scott Moore, Secretary
Term: 2019-2020

Executive Director
 Matt Cota

Vermont Petroleum Cleanup
 Fund Advisory Committee

Peter Bourne, Bourne's Energy



Kevin Conti, Conti Oil



Drew Carlson, Global



National Energy and Fuels Institute
 Greg Nido, Guy Nido, Inc
 Levi Bourne, Bourne's Energy

VFDA Executive Board

		<i>Term</i>
Scott Allard	Rowley Fuels	2019-2022
Jack Corse	Jack F. Corse Fuel	2019-2022
Kinson Craft	Simple Energy	2019-2022
Chris Keyser	Keyser Energy	2019-2022
Scott Moore	Johnson Energy	2019-2022
Bob Young	Eastern Oil and Propane	2019-2022
Kevin Conti	Conti Oil, Inc.	2020-2023
Rick Fleming	Dead River	2020-2023
Manny Fletcher	Fyles Bros	2020-2023
Karen Gillespie-Korrow	Gillespie Fuels	2020-2023
Steve Goodrich	Kelly Fuels	2020-2023
Dan Boyd	Suburban Propane	2018-2021
Marcia Booth	Main Care Energy	2018-2021
Peter Bourne	Bourne's Energy	2018-2021
Judy Taranovich	Proctor Gas	2018-2021
Jody Pratt Ameden	Ameden Consulting	2018-2021
Greg Nido	Guy E. Nido, Inc.	2018-2021

Year indicates when term expires.

Updated on 2/27/2020



Jody Pratt Ameden, Ameden Consulting
 Richard Donnell, Osterman Propane



Judy Taranovich, Proctor Gas

New England Propane Foundation

Jim Martin, Amerigas
 Kinson Craft, Simple Energy

Antitrust and Fair Competition Guidelines

The antitrust laws are a comprehensive charter of economic controls aimed at promoting free competition. These laws rest upon the premise that the preservation of free competition will yield the best allocation of economic resources, the lowest prices, the highest quality and the greatest material progress for the public welfare. All VFDA activities comply strictly with all state and federal antitrust laws.

Under the antitrust laws competitors may not restrain competition via agreements or understandings regarding the price, production or distribution of products and services. Competitors may not engage in any activity intended to restrict the competitive capabilities of their customers, suppliers, or other competitors. The antitrust laws are complex and are often of unclear applicability. Unlawful agreements can be inferred from circumstantial evidence. A conviction for violating the antitrust laws may result in stiff fines, jail sentences for individuals who participated in the violation and forced disbanding of their trade association.

The following guidelines are designed to avoid even the appearance of questionable activity.

The following will not be discussed at VFDA meetings:

- ▶ Current or future prices
- ▶ What constitutes a “fair” profit level
- ▶ Possible increases or decreases in prices
- ▶ Standardization or stabilization of prices
- ▶ Pricing procedures
- ▶ Cash discounts
- ▶ Credit terms
- ▶ Control of sales
- ▶ Allocation of markets
- ▶ Freight allowances
- ▶ Refusal to deal with a corporation or individual because of its pricing or marketing practices

The most important antitrust statutes applicable to VFDA activities are Section 1 of the **Sherman Act**, which prohibits conspiracies in restraint of trade and Section 5 of the **Federal Trade Commission Act**, which establishes broad prohibitions against unfair methods of competition and unfair or deceptive business acts or practices.

All VFDA activities comply strictly in all respects with federal antitrust laws and state fair competition laws.

VFDA Executive Board Roles and Responsibilities

The Executive Board is the governing body of the Vermont Fuel Dealers Association (VFDA), responsible for managing the affairs of the organization. The board is responsible for *policy making*, while employees (and to a certain extent, officers) are responsible for executing *day-to-day management* to implement board-made policy. However, the ultimate legal responsibility for the actions (and inactions) of the association rests with the board.

The board can act legally only by consensus (majority vote of a quorum in most cases) and only at a duly constituted and conducted meeting, or by unanimous written consent (in most states, boards cannot act by mail, fax or electronic ballot). The board may delegate authority to act on its behalf to others such as committees, but, in such cases, the board is still legally responsible for any actions taken by the committees or persons to whom it delegates authority. An *individual* board member has no individual management authority simply by virtue of being a member of the board. However, the board may delegate additional authority to a board member such as when it appoints board members to committees. In a similar fashion, an *officer* has only the management authority specifically delegated in the bylaws or by the board (although the delegated authority can be general and broad).

Committees have no management authority except for that delegated to them by the bylaws or by the board. Furthermore, under most state nonprofit corporation laws, certain functions may not be delegated by the board to committees. For example, in many states, the board may not delegate to committees the power to elect officers, fill vacancies on the board or any of its committees, amend the bylaws, or approve a plan of merger or dissolution.

Employees have no management authority except that specifically delegated to them in the bylaws or by the board. For example, most associations' bylaws delegate to the chief staff executive the responsibility for the day-to-day operations of the association's office(s), including the responsibility to hire, train, supervise, coordinate, and terminate the professional staff of the association, as well as the responsibility for all staffing and salary administration within guidelines established by the board.

Members have no management authority, as such authority is held by the board of directors. However, state nonprofit corporation laws generally reserve to members the right to remove officers and directors and to amend the association's articles of incorporation, among other rights. Under some associations' bylaws, certain matters, such as the amendment of the bylaws or the election of officers and directors, must be submitted to the membership for a vote. However, most other matters generally are not submitted to the full membership, but rather are handled by the board, one or more of its committees, or the officers or employees of the association.

Fiduciary Duty

Those in positions of responsibility and authority in the governance structure of an association - both volunteers who serve without compensation and employed staff - have a fiduciary duty to

the organization, including duties of care, loyalty and obedience. In short, this means they are required to act reasonably, prudently and in the best interests of the organization, to avoid negligence and fraud, and to avoid conflicts of interest. In the event that the fiduciary duties of care, loyalty or obedience are breached, the individual breaching the duty is potentially liable to the association for any damages caused to the association as a result of the breach. This fiduciary duty is a duty to the association as a whole; even those who only serve on a particular committee or task force owe the fiduciary obligation to the entire association.

Duty of Care

This duty is very broad, requiring officers and directors to exercise *ordinary and reasonable care* in the performance of their duties, exhibiting honesty and good faith. Officers and directors must act in a manner which they believe to be *in the best interests of the association*, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. The "business judgement rule" protects officers and directors from personal liability for actions made in poor judgment as long as there is a reasonable basis to indicate that the action was undertaken with due care and in good faith.

Duty of Loyalty

This is a duty of faithfulness to the association. This means that officers and directors must give undivided allegiance to the association when making decisions affecting the association. In other words, officers and directors cannot put personal interests above the interests of the association. Personal interests may include outside business, professional or financial interests, interests arising from involvement in other organizations, and the interests of family members, among others. Officers and directors should be careful to disclose even *potential* conflicts of interest to the board of directors, and should recuse themselves from deliberation and voting on matters in which they have personal interests. For pervasive and continuing conflicts - such as a director of the association concurrently serving on the board of a competing association - resignation from the individual's association leadership post or from the outside conflicting responsibility may be required. Officers and directors can have business dealings with the association, but such transactions must be subject to considerable scrutiny. In such event, officers and directors must fully disclose any personal interests to the board of directors, and the terms of any transaction must be fair to the association. In addition, state nonprofit corporation statutes frequently provide specific procedures for dealing with transactions in which officers or directors have conflicts of interest.

Duty of Obedience

This duty requires officers and directors to act in accordance with the organization's articles of incorporation, bylaws and other governing documents, as well as all applicable laws and regulations.

Reliance on experts. Unless an officer or director has knowledge that makes reliance unwarranted, an officer or director, in performing his or her duties to the organization, may rely on written or oral information, opinions, reports, or statements prepared or presented by: (i)

officers or employees of the association whom the officer or director believes in good faith to be reliable and competent in the matters presented; (ii) legal counsel, public accountants, or other persons as to matters which the officer or director believes in good faith to be within the person's professional or expert competence; or (iii) in the case of reliance by directors, a committee of the board on which the director does not serve if the director believes in good faith that the committee merits confidence. Willful ignorance and intentional wrongdoing. Directors cannot remain willfully ignorant of the affairs of the association. A director appointed as treasurer, for example, with limited knowledge of finance cannot simply rely on the representations and reports of staff or auditors that "all is well" with the association's finances. Moreover, officers and directors acting *outside of or abusing* their authority as officers and directors may be subject to personal liability arising from such actions. Furthermore, officers or directors who, in the course of the association's work, *intentionally* cause injury or damage to persons or property may be personally liable, even though the activity was carried out on behalf of the association.

Reducing Personal Liability Risk.

Association officers and directors can help minimize their risk of personal liability by doing the following:

- Being thoroughly and completely prepared before making decisions.
- Becoming actively involved in deliberations during board meetings, commenting as appropriate, and making inquiries and asking questions where prudent and when such a need is indicated by the circumstances.
- Making decisions deliberately and without undue haste or pressure.
- Insisting that meeting minutes accurately reflect the vote counts (including dissenting votes and abstentions) on actions taken at meetings.
- Requesting that legal consultation be sought on any matter that has unclear legal ramifications.
- Requesting that the association's accountants assess and evaluate any matter that has significant financial ramifications.
- Obtaining and carefully reviewing both audited and unaudited periodic financial reports of the association.
- Attending the association's meetings and reading the association's publications carefully to keep fully apprised of the organization's policies and activities.
- Reviewing from time to time the association's articles of incorporation, bylaws and other governing documents.
- Avoiding completely any conflicts of interest in dealing with the association and fully disclosing any potential conflicts.

Liability Protection.

If preventive risk management fails, the liability of association officers and directors can be limited through indemnification by the association, insurance purchased by the association, and state volunteer protection laws. VFDA has \$1 million Directors and Officers insurance policy.

Conflict of Interest Policy

The purpose of the following policy and procedures is to prevent the personal interest of staff members, Board Members, and association members from interfering with the performance of their duties to the Vermont Fuel Dealers Association (“VFDA”), or result in personal financial, professional, or political gain on the part of such persons at the expense of the VFDA or its members.

DEFINITIONS:

Conflict of Interest means an actual conflict, or the appearance of a conflict, between the private interests and official responsibilities of a person in a position of trust. Persons in a position of trust include Staff Members, Officers, and Board Members of VFDA.

Board means the Executive Board of VFDA.

Officer means an Executive Officer of VFDA.

Member means a member in good standing of the VFDA, other than a Board Member, who does not receive compensation for services and expertise provided to VFDA.

Staff Member means a person who is employed by VFDA.

POLICY AND PRACTICES:

1. Each Staff Member shall disclose to the Executive Director all material facts regarding the affiliation of such Staff Member with any person or organization with whom the VFDA is considering entering into a transaction. The Staff Member shall make that disclosure promptly upon learning of the link between that person or organization and the transaction.
2. The Executive Director and each Officer and Board Member shall disclose to the Board all material facts regarding his or her affiliation with any person or organization with whom the VFDA is considering entering into a transaction. The Executive Director or other Officer or Board Member shall make that disclosure promptly upon learning of the link between that person or organization and the transaction.
3. At any meeting of the Board at which a transaction involving an affiliated person or organization will be considered, a Board Member shall disclose to the members of the Board all material facts regarding the Board Member’s affiliation with any person which whom the Board is considering entering into any transaction.
4. Following full disclosure of a possible conflict of interest, the Board shall determine whether a conflict of interest exists and, if so, the Board shall vote to authorize or reject the transaction

or take any other action deemed necessary to address the conflict and protect VFDA's best interests. Both votes shall be by a majority vote without counting the vote of any interested Board Member, even if the disinterested Board Members are less than a quorum, provided that at least one consenting Board Member is disinterested.

5. An interested Board Member, Officer or Staff Member shall not participate in any discussion or debate of the Board, or of any committee or subcommittee thereof in which the subject of discussion is a contract, transaction, or situation in which there may be a perceived or actual conflict of interest. However, they may be present to provide clarifying information in such a discussion or debate unless objected to by any present Board or committee member.
6. Anyone in a position to make decisions about spending VFDA's resources (i.e., transactions such as purchases or contracts) – who also stands to benefit from that decision – has a duty to disclose that conflict as soon as it arises (or becomes apparent); such persons shall not be allowed to participate in any final decisions.
7. A copy of this policy shall be given to all Board Members, Staff Members, and Members upon commencement of such person's relationship with VFDA or at the official adoption of the stated policy.
8. Any Officer or Board Member who fails to comply with this conflict of interest policy may, in the discretion of the Board, be censured or be removed from the Board. If a Staff Member fails to comply with this conflict of interest policy, he or she may be put on notice or terminated, at the discretion of the Executive Director/President.

Code of Ethics and Conduct & Whistleblower Policy

Code of Ethics and Conduct

The Vermont Fuel Dealers Association's (hereinafter referred to as "the organization") will follow a Code of Ethics and Conduct ("Code") that requires board members, officers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of the Organization, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

Reporting Responsibility

It is the responsibility of all board members, officers and employees to comply with the Code and to report violations or suspected violations in accordance with this Whistleblower Policy.

No Retaliation

No board member, officer or employee who in good faith reports a violation of the Code shall suffer harassment, retaliation or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within the Organization prior to seeking resolution outside the Organization.

Reporting Violations

This addresses the Organization's open door policy and suggests that employees share their questions, concerns, suggestions or complaints with someone who can address them properly. In most cases, an employee's supervisor is in the best position to address an area of concern. However, if you are not comfortable speaking with your supervisor or you are not satisfied with your supervisor's response, you are encouraged to speak with someone on the Executive Committee whom you are comfortable in approaching. Employees are required to report suspected violations of the Code of Conduct to the Organization's Compliance Officer, who has specific and exclusive responsibility to investigate all reported violations. For suspected fraud, or when you are not satisfied or uncomfortable with following the Organization's open door policy, individuals should contact the Organization's Compliance Officer directly.

Compliance Officer

The Organization's Compliance Officer is the Organization's Legal Counsel. The Organization's Compliance Officer is responsible for investigating and resolving all reported complaints and allegations concerning violations of the Code and, at his/her discretion, shall advise the Executive Director and/or the audit committee. The Compliance Officer has direct access to the audit committee of the board of directors and is required to report to the audit committee at least annually on compliance activity.

Accounting and Auditing Matters

The audit committee of the Executive Board shall address all reported concerns or complaints regarding corporate accounting practices, internal controls or auditing. The Compliance Officer shall immediately notify the audit committee of any such complaint and work with the committee until the matter is resolved.

Acting in Good Faith

Anyone filing a complaint concerning a violation or suspected violation of the Code must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the Code. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

Confidentiality

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Handling of Reported Violations

The Compliance Officer will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

VFDA Document Retention and Destruction Policy

I. Purpose

This policy provides for the systematic review, retention and destruction of documents received or created by the Vermont Fuel Dealers Association (hereinafter referred to as “the Organization”) in connection with the transaction of organization business. This policy covers all records and documents, regardless of physical form (including electronic documents), contains guidelines for how long certain documents should be kept and how records should be destroyed. The policy is designed to ensure compliance with federal and state laws and regulations, to eliminate accidental or innocent destruction of records and to facilitate the Organization’s operations by promoting efficiency and freeing up valuable storage space.

II. Document Retention

The Organization follows the document retention procedures outlined below. Documents that are not listed, but are substantially similar to those listed in the schedule will be retained for the appropriate length of time.

III. Corporate Records

Annual Reports to Secretary of State/Attorney General	Permanent
Articles of Incorporation	Permanent
Board Meeting and Board Committee Minutes	Permanent
Board Policies/Resolutions	Permanent
By-laws	Permanent
Construction Documents	Permanent
Fixed Asset Records	Permanent
IRS Application for Tax-Exempt Status (Form 1023)	Permanent
IRS Determination Letter	Permanent
Contracts (after expiration)	15 years
Correspondence (general)	5 years

Accounting and Corporate Tax Records

Annual Audits and Financial Statements	Permanent
Depreciation Schedules	Permanent
General Ledgers	Permanent
IRS 990 Tax Returns	Permanent
Business Expense Records	7 years
IRS 1099s	7 years
Journal Entries	7 years
Invoices	7 years
Sales Records	5 years
Petty Cash Vouchers	5 years
Cash Receipts	5 years
Credit Card Receipts	5 years

Bank Records

Check Registers	Permanent
Bank Deposit Slips	7 years
Bank Statements and Reconciliation	7 years
Electronic Fund Transfer Documents	7 years

Payroll and Employment Tax Records

Payroll Registers	Permanent
State Unemployment Tax Records	Permanent
Earnings Records	7 years
Garnishment Records	7 years
Payroll Tax returns	7 years
W-2 Statements	7 years

Employee Records

Employment and Termination Agreements	Permanent
Retirement and Pension Plan Documents	Permanent
Records Relating to Promotion, Demotion or Discharge	7 years after termination
Accident Reports and Worker's Compensation Records	5 years
Salary Schedules	5 years
Employment Applications	3 years
I-9 Forms	3 years after termination
Member Records and Acknowledgement Letters	7 years
Grant Applications and Contracts	5 years after completion

Legal, Insurance and Safety Records

Appraisals	Permanent
Copyright Registrations	Permanent
Environmental Studies	Permanent
Insurance Policies	Permanent
Real Estate Documents	Permanent
Stock and Bond Records	Permanent
Trademark Registrations	Permanent
Leases	15 years after expiration
OSHA Documents	5 years
General Contracts	15 years after termination

IV. Electronic Documents and Records

Electronic documents will be retained as if they were paper documents. Therefore, any electronic files, including records of payments made online, that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an email message, the message should be printed in hard copy and kept in the appropriate file or moved to an electronic "archive" computer file folder. Backup and recovery methods will be tested on a regular basis.

V. Emergency Planning

The Organization's records will be stored in a safe, secure and accessible manner. Documents and financial files that are essential to keeping the Organization operating in an emergency will be duplicated or backed up at least every week and maintained off site.

VI. Document Destruction

The Organization's Executive Director is responsible for the ongoing process of identifying its records, which have met the required retention period and overseeing their destruction. Destruction of financial and personnel-related documents will be accomplished by shredding. Document destruction will be suspended immediately, upon any indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation.

VII. Compliance

Failure on the part of employees or contract staff to follow this policy can result in possible civil and criminal sanctions against the Organization and its employees or contract staff and possible disciplinary action against responsible individuals. The Executive Director will periodically review these procedures with the organization's legal counsel to ensure that they are in compliance with new or revised regulations.

Vermont Fuel Dealers Association Investment Policy

This statement of investment policy is set forth by Vermont Fuel Dealers Association (VFDA) Executive Board in order to:

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear understanding for all involved parties of the investment goals and objectives of Fund assets.
3. Offer guidance and limitations to all Investment Managers regarding the investment of Fund assets.
4. Establish a basis for evaluating investment results.
5. Manage Fund assets according to prudent standards as established in common trust law.
6. Establish the relevant investment horizon for which the Fund assets will be managed.

In general, the purpose of this statement is to outline a philosophy and attitude which will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

Delegation of Authority

The VFDA Executive Committee is responsible for directing and monitoring the investment management of Fund assets on behalf of VFDA. As such, the Executive Committee is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

1. Investment Management Consultant. The consultant may assist the Executive Committee in: establishing investment policy, objectives, and guidelines; selecting investment managers; reviewing such managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.
2. Investment Manager. The investment manager has discretion to purchase, sell, or hold the specific securities that will be used to meet the Fund's investment objectives.
3. Custodian. The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Fund, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Fund accounts.
4. Additional specialists such as attorneys, auditors, actuaries, retirement plan consultants, and others may be employed by the Executive Committee to assist in meeting its responsibilities and obligations to administer Fund assets prudently.

The Executive Committee will not reserve any control over investment decisions, with the exception of specific limitations described in these statements. Managers will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the limitations will hamper investment managers, each manager should request modifications which they deem appropriate.

If such experts employed are also deemed to be fiduciaries, they must acknowledge such in writing. All expenses for such experts must be customary and reasonable, and will be borne by the Fund as deemed appropriate and necessary.

Definitions

1. "Fund" shall mean the VFDA Investment portfolio.
2. "Executive Committee" shall refer to the Committee authorized to administer the Fund as specified by applicable ordinance.
3. "Fiduciary" shall mean any individual or group of individuals that exercise discretionary authority or control over fund management or any authority or control over management, disposition or administration of the Fund assets.

4. "Investment Manager" shall mean any individual, or group of individuals, employed to manage the investments of all or part of the Fund assets.
5. "Investment Management Consultant" shall mean any individual or organization employed to provide advisory services, including advice on investment objectives and/or asset allocation, manager search, and performance monitoring.

"Securities" shall refer to the marketable investment securities which are defined as acceptable in this statement.

"Investment Horizon" shall be the time period over which the investment objectives, as set forth in this statement, are expected to be met. The investment horizon for this Fund is 3-5 years.

General Investment Principles

Investments shall be made solely in the interest of the Fund. The Fund shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims. Cash is to be employed productively at all times, by investment in short term cash equivalents to provide safety, liquidity, and return.

Investment Management Policy

1. Preservation of Capital - Consistent with their respective investment styles and philosophies, investment managers should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities.
2. Risk Aversion - Understanding that risk is present in all types of securities and investment styles, the Finance Committee recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Fund's objectives. However, the investment managers are to make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.

Adherence to Investment Discipline - Investment managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.

Liquidity – Investment managers should make decisions that will maximize returns through short term investments, while understanding the need for liquidity.

Long Term Investments – a portion of the Fund's overall portfolio will be invested in long term growth mechanisms. This amount will be determined either as a percentage of the overall fund or a fixed amount of the fund by the VFDA Executive Committee on the advice of the investment managers.

Alternative Fund Sources – this fund may receive funds from various sources which have their own specific investment policies in place. The sources of these funds may come from planned giving or estate planning, foundation sources or others. In these cases, this investment policy will be modified to reflect those conditions and subsequently guide investment managers in the handling of those specific funding mechanisms.

Investment Objectives

In order to meet its needs, VFDA's investment objective emphasizes capital growth with some focus on income.

Specific Investment Goals

Over the investment horizon established in this statement, it is the goal of the aggregate Fund assets to exceed: **An absolute rate of return of 3%, including fixed income.**

The investment goals above are the objectives of the aggregate Fund, and are not meant to be imposed on each investment account (if more than one account is used).

Definition of Risk

The Executive Committee realizes that there are many ways to define risk. It believes that any person or organization involved in the process of managing VFDA's assets understands how it defines risk so that the assets are managed in a manner consistent with the Fund's objectives and investment strategy as designed in this statement of investment policy. The Executive Committee considers the tolerance for risk to be classified as medium. That is, comfortable with fluctuations in the portfolio, and the possibility of larger declines in value, in order to grow the portfolio over time. VFDA's risk/return trade-off is classified as moderate.

ASSET ALLOCATION

VFDA's asset allocation will be 50% Equity, 50% Fixed Income.

Due to the need for fund liquidity, it may be necessary to make investments on short term deposits that are lower return/lower risk. This may necessitate balancing the fund with higher risk investments for the remainder of the fund in order to achieve the desired rates of return. Performance reports generated by the Investment Consultant shall be compiled at least quarterly and communicated to the Executive Committee for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Investment Committee intends to evaluate the portfolio(s) over at least a three year period, but reserves the right to terminate a manager for any reason including the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organization.

Investment managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

Investment Policy Review

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this statement of investment policy, the Executive Committee plans to review this investment policy at least annually.

This statement of investment policy is adopted by the VFDA Executive Board in 2011.