

TRORC Investment Policy Statement

Objectives: TRORC has managed its fiscal affairs in a manner that has enabled the accumulation of assets consistent with the TRORC Fund Balance Policy, adopted by the TRORC Board in December, 2010. That policy, as recommended by our independent auditor, seeks to retain sufficient resources to enable TRORC to smooth out inconsistent funding streams and provide capacity to invest in projects and staffing above and beyond current revenues. The Vermont Legislature further supported this manner of operations by explicitly enabling regional planning commissions to invest unencumbered reserves in any manner that municipalities are enabled to do so.

This Investment Policy statement, adopted by the TRORC Board on October 28, 2020, outlines the manner in which we invest these reserves.

The primary objective is providing current income with the secondary objective of long-term growth. Asset allocation will be along the lines of a balanced income/balanced growth investment objective. Specific asset allocation by asset class is listed in Appendix 1.

Risk Tolerance: TRORC is prepared to accept the risks associated with a long-term investment in a diversified portfolio of equities and fixed income. TRORC understands that this may mean moderate declines in the portfolio over several years. TRORC wants the investment manager to proactively protect the portfolio if a significant market decline is anticipated.

Time Horizon: The portfolio will be invested for at least a five-year period. Most of the portfolio's equity investments will be made with a five-year time horizon.

Investment Performance Measurement: TRORC will be provided investment performance reports quarterly. The performance report will show the following segments; total portfolio, U.S. equities, foreign developed equities, foreign emerging equities, real estate, and other industry sectors, fixed income, and cash.

Within the context of the broad investment goals set forth in the Policy, the performance of the Investment Manager shall be measured against the following benchmarks and shall be reported quarterly:

<u>Asset Class</u>	<u>Benchmark</u>
Domestic Equities (including sectors)	S&P 500 Index
Foreign Developed Equities	MSCI EAFE Index
Foreign Emerging Market Equities	MSCI EM Index
Fixed Income	Barclays Aggregate Bond Index
Real Estate	Dow Jones Wilshire Real Estate Index
Cash	Lipper Money Market Index

As used herein, “blended” shall mean that the weight given to each index in the total benchmark shall be the midpoints of the asset allocation ranges for the total account. The total return of the portfolio can then be compared to the total return of the blended benchmark.

Liquidity: There will need to be enough liquidity in the account to meet the annual distribution requirements of \$ zero for TRORC.

Laws and Regulations: Aside from the basic requirement of prudence and the regulations set out by the State of Vermont and the Securities and Exchange Commission, there are no specific constraints. In conformance with Modern Portfolio Theory and the Prudent Investor Rule, the assessment of prudence will be based on the portfolio as a whole and not on specific issues.

Restrictions: This list of restrictions may not be comprehensive and is subject to change from time to time by the TRORC. The following restrictions may not be waived or modified without formal approval of the TRORC.

The Investment Manager may not:

- a) Make investments for the purpose of establishing control or management influence with respect to an issuer
- b) Purchase or sell (i) any real estate other than securities secured by real estate or money market instruments issued by companies with invest in real estate or interests therein, or (ii) commodities, commodity contract, interests in oil, gas or other mineral exportation or development program
- c) Purchase any securities on margin
- d) Make short sales of securities or maintain short positions or write, purchase or sell puts, calls, straddles, spreads or any combination or variations thereof
- e) Make loans to any person or entity except that the Investment Manager may purchase money market securities or enter into recognized repurchase agreements
- f) Mortgage, pledge, hypothecate or in any other manner transfer a security interest in any securities owned or held by the TRORC’s funds
- g) Invest in securities with legal or contractual restrictions on resale for which there exists no readily available public market
- h) Act as an underwriter of securities
- i) Enter into reverse repurchase agreements

Quality Guidelines:

1. All fixed income individual issues will be rated BBB or better at date of purchase by one of the three major bond rating agencies. If an issue drops below this rating level, it will be monitored closely for possible sale. Bonds below this quality rating can be held in mutual funds or exchange traded funds placed in the portfolio.
2. No single equity investment may exceed 5% of the portfolio's equity market value at the time of purchase, excluding mutual funds or exchange traded funds.
3. The portfolio will not hold individual bond and stock issues of the same corporate entity. U.S. government issues are the exception.
4. Money Market mutual funds shall include only those with portfolio limitations of investment grade or better.
5. Certificates of deposit shall include only obligations of financial institutions insured by the FDIC.

Diversification Guidelines:

1. The cumulative investment in any one equity issue, (exchange traded funds and mutual funds not included) will not exceed 10% of the equity component of the portfolio, unless directed by TRORC.
2. The cumulative investment in any one sector or group of the S&P 500 will not exceed 150% of the S&P 500 economic sector weighting.

Decision Making: TRORC has given the Investment Manager full investment discretion. All investments will be made by the Investment Manager within the context of all applicable parameters as stated in this Investment Policy Statement. Preference shall be given to non-fossil fuel and socially responsible investments.

Review and Reporting: The Investment Manager will schedule quarterly meetings in January, April, July and October by telephone or in person to include a general discussion on the portfolio's strategy, financial markets, economy and client circumstances. TRORC and the Investment Manager will conduct an annual in-depth review of the portfolio and this Investment Policy Statement to ensure it continues to meet TRORC objectives.

I/We hereby acknowledge I/We have read the above Investment Policy Statement and agree that it reflects our investment objectives.

TRORC

Signature: _____

Peter L Gregory

Date: _____

12/16/20

Investment Manager

Signature: _____

Paul Dan

Date: _____

12/15/2020

Appendix 1

Asset Allocation

Asset Class	Minimum	Maximum
Cash	0%	15%
Fixed Income	20%	60%
U.S. Equities	20%	60%
Foreign Developed Equities	0%	20%
Foreign Emerging Equities	0%	10%
Real Estate (REITs) and other sectors	0%	5%

The ranges may be subject to modification from time-to-time by the TRORC.