

VEBA COMMITTEE MEETING

Plymouth District Library | February 6, 2023

1. Call to order & attendance:
 - a. The meeting was called to order at 5:30pm by Director Anderson.
 - b. Present: Trustees Pappas, Morrison, Director Anderson, staff member McCardell, and Alerus Representative Shields
2. Agenda
 - a. Resolved by Trustee Morrison and seconded by Trustee Sextion to approve the agenda
3. Meeting Minutes
 - a. Resolved by Trustee Pappas and seconded by Trustee Morrison to approve the minutes for the November meeting.
4. Public Comment
 - a. None
5. Old Business:
 - a. Plan review: Alerus representative Shields introduced himself to the VEBA Committee. Our account performed slightly better than expected, but Shields recommended more regular rebalancing to help respond to regular shifts in the market.
 - b. Shields also recommended that we move to purchasing individual bonds instead of bond funds to mitigate our risk exposure. Purchasing individual bonds provides the safety of a maturation date. There are no additional costs involved, in fact there will be a slight savings, and is anticipated to produce a higher yield overall.
 - i. Trustee Pappas noted that he would prefer that we keep our current allocations, as this model worked well for the account in the past.
 - ii. Shields noted that all allocations will remain the same, with all bond funds migrating to individually purchased bonds.
 - iii. Trustee Morrison asked for more information about the criteria for selecting individual bonds. Shields stated that they will select the top 20 highest performing, highly-rated bonds (the current bond fund includes over 17,000 bonds) with a variety of maturation dates that would mimic the makeup of the duration in the bond fund. The market currently favors shorter terms.
 - iv. Trustee Morrison asked if there were any downsides to the change. Shields noted that the only downside would be if one of the companies selected went bankrupt, however that is unlikely due to

the selections they would make. Also, bond holders are one of the first to receive payment after bankruptcy is filled.

- v. Resolved by staff representative McCardell and seconded by Trustee Pappas to follow the recommendation of our advisor and switch from bond funds to individual bonds using the selection criteria discussed at the meeting. Motion passed with unanimous support.
 - c. Shields recommended that we rebalance our account back to our target allocations and consider more regular rebalancing. His recommendation was quarterly. Trustee Pappas noted that he felt more frequent rebalancing was unnecessary. Shields said that semi-annually (at least twice per year) would also be good, especially in December when there are potential benefits to trading. Trustee Sexton recommended approving automatic rebalancing twice a year in June and December. Director Anderson cautioned that the group should still meet quarterly to review the account and consider current market conditions before approving rebalancing.
 - i. Resolved by Trustee Sexton and seconded by Trustee Pappas to rebalance the account now and recommend semi-annual rebalancing going forward. Motion passed with unanimous support.
6. New Business:
- a. Director Anderson presented concerns over looming needs on the VEBA fund in 7-8 years and recommends that the VEBA board consider alternatives for full time employees not yet vested in the VEBA program, to help mitigate the library's future liabilities. Trustee Sexton recommended that we use our future meetings to look at those alternatives.
7. The meeting was adjourned at 6:31pm, resolved by Trustee Pappas, seconded by Trustee Sexton.