

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
AGENDA

TUESDAY, JANUARY 14, 2014

(Immediately Following the Retirement Board of Trustees' Meeting @ Approximately 2:30 P.M.)

**COMMISSIONERS CHAMBERS
515 CENTER AVENUE - 4TH FLOOR
BAY CITY, MI 48708**

PAGE	
	I. CALL TO ORDER
	II. ROLL CALL
	III. MINUTES
1 - 4	I. DECEMBER 10, 2013 - REGULAR MEETING
	IV. PUBLIC INPUT
5 - 6	A. PORTFOLIO VALUE 1/1/13 - 12/31/13
7 - 9	B. VEBA YTD BUDGET REPORT ENDING 1/8/14
10	C. BECKER, BURKE ASSOCIATES
57	I. CLIENT CONSENT REGARDING ACQUISITION BY BOGDAHN CONSULTING, LLC
11	D. NOTICE OF PUBLIC MEETINGS FOR 2014
	V. ANNOUNCEMENTS
	A. NEXT REGULAR MEETING - TUESDAY, FEBRUARY 11, 2014 IMMEDIATELY FOLLOWING THE RETIREMENT BOARD OF TRUSTEES MEETING AT APPROXIMATELY 2:30 P.M. , COMMISSIONERS CHAMBERS, 515 CENTER AVENUE - 4 TH FLOOR, BAY CITY, MI 48708
	VI. UNFINISHED BUSINESS
	VII. NEW BUSINESS
	VIII. MISCELLANEOUS BUSINESS
	IX. ADJOURNMENT

MINUTES BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)

December 10, 2013

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The meeting, held in the Bay County Commission Chambers, 4th Floor, Bay County Building, 515 Center Avenue, Bay City, Michigan, was called to order by Chairman, Steve Gray at 2:55 p.m. Roll call was taken. All trustees are present with the exception of Mr. Herek, who stepped out briefly.

1. Moved, supported and carried to approve the minutes, as printed, from the November 12, 2013 regular meeting.

Mr. Gray called for public input. Seeing no one from the public is present, he moved onto petitions and communications.

Trustee Herek returns to the meeting.

Present today from C. S. McKee, Pittsburgh, Pennsylvania is Mr. Jeff Davidek. Mr. Davidek states they work with 34 counties nationwide and manage this same strategy for the Municipal Employees Retirement System of Michigan. They pride themselves on the consistency of their fixed income group. Every year since 1999 their securities selection has added value versus the Barclays Capital Aggregate benchmark they are measured against. For the period ending September 30, 2013 the Barclays Aggregate YTD was (-1.89%) compared to the VEBA Plan of (-1.71%). It is a modest out performance. Since C. S. McKee was hired in February of 2012 the Barclay's Aggregate has returned 0.93% and the County VEBA was up 1.34%. Year to date (12/31/12 - 9/30/13) the beginning market value was \$14,089,275 and the ending market value was \$13,849,255.

Their strategy is geared toward down capture, meaning in the event that fixed income has a credit quality issue as an asset class, in the event the interest rates rise, they tend to perform significantly better than their peer groups in those situations.

Traditionally when interest rates have fallen, longer duration strategies have performed better. Conversely when rates go up, a shorter duration strategy tends to be more beneficial because you can reposition your bonds into a higher yield environment. The benchmark has an average duration of 5 ½ years. Our portfolio has an average duration of 4.99 years. In the event that 10 year Treasury should move from current yield from 8 to 4 percent in the next 12-18 months, they would anticipate picking up about 200 basis points in performance on that duration call. So, by shortening the duration they feel they can do more for our money and protect it better in a rising rate environment.

He discussed Sector Allocations and Term Structure compared to the Barclays Capital Aggregate Index. Mr. Davidek answered questions from the Trustees, concluded his presentation, and departed.

2. Moved, supported and carried to receive the performance report from C. S. McKee.

Also present today is Mr. Michael Cibelli, from Lord Abbett, Jersey City, New Jersey. He gave a brief overview of the company which was founded in 1929. They have 45 portfolio managers and use a team-based approach. They have 136 billion in assets under management with 34% in Equity Assets and 66% in Fixed

MINUTES BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)
December 10, 2013
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Income Assets. He reviewed their personnel changes and discussed their investment philosophy and investment process.

Their benchmark is the Russell 2500 Value Index. This portfolio outperformed the benchmark for Year to Date, 1 year, 5 year and since inception. At the three year mark they underperformed. The three year rolling includes 2011 and 2012. In 2011, from a net perspective, was the first year they underperformed. From a gross perspective they actually outperformed the benchmark (-3.83%) compared to (-3.36%) for the year. 2012 was the first year they underperformed from both a net and gross standpoint and they also had some negative stock selections. 2012 was the driver for their three year under performance and he explained some of things that impacted that performance. For the quarter ending September 30, 2013 they outperformed the benchmark by 2.6% and he attributes this to stock selection.

Mr. Cibelli answered questions from Trustees and Becker Burke and concluded his presentation.

3. Moved, supported and carried, to receive the performance report from Lord Abbett.
4. Moved, supported and carried to receive the Portfolio Value from 1/1/12 - 11/29/13. Today's value is \$38 million.
5. Moved, supported and carried, to approve the amendment to the Master Custody Agreement.
6. Moved, supported and carried, to approve the Delegation Resolution.
7. Moved, supported and carried, to receive the VEBA YTD budget report ending 12/5/13.
8. Moved, supported and carried, to receive the 2014 Bay County Commissioners Level Budget.
9. Moved, supported and carried, to approve the Notice of Public Meetings for 2014.

ANNOUNCEMENTS:

- A. Next regularly scheduled meeting will be Tuesday, January 14, 2014, immediately following the Retirement Board of Trustees Meeting at approximately 2:30 p.m. in Commissioner's Chambers, 515 Center Avenue - 4th Floor, Bay City, MI 48708.

UNFINISHED BUSINESS: None

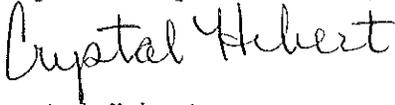
NEW BUSINESS: None

MISCELLANEOUS BUSINESS:

Trustee Starkweather commented that a new rule will take effect in a few days which concerns major financial institutions. Jeff Black states this is part of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Volcker Rule states that banks can no longer do proprietary trading whereby deposits are used to trade on the bank's own accounts. This rule should help support the solvency and the continued ongoing regular operations of the banking system. Jeff sees this as a positive move.

ADJOURNMENT:

10. Moved, supported and carried to adjourn the meeting at 3:45 p.m.

Respectfully submitted,

Crystal Hebert
Finance Officer/Secretary

Transcribed by: Naomi Wallace

MEETING OF THE V.E.B.A. BOARD OF TRUSTEES COMMITTEE
DECEMBER 10, 2013

IN THE BOARD OF COMMISSIONER'S CHAMBERS, LOCATED AT 515 CENTER AVENUE, 4TH FLOOR,
 BAY CITY, MI 48708

MEETING CALLED TO ORDER BY: CHAIR STEVE GRAY AT 2:55 P.M.

OTHERS PRESENT: JEFF BLACK, HOWARD POHL, TIM QUINN, CRYSTAL HEBERT, JEFF DAVIDEK,
 MICHAEL CIBELLI

TRUSTEE	1	2	3	4	5	6	7	8	9	10
BRZEZINSKI	M	M	Y	Y	Y	Y	Y	Y	S	Y
COONAN	Y	Y	M	Y	Y	Y	Y	Y	Y	Y
GRAY	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
GROMASKI	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
HEREK	A	Y	Y	S	M	M	M	M	Y	Y
MORSE	Y	S	S	Y	Y	Y	Y	S	Y	Y
PETT	Y	Y	Y	M	Y	Y	Y	Y	M	M
STARKWEATHER	S	Y	Y	Y	S	S	S	Y	Y	S

CODE: M - MOVED; S - SUPPORTED; Y-YEA; N-NAY; A-ABSENT; E-EXCUSED

◆ Mgt Mix VEBA

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total market value/ % of consolidation
BAYCO-VEBA CASH 2611831	0.00 0.00%	283,700.09 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	283,700.09 0.74%
BAYCO - VEBA DODGE & COX BAL 2613001	0.00 0.00%	1.06 0.00%	8,980,050.65 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	8,980,051.71 23.94%
BAYCO-VEBA CS MCKEE 2643882	0.00 0.00%	79,883.65 0.59%	0.00 0.00%	13,751,435.68 99.42%	0.00 0.00%	0.00 0.00%	13,831,319.33 35.96%
BAYCO VEBA LORD ABBOTT FD 2643890	0.00 0.00%	1.32 0.00%	6,606,605.23 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	6,606,606.55 17.17%
BAYCO - VEBA ATALANTA SOSNOFF 2646870	0.00 0.00%	13,069.64 0.15%	8,752,040.48 99.85%	0.00 0.00%	0.00 0.00%	0.00 0.00%	8,765,110.10 22.79%
Total for consolidation	0.00	376,655.76	24,338,696.34	13,751,435.68	0.00	0.00	38,466,787.78
% for consolidation	0.00%	0.98%	63.27%	35.75%	0.00%	0.00%	100.00%

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2013	<u>DODGE & COX</u> <small>no vendor number: Mutual Fund Mgrs (as opposed to separately managed mgrs) deduct fee from portfolio.</small>	<u>CASH</u>	<u>ATLANTA SOSNOFF</u>	<u>LORD ABBETT</u> <small>no vendor number: Mutual Fund Mgrs (as opposed to separately managed mgrs) deduct fee from portfolio.</small>	<u>CS MCKEE</u>	<u>TOTAL</u>
VENDOR #						
JAN	5,813,821.72	973,027.66	1061 5,521,741.71	6,531,548.24	3509 14,006,372.20	32,846,511.53
FEB	5,856,055.05	1,003,898.82	5,584,735.85	6,636,024.19	14,078,939.69	33,159,653.60
MARCH	6,119,927.66	1,080,486.88	5,772,645.27	6,924,233.71	14,094,198.97	33,991,492.49
APRIL	6,238,139.18	1,125,133.85	5,870,711.43	6,924,233.71	14,215,079.35	34,373,297.52
MAY	6,433,955.21	1,110,182.75	6,143,603.47	7,165,609.19	14,009,748.48	34,863,099.10
JUNE	6,438,123.75	1,154,912.16	6,009,232.04	7,068,338.47	13,781,061.60	34,451,668.02
JULY	6,785,726.23	1,151,461.65	6,339,707.03	7,497,050.13	13,803,896.72	35,577,841.76
AUG	6,596,742.88	1,446,039.65	6,112,624.22	7,223,251.09	13,744,470.95	35,123,128.79
SEPT	6,884,035.12	1,519,606.67	6,385,970.04	7,543,884.18	13,846,639.12	36,180,135.13
OCT	8,379,377.80	327,271.03	8,288,635.17	6,274,647.46	13,952,790.13	37,222,721.59
NOV	8,739,478.86	280,264.77	8,550,344.98	6,389,945.07	13,910,741.74	37,870,775.42
DEC	8,980,051.71	283,700.09	8,765,110.10	6,606,606.55	13,831,319.33	38,466,787.78
ATLANTA SOSNOFF		LARGE CAP EQUITY				
CS MCKEE		FIXED INCOME				
DODGE & COX		LARGE CAP EQUITY				
LORD ABBETT		SMALL MID CAP EQUITY				
2013			<u>SOSNOFF</u>	<u>ABBOTT</u>	<u>CS MCKEE</u>	<u>TOTAL</u>
1ST QTR			9,875.00		10,573.80	20,448.80
2ND QTR			10,823.00		10,340.05	21,163.05
3RD QTR			11,267.00		10,386.94	21,653.94
4TH QTR						0.00
			31,965.00		31,300.79	63,265.79

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Bay County Michigan

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BAY COUNTY, MI
YEAR-TO-DATE BUDGET REPORT

PG 1
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FOR 2013 13

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
7360 PUBLIC EMPLOYEE HEALTH CARE							
73627401 VOL.EMPLOYEE BENEF.ASSOC.BOARD							
RA FUND BALANCE, NET AS							
73627401 40001 FUNDBALANCE	13,535	13,535	.00	.00	.00	13,535.00	.0%
73627401 40004 NETASTRSV	-99,400	-99,400	.00	.00	.00	-99,400.00	.0%*
TOTAL FUND BALANCE, NET AS	-85,865	-85,865	.00	.00	.00	-85,865.00	.0%
RJ LOCAL UNIT CONTRIBUT							
73627401 59401 EMRCONBABH	0	0	.00	.00	.00	.00	.0%
73627401 59402 EMPLRCONMC	0	0	.00	.00	.00	.00	.0%
73627401 59403 EMPLRCONHF	0	0	.00	.00	.00	.00	.0%
73627401 59404 EMPLRCONRC	0	0	.00	.00	.00	.00	.0%
73627401 59406 EMPLRCONLB	0	0	.00	.00	.00	.00	.0%
73627401 59407 EMPLRCONGC	0	0	.00	.00	.00	.00	.0%
73627401 59408 EMPLRCONGF	0	0	.00	.00	.00	.00	.0%
73627401 59409 EMPRCONDWS	0	0	.00	.00	.00	.00	.0%
73627401 59410 EMPRCON911	0	0	.00	.00	.00	.00	.0%
73627401 59411 EMPRCONCCF	0	0	.00	.00	.00	.00	.0%
73627401 59412 EMPRCONDOA	0	0	.00	.00	.00	.00	.0%
73627401 59413 EMPRCONRET	0	0	.00	.00	.00	.00	.0%
73627401 59415 EMPRCONGMF	0	0	.00	.00	.00	.00	.0%
73627401 59416 EMPRCONHRF	0	0	.00	.00	.00	.00	.0%
73627401 59418 EMRCON100%	0	0	.00	.00	.00	.00	.0%
73627401 59419 EMPRCONMCF	0	0	.00	.00	.00	.00	.0%
73627401 59424 EMPRCONSF	0	0	.00	.00	.00	.00	.0%
73627401 59427 EMRCNCMOR	0	0	.00	.00	.00	.00	.0%
73627401 59429 EMPRCONFOC	0	0	.00	.00	.00	.00	.0%
73627401 59430 EMPRCONHSG	0	0	.00	.00	.00	.00	.0%
73627401 59433 EMPRCONSLD	0	0	.00	.00	.00	.00	.0%
73627401 59499 EMRCONBCSD	0	0	.00	.00	.00	.00	.0%
TOTAL LOCAL UNIT CONTRIBUT	0	0	651,194.52	.00	.00	-651,194.52	100.0%*
RP INTEREST & RENTALS							
73627401 66400 INVINTRDIV	0	0	.00	.00	.00	.00	.0%

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Bay County Michigan

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BAY COUNTY, MI
YEAR-TO-DATE BUDGET REPORT

PG 2
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FOR 2013 13

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73627401_66500_INVTSLGAIN	0	0	.00	.00	.00	.00	.0%
73627401_66501_UNRRLZDGAIN	0	0	.00	.00	.00	.00	.0%
TOTAL INTEREST & RENTALS	0	0	.00	.00	.00	.00	.0%
RR OTHER REVENUE							
73627401_67104_MISC_REV	0	0	.00	.00	.00	.00	.0%
TOTAL OTHER REVENUE	0	0	.00	.00	.00	.00	.0%
XE WAGES & SALARIES							
73627401_71000_PER_DIEM	360	360	.00	.00	.00	360.00	.0%
TOTAL WAGES & SALARIES	360	360	.00	.00	.00	360.00	.0%
XI SUPPLIES							
73627401_72700_OFFICE_SUP	50	50	.00	.00	.00	50.00	.0%
73627401_72800_PRNTRBIND	150	150	.00	.00	.00	150.00	.0%
73627401_72900_POSTAGE	100	100	1.84	.00	.00	98.16	1.8%
73627401_75100_COMPUSPLY	50	50	.00	.00	.00	50.00	.0%
TOTAL SUPPLIES	350	350	1.84	.00	.00	348.16	.5%
XL OTHER SERVICES AND C							
73627401_80100_PROFESSNL	0	0	63,265.79	.00	.00	-63,265.79	100.0%*
73627401_80101_ACTUARIAL	40,000	40,000	36,575.00	.00	.00	3,425.00	91.4%
73627401_81400_INVTI/BANK	6,000	6,000	.00	.00	.00	6,000.00	.0%
73627401_81700_LEGAL_FEES	7,500	7,500	.00	.00	.00	7,500.00	.0%
73627401_81900_CONSULTANT	30,000	30,000	16,500.00	.00	.00	13,500.00	55.0%
73627401_86600_LCLTRVWILE	0	0	.00	.00	.00	.00	.0%
73627401_94601_EQPRNTCOPY	55	55	.00	.00	.00	55.00	.0%
73627401_95600_IDC_EXP	0	0	.00	.00	.00	.00	.0%

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Bay County Michigan

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BAY COUNTY, MI
 YEAR-TO-DATE BUDGET REPORT

PG 3
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FOR 2013 13

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73627401_96200_ASSETDISLS	0	0	.00	.00	.00	.00	.0%
73627401_96201_URZDLSSINV	0	0	.00	.00	.00	.00	.0%
73627401_96500_INS/BONDS	1,600	1,600	2,636.93	.00	.00	-1,036.93	164.8%*
TOTAL OTHER SERVICES AND C	85,155	85,155	118,977.72	.00	.00	-33,822.72	139.7%
TOTAL VOL.EMPLOYEE BENEF.ASSOC.BO	0	0	770,174.08	.00	.00	-770,174.08	100.0%
TOTAL PUBLIC EMPLOYEE HEALTH CARE	0	0	770,174.08	.00	.00	-770,174.08	100.0%
TOTAL REVENUES	-85,865	-85,865	651,194.52	.00	.00	-737,059.52	
TOTAL EXPENSES	85,865	85,865	118,979.56	.00	.00	-33,114.56	
GRAND TOTAL	0	0	770,174.08	.00	.00	-770,174.08	100.0%

** END OF REPORT - Generated by Kim Priessnitz **

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Client Consent

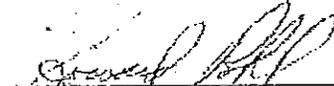
Becker, Burke Associates, Inc. ("BBA") has entered an agreement pursuant to which its business will be acquired by Bogdahn Consulting, LLC ("Bogdahn"). Bogdahn is an investment consultant registered with the SEC, and the transaction will not cause any interruption in BBA's service model to existing clients. Closing is expected to occur the first week of January, 2014.

BBA's employees will become employees of Bogdahn, and you will continue to be serviced by the people you know and trust at BBA. BBA is confident that the continuation of BBA's business under the Bogdahn name will increase the excellent level of service BBA has strived to provide.

The transaction between Bogdahn and BBA will result in an assignment of BBA's assets to Bogdahn. Your investment advisory contract with BBA may not, however, be assigned by BBA unless you consent. For that reason, BBA requests that you consent to the assignment. To simplify the giving and obtaining of the consent, we ask that you sign and date this notice in the space provided below and return a signed copy to BBA at 225 West Wacker Drive, Suite 400, Chicago, Illinois 60606. Also, please call us if you have any questions.

We are confident in the level of services you will receive and the enhanced resources that will be brought to this relationship by the collective firms. We look forward to working with you.

Becker, Burke Associates, Inc.


Howard Pohl, President

Client Consent:

The undersigned ("Client") consents to the assignment of its agreement with BBA (the "Contract") to Bogdahn. In order to comply with current SEC requirements, Client also consents and agrees that effective immediately, the Contract is amended by the addition of a new paragraph, which reads as follows: "Assignment. No assignment of this Contract may be made by the investment adviser without Client's consent."

Client: _____

Signature: _____

Printed name: _____

Title: _____

Date: _____

NOTICE OF PUBLIC MEETINGS

THE BOARD OF TRUSTEES OF THE BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (V.E.B.A.), 515 CENTER AVENUE, 7TH FLOOR, BAY CITY, MICHIGAN 48708, PHONE NUMBER (989) 895-4030, HAS SCHEDULED REGULAR MEETINGS FOR 2014. ALL MEETINGS WILL BE HELD AT APPROXIMATELY 2:30 P.M., FOLLOWING THE BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM MEETING, IN THE **BOARD OF COMMISSIONERS CHAMBERS**, LOCATED IN THE BAY COUNTY BUILDING, 515 CENTER AVENUE, 4TH FLOOR, BAY CITY, MI 48708.

JANUARY 14, 2014
FEBRUARY 11, 2014
MARCH 11, 2014
APRIL 8, 2014
MAY 13, 2014
JUNE 10, 2014
JULY 8, 2014
AUGUST 12, 2014
SEPTEMBER 9, 2014
OCTOBER 14, 2014
NOVEMBER 12, 2014
DECEMBER 9, 2014

12/12/2013

Date

Crystal Hebert

Crystal Hebert

Finance Officer/Secretary

Bay County Employees' Retirement System, Board
of Trustees

The County of Bay will provide reasonable and necessary auxiliary aids and services, such as signers for the hearing impaired and audio tapes of printed materials being considered the meeting, to individuals with disabilities at the meeting/hearing upon ten days notice to the County of Bay. Individuals with disabilities requiring auxiliary aids or services should contact the County of Bay by calling or writing: Martha P. Fitzhugh, ADA Coordinator, Office of Corporation Counsel, 515 Center Avenue, Suite 402, Bay City, MI 48708, (989) 895-4131 or (989) 895-4049. TDD