

## Town of Windsor

### Memorandum

January 10, 2023

**TO:** The Honorable Mayor and Town Council  
**FROM:** William G. Saunders, IV, Town Manager *WGS IV*  
**SUBJECT:** VML/VACO Finance Ordinance

#### Background

The Virginia Municipal League/Virginia Association of Counties (VML/VACO) Finance offers several financial services to local governments, which include investment pool funds, lease-purchase financing, as well as other financial and accounting services.

#### Specifics

As reviewed at prior meetings, the VML/VACO Finance investment pools (VIP) could be valuable to the Town of Windsor in the short and long terms with the recent increase in interest rates.

In order to join the pool, the Town Council an ordinance must be adopted.

#### Enclosures

VML/VACO Ordinance  
VIP Joinder Agreement  
VIP Trust Agreement

#### Recommended Motion

Move that Council adopt an ordinance entitled:

AN ORDINANCE TO AUTHORIZE PARTICIPATION BY THE TOWN OF WINDSOR IN THE VACO/VML VIRGINIA INVESTMENT POOL FOR THE PURPOSE OF INVESTING IN ACCORDANCE WITH SECTION 2.2-4501 *et seq.* AND 15.2-1300 OF THE VIRGINIA CODE.

**AN ORDINANCE TO AUTHORIZE PARTICIPATION BY THE TOWN OF WINDSOR  
IN THE VACO/VML VIRGINIA INVESTMENT POOL FOR THE PURPOSE OF  
INVESTING IN ACCORDANCE WITH SECTION  
2.2-4501 *et seq.* AND 15.2-1300 OF THE VIRGINIA CODE.**

**WHEREAS**, Va. Code § 15.2-1500 provides, in part, that every locality shall provide for all the governmental functions of the locality, including without limitation, the organization of all departments, offices, boards, commissions and agencies of government, and the organizational structure thereof, which are necessary to carry out the functions of government; and

**WHEREAS**, the Investment of Public Funds Act (Va. Code §§ 2.2-4500 through 2.2-4519) lists the eligible categories of securities and investments in which municipal corporations, other political subdivisions and other public bodies are authorized to invest funds belonging to them or within their control; and

**WHEREAS**, Section 15.2-1300 of the Virginia Code provides that any power, privilege or authority exercised or capable of exercise by any political subdivision of the Commonwealth of Virginia may be exercised and enjoyed jointly with any other political subdivision having a similar power, privilege or authority pursuant to agreements with one another for joint action in accordance with the provisions of that Code section; and

**WHEREAS**, the City of Chesapeake, Virginia and the City of Roanoke, Virginia have jointly established and are participating in the Virginia Investment Pool Trust Fund (the "Trust Fund"), also known as the "VACo/VML Virginia Investment Pool," and have provided in their trust agreement for participation by other eligible governmental entities that execute a trust joinder agreement; and

**WHEREAS**, it appearing to the Town Council of the Town of Windsor that it is in the best interests of the Town of Windsor to become a Participating Political Subdivision in the Trust Fund; and

**WHEREAS**, the Town Manager of the Town of Windsor has the authority and responsibility under Virginia law to determine the manner in which public funds other than sinking funds under his/her control will be invested;

**NOW, THEREFORE THE TOWN COUNCIL OF THE TOWN OF WINDSOR  
HEREBY ORDAINS:**

§ 1 That, pursuant to Sections 2.2-4501 *et seq.* and 15.2-1300 of the Virginia Code, the Town Council of the Town of Windsor hereby establishes a trust for the purpose of investing funds, other than sinking funds, determined to derive the most benefit from this investment strategy, in investments authorized under the Investment of Public Funds Act, jointly with other participating political subdivisions and public bodies in the Trust Fund. A copy of the Virginia Investment Pool Trust Fund Agreement (the "Trust Fund Agreement") is attached and incorporated in this ordinance as Exhibit A.

§ 2 That the Town of Windsor agrees to become a "Participating Political Subdivision" in the Trust Fund, as further defined in the Agreement.

§ 3 That the Town Council of the Town of Windsor does hereby designate the Town Manager of the Town Council of the Town of Windsor to serve as the trustee of the Town of Windsor with respect to the Trust Fund, and to determine what funds under his/her control shall be invested in the Trust Fund.

§ 4 That the Town Council of the Town of Windsor hereby authorizes the Town Manager to execute and deliver the Trust Joinder Agreement for Participating Political Subdivisions under the Virginia Investment Pool Trust Fund ("Trust Joinder Agreement"), a copy of which is attached and incorporated in this ordinance as Exhibit B.

§ 5 This ordinance shall become effective upon its adoption.

Exhibits: Trust Fund Agreement ("Exhibit A")  
Trust Joinder Agreement ("Exhibit B")

**TRUST JOINDER AGREEMENT  
FOR PARTICIPATING POLITICAL SUBDIVISIONS IN THE  
VACo/VML VIRGINIA INVESTMENT POOL**

**THIS TRUST JOINDER AGREEMENT** is made by and between the Treasurer/Chief Investment Officer of the \_\_\_\_\_, Virginia (herein referred to as the “Treasurer/Chief Investment Officer”), the \_\_\_\_\_, Virginia (herein referred to as the “Participating Political Subdivision”), and the Board of Trustees (herein collectively referred to as the “Trustees”) of the VACo/VML Virginia Investment Pool (herein referred to as the “Trust Fund”).

**WITNESSETH:**

**WHEREAS**, the governing body of the Participating Political Subdivision desires to participate in a trust for the purpose of investing monies belonging to or within its control, other than sinking funds, in investments authorized under Section 2.2-4501 of the Virginia Code; and

**WHEREAS**, the governing body of the Participating Political Subdivision has adopted an ordinance and/or resolution (a certified copy of which is attached hereto as Exhibit A) to authorize participation in the Trust Fund and has designated the Treasurer/Chief Investment Officer to serve as the trustee of the Participating Political Subdivision with respect to the Trust Fund and to determine what funds under the Treasurer’s/Chief Investment Officer’s control shall be invested in the Trust Fund, and has authorized the Treasurer/Chief Investment Officer to enter into this Trust Joinder Agreement; and

**WHEREAS**, the Trust Fund, in accordance with the terms of the VACo/VML Virginia Investment Pool Trust Fund Agreement (the “Agreement”), provides administrative, custodial and investment services to the Participating Political Subdivisions in the Trust Fund; and

**WHEREAS**, the Treasurer/Chief Investment Officer, upon the authorization of the governing body of \_\_\_\_\_, Virginia, desires to submit this Trust Joinder Agreement to the Trustees to enable \_\_\_\_\_, Virginia, to become a Participating Political Subdivision in the Trust Fund and a party to the Agreement.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements flowing to each of the parties hereto, it is agreed as follows:

1. Pursuant to the Board of Trustees’ acceptance of this Trust Joinder Agreement, the \_\_\_\_\_, Virginia, is a Participating Political Subdivision in the Trust Fund, as provided in the Agreement, and the Treasurer/Chief Investment Officer is authorized to enter into this Trust Joinder Agreement, and to represent and vote the beneficial interest of \_\_\_\_\_, Virginia, in the Trust Fund in accordance with the Agreement.

2. Capitalized terms not otherwise defined in this Trust Joinder Agreement have the meaning given to them under the Agreement.

3. The Treasurer/Chief Investment Officer shall cause appropriations designated by the Participating Political Subdivision for deposit in the Trust Fund to be deposited into a depository designated by the Trustees.

4. The Treasurer/Chief Investment Officer shall timely remit, or timely approve the remittance of, administrative fees as may be due and payable by the Participating Political Subdivision under the Agreement into a depository designated by the Trustees.

5. The Participating Political Subdivision shall have no right, title or interest in or to any specific assets of the Trust Fund, but shall have an undivided beneficial interest in the Trust Fund; however, there shall be a specific accounting of assets allocable to the Participating Political Subdivision.

6. The Treasurer/Chief Investment Officer shall provide to the Administrator designated by the Trustees all relevant information reasonably requested by the Administrator for the administration of the Participating Political Subdivision's investment, and shall promptly update all such information. The Treasurer/Chief Investment Officer shall certify said information to be correct to the best of his/her knowledge, and the Trustees and the Administrator shall have the right to rely on the accuracy of said information in performing their contractual responsibilities.

7. The Trust Fund shall provide administrative, custodial and investment services to the Participating Political Subdivision in accordance with the Agreement.

8. The Trustees and the Administrator, in accordance with the Agreement and the policies and procedures established by the Trustees, shall periodically report Trust activities to the Participating Political Subdivision on a timely basis.

9. The Treasurer/Chief Investment Officer and the Participating Political Subdivision agree to abide by and be bound by the terms, duties, rights and obligations as set forth in the Agreement, as may be amended by the Trustees, which is attached hereto and is made a part of this Trust Joinder Agreement.

10. The Treasurer/Chief Investment Officer, in fulfillment of his/her duties as the trustee of the Participating Political Subdivision, retains the services of the Investment Manager or Managers selected by the Trustees pursuant to the Agreement.

11. The term of this Trust Joinder Agreement shall be indefinite. The Treasurer/Chief Investment Officer may terminate this Trust Joinder Agreement on behalf of the Participating Political Subdivision by giving notice in writing to the Trustees. Termination shall be governed by the provisions of the Agreement.

**IN WITNESS WHEREOF**, the Treasurer/Chief Investment Officer has caused this Trust Joinder Agreement to be executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**TREASURER/CHIEF INVESTMENT  
OFFICER OF**

\_\_\_\_\_, **VIRGINIA**

\_\_\_\_\_

**ATTEST:**

\_\_\_\_\_

\* \* \* \* \*

**ACCEPTANCE:**

**VACo/VML VIRGINIA INVESTMENT POOL**

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

**VIRGINIA INVESTMENT POOL  
TRUST FUND AGREEMENT**

THIS AGREEMENT (the "Agreement"), is made by and among the Participating Political Subdivisions that execute Trust Joinder Agreements to participate in the Virginia Investment Pool Trust Fund, their duly elected Treasurers or other Chief Investment Officers empowered by law to invest the public funds of such Participating Political Subdivisions, and the individuals named as Trustees pursuant to Section 107 hereof and their successors (the "Board of Trustees"). The Participating Political Subdivisions and their Treasurers or Chief Investment Officers hereby establish with the Board of Trustees, and the Board of Trustees hereby accepts, under the terms of this Agreement, a trust for the purpose of investing moneys belonging to or within the control of the respective Participating Political Subdivisions as allowed by law.

WITNESSETH:

**WHEREAS**, Section 15.2-1500 of the Virginia Code provides, in part, that every locality shall provide for all the governmental functions of the locality, including, without limitation, the organization of all departments, offices, boards, commissions and agencies of government, and the organizational structure thereof, which are necessary to carry out the functions of government; and

**WHEREAS**, Chapter 45 of Title 2.2 of the Virginia Code (§§ 2.2-4500 *et seq.*) of the Virginia Code provides that all municipal corporations and other political subdivisions may invest any and all moneys belonging to them or within their control, other than sinking funds, in certain authorized investments; and

**WHEREAS**, Section 15.2-1300 of the Virginia Code provides that any power, privilege or authority exercised or capable of exercise by any political subdivision of the Commonwealth of Virginia may be exercised and enjoyed jointly with any other political subdivision of the Commonwealth having a similar power, privilege or authority pursuant to agreements with one another for joint action pursuant to the provisions of that section; and

**WHEREAS**, the City of Chesapeake and the City of Roanoke have adopted ordinances approving participation in the Virginia Investment Pool for each such locality; and

**WHEREAS**, the Participating Political Subdivisions and their Treasurers or Chief Investment Officers and the Board of Trustees of the Virginia Investment Pool Trust Fund (herein referred to as the "Trust Fund") hereby establish a trust for the purpose of investing monies belonging to or within the control of the Participating Political Subdivisions, respectively, other than sinking funds, in investments authorized under Chapter 45 of Title 2.2 of the Virginia Code (§§ 2.2-4500 *et seq.*); and

**WHEREAS**, the parties intend that the Trust Fund hereby established shall constitute a tax-exempt governmental trust under Section 115 of the Internal Revenue Code of 1986, as amended;

NOW, THEREFORE, the parties hereto mutually agree as follows:

**PART 1- GENERAL PROVISIONS**

Section 100. APPLICATION.

The provisions of Part 1 are general administrative provisions applicable to each Part of this Agreement and provisions applicable to the Board of Trustees.

Section 101. NAME

The name of the trust created by this Agreement shall be the "Virginia Investment Pool Trust Fund" and the Board shall conduct the Trust's activities, execute all documents and sue or be sued under that name. The Board may use such other designations, including "VIP", and may adopt such other names for the Trust as the Board deems proper, and the Trust may hold property and conduct its activities under such designations or names. The Board shall take such action as they, acting with the advice of counsel, shall deem necessary or appropriate to file or register such names in accordance with the laws of the Commonwealth of Virginia or the United States of America so as to protect and reserve the right of the Trust in and to such names.

Section 102. DEFINITIONS.

The following definitions shall apply to this Agreement, unless the context of the term indicates otherwise, and shall govern the interpretation of this Agreement:

A. Administrator. The term "Administrator" means the Virginia Local Government Finance Corporation (d/b/a "VML/VACo Finance") or any successor designated by the Board of Trustees to administer the Trust Fund.

B. Beneficial Interest. The right of a party to some distribution or benefit from the Trust Fund; a vested interest in the Trust Fund's assets.

C. Business Day. Means a day on which banks are not required or authorized by law to close in the State and on which the Investment Advisor or Custodian is not closed.

D. Code. The term "Code" means the Internal Revenue Code of 1986, as amended, and, as relevant in context, the Internal Revenue Code of 1954, as amended.

E. Custodian. The term "Custodian" means the banks, mutual funds, insurance companies or other qualified entities selected by the Board of Trustees, under a separate written document with each, to accept contributions from Participating Political Subdivisions and to hold the assets of the Trust Fund.

F. Effective Date. The term "Effective Date" means the date coinciding with the last to occur of each of the following events: (i) passage of an ordinance by each of the City of

Chesapeake and the City of Roanoke approving such governmental entities as Participating Political Subdivisions in the Trust Fund; (ii) execution by the authorized officer of each such governmental entity of the Trust Joinder Agreement; (iii) execution of this Agreement by all members of the initial Board of Trustees and the Administrator; and (iv) any contribution of cash to the Trust by a Participating Political Subdivision.

G. Participating Political Subdivision. The term “Participating Political Subdivision” means any county, city, town, or other political subdivision within the State whose governing body has passed an ordinance or resolution to participate in the Trust Fund, or is otherwise entitled to participate in accordance with State law, and whose Treasurer or Chief Investment Officer, serving as trustee for such Participating Political Subdivision, executes a Trust Joinder Agreement, as provided in Section 301 hereof.

H. Treasurer. The term “Treasurer” means an officer described in Article VII, Section 4, of the Constitution of Virginia who shall serve as the trustee and representative of its Participating Political Subdivision for purposes of this Agreement. Treasurers shall vote the beneficial interest of such Participating Political Subdivision in the Trust Fund, as prescribed in Part 3 of this Agreement. Nothing in this agreement shall be construed to limit the discretion of a duly elected Treasurer to invest the public funds of his or her political subdivision in any manner otherwise permitted by law, nor shall the decision of any local governing body to become a Participating Political Subdivision under this agreement compel any duly elected Treasurer having responsibility for such investments of public funds to invest any the locality’s funds in the Trust Fund created under this Agreement.

I. Chief Investment Officer. The term “Chief Investment Officer” means an officer designated by the governing body of a Participating Political Subdivision to invest public funds on behalf of the political subdivision and to serve as the trustee of such Participating Political Subdivision with respect to the Trust Fund, but only in a political subdivision that does not have an elected treasurer empowered by law to perform those functions. The term “Chief Investment Officer” may include certain individuals holding the title of “treasurer” for the political subdivision but who are not included in the definition in Subsection F. Each Treasurer or Chief Investment Officer, as the case may be, shall be the trustee and representative of his or her Participating Political Subdivision for purposes of this Agreement and shall vote the beneficial interest of such Participating Political Subdivision in the Trust Fund, as prescribed in Part 3 of this Agreement.

J. Fiscal Year. The first fiscal year of the Trust Fund shall be a short fiscal year beginning on the Effective Date of this Agreement and ending on June 30, 2014. Each subsequent fiscal year of the Trust Fund shall begin on the first day of July and end on the thirtieth day of June.

K. Investment Advisor. Shall mean any person or persons appointed, employed or contracted with by the Administrator on behalf of the Trust pursuant to Section 202 C. hereof.

L. Investment Policy. The term “Investment Policy” means the Virginia Investment Pool Trust Fund Investment Policy, as established by the Board of Trustees, as amended from

time to time.

M. Prudent Person. A person who conducts himself faithfully, with intelligence, and exercising sound discretion in the management of his affairs, not in regard to speculation, but in regard to the permanent disposition of his funds, considering the probable income, as well as the probable safety of capital to be invested.

N. State. The term "State" means the Commonwealth of Virginia.

O. Trust Fund. The term "Trust Fund" means the Virginia Investment Pool Trust Fund, comprised of all of the assets set aside hereunder.

P. Trust Joinder Agreement. The term "Trust Joinder Agreement" means the agreement, in the form attached hereto as Exhibit A, pursuant to which the Participating Political Subdivision joins in the Trust Fund, with the Treasurer or Chief Investment Officer, as the case may be, serving as the trustee of such Participating Political Subdivision, and agrees to be bound by the terms and conditions of the Virginia Investment Pool Trust Fund Agreement, as provided in Section 301 hereof.

Q. Trustees. The term "Trustees" means the individuals who serve on the Board of Trustees of the Trust Fund pursuant to Section 107 hereof and their successors.

R. Virginia Code. The term "Virginia Code" means the laws embraced in the titles, chapters, articles and sections designated and cited as the "Code of Virginia," under the laws of the State.

S. VIP Stable NAV Liquidity Pool. The name of one of the portfolios of the Virginia Investment Pool Trust Fund in which assets are invested to facilitate overnight liquidity and the maintenance of a stable Net Asset Value, with the price of shares in the portfolio targeted to maintain a value of \$1.00.

T. VIP 1-3 Year High Quality Bond Fund. The name of one of the portfolios of the Virginia Investment Pool Trust Fund in which assets are invested in fixed income securities benchmarked with the Bank of America Merrill Lynch 1-3 Year Corporate/Government Index. The Pool is intended for the management of assets that Participating Political Subdivisions intend to invest for one year or longer.

### Section 103. GENERAL DUTIES AND MEETINGS OF THE BOARD OF TRUSTEES.

A. General Duties. The Board of Trustees and each Investment Manager appointed pursuant to this Agreement shall discharge their respective duties under this Agreement solely as follows: (i) except as otherwise provided by any applicable provision of any statute, regulation, ordinance, or resolution, for the exclusive purpose of fulfilling the investment objectives of the Participating Political Subdivisions and defraying the reasonable expenses of administering the Trust Fund; (ii) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would

use in the conduct of an enterprise of like character and with like aims; and (iii) by diversifying the investments of the Trust Fund so as to minimize the risk of large losses unless under the circumstances, it is clearly prudent not to do so. However, the duties and obligations of the Board of Trustees and each Investment Manager, respectively, as such, shall be limited to those expressly imposed upon them, respectively, by this Agreement. The Board of Trustees shall administer the Trust Fund in compliance with Chapter 45 of Title 2.2 of the Virginia Code (§§ 2.2-4500 et. seq.)

1. Authority of the Trustees. The Trustees shall have the power and authority and shall be charged with the duty of general supervision and operation of the Trust Fund, and shall conduct the business and activities of the Trust Fund in accordance with this Agreement, the Trust Joinder Agreements, rules and regulations adopted by the Board of Trustees and applicable law.

2. Trustees' Liabilities. No Trustee shall be liable for any action taken pursuant to this Agreement in good faith or for an omission except bad faith or gross negligence, or for any act of omission or commission by any other Trustee. The Trustees are hereby authorized and empowered to obtain, at the expense of the Trust Fund, liability insurance fully protecting the respective Trustees, the Administrator, and the Trust Fund from any loss or expense incurred, including reasonable attorney's fees, for all acts of the Trustees except bad faith or gross negligence. The Trust Fund shall save, hold harmless and indemnify the Trustees and Administrator from any loss, damage or expense incurred by said persons or entities while acting in their official capacity excepting bad faith or gross negligence.

3. Standard of Review. In evaluating the performance of the Trustees, compliance by the Trustees with this Agreement must be determined in light of the facts and circumstances existing at the time of the Trustees' decision or action and not by hindsight.

4. Limitations on Liabilities. The Trustees' responsibilities and liabilities shall be subject to the following limitations:

- a. The Trustees shall have no duties other than those expressly set forth in this Agreement and those imposed on the Trustees by applicable laws.
- b. The Trustees shall be responsible only for money actually received by the Trustees, and then to the extent described in this Agreement.
- c. The Trustees shall not be responsible for the correctness of any determination of payments or disbursements from the Trust Fund.
- d. The Trustees shall have no liability for the acts or omissions of any predecessor or successor in office.
- e. The Trustees shall have no liability for (i) the acts or omissions of any

Investment Advisor or Advisors, or Investment Manager or Managers; (ii) the acts or omissions of any insurance company; (iii) the acts or omissions of any mutual fund; or (iv) following directions that are given to the Trustees by the Treasurer or Chief Investment Officer in accordance with this Agreement.

B. Reliance on Counsel. The Board of Trustees may employ, retain or consult with legal counsel, who may be counsel for the Administrator, concerning any questions which may arise with reference to the duties and powers or with reference to any other matter pertaining to this Agreement; and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustees in good faith in accordance with the opinion of such counsel, and the Trustees shall not be individually or collectively liable therefor.

C. Meetings. The Board of Trustees shall meet at least three times per year, and more frequently if called, at the principal office of the Trust Fund or at such other location as may be acceptable to a majority of the Trustees. One such meeting of the Board of Trustees shall be held as soon as practicable after the adjournment of the annual meeting of Treasurers or Chief Investment Officers of Participating Political Subdivisions at such time and place as the Board of Trustees may designate. Other meetings of the Board of Trustees shall be held at places within the Commonwealth of Virginia and at times fixed by resolution of the Board of Trustees, or upon call of the Chairperson of the Board or a majority of the Trustees, on not less than ten (10) days' advance notice. Such notice shall be directed to the Trustees by U. S. mail to the respective addresses of the Trustees as recorded in the office of the Trust Fund or by electronic mail. The notice of any special meetings of the Board of Trustees shall state the purpose of the meeting.

A majority of the number of Trustees elected and serving at the time of any meeting shall constitute a quorum for the transaction of business. Each Trustee shall be entitled to cast a single vote of equal weight on each question coming before the Board. Proxy voting is not allowed. The act of a majority of Trustees present at a meeting at which a quorum is present, shall be the act of the Board of Trustees unless otherwise specified in this agreement. Less than a quorum may adjourn any meeting.

Robert's Rules of Order Newly Revised (11<sup>th</sup> edition) shall be the parliamentary authority for the Board of Trustees.

D. Office of the Trust Fund. The Administrator shall establish, maintain and provide adequate funding for an office for the administration of the Trust Fund. The address of such office is to be made known to the parties interested in or participating in the Trust Fund and to the appropriate governmental agencies. The official books and records pertaining to the Trust Fund and its administration shall be kept and maintained at the office of the Trust Fund.

E. Execution of Documents. A certificate signed by a person designated by the Board of Trustees to serve as Secretary shall be evidence of the action of the Trustees, and any such certificate or other instrument so signed shall be kept and maintained at the office of the Trust

Fund and may be relied upon as an action of the Trustees.

F. Appointment and Removal of Administrator. The Virginia Local Government Finance Corporation is hereby initially designated the Administrator pursuant to an administrative services agreement between the parties. The Board of Trustees shall provide compensation for the Administrator to administer the affairs of the Trust Fund. Any three (3) Trustees may call for a vote of the Board of Trustees to remove the Administrator by providing no less than 30 days' notice to the other Trustees and to the Administrator. A vote will be scheduled at the next meeting of the Board of Trustees, for which sufficient notice can be given, at which meeting the Administrator may be removed on a majority vote of the Trustees then serving. Upon removal of the Administrator, the Board of Trustees shall designate a successor Administrator.

G. Duty to Furnish Information. The Treasurers or Chief Investment Officers and the Board of Trustees shall furnish to each other any document, report, return, statement or other information that the other reasonably deems necessary to perform duties imposed under this Agreement or otherwise imposed by law.

H. Reliance on Communications. The Board of Trustees may rely upon a certification of a Treasurer or Chief Investment Officer with respect to any instruction, direction, or approval of its Participating Political Subdivision and may continue to rely upon such certification until a subsequent certification is filed with the Trustees. The Trustees shall have no duty to make any investigation or inquiry as to any statement contained in any such writing but may accept the same as fully authorized by the Treasurer or Chief Investment Officer and its Participating Political Subdivision.

Section 104. ADMINISTRATIVE POWERS AND DUTIES.

A. Trustees. The Board of Trustees, in addition to all powers and authorities under common law or statutory authority, including Chapter 45 of Title 2.2 of the Virginia Code (§§ 2.2-4500 *et seq.*), and subject to the requirements and limitations imposed by the common law or statutory authority, including Chapter 45 of Title 2.2 of the Virginia Code (§§ 2.2-4500 *et seq.*), shall have and in its sole and absolute discretion may exercise from time to time and at any time, either through its own actions, delegation to the Administrator, or through a Custodian selected by the Board of Trustees, the following administrative powers and authority with respect to the Trust Fund:

1. To receive for the purposes hereof all cash contributions paid to it by or at the direction of the Participating Political Subdivisions or their Treasurers or Chief Investment Officers.

2. To hold, invest, reinvest, manage, administer and distribute cash balances as shall be transferred to the Trustees from time to time by the Participating Political Subdivisions or their Treasurers or Chief Investment Officers and the increments, proceeds, earnings and income thereof for the exclusive benefit of Participating Political Subdivisions.

3. To continue to hold any property of the Trust Fund that becomes otherwise unsuitable for investment for as long as the Board of Trustees in its discretion deems desirable; to reserve from investment and keep unproductive of income, without liability for interest, cash temporarily awaiting investment and such cash as it deems advisable, or as the Administrator from time to time may specify, in order to meet the administrative expenses of the Trust Fund or anticipated distributions therefrom.

4. To hold property of the Trust Fund in the name of the Trust Fund, or in the name of a nominee or nominees (e.g., registered agents), without disclosure of the trust, or in bearer form so that it will pass by delivery, but no such holding shall relieve the Board of Trustees of its responsibility for the safe custody and disposition of the Trust Fund in accordance with the provisions of this Agreement; the books and records of the Board of Trustees shall show at all times that such property is part of the Trust Fund and the Board of Trustees shall be absolutely liable for any loss occasioned by the acts of its nominee or nominees with respect to securities registered in the name of the nominee or nominees.

5. To employ in the management of the Trust Fund suitable agents, without liability for any loss occasioned by any such agents, so long as they are selected with the care, skill, prudence, and diligence under the circumstances then prevailing 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.

6. To make, execute and deliver, as trustee, any deeds, conveyances, leases, mortgages, contracts, waivers or other instruments in writing that it may deem necessary or desirable in the exercise of its powers under this Agreement.

7. To do all other acts that it may deem necessary or proper to carry out any of the powers set forth in this Section 104 or Section 202, to administer or carry out the purposes of the Trust Fund, or as otherwise is in the best interests of the Trust Fund; provided, however, the Board of Trustees need not take action unless in its opinion there are sufficient Trust Fund assets available for the expense thereof.

8. To adopt rules and regulations governing the Trustees' operations and procedures.

9. To contract with municipal corporations, political subdivisions and other public entities of State or of local government and private entities for the provision of Trust Fund services and for the use or furnishing of services and facilities necessary, useful, or incident to providing Trust Fund services.

10. To advise the Administrator on the establishment of expectations with regard to the provision of administrative services and the establishment of appropriate fee levels.

11. To establish and charge fees for participation in the Trust Fund and for additional administrative services provided to a Participating Political Subdivision in addition to any fees charged by other administrative service providers.

12. To collect and disburse all funds due or payable from the Trust Fund, under the terms of this Agreement.

13. To provide for and promulgate all rules, regulations, and forms deemed necessary or desirable in contracting with Treasurers and Chief Investment Officers and their Participating Political Subdivisions, in fulfilling the Trustees' purposes and in maintaining proper records and accounts.

14. To employ insurance companies, banks, trust companies, investment brokers, investment advisors, or others as agents for the receipt and disbursement of funds held in trust for Participating Political Subdivisions.

15. To determine, consistent with the applicable law and the procedures under the Trust Fund, all questions of law or fact that may arise as to investments and the rights of any Participating Political Subdivision to assets of the Trust Fund.

16. Subject to and consistent with the Code and the Virginia Code, to construe and interpret the Trust Agreement and to correct any defect, supply any omissions, or reconcile any inconsistency in the Agreement.

17. To contract for, purchase or otherwise procure insurance and investment products.

B. Administrator. Pursuant to an administrative services agreement between the Board of Trustees and the Administrator, the Administrator shall have the power and authority to implement policy and procedural matters as directed by the Board of Trustees as they relate to the ongoing operation and supervision of the Trust Fund and the provisions of this Agreement and applicable law. The Administrator shall immediately make application for a fidelity bond, to any company designated by the Board of Trustees, in such amount as may be specified by the Board of Trustees. The premium on such bond shall be paid from the Trust Fund, which bond shall be continued in force in such amount as the Board of Trustees may from time to time require. If the Administrator's bond is refused, or is ever cancelled, the Administrator may be removed on a majority vote of the Trustees then serving.

#### Section 105. TAXES, EXPENSES AND COMPENSATION OF TRUSTEES.

A. Taxes. The Administrator, without direction from the Board of Trustees, shall pay out of the Trust Fund all taxes, if any, properly imposed or levied with respect to the Trust Fund, or any part thereof, under applicable law, and, in its discretion, may contest the validity or amount of any tax, assessment, claim or demand respecting the Trust Fund or any part thereof.

B. Expenses and Compensation. The Board of Trustees is authorized to set aside

from Participating Political Subdivision contributions received and the investment income earned thereon a reasonable sum for the operating expenses and administrative expenses of the Trust Fund including but not limited to, the employment of such administrative, legal, accounting, and other expert and clerical assistance, and the purchase or lease of such materials, supplies and equipment as the Board of Trustees, in its discretion, may deem necessary or appropriate in the performance of its duties, or the duties of the agents or employees of the Trust Fund or the Trustees.

All remaining funds coming into the Trust shall be set aside, managed and used only for the benefit of Participating Political Subdivisions.

#### Section 106. COMMUNICATIONS.

Until notice is given to the contrary, communication to the Trustees or to the Administrator shall be sent to them at the Trust Fund's office in care of the Administrator. The Administrator's address is VML/VACo Finance at 919 E. Main Street, Suite 1100 Richmond, VA 23219.

#### Section 107. APPOINTMENT, RESIGNATION OR REMOVAL OF TRUSTEES.

A. Appointment of Trustees and Length of Appointment. The number of Trustees serving on the Board of Trustees shall be fourteen (14).

1. The initial group of Trustees to establish the Trust Fund will be comprised as follows: (a) the Treasurer of the City of Chesapeake, (b) the Treasurer of the City of Roanoke, (c) five (5) individuals designated by the Board of Directors of the Virginia Association of Counties ("VACo"), (d) five (5) individuals designated by the Board of Directors of the Virginia Municipal League ("VML"), (e) the Executive Director of VACo, who shall serve as a non-voting *ex officio* trustee, and (f) the Executive Director of VML, who shall serve as a non-voting *ex officio* trustee. VACo and VML shall give priority for appointment to Treasurers and Chief Investment Officers. The appointees of VACo and VML serve until successor trustees are elected at the first annual meeting of the Treasurers and Chief Investment Officers.

2. With the first annual meeting of the Treasurers and Chief Investment Officers, the Board of Trustees shall be divided into three classes, A, B, and C. Class A will include the Treasurers of the two founding Participating Political Subdivisions, who shall continue to serve for two 3-year terms until successor trustees are elected at the annual meeting of the Treasurers and Chief Investment Officers to be held in Fiscal Year 2021 (the "Fiscal Year 2021 annual meeting"), and two trustees to be elected to serve until successor trustees are elected at the annual meeting to be held in Fiscal Year 2018. Class B, will serve for a transitional period until successor trustees are elected at the annual meeting to be held in Fiscal Year 2017. Class C will serve for a transitional period until successor trustees are elected at the annual meeting to be held in Fiscal Year 2016.

One of the Class B seats and one of the Class C seats will be designated to be filled by a Treasurer or Chief Investment Officer of a locality with a population of

75,000 or less, according to the latest decennial census. Individuals who do not meet this requirement may not be nominated for a seat so designated.

3. On or after July 1, 2014, the Trustees shall solicit nominations from the Treasurers and Chief Investment Officers of Participating Political Subdivisions for two Class A, four Class B, and four Class C Trusteeships, and such nominees, along with any nominations from the floor, shall constitute the candidates for the election of Trustees by vote at the Fiscal Year 2015 annual meeting of the Treasurers and Chief Investment Officers as provided in Section 307. In the event that there are not a sufficient number of eligible nominees from among Participating Political Subdivisions, nominations will be provided by the Executive Directors of the Virginia Association of Counties and the Virginia Municipal League. VACo and VML shall give priority for nomination, firstly, to Treasurers and Chief Investment Officers of Participating Political Subdivisions and, secondly, to treasurers and chief investment officers of non-participating political subdivisions.

4. On or after July 1, 2015, the Trustees shall solicit nominations from Treasurers and Chief Investment Officers of Participating Political Subdivisions for Class C Trusteeships, and such nominees, along with any nominations from the floor, shall constitute the candidates for the election of Trustee by vote at the Fiscal Year 2016 annual meeting of the Treasurers and Chief Operating Officers as provided in Section 307. In the event that there are not a sufficient number of eligible nominees from among Participating Political Subdivisions, nominations will be provided by the Executive Directors of the Virginia Association of Counties and the Virginia Municipal League. VACo and VML shall give priority for nomination, firstly, to Treasurers and Chief Investment Officers of Participating Political Subdivisions and, secondly, to treasurers and chief investment officers of non-participating political subdivisions.

5. At each annual meeting of Treasurers and Chief Investment Officers following the transitional period, the successors to the class of Trustees whose terms shall then expire shall be identified as being of the same class as the trustees they succeed and elected to hold office for a term expiring at the third succeeding annual meeting of Treasurers and Chief Investment Officers. Trustees shall hold their offices until the next annual meeting of Treasurers and Chief Investment Officers for such Trustee's respective Class and until their successors are elected and qualify.

6. At each annual meeting of the Treasurers and Chief Investment Officers, the incumbent Trustees will present all nominations received for each class of Trustees (A, B, and/or C) for which an election is to be held and entertain nominations from the floor. If a Treasurer or Chief Investment Officer does not designate a particular class for its nominee(s), such names will be included on the lists of eligible nominees for each class for which an election is to be held unless the individual named is elected to another seat.

7. No individual Trustee may be elected or continue to serve as a Trustee after becoming an owner, officer or employee of the Administrator, an Investment Advisor,

an Investment Manager or a Custodian. Beginning with the FY 2017 annual meeting, no Trustee may be elected or continue to serve as a Trustee unless he or she is a Treasurer or Chief Investment Officer of a Participating Political Subdivision or has received a delegation of authority according to the requirements of Section 107(A)(8). In the event that there are not a sufficient number of eligible nominees as of the date of the annual meeting, the position will be declared vacant.

8. A Treasurer or Chief Investment Officer may delegate to a subordinate officer who holds investment responsibilities the authority to seek election to and serve as a member of the Board of Trustees as a representative of the Participating Political Subdivision. Such officers will be entitled to the same rights and responsibilities as Treasurers and Chief Investment Officers with respect to seeking election to and serving on the Board of Trustees. The delegation of authority and any subsequent rescission of a delegation of authority must be delivered in writing to the Secretary of the Board of Trustees. If a delegation of authority is rescinded, the affected position on the Board of Trustees will be considered vacated. All references to "Treasurers" and "Chief Investment Officers" in Section 107 will pertain equally to such individuals delegated authority under this provision.

9. Each Trustee and each successor Trustee shall acknowledge and consent to his or her election as a Trustee at the annual meeting at which he/she is elected or, if subsequent to the annual meeting, by giving written notice of acceptance of such election to the Chairperson of the Trustees.

B. Resignation of a Trustee.

1. A Trustee may resign from all duties and responsibilities under this Agreement by giving written notice to the Chairperson of the Trustees. The Chairperson may resign from all duties and responsibilities under this Agreement by giving written notice to all of the other Trustees. Such notice shall state the date such resignation shall take effect and such resignation shall take effect on such date but not later than sixty (60) days after the date such written notice is given.

2. Any Trustee, upon leaving office, shall forthwith turn over and deliver to the Administrator at the principal office of the Trust Fund any and all records, books, documents or other property in his or her possession or under his or her control which belong to the Trust Fund.

C. Removal of a Trustee. Each Trustee, unless due to resignation, death, incapacity, removal, or conviction of a felony or any offense for which registration is required as defined in Virginia Code § 9.1-902, shall serve and shall continue to serve as Trustee hereunder, subject to the provisions of this Agreement.

A Trustee shall relinquish his or her office or may be removed by a majority vote of the Trustees then serving or *ipso facto* when the Employer which he/she represents is no longer a Participating Political Subdivision in the Trust Fund. Notice of removal of a Trustee shall

be furnished to the other Trustees by the Chairperson of the Trustees and shall set forth the effective date of such removal. Notice of removal of the Chairperson shall be furnished to the other Trustees by the Administrator and shall set forth the effective date of such removal.

D. Appointment of a Successor Trustee. Except as otherwise provided in part A.1 of this Section with respect to the initial term of Class A Trustees, in the event a Trustee shall die, resign, become incapacitated, be removed from office, or convicted of a felony or any offense for which registration is required as defined in Virginia Code § 9.1-902, a successor Trustee shall be elected forthwith by the affirmative vote of the majority of the remaining Trustees though less than a quorum of the Board of Trustees. The notice of the election of a successor Trustee shall be furnished to the other Trustees by the Chairperson. In case of the removal, death, resignation, etc. of the Chairperson, notice of the election of a successor Trustee, and the new Chairperson, shall be furnished to the other Trustees by the Administrator. Nominations for interim replacement of vacant positions may be made by any member of the Board of Trustees. The term of office of any Trustee so elected shall expire at the next Annual Meeting of Treasurers and Chief Investment Officers at which Trustees are elected. The successor Trustee shall be elected to complete the term for the Class to which such Trustee has been assigned. In the event that a vacancy occurs in the office of either the Treasurer of Chesapeake or the Treasurer of Roanoke prior to the FY 2021 annual meeting, the newly assigned Treasurer of the founding Participating Political Subdivision will automatically assume the vacant position.

E. Trustees' Rights. In case of the death, resignation or removal of any one or more of the Trustees, the remaining Trustees shall have the powers, rights, estates and interests of this Agreement as Trustees and shall be charged with the duties of this Agreement; provided in such cases, no action may be taken unless it is concurred in by a majority of the remaining Trustees. However, if such vacancies leave less than a quorum of Trustees, the remaining trustees may only act to appoint successors. Only after a quorum has been established may the trustees take the other actions established in this subsection.

#### Section 108. BONDING.

All Trustees shall immediately make application for a fidelity bond, to any company designated by the Board of Trustees, in such amount as may be specified by the Board of Trustees. Premiums on such bonds shall be paid from the Trust Fund, which bonds shall be continued in force in such amount as the Board of Trustees may from time to time require. If a Trustee's bond is refused, or is ever cancelled, except with the Board of Trustees' approval, such Trustee may be removed from office by majority vote of the Trustees then serving.

### **PART 2 – PROVISIONS APPLICABLE TO INVESTMENTS**

#### Section 200. APPLICATION.

The provisions of Part 2 apply to the investments of the Trust Fund.

#### Section 201. ADMINISTRATION OF TRUST.

A. General. All such assets shall be held by the Trustees in the Trust Fund.

B. Contributions. The Board of Trustees hereby delegates to the Custodian the responsibility for accepting cash contributions to the Trust Fund, and the Custodian shall have the responsibility for accepting cash contributions by Participating Political Subdivisions. Assets held in the Trust Fund shall be dedicated to the benefit of each Participating Political Subdivision, respectively, or to defraying reasonable expenses of the Trust Fund. All contributions by a Participating Political Subdivision shall be transferred to the Trust Fund to be held, managed, invested and distributed as part of the Trust Fund by the Trustees in accordance with the provisions of this Agreement and applicable law.

C. Applicable Laws and Regulations. The Board of Trustees shall be authorized to take the steps it deems necessary or appropriate to comply with any laws or regulations applicable to the Trust Fund.

D. Accumulated Share. No Participating Political Subdivision shall have any right, title or interest in or to any specific assets of the Trust Fund, but shall have an undivided beneficial interest in the Trust Fund; however, there shall be a specific accounting of assets allocable to each Participating Political Subdivision.

Section 202. MANAGEMENT OF INVESTMENTS OF THE TRUST FUND.

A. Authority of Trustees. Except as set forth in subsections C, D, F, or G of this Section, and except as otherwise provided by law, the Board of Trustees shall have exclusive authority and discretion to manage and control the assets of the Trust Fund held by them pursuant to the guidelines established by the Board of Trustees in the Investment Policy.

B. Investment Policy. The Board of Trustees, as its primary responsibility under this Agreement, shall develop written Investment Policies establishing guidelines applicable to the investment of the assets of the Trust Fund, and from time to time shall modify such Investment Policies, in light of the short and long-term financial interests of the Participating Political Subdivisions and the Trust Fund. The Investment Policies shall serve as the description of the funding policies and method for the Trust Fund.

C. Investment Advisor. From time to time, the Administrator may, pursuant to approval of the Board of Trustees, appoint one (1) or more independent Investment Advisors ("Investment Advisor"), pursuant to a written investment advisory agreement with each, describing the powers and duties of the Investment Advisor with regard to the management of all or any portion of any investment or trading account of the Trust Fund. The Investment Advisor shall review, a minimum of every calendar quarter, the suitability of the Trust Fund's investments, the performance of the Investment Managers and their consistency with the objectives of the Investment Policy with assets in the portion of the Trust Fund for which the Investment Manager has responsibility for management, acquisition or disposition.

If the Administrator contracted with a lead Investment Advisor prior to the establishment of this Agreement, the Board of Trustees may ratify such contract. The lead Investment Advisor

will serve at the pleasure of the Board of Trustees and will be compensated for its recurring, usual and customary services.

Subject to the approval of the Board of Trustees, the Investment Advisor shall recommend an asset allocation for the Trust Fund that is consistent with the objectives of the Investment Policy. If the Board of Trustees shall approve a separate Investment Policy with respect to assets in a segregated portion of the Trust Fund, the Investment Advisor shall recommend an asset allocation for such segregated portion of the Trust Fund that is consistent with the objectives of such Investment Policy. At least annually, the Investment Advisor shall review the Investment Policy and asset allocation with the Board of Trustees. The Investment Advisor shall also advise the Board of Trustees with regard to investing in a manner that is consistent with applicable law, based on majority vote of the Board of Trustees, and in consideration of the expected distribution requirements of the Plans.

D. Investment Managers. The Board of Trustees, from time to time, may appoint one (1) or more independent Investment Managers (“Investment Manager”), pursuant to a written investment management agreement with each, describing the powers and duties of the Investment Manager to invest and manage all or a portion of the Trust Fund. The Investment Manager shall have the power to direct the management, acquisition or disposition of that portion of the Trust Fund for which the Investment Manager is responsible.

The Board of Trustees shall be responsible for ascertaining that each Investment Manager, while acting in that capacity, satisfies the following requirements:

1. The Investment Manager is either (i) registered as an investment advisor under the Investment Advisors Act of 1940, as amended; (ii) a bank as defined in that Act; or (iii) an insurance company qualified to perform the services described herein under the laws of more than one state; and

2. The Investment Manager has acknowledged in writing to the Board of Trustees that it is a fiduciary with respect to the assets in the portion of the Trust Fund for which the Investment Manager has responsibility for management, acquisition or disposition.

If the Administrator contracted with a lead Investment Manager prior to the establishment of this Agreement, the Board of Trustees may ratify such contract. The lead Investment Manager will serve at the pleasure of the Board of Trustees and will be compensated for its recurring, usual and customary services.

E. Custodian. The Custodian is responsible for holding all funds and securities in a separate account in the name of the Trust, collecting all income and principal due the Trust from securities held, accepting contributions and distributing redemptions, and properly accepting for delivery and/or delivering securities in accordance with the contract between the Trust and the Custodian.

The Board on behalf of the Trust shall employ a bank or trust company organized under

the laws of the United States of America or the Commonwealth of Virginia. The Custodian shall be subject to such restrictions, limitations, and other requirements set forth in a Custodian Agreement to be entered into between the Board and the Custodian.

The Custodian shall have such duties as are set forth in the Custodian Agreement. Such Agreement shall also provide that it may be terminated at any time without cause and without the payment of any penalty on 45 days' written notice.

In the event that, at any time, the Custodian shall resign or shall be terminated the Board shall appoint a successor.

F. Absence of Trustees' Responsibility for Investment Advisor and Manager. Except to the extent provided in paragraph A of Section 103 above, the Board of Trustees, collectively and individually, shall not be liable for any act or omission of any Investment Manager and shall not be under any obligation to invest or otherwise manage the assets of the Trust Fund that are subject to the management of any Investment Manager. Without limiting the generality of the foregoing, the Board of Trustees shall be under no duty at any time to make any recommendation with respect to disposing of or continuing to retain any such asset. Furthermore, the Board of Trustees, collectively and individually, shall not be liable by reason of its taking or refraining from taking the advice of the Investment Advisor any action pursuant to this Section, nor shall the Board of Trustees be liable by reason of its refraining from taking any action to remove or replace any Investment Manager on advice of the Investment Advisor; and the Trustees shall be under no duty to make any review of an asset acquired at the direction or order of an Investment Manager.

G. Reporting. The Board of Trustees shall be responsible for and shall cause to be filed periodic audits, valuations, reports and disclosures of the Trust Fund as are required by law or agreements. Notwithstanding anything herein to the contrary, the Board of Trustees shall cause the Trust Fund to be audited by a certified public accounting firm retained for this purpose at least once each year. The Board of Trustees may employ professional advisors to prepare such audits, valuations, reports and disclosures and the cost of such professional advisors shall be borne by the Trust Fund.

H. Commingling Assets. Except to the extent prohibited by applicable law, the Board of Trustees may commingle the assets of all Participating Political Subdivisions held by the Board of Trustees under this Agreement for investment purposes in the Trust Fund and shall hold the Trust Fund in trust and manage and administer the same in accordance with the terms and provisions of this Agreement. However, the assets of each Participating Political Subdivision shall be accounted for separately.

- I. Record of Shares. The Trust shall maintain records which shall contain:
- i. The names and addresses of Participating Political Subdivisions;
  - ii. The number of shares representing their respective interests hereunder; and

iii. A record of all allocations and redemptions.

Such records shall be conclusive as to the identity of the Participating Political Subdivisions to which shares are allocated. Only those Participating Political Subdivisions whose allocation of shares is recorded in the Trust records shall be entitled to receive distributions with respect to shares or otherwise to exercise or enjoy the rights and benefits related to the beneficial interests represented by the shares. No Participant shall be entitled to receive any distribution, nor to have notices given to it, until it has given its appropriate address to the Trust.

J. Maintenance of Records. The Administrator, or such other entity appointed by the Board, shall record the allocations of shares in the records of the Trust,

K. No Transfer of Shares. The beneficial interests measured by the shares shall not be transferable, in whole or in part, other than to the Trust itself for purposes of redemption. However, shares may be redeemed from one Participating Political Subdivision's account and the proceeds deposited directly into another Participating Political Subdivision's account upon instructions received from both respective Participants.

L. Limitation of Responsibility. The Board shall not, nor shall the Participating Political Subdivisions or any officer or other agent of the Trust, be bound to determine the existence of any trust, express, implied or constructive, or of any charge, pledge or equity to which any of the shares or any interest therein are subject, or to ascertain or inquire whether any redemption of any such shares by any Participating Political Subdivision or its representatives is authorized by such trust, charge, pledge or equity, or to recognize any person as having any interest therein except the Participating Political Subdivision recorded as the Participating Political Subdivision to which such shares are allocated. The receipt of moneys by the Participating Political Subdivision in whose name any share is recorded or by the duly authorized agent of such Participating Political Subdivision shall be a sufficient discharge for all moneys payable or deliverable in respect of such shares and from all responsibility to see the proper application thereof.

Section 203. ACCOUNTS.

The Trustees shall keep or cause to be kept at the expense of the Trust Fund accurate and detailed accounts of all its receipts, investments and disbursements under this Agreement, with the Trustees causing the Investment Advisor to account separately for each Investment Manager's portion of the Trust Fund.

Section 204. DISBURSEMENTS FROM THE TRUST.

A. Trust Payments. The Board of Trustees hereby delegates to the Administrator the responsibility for making payments from the Trust Fund, in accordance with rules and regulations established by the Board of Trustees. Payments from the Trust Fund shall be made by electronic transfer or check (or the check of an agent) for deposit to the order of the payee. Payments or other distributions hereunder may be mailed to the payee at the address last furnished to the Administrator. The Trustees shall not incur any liability on account of any payment or other distribution made by the Trust Fund in accordance with this Section. Such payment shall be in full

satisfaction of claims hereunder against the Trustee, Administrator or Participating Political Subdivision.

B. Payments from the Trust to Participating Political Subdivisions. Any and all allocated shares may be redeemed at the option and as directed by the Treasurer or Chief Investment Officer of each Participating Political Subdivision upon and subject to the terms and conditions provided in this Agreement and the Informational Statement(s). The Trust shall, upon application of any Participating Political Subdivision, redeem from such Participating Political Subdivision allocated shares for an amount per share equivalent to the proportional interest in the net assets of the Trust at the time of the redemption. The procedures for effecting redemption shall be prescribed by the Board; provided, however, that such procedures shall not be structured so as to substantially and materially restrict the ability of the Participating Political Subdivisions to withdraw funds from the Trust.

C. Allocation of Expenses. The Trustees shall pay all expenses of the Trust Fund from the assets in the Trust Fund. All expenses of the Trust Fund, which are allocable to a particular investment option or account, may be allocated and charged to such investment option or account as determined by the Trustees. All expenses of the Trust Fund which are not allocable to a particular investment option or account shall be charged to each such investment option or account in the manner established by the Trustees.

#### Section 205. INVESTMENT PORTFOLIOS.

The Trustees shall establish two (2) investment portfolios within the Trust Fund pursuant to the Investment Policies, for communication to, and acceptance by, Treasurers and Chief Investment Officers:

- i. VIP Stable NAV Liquidity Pool. Assets in this portfolio will be invested in such a manner to facilitate overnight liquidity as well as the maintenance of a stable Net Asset Value, with the price of shares in the portfolio targeted to maintain a value of \$1.00.
- ii. VIP 1-3 Year High Quality Bond Fund. Assets in this portfolio will be invested in fixed income securities benchmarked with the Bank of America Merrill Lynch 1-3 Year Corporate/Government Index. The Pool is intended for the management of assets that Participating Political Subdivisions intend to invest for one year or longer.

The Board of Trustees may develop additional investment options, reflecting different risk/return objectives and corresponding asset mixes, for selection by Treasurers and Chief Investment Officers, as alternatives to the current investment options. The determination to add alternative investment options to the Investment Policies, and the development of each such investment option, are within the sole and absolute discretion of the Board of Trustees. The Trustees shall transfer to any deemed investment option developed hereunder such portion of the assets of the Trust Fund as appropriate. The Trustees shall manage, acquire or dispose of the assets in an investment option in accordance with the directions given by each Treasurer or Chief Investment Officer. All income received with respect to, and all proceeds received

from, the disposition of property held in an investment option shall be credited to, and reinvested in, such investment option.

If multiple investment options are developed, from time to time, the Board of Trustees may eliminate an investment option, and the proceeds thereof shall be reinvested in the remaining investment option having the shortest duration of investments unless another investment option is selected in accordance with directions given by the Treasurer or Chief Investment Officer.

Separate investment funds within the Trust Fund and varying percentages of investment in any such separate investment fund by the Participating Political Subdivisions, to the extent so determined by the Board of Trustees, are expressly permitted.

### **PART 3 – PROVISIONS APPLICABLE TO PARTICIPATING POLITICAL SUBDIVISIONS**

#### Section 300. APPLICATION.

The provisions of Part 3 set forth the rights of Participating Political Subdivisions.

#### Section 301. PARTICIPATING POLITICAL SUBDIVISIONS.

A. Approval. The Board of Trustees or its designee shall receive applications from Treasurers and Chief Investment Officers of Participating Political Subdivisions for membership in the Trust Fund and shall approve or disapprove such applications for membership in accordance with the terms of this Agreement, the Trust Joinder Agreement, and the rules and regulations established by the Board of Trustees for admission of new Participating Political Subdivisions. The Board of Trustees shall have total discretion in determining whether to accept a new member. The Board of Trustees may delegate the authority for membership approval to the Administrator.

B. Execution of Trust Joinder Agreement. Once the governing body of a political subdivision has approved an ordinance or resolution to participate in the Trust Fund, its Treasurer or Chief Investment Officer, serving as trustee for such political subdivision, may execute a Trust Joinder Agreement in such form and content as prescribed by the Board of Trustees. By the execution of the Trust Joinder Agreement, the Participating Political Subdivision agrees to be bound by all the terms and provisions of this Agreement, the Trust Joinder Agreement, and any rules and regulations adopted by the Trustees under this Agreement. The Treasurer or Chief Investment Officer of each Participating Political Subdivision, serving as such Participating Political Subdivision's trustee shall represent such Participating Political Subdivision's interest in all meetings, votes, and any other actions to be taken by a Participating Political Subdivision hereunder, provided that a Treasurer who elects not to invest public funds pursuant to the Joinder Agreement shall have no obligation to serve as a trustee for his or her locality.

C. Continuing as a Participating Political Subdivision. Application for participation in this Agreement, when approved in writing by the Board of Trustees or its designee, shall constitute a continuing contract for each succeeding fiscal year unless terminated by the Trustees or unless the Participating Political Subdivision resigns or withdraws from this Agreement by

written notice sent by its duly authorized official. The Board of Trustees may terminate a Participating Political Subdivision's participation in this Agreement for any reason by vote of a three-fourths (3/4) majority of the voting members of the Board of Trustees present at a duly called meeting. If the participation of a Participating Political Subdivision is terminated, the Board of Trustees and the Administrator shall effect the withdrawal of such Participating Political Subdivision's beneficial interest in the Trust in accordance with its usual withdrawal policies.

#### Section 302. MEETINGS OF PARTICIPATING POLITICAL SUBDIVISIONS.

A. Places of Meetings. All meetings of the Treasurers and Chief Investment Officers shall be held at such place, within the Commonwealth of Virginia, as from time to time may be fixed by the Trustees.

B. Annual Meetings. The annual meeting of the Treasurers and Chief Investment Officers of Participating Political Subdivisions, for the election of Trustees and for the transaction of such other business as may come before the annual meeting, shall be held at such time on such business day between September 1<sup>st</sup> and October 31<sup>st</sup> as shall be designated by resolution of the Board of Trustees.

C. Special Meetings. Special meetings of the Treasurers or Chief Investment Officers for any purpose or purposes may be called at any time by the Chairperson of the Board of Trustees, by the Board of Trustees, or if Treasurers and Chief Investment Officers together holding at least twenty percent (20%) of all votes entitled to be cast on any issue proposed to be considered at the special meeting sign, date and deliver to the Trust Fund's Secretary one or more written demands for the meeting describing the purpose or purposes for which it is to be held. At a special meeting no business shall be transacted and no action shall be taken other than that stated in the notice of the meeting.

D. Notice of Meetings. Written notice stating the place, day and hour of every meeting of the Treasurers and Chief Investment Officers and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each Participating Political Subdivision's Treasurer or Chief Investment Officer of record entitled to vote at such meeting, at the address which appears on the books of the Trust Fund. Such notice may include any rules established by the Board of Trustees governing the nomination and election of candidates, determination of vote allocations, and other such matters.

E. Quorum. Any number of Treasurers and Chief Investment Officers together holding at least a majority of the outstanding beneficial interests entitled to vote with respect to the business to be transacted, who shall be physically present in person at any meeting duly called, shall constitute a quorum of such group for the transaction of business. If less than a quorum shall be in attendance at the time for which a meeting shall have been called, the meeting may be adjourned from time to time by a majority of the Treasurers and Chief Investment Officers present. Once a beneficial interest is represented for any purpose at a meeting of Treasurers and Chief Investment Officers, it shall be deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is, or shall be, set

for that adjourned meeting.

F. Voting. At any meeting of the Treasurers and Chief Investment Officers, each Treasurer or Chief Investment Officer entitled to vote on any matter coming before the meeting shall, as to such matter, have one vote, in person, for each two hundred fifty thousand (\$250,000) dollars, or fraction thereof, invested in its name in the Trust Fund, based upon an annual weighted average during the previous fiscal year ending June 30. Notwithstanding the preceding sentence, at any meeting held after the date the *tenth (10<sup>th</sup>)* Participating Political Subdivision joins the Trust, no one Treasurer or Chief Investment Officer may vote more than *twenty percent (20%)* of the total votes cast. A Treasurer or Chief Investment Officer may, by written and signed proxy, designate another employee or member of the governing body of his/her Participating Political Subdivision to cast his/her votes in person at the meeting. A delegation of authority issued under Section 106(A) (8) does not replace the requirement for a written and signed proxy at meetings of the Treasurers and Chief Investment Officers of Participating Political Subdivisions.

If a quorum is present at a meeting of the Treasurers and Chief Investment Officers, action on a matter other than election of Trustees shall be approved if the votes cast favoring the action exceed the votes cast opposing the action, unless a vote of a greater number is required by this Agreement. If a quorum is present at a meeting of the Treasurers and Chief Investment Officers, nominees for Trustees for all open seats for each class of Trustees on the Board of Trustees shall be elected by a plurality of the votes cast by the beneficial interests entitled to vote in such election.

Treasurers and Chief Investment Officers at the annual meeting will vote at one time to fill all open positions within a single class of Trustees. Elections will be held by class, in the order of the length of the terms to be filled, beginning with the longest term. Each Treasurer or Chief Investment Officer will cast up to the full number of its votes for each open position within a class of Trustees but may not cast votes for more than the number of open positions in such class. Those nominees receiving the largest plurality of votes, up to the number of positions to be filled, will be declared elected. Subsequent votes may be held to break any ties, if necessary, in order to elect the correct number of Trustees.

#### **PART 4 – PROVISIONS APPLICABLE TO OFFICERS**

##### Section 401. ELECTION AND REMOVAL OF OFFICERS.

A. Election of Officers; Terms. The Board of Trustees shall appoint the officers of the Trust Fund. The officers of the Trust Fund shall consist of a Chairperson of the Board, a Vice-Chairperson, and a Secretary. The Secretary need not be a member of the Board of Trustees and may be the Administrator. Other officers, including assistant and subordinate officers, may from time to time be elected by the Board of Trustees, and they shall hold office for such terms as the Board of Trustees may prescribe. All officers shall hold office until the next annual meeting of the Board of Trustees and until their successors are elected.

B. Removal of Officers; Vacancies. Any officer of the Trust Fund may be removed summarily with or without cause, at any time, on a three-fourths ( $\frac{3}{4}$ ) vote of the Board of Trustees present at a duly called meeting. Vacancies may be filled by the Board of Trustees.

Section 402. DUTIES.

A. Duties, generally. The officers of the Trust Fund shall have such duties as generally pertain to their offices, respectively, as well as such powers and duties as are prescribed by law or are hereinafter provided or as from time to time shall be conferred by the Board of Trustees. The Board of Trustees may require any officer to give such bond for the faithful performance of such officer's duties as the Board of Trustees may see fit.

B. Duties of the Chairperson. The Chairperson shall be selected from among the Trustees. Except as otherwise provided in this Agreement or in the resolutions establishing such committees, the Chairperson shall be *ex officio* a member of all Committees of the Board of Trustees. The Chairperson shall preside at all Board meetings. The Chairperson may sign and execute in the name of the Trust Fund stock certificates, deeds, mortgages, bonds, contracts or other instruments except in cases where the signing and the execution thereof shall be expressly delegated by the Board of Trustees or by this Agreement to some other officer or agent of the Trust Fund or as otherwise required by law. In addition, he/she shall perform all duties incident to the office of the Chairperson and such other duties as from time to time may be assigned to the Chairperson by the Board of Trustees. In the event of any vacancy in the office of the Chairperson, the Vice-Chairperson shall serve as Chairperson on an interim basis until such vacancy is filled by subsequent action of the Board of Trustees.

C. Duties of the Vice-Chairperson. The Vice-Chairperson, if any, shall be selected from among the Trustees and shall have such powers and duties as may from time to time be assigned to the Vice-Chairperson. The Vice-Chairperson will preside at meetings in the absence of the Chairperson.

D. Duties of the Secretary. The Secretary shall act as secretary of all meetings of the Board of Trustees and of the Treasurers and Chief Investment Officers. When requested, the Secretary shall also act as secretary of the meetings of the Committees of the Board of Trustees. The Secretary shall keep and preserve the minutes of all such meetings in permanent books. The Secretary shall see that all notices required to be given by the Trust Fund are duly given and served. The Secretary may, at the direction of the Board of Trustees, sign and execute in the name of the Trust Fund stock certificates, deeds, mortgages, bonds, contracts or other instruments, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Trustees or by this Agreement. The Secretary shall have custody of all deeds, leases, contracts and other important Trust Fund documents; shall have charge of the books, records and papers of the Trust Fund relating to its organization and management as a trust; and shall see that all reports, statements and other documents required by law are properly filed.

**PART 5 – MISCELLANEOUS PROVISIONS**

Section 501. TITLES.

The titles to Parts and Sections of this Agreement are placed herein for convenience of reference only, and the Agreement is not to be construed by reference thereto.

Section 502. SUCCESSORS.

This Agreement shall bind and inure to the benefit of the successors and assigns of the Trustees, the Treasurers and Chief Investment Officers, and the Participating Political Subdivisions.

Section 503. COUNTERPARTS.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original but all of which together shall constitute but one instrument, which may be sufficiently evidenced by any counterpart. Any Participating Political Subdivision that formally applies for participation in this Agreement by its execution of a Trust Joinder Agreement which is accepted by the Trustees shall thereupon become a party to this Agreement and be bound by all of the terms and conditions thereof, and said Trust Joinder Agreement shall constitute a counterpart of this Agreement.

Section 504. AMENDMENT OR TERMINATION OF THIS AGREEMENT;  
TERMINATION OF PLANS.

A. Duration. The Trust shall be perpetual, subject to the termination provisions contained in Section 504, Subsection C below.

B. Amendment. This Agreement may be amended in writing at any time by the vote of a two-thirds (2/3) majority of the Trustees. Notwithstanding the preceding sentence, this Agreement may not be amended so as to change its purpose as set forth herein or to permit the diversion or application of any funds of the Trust Fund for any purpose other than those specified herein.

The Board of Trustees, upon adoption of an amendment to this Agreement, shall provide notice by sending a copy of any such amendment to each Treasurer and Chief Investment Officer within 15 days of adoption of such amendment. If a Treasurer or Chief Investment Officer objects to such amendment, the Treasurer or Chief Investment Officer must provide written notice of its objection and intent to terminate its participation in the Trust Fund by registered mail delivered to the Administrator within ninety (90) days of such notice, and if such notice is given, the amendments shall not apply to such Participating Political Subdivision for a period of 180 days from the date of adoption of such amendments. The Participating Political Subdivision's interest shall be terminated in accordance with the provisions of paragraph B of this section.

C. Withdrawal and Termination. Any Participating Political Subdivision may at any time in its sole discretion withdraw and terminate its interest in this Agreement and any trust created hereby by giving written notice from the Participating Political Subdivision's Treasurer

or Chief Investment Officer to the Trustees in the manner prescribed by this Section. The Trust Fund may be terminated in its entirety when all participation interests of all Participating Political Subdivisions have been terminated in their entirety. This Agreement and the Trust Fund will then be terminated in its entirety pursuant to Virginia law.

In case of a termination of this Agreement, either in whole or in part by a Participating Political Subdivision, the Trustees shall hold, apply, transfer or distribute the affected assets of the Trust Fund in accordance with the applicable provisions of this Agreement and as directed by the Treasurer or Chief Investment Officer of each Participating Political Subdivision. Upon any termination, in whole or in part, of this Agreement, the Trustees shall have a right to have their respective accounts settled as provided in this Section 504.

In the case of the complete or partial termination of this Agreement as to one or more Participating Political Subdivisions, the affected assets of the Trust Fund shall continue to be held pursuant to the direction of the Trustees, for the benefit of the Participating Political Subdivision, until the Trustees, upon recommendation of the Administrator, distribute such assets to a Participating Political Subdivision, or other suitable arrangements for the transfer of such assets have been made. This Agreement shall remain in full effect with respect to each Participating Political Subdivision that does not terminate or withdraw its participation in the Trust Fund, or whose participation is not terminated by the Trustees. However, if distributions must be made, the Treasurer or Chief Investment Officer of each Participating Political Subdivision shall be responsible for directing the Administrator on how to distribute the beneficial interest of such Participating Political Subdivision. In the absence of such direction, the Administrator may take such steps as it determines are reasonable to distribute such Participating Political Subdivision's interest.

A Participating Political Subdivision must provide written notice of its intent to terminate its participation in the Trust Fund by registered mail signed by the appropriate official of the subdivision and delivered to the Administrator.

Notwithstanding the foregoing, the Trustees shall be required to pay out any assets of the Trust Fund to Participating Political Subdivisions upon termination of this Agreement or the Trust Fund, in whole or in part, upon receipt by the Trustees of written certification from the Administrator that all provisions of law with respect to such termination have been complied with. The Administrator shall provide the required written certification to the Trustees within three (3) working days of receiving a written notice of intent to terminate as described above. The Trustees shall rely conclusively on such written certification and shall be under no obligation to investigate or otherwise determine its propriety.

When all of the assets of the Trust Fund affected by a termination have been applied, transferred or distributed and the accounts of the Trustees have been settled, then the Trustees and Administrator shall be released and discharged from all further accountability or liability respecting the Trust Fund, or portions thereof, affected by the termination and shall not be responsible in any way for the further disposition of the assets of the Trust Fund, or portions thereof, affected by the termination or any part thereof so applied, transferred or distributed; provided, however, that the Trustees shall provide full and complete accounting for all assets up

through the date of final disposition of all assets held in the Trust.

Section 505. SPENDTHRIFT PROVISIONS; PROHIBITION OF ASSIGNMENT OF INTEREST.

The Trust Fund shall be exempt from taxation and execution, attachment, garnishment, or any other process. No Participating Political Subdivision or other person with a beneficial interest in any part of the Trust Fund may commute, anticipate, encumber, alienate or assign the beneficial interests or any interest of a Participating Political Subdivision in the Trust Fund, and no payments of interest or principal shall be in any way subject to any person's debts, contracts or engagements, nor to any judicial process to levy upon or attach the interest or principal for payment of those debts, contracts, or engagements.

Section 506. VIRGINIA FREEDOM OF INFORMATION ACT.

The Administrator shall give the public notice of the date, time, and location of any meeting of the Board of Trustees' or of the Treasurers and Chief Investment Officers in the manner and as necessary to comply with the Virginia Freedom of Information Act (Va. Code §§ 2.2-3700 *et seq.*). The Secretary or its designee shall keep all minutes of all meetings, proceedings and acts of the Trustees and of Treasurers and Chief Investment Officers, but such minutes need not be verbatim. Copies of all minutes of the Trustees and of Treasurers and Chief Investment Officers shall be sent by the Secretary or its designee to the Trustees.

All meetings of the Board of Trustees and of Treasurers or Chief Investment Officers shall be open to the public, except as provided in § 2.2-3711 of the Virginia Code. No meeting shall be conducted through telephonic, video, electronic or other communication means where the members are not physically assembled to discuss or transact public business, except as provided in §§ 2.2-3708 or 2.2-3708.1 of the Virginia Code.

Section 507. JURISDICTION.

This Agreement shall be interpreted, construed and enforced, and the trust or trusts created hereby shall be administered, in accordance with the laws of the United States and of the Commonwealth of Virginia, excluding Virginia's law governing the conflict of laws.

Section 508. SITUS OF THE TRUST.

The situs of the trust or trusts created hereby is the Commonwealth of Virginia. All questions pertaining to its validity, construction, and administration shall be determined in accordance with the laws of the Commonwealth of Virginia. Venue for any action regarding this Agreement is the City of Richmond, Virginia.

Section 509. CONSTRUCTION.

Whenever any words are used in this Agreement in the masculine gender, they shall be construed as though they were also used in the feminine or neuter gender in all situations where

they would so apply and whenever any words are used in this Agreement in the singular form, they shall be construed as though they were also used in the plural form in all situations where they would so apply, and whenever any words are used in this Agreement in the plural form, they shall be construed as though they were also in the singular form in all situations where they would so apply.

Section 510. CONFLICT.

In resolving any conflict among provisions of this Agreement and in resolving any other uncertainty as to the meaning or intention of any provision of the Agreement, the interpretation that (i) causes the Trust Fund to be exempt from tax under Code Sections 115 and 501(a), and (ii) causes the participating Plan and the Trust Fund to comply with all applicable requirements of law shall prevail over any different interpretation.

Section 511. NO GUARANTEES.

Neither the Administrator nor the Trustees guarantee the Trust Fund from loss or depreciation or for the payment of any amount which may become due to any person under any participating Plan or this Agreement.

Section 512. PARTIES BOUND; NO THIRD PARTY RIGHTS.

This Agreement and the Trust Joinder Agreements, when properly executed and accepted as provided hereunder, shall be binding only upon the parties hereto, *i.e.*, the Board of Trustees, the Administrator and the Participating Political Subdivisions. Neither the establishment of the Trust nor any modification thereof, nor the creation of any fund or account shall be construed as giving to any person any legal or equitable right against the Trustees, or any officer or employee thereof, except as may otherwise be provided in this Agreement. Under no circumstances shall the term of employment of any Employee be modified or in any way affected by this Agreement.

Section 513. NECESSARY PARTIES TO DISPUTES.

Necessary parties to any accounting, litigation or other proceedings relating to this Agreement shall include only the Trustees and the Administrator. The settlement or judgment in any such case in which the Trustees are duly served or cited shall be binding upon all Participating Political Subdivisions and upon all persons claiming by, through or under them.

Section 514. SEVERABILITY.

If any provision of this Agreement shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of the Agreement shall continue to be fully effective. If any provision of the Agreement is held to violate the Code or to be illegal or invalid for any other reason, that provision shall be deemed to be null and void, but the invalidation of that provision shall not otherwise affect the trust created by this Agreement.

Approved by Board of Trustees, September 13, 2013  
Amended by Board of Trustees, January 24, 2014  
Amended by Board of Trustees, June 19, 2015  
Amended by Board of Trustees, September 23, 2016  
Amended by Board of Trustees, January 29, 2021

**[SIGNATURE PAGE FOLLOWS]**