

**BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION**

**POLICY RESOLUTION**

**Adopted: April 12, 2016**

**Re: Service Provider Disclosures**

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**WHEREAS**, the Board of Trustees ("Board") is vested with the authority and fiduciary responsibility for to manage and invest the assets of the Voluntary Employees' Beneficiary Association ("VEBA"); and

**WHEREAS**, the Board recognizes that it is subject to the provisions of the Public Employee Health Care Fund Investment Act (Michigan Public Act 149 of 1999, as amended) and Public Employee Retirement System Investment Act, (Michigan Public Act 314 of 1965, as amended), wherein the Board is required to act as a prudent investor in all transactions related to VEBA funds and assets by discharging its duties solely in the interests of the participants and beneficiaries and shall act with the same care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims; and with due regard for the management, reputation, and stability of the issuer and the character of the particular investments being considered; and

**WHEREAS**, in light of its fiduciary responsibility, the Board recognizes that it is in the best interests of the VEBA and its participants and beneficiaries to retain the services of qualified professional service providers, including, but not limited to: investment consultants, investment managers, investment banks/brokers, custodians, actuaries, auditors, attorneys, administrators and physicians to assist in and oversee the investments and administration of the VEBA; and

**WHEREAS**, the Board is aware of the various disclosure requirements and "pay-to-play" restrictions imposed on its current and prospective service providers under the provisions of Act 314 and applicable federal law; and

**WHEREAS**, the Board is required to withhold payment from service providers who violate the "pay-to-play" provisions of Act 314 and applicable federal law; and

**WHEREAS**, several of the VEBA's professional service providers qualify as "service providers" and/or "investment service providers" as that term is defined under Act 314; and

**WHEREAS**, the term "service provider" is defined in Act 314 as "a person retained to provide services to a system and includes investment advisers, consultants, custodians, accountants, auditors, attorneys, actuaries, administrators, and physicians. Service provider includes an investment service provider as defined in Section 13(7). Service provider does not include a regulated investment adviser"; and

**WHEREAS**, the term "investment service provider" is defined under Act 314 as "any individual, third-party agent, or consultant, or other entity that received direct or indirect compensation for consulting, investment management, brokerage, or custody services related to the system's assets"; and

**WHEREAS**, the Board is desirous of establishing a formal disclosure policy applicable to appropriate service providers in order to monitor said service providers' compliance with Act 314 and other applicable laws; therefore be it

**RESOLVED** that every year in the month of March, the Board shall require each of its current "investment service providers" to disclose in writing all fees or other compensation associated with its relationship with the VEBA for the previous calendar year, as required under Section 13(7) of Act 314 [MCL 38.1133(7)], by submission of the attached Fee Disclosure Form; and further

**RESOLVE** that prior to the transfer of any VEBA assets to a prospective "investment service provider", the prospective "investment service provider" shall be required to disclose all fees or other compensation to be associated with its relationship to the VEBA through completion and submission of the Compensation Disclosure Form to the Board; and further

**RESOLVED** that every year in the month of March, the Board shall require all of its service providers to acknowledge that they are in compliance with Section 13e of Act 314 [MCL 38.1133e] and/or Rule 206(4)-5 of the Investment Advisers Act of 1940 in the case of a regulated investment adviser; and further

**RESOLVED** that any service provider's failure or refusal to complete and submit either of the VEBA's disclosure forms shall be deemed a violation of the requirements of Act 314 and this Policy, and shall result in appropriate action by the Board, including the possible suspension of payment for services rendered and/or termination of the service provider's relationship with the VEBA; and further

**RESOLVED** that all service providers shall have an ongoing requirement to monitor all political contributions and, upon becoming aware of a violation, immediately disclose to the Board any and all political contributions that violate the restrictions of MCL 38.1133e and/or Rule 206(4)-5 of the Investment Advisers Act of 1940 in the case of a regulated investment adviser, including the date of the contribution, the name of the contributor, the name of the recipient, and the amount of the contribution; and further

**RESOLVED** that copies of this Policy shall be provided to all VEBA service providers who shall be required to act in accordance with said Policy.