

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION

AGENDA

TUESDAY, JANUARY 12, 2016

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

**COMMISSIONERS CHAMBERS  
515 CENTER AVENUE - 4<sup>TH</sup> FLOOR  
BAY CITY, MI 48708**

PAGE	I.	CALL TO ORDER
	II.	ROLL CALL
1 - 2 .....	III.	APPOINTMENT OF TRUSTEE
	1.	ERNIE KRYGIER - BAY COUNTY BOARD OF COMMISSIONERS REPLACES THOMAS HEREK
	2.	THOMAS STARKWEATHER - DHS REPRESENTATIVE WILL CONTINUE HIS APPOINTMENT
	IV.	ELECTION OF OFFICERS: (Crystal Hebert, Board Secretary to conduct election)
	A.	CHAIRPERSON
	B.	VICE CHAIRPERSON
	C.	SERGEANT AT ARMS
	V.	MINUTES
3 - 11 .....	1.	DECEMBER 8, 2015
	VI.	PUBLIC INPUT
12 - 14 .....	A.	MONTHLY REPORTS - Res No. 2016 - 1
	1.	PORTFOLIO VALUE 1/01/15 -12/31/15
	2.	CHANGE IN BOOK AND MARKET VALUE - 11/30/15
15 - 16 .....	3.	MONEY MANAGER REPORTS
	a.	C.S. MCKEE - PORTFOLIO ENDING 11/30/15
17 .....	4.	RECAPTURE SERVICES
	a.	CAPIS - ENDING 11/30/15
18 - 21 .....	5.	VEBA YTD BUDGET REPORT
22 .....	6.	INVOICES APPROVED - 12/31/15

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION  
AGENDA

TUESDAY, JANUARY 12, 2016

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

**COMMISSIONERS CHAMBERS**  
**515 CENTER AVENUE - 4<sup>TH</sup> FLOOR**  
**BAY CITY, MI 48708**

VII. ANNOUNCEMENTS

- A. NEXT REGULAR MEETING - TUESDAY, FEBRUARY 9, 2016  
IMMEDIATELY FOLLOWING THE RETIREMENT BOARD OF  
TRUSTEES MEETING AT APPROXIMATELY 2:30 P.M.,  
COMMISSIONERS CHAMBERS, 515 CENTER AVENUE - 4<sup>TH</sup>  
FLOOR, BAY CITY, MI 48708

VIII. UNFINISHED BUSINESS

IX. NEW BUSINESS

X. MISCELLANEOUS BUSINESS

XI. ADJOURNMENT

# BAY COUNTY BOARD OF COMMISSIONERS

515 CENTER AVENUE, SUITE 405, BAY CITY, MICHIGAN 48708-5125

(989) 895-4120 FAX (989) 895-4226 TDD (989) 895-4049

e-mail address: [bergerd@baycounty.net](mailto:bergerd@baycounty.net)

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**January 6, 2016**

ERNIE KRYGIER  
CHAIRMAN  
2<sup>ND</sup> DISTRICT

DONALD J. TILLEY  
VICE CHAIRMAN  
6<sup>TH</sup> DISTRICT

MICHAEL J. DURANCZYK  
SERGEANT AT ARMS  
1<sup>ST</sup> DISTRICT

VAUGHN J. BEGICK  
3<sup>RD</sup> DISTRICT

KIM J. COONAN  
4<sup>TH</sup> DISTRICT

THOMAS M. HEREK  
5<sup>TH</sup> DISTRICT

MICHAEL E. LUTZ  
7<sup>TH</sup> DISTRICT

ROBERT J. REDMOND  
FINANCIAL ANALYST  
(989) 895-4125  
[redmondjr@baycounty.net](mailto:redmondjr@baycounty.net)

DEANNE C. BERGER  
BOARD COORDINATOR  
(989) 895-4121  
[bergerd@baycounty.net](mailto:bergerd@baycounty.net)

**Bay County Employees' Retirement Board  
Steven Gray, Chair  
Bay County Building  
Bay City, MI 48708**

**Dear Mr. Gray:**

**The following Commissioners shall serve on the Bay County Retirement Board for the year 2016:**

**Ernie Krygier, Board Chair**

**Kim Coonan, Ways and Means Committee Chair**

**Should you have any questions, please feel free to contact our office at your convenience.**

**Sincerely,**

*Deanne Berger*

**Deanne Berger  
Board Coordinator**

**cc: Ernie Krygier  
Kim Coonan  
Amber Davis-Johnson  
Shawna Walraven  
Tiffany Jerry  
Crystal Hebert  
Rebecca Marsters**



STATE OF MICHIGAN

RICK SNYDER  
GOVERNOR

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
ARENAC, BAY & GLADWIN COUNTY

NICK LYON  
DIRECTOR

11/23/15

Ernie Krygier, Chairman  
Bay County Board of Commissioners  
515 Madison Ave.  
Bay City, MI 48708

Dear Mr. Krygier,

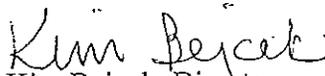
Please be advised the Bay County DHS Board elected the following as Chair and Vice Chair for 2016 at the regularly scheduled meeting held on November 12, 2015:

Chairperson-Thomas Starkweather.  
Vice Chair-Mary Ewald-Sayles.

Mr. Starkweather will continue in his capacity as DHS representative to the Retirement and Veba system.

Election of officers was held per Public Act 280.

Sincerely,

  
Kim Bejcek, Director  
Bay/Arenac/Gladwin  
Department of Human Services

Cc:  
Tom Hickner  
Bob Redmond  
Steve Gray

**MINUTES** BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)  
DECEMBER 8, 2015 MINUTES VEBA

PAGE 1

**NOTE: In addition to these typed minutes, this Board meeting was also recorded. These audio files are available for review in the Retirement Office.**

The meeting of the Board of Trustees was held on December 8, 2015 at 2:01 p.m. in the Commission Chambers, 4<sup>th</sup> Floor, Bay County Building, 515 Center Avenue, Bay City, Michigan. Roll was taken.

**Trustees Present:** Chairperson Gray, Mr. Brzezinski, Mr. Coonan, Ms. Goetz, Mr. Gromaski, Mr. Herek, Mr. Pett, Mr. Starkweather.

**Trustees Absent:** Mr. Morse.

**Also Present:**

Consultant: The Bogdahn Group: Howard Pohl and Peter Brown.

Retirement Administrator: Rebecca Marsters

Corporation Counsel: Shawna Walraven.

The meeting was called to order by Chairman, Steve Gray at 1:54 p.m.

**MOTION 57:** Moved, supported and carried to excuse Trustee Morse.

**MOTION 58:** Moved, supported and carried to approve the minutes, as printed, from the October 22, 2015 special meeting.

**MOTION 59:** Moved, supported and carried to approve the minutes, as printed, from the November 10, 2015 regular meeting.

Mr. Gray called for public input. As there was no public input, he moved onto petitions and communications.

**RES. NO. 2015-20:**

Moved, supported and carried to adopt resolution 2015-20 to receive the monthly reports Portfolio Value ending 11/30/15 (Today's Value \$42.9 million), Monthly Change in Book and Market Value ending 10/31/15; Monthly reports: C.S. McKee performance report ending 10/31/15, Capis Recapture services ending 10/31/15, VEBA YTD Budget Report ending 11/30/15, and Invoice Approved Report ending 11/30/15.

**RES. NO. 2015-18:**

Moved, supported and carried to adopt resolution no 2015-18 that this Board authorize the Chair to enter into an agreement with The Bogdahn Group for investment consultant services, Be It Further  
RESOLVED

That the Chairman of the Board is authorized to execute the agreements and all related documents on behalf of the Bay County

**MINUTES** BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)  
DECEMBER 8, 2015 MINUTES VEBA

PAGE 2

Voluntary Employees' Beneficiary Association Board following legal review/approval.

**RES. NO. 2015-19:**

Moved, supported and carried to adopt Res No. 2015-19 approving the Notice of Public Meetings for 2016.

**MOTION 60:** Moved, supported and carried to suspend the meeting at 2:00 p.m.

The meeting resumed at 2:09 p.m.

Present today was Hallie Marshall, Portfolio Manager with Dodge & Cox of San Francisco, California to present the performance report.

Ms. Marshall stated Dodge & Cox manages money on behalf of the VEBA and their stock fund. It is a mutual fund and it is governed by a prospectus. Nothing has changed in terms of the governance of the investments.

She gave an overview of the firm. They've been in business since 1930 and have stayed with the same investment philosophy and largely the same process since that time. Two of the individuals on the Policy Committee are retiring next year. It was announced earlier this year that John Gunn the Foreman Chairman, will retire next year. Greg Serrurier recently announced his retirement. He will step off the Committee in March of 2016 and retire the end of June. The Committee will still have seven investment professionals making decisions for the Portfolio. They do not anticipate any change in the management of the funds but the committee will go from nine members to seven members next year.

As of September 30, 2015, the value of the Fund was \$8.8 million. The inception date was January 2012. Dodge & Cox's equity securities is 98.6% with a small cash position of 1.4%. They have a very fundamental and long-term approach to investing. She explained how the committee puts together the portfolio of stocks based on the views of their analysts over a five-year period. She stated they have a longer-term horizon than other investors and they believe this is a benefit to their clients.

Performance of the Fund has been positive. Returns for the VEBA fund since inception have been 16.38% per year. The Fund has benefitted from a bull market since inception and they do not expect those kinds of returns to continue. These returns have been better than the S&P 500 at 15.5% and the Russell 1000 value at 14.6%. She stated the short-term performances have been very weak compared to the S&P 500. The return on the one-year was 0.93% compared to 0.52% for the Russell 1000 value. It beat the benchmark but largely underperformed the overall market in the United States because of being positioned in value stocks. They have underperformed the S&P 500. The last couple of years growth stock has outperformed value stock. She stated they have

**MINUTES** BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)  
DECEMBER 8, 2015 MINUTES VEBA

PAGE 3

been sticking true to their value stock so they have been underperforming the S&P 500, but outperforming the Russell 1000 value. The key reason for the under performance versus the indices over the last year has been their investments in financials and energy. They have been positioned for rising interest rates for some time and the Portfolio will benefit when interest rates rise. Approximately 25% of the Portfolio is invested in financial firms as banks make more money when interest rates rise. In addition, they have been investing in energy companies since the downturn in the oil price. She stated it is their position over a five-year horizon that energy prices will go back up and will benefit the Portfolio. They think both financial and energy investments will do well over a five-year time frame; however, have suffered over the short-term. She went over the drop in the market in the one month from September to October stating there was an 8% swing in the market.

She went over the Portfolio structure, the ten largest holdings, as well as the Portfolio characteristics. She stated the Fund is trading at a discount to the S&P.

She talked about diversification and their investment hypothesis. She stated 15.2% of the Fund is invested in above average growth stock. The bulk of the Portfolio is in compounders. These are strong franchise companies that have average growth prospects. They believe the valuations are attractive and 62.5% of the Fund is invested in these compounding companies that they think will compound earnings and return to the shareholders over time. She talked about cyclical and asset play. She stated companies have operational leverage that may be tied to the economy or valued of embedded assets. Energy companies, for example, fall into this category and 10% of the Portfolio is in this group. Lastly, she talked about the value of turnaround companies. These companies have specific company issues that they may be working through. They think that over time the issues will disappear and will become less troublesome. They are trading at a very cheap or inexpensive price relative to the market. These are good value and turn around and they are 12% of the Portfolio.

She discussed diversification through risk. Stating there are operational risks, macroeconomic risks, commodity risks, financial risks, technological risks and political and legal risks. The Portfolio is diversified among these risks.

She states they think the Portfolio is well-positioned to take advantage of interest rates rising and commodity prices recovering somewhat. They are also very well diversified across sectors, across hypotheses for investing and for risks. Though the short-term performance has been poor relative to the overall market in the S&P 500, the Portfolio is well positioned over a three to five year time frame to benefit from an improved U.S. economy, rising interest rates and commodity prices.

She discussed rising interest rates and answered questions of trustees. She stated the key question is less about when it starts but the pace that takes place. They are hoping for slow and steady increases.

**Motion 61:** Moved, supported and carried to receive the presentation

**MINUTES** BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)  
DECEMBER 8, 2015 MINUTES VEBA

PAGE 4

from Dodge & Cox.

Next to present was Charles Hofer, CFA, Partner Investment Strategist of Equity and Brian Roach, CRPS, Director Institutional Investor Services of Lord Abbett from Jersey City, NJ, to present the performance report.

Mr. Roach gave an update of the firm. Lord Abbett has been in business since 1929. They have approximately \$130 billion in assets under management. About 70% of that is in fixed income strategy and 30% is in equity strategy. About \$2.6 billion is in the International Fund itself. He gave a brief overview of the organizational structure.

Mr. Hofer stated they are an active, bottom-up equity investor. He went over the team which now includes five analysts as they just added one in September.

He went over their investment philosophy. He also talked about their stock-picking process which includes research, risk management, and disciplined portfolio construction.

The Portfolio is overweight in financials, utilities, technology, and energy compared to the Russell 2500. It is underweight in biotechnology. They do not own biotechnology stocks. Mr. Hofer went over performance summary. One of their key objectives is to preserve a client's capital. Looking at returns of three years, five years and since inception, the absolute performance is in double digits for this strategy. For the last three years on a net return basis, it is up 14.07% and five years at 11.6% and at 10.53% since the inception of the strategy nearly 10 years. That significantly exceeds the benchmarks that they are measured against. In more recent time periods, it has been a tougher market. The one-year results show they still delivered a positive return of 3.25% while the benchmarks were negative. The market has recovered quarter to date on an absolute basis somewhat.

He went through the performance relative to similar managers. He also went through performance by sectors for the past year. They were successful in picking stocks better than the index in all but one sector. In the industrial sector, they had some negative relative performance from their stock selection. Most of their 3.7% out performance over the past year has come from their stock selection decisions.

Trustee Starkweather asked Mr. Hofer what his forecast was on Federal Funds and what their structure is to take advantage of that forecast. Mr. Hofer stated they prefer to focus on stock picking as opposed to interest rate forecasts. He did state he thinks that they are probably comfortable with what they believe will be three 0.25 point increases in Fed funds over the course of 2016. He stated to some extent they have a bit of exposure to companies, banks, insurance company, capital markets, areas of the market that should benefit from a slight rise in interest rates. They don't believe 0.75 or 1 point will jeopardize the slow recovery that is taking place. He thinks

**MINUTES** BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)  
DECEMBER 8, 2015 MINUTES VEBA

PAGE 5

generally speaking the companies they own tend to be somewhat less leveraged so a rise in interest rates will not work greatly against them in terms of the depth that they have to service.

Mr. Hofer and Mr. Roach answered questions of the Board concluded their presentation and departed the meeting.

**Motion 62:** Moved, supported, and carried to receive the presentation from Lord Abbett.

Next to present was Gene Natali, CFA, Senior Vice President with C.S. McKee of Pittsburgh, Pennsylvania, to present the performance report.

Mr. Natali stated since September 30th the bond market has broadly declined. The index that they are being paid to beat has declined down 0.08%. The YTD through the end of November is up about 2%. He talked about their philosophy and how they do business. He stated since 2014 they stepped back when most of their competitors and most of their peers went forward taking greater and greater portfolio risks which becomes smaller and smaller returns. He stated the last quarter of last year and the first quarter of this year they were able to act quickly and that is why they are ahead of the index.

He gave an example of one of the largest components of the VEBA Portfolio is a security called FDIC Brokered. He explained these are brokered CDs that are traded like bonds. Today about 20% of the Portfolio is in these CDs that are yielding. They have them in three to five year securities and that is up over 50 basis points. These CDs come with the explicit backing of the U.S. government. He stated securities like these are one of the reason they were able to add premium to value.

He talked about the outlook. They believe interest rates will rise. Whether or not interest rates in December, it won't change a thing with the portfolio.

Mr. Pohl stated that Mr. Natali talked about seeing a 1% increase interest per year and asked how for how long and might the fund see this increase. Mr. Natali stated the increase for three and a half years. He talked about the possibility of a year from now interest rates still being at 0. That may mean the economy didn't pick up, the economy is weak or that we had a decline in the stock market that forced interest rates to remain at 0. On the flip side that they would be wrong and if interest rates were to go up 2 to 2.5% or 3%, then that would mean that inflation went through the roof. It's hard to imagine that scenario.

Trustee Starkweather would like to know how C.S. McKee is structured or positioned to take advantage of that forecast of rising interest rates. Mr. Natali stated they were recognized the first quarter of this year as being one of the top 10 core fixed-income managers of the past decade ranked by performance. He stated that is the fourth time they've ranked on that list.

**MINUTES** BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)  
DECEMBER 8, 2015 MINUTES VEBA

PAGE 6

More important than the ranking is how they do it. He stated they look at the characteristics of those top 10 managers. Our downside capture for the VEBA Portfolio is 45% for that time period. That means if the bond market declines and interest rates rise and the price of bonds drops, we are protected to the tune of 45%. If the bond market is down 10 then we are down only down 4.5. Their goal is to protect the Portfolio. Trustee Starkweather asked if they were specializing in the short end of the market as far as the terms. Mr. Natali stated they really don't touch the 30-year in the long run because this is too much risk. If you get it wrong, it would be pretty painful. And your corporate bonds like Goldman Sachs that we own with the 5 to 10 year maturity, and the FDIC brokered CDs of 3 to 5 years so in answer to your comment, yes.

Mr. Pohl stated many people talk about the lack of liquidity in the bond market today that there is no inventory and trading is tough. He asked how that impacts them. Mr. Natali stated they have topped far more value than it has impacted them because of the securities they manage. So the corporate names that they buy, they restrict themselves to the 75 largest issuers. Those 75 largest issuers make up 50% or half of the actual corporate debt issuers. So that restriction, just by definition, pushes them away from the problem. High-yield is where it is really starting to kick in and they have seen that this year.

He stated they will be better against their peers. He talked about treasuries being down next year.

He stated the downside capture is important and they take a great deal of pride in protecting the Portfolio when interest rates rise. He talked about the Portfolio for the last 10 years and having a natural layer of protection. When interest rates start to rise it will help the Portfolio in terms of relative performance. Because of the Fed forecast, which is often wrong, they are not in need of a change their position to keep the protection.

No changes are needed to the investment policy.

Mr. Natali answered questions of the trustees, concluded his presentation and departed the meeting.

**MOTION 63:** Moved, supported, and carried to receive the presentation from C.S. McKee.

**ANNOUNCEMENTS:**

- A. Next regularly scheduled meeting will be Tuesday, January 12, 2016 immediately following the Retirement Board of Trustees Meeting at approximately 2:30 p.m. in Commissioner's Chambers, 515 Center Avenue - 4<sup>th</sup> Floor, Bay City, MI 48708.

**UNFINISHED BUSINESS:**

Mr. Pohl commented that their new contract has been sent in for review and is

**MINUTES** BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)  
DECEMBER 8, 2015 MINUTES VEBA

PAGE 7

being processed.

**NEW BUSINESS:**

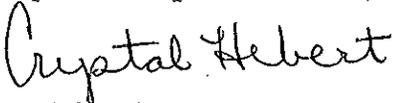
**MISCELLANEOUS BUSINESS:**

Trustee Starkweather asked if their needed to be a motion to approve the chair to sign the agreement with The Bogdahn Group for investment consulting. Chairman Gray and Ms. Walraven stated that was taken care of with motion number 2015-18.

**ADJOURNMENT:**

**MOTION 64:** Moved, supported and carried to adjourn the meeting at 3:14 p.m.

Respectfully submitted,



Crystal Hebert  
Finance Officer/Secretary

Transcribed by: Tracy Cederquist

**MEETING OF THE V.E.B.A. BOARD OF TRUSTEES COMMITTEE**  
**DECEMBER 8, 2015**

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

MEETING CALLED TO ORDER BY: CHAIR STEVE GRAY AT 2:01 P.M.

**Motions**

TRUSTEE	57	58	59	60	61	62	63	64		
BRZEZINSKI	M-Y	Y	M-Y	M-Y	Y	Y	Y	Y		
COONAN	Y	Y	Y	S-Y	M-Y	M-Y	Y	Y		
GOETZ	Y	Y	Y	Y	Y	Y	Y	Y		
GRAY	Y	Y	Y	Y	Y	Y	Y	Y		
GROMASKI	S-Y	Y	Y	Y	Y	Y	Y	Y		
HEREK	Y	M-Y	S-Y	Y	Y	Y	Y	S-Y		
MORSE	E	E	E	E	E	E	E	E		
PETT	Y	S-Y	Y	Y	S-Y	S-Y	S-Y	Y		
STARKWEATHER	Y	Y	Y	Y	Y	Y	M-Y	M-Y		

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

**MEETING OF THE **VEBA** BOARD OF TRUSTEES COMMITTEE**  
DECEMBER 8, 2015

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

MEETING CALLED TO ORDER BY: CHAIRPERSON STEVE GRAY 2:01P.M.

**RESOLUTIONS**

TRUSTEE	2015-18	2015-19	2015-20							
BRZEZINSKI	Y	Y	M-Y							
COONAN	M-Y	Y	Y							
GRAY	Y	Y	Y							
GROMASKI	Y	Y	Y							
HEREK	Y	S-Y	S-Y							
MORSE	E	E	E							
PETT	S-Y	M-Y	Y							
STARKWEATHER	Y	Y	Y							
GOETZ	Y	Y	Y							

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

**BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION  
1/12/2016  
RESOLUTION**

BY: BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION BOARD

RESOLVED By the Bay County Voluntary Employees' Beneficiary Association Board that the following reports are received:

1. PORTFOLIO VALUE - 1/1/15 - 12/31/15
2. CHANGE IN BOOK AND MARKET VALUE - 11/30/15
3. MONEY MANAGER REPORTS
  - a. C.S. MCKEE - ENDING 11/30/15
4. RECAPTURES SERVICES
  - a. CAPIS - SUMMARY ENDING - 11/30/15
5. VEBA YTD BUDGET REPORT - ENDING 12/31/15
6. INVOICES APPROVED - 12/31/15

STEVE GRAY, CHAIR  
AND BOARD

MONTHLY REPORTS - JANUARY

MOVED BY TRUSTEE \_\_\_\_\_

SUPPORTED BY TRUSTEE \_\_\_\_\_

TRUSTEE	Y	N	E	TRUSTEE	Y	N	E	TRUSTEE	Y	N	E
Richard Brzezinski				Steve Gray				Jon Morse			
Kim Coonan				Richard Gromaski				Matthew Pett			
Kristal Goetz				Ernie Krygier				Thomas Starkweather			

Vote Totals:

Roll Call: Yeas \_\_\_\_\_ Nays \_\_\_\_\_ Excused \_\_\_\_\_

Voice: Yeas \_\_\_\_\_ Nays \_\_\_\_\_ Excused \_\_\_\_\_

Disposition: Adopted \_\_\_\_\_ Defeated \_\_\_\_\_ Withdrawn \_\_\_\_\_

Amended \_\_\_\_\_ Corrected \_\_\_\_\_ Referred \_\_\_\_\_

VEBA 2016	<u>DODGE &amp; COX</u> <small>no vendor number. Mutual Fund Mgrs (as opposed to separately managed mgrs) deduct fee from portfolio.</small>	<u>CASH</u>	<u>ATALANTA SOSNOFF</u> 1061	<u>LORD ABBOTT</u> <small>no vendor number. Mutual Fund Mgrs (as opposed to separately managed mgrs) deduct fee from portfolio.</small>	<u>CS MCKEE</u> 3509	<u>MFS</u>	<u>TOTAL</u>
VENDOR #							
JAN	9,372,807.82	242,295.57	9,238,500.71	7,037,168.25	15,638,042.35		41,528,814.70
FEB	9,962,923.15	249,127.39	9,745,731.68	7,468,844.28	15,512,818.11		42,939,444.61
MARCH	9,503,389.19	127,069.94	9,346,981.59	7,533,533.53	16,301,909.64		42,812,883.89
APRIL	9,759,073.66	118,394.44	9,323,633.72	7,461,656.59	16,255,829.65		42,918,588.06
MAY	9,889,876.45	90,416.89	9,466,375.99	7,523,180.66	16,228,630.68		43,198,480.67
JUNE	9,746,608.25	94,887.29	9,387,431.67	7,523,180.66	16,098,961.56		42,851,069.43
JULY	9,856,782.12	122,254.13	9,694,347.47	7,541,149.89	16,187,962.71		43,402,496.32
AUG	9,171,435.83	155,594.49	9,045,038.09	7,175,026.45	16,188,549.01		41,735,643.87
SEPT	8,787,357.99	118,999.53	8,793,993.42	6,926,976.49	16,301,324.34		40,928,651.77
OCT	9,482,978.60	161,932.44	9,714,099.64	7,250,499.00	16,338,025.92		42,947,535.60
NOV	9,436,387.19	184,096.93	9,752,744.38	7,291,828.82	16,345,694.97		43,010,752.29
DEC	9,186,741.48	193,196.27	7,415.58	7,048,514.63	16,277,014.67	9,739,019.02	42,451,901.65

ATALANTA SOSNOFF           LARGE CAP EQUITY  
CS MCKEE                   FIXED INCOME  
DODGE & COX              LARGE CAP EQUITY  
LORD ABBETT               SMALL MID CAP EQUITY

	<u>DODGE &amp; COX</u>	<u>ATALANTA SOSNOFF</u> VENDOR 1061	<u>ABBOTT</u>	<u>CS MCKEE</u> VENDOR 3509	<u>TOTAL</u>
2015					
1ST QTR		17,819.00		12,223.31	30,042.31
2ND QTR		17,525.00		12,078.61	29,603.61
3RD QTR		11,734.00		12,233.32	23,967.32
4TH QTR					0.00
		47,078.00		36,535.24	83,613.24

# Portfolio Statement

NOV 15 30 NOV 15

Account Number 80V1EBA  
Account Name BAY COUNTY YEA CONSOLIDATED

## ◆ Change in Book and Market Value

Page 1 of 48

	Cost	Market value	For more information
Opening balance	36,900,996.79	42,947,988.22	
Miscellaneous Cash Receipts	706.92	706.92	See funding & disbursement summary
Sponsor Contributions	25,870.52	25,870.52	See funding & disbursement summary
Total receipts	26,577.44	26,577.44	See funding & disbursement summary
Income received	41,795.53	41,795.53	See income & expense summary, cash activity detail
Expenses paid	- 4,739.90	- 4,739.90	See income & expense summary
Unrealized gain/loss change	0.00	- 676,099.25	See asset summary
Realized gain/loss	665,047.89	665,047.89	See realized gain/loss summary
Accrued income change	10,720.42	10,720.42	See income & expense summary
Closing balance	37,640,298.17	43,011,280.35	

Northern Trust

Generated by Northern Trust from reviewed periodic data on 14 Dec 15

11

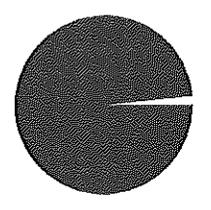
**C.S. McKeel, L.P.**  
Account Overview

Bay County VEBA

Client Code: 90077  
As Of Date: 11/30/2015  
Report: Calendar

**Asset Allocation**  
As of 11/30/2015

Asset Class	Value	Percentage
Large-Cap Equity	\$ -	0.00%
Small-Cap Equity	\$ -	0.00%
Fixed Income	\$ 16,095,192.01	98.97%
Intl Mutual Fund	\$ -	0.00%
Cash	\$ 266,637.01	1.63%
Other	\$ -	0.00%
<b>Total Portfolio</b>	<b>\$ 16,361,829.02</b>	<b>100.00%</b>



**Performance**  
As of 11/30/2015

Portfolio Summary	Total Portfolio	Large-Cap Equity	Small-Cap Equity	Total Domestic Equity	Fixed Income	Intl Mutual Fund
Beginning Market Value:	16,538,761.20	-	-	-	16,538,761.20	-
Net Contributions (Distributions):	(0.25)	-	-	-	(0.25)	-
Income:	42,772.36	-	-	-	42,772.36	-
Market Appreciation (Depreciation):	(19,704.28)	-	-	-	(19,704.28)	-
Ending Market Value:	16,361,829.02	-	-	-	16,361,829.02	-
Dollar-Weighted Return:	0.14%	-	-	-	0.14%	-

Performance Start Date:	Total Portfolio	Large-Cap Equity	Small-Cap Equity	Total Domestic Equity	Fixed Income	Intl Mutual Fund
2/7/2012	0.14%	N/A	N/A	N/A	0.14%	N/A

MTD	Gross	Net	Benchmark	Value Added (Gross)	Ex Cash
	0.14%	0.12%	(0.26%)	0.40%	0.17%
	0.26%	0.25%	(0.25%)	0.26%	0.15%
	0.31%	0.26%	(0.25%)	0.40%	0.15%

QTD	Gross	Net	Benchmark	Value Added (Gross)	Ex Cash
	2.23%	1.95%	0.88%	1.35%	2.25%
	2.00%	1.97%	0.88%	1.95%	1.97%
	2.31%	2.00%	0.97%	2.31%	2.35%

YTD	Gross	Net	Benchmark	Value Added (Gross)	Ex Cash
	2.10%	1.79%	1.51%	1.34%	2.18%
	2.00%	1.79%	1.51%	2.00%	2.02%
	2.31%	2.00%	0.97%	2.31%	2.35%

1 Year	Gross	Net	Benchmark	Value Added (Gross)	Ex Cash
	0.00%	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%

3 Year	Gross	Net	Benchmark	Value Added (Gross)	Ex Cash
	0.00%	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%

5 Year	Gross	Net	Benchmark	Value Added (Gross)	Ex Cash
	2.71%	2.42%	2.13%	0.58%	2.82%
	2.71%	2.42%	2.13%	0.58%	2.52%
	2.71%	2.42%	2.13%	0.58%	2.52%

TD	Gross	Net	Benchmark	Value Added (Gross)	Ex Cash
	2.71%	2.42%	2.13%	0.58%	2.82%
	2.71%	2.42%	2.13%	0.58%	2.52%
	2.71%	2.42%	2.13%	0.58%	2.52%

Benchmark History	
2/7/2012	2/7/2012
BCAGG 100%	BCAGG 100%
Total Portfolio	Fixed Income
Large-Cap Equity	Int'l Mutual Fund
Mid-Cap Equity	
Small-Cap Equity	
Total Domestic Equity	



# Bay County, Michigan

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BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

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FOR 2015 12

ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
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7360 PUBLIC EMPLOYEE HEALTH CARE

73627401 VOL.EMPLOYEE BENEF. ASSOC. BOARD

RA FUND BALANCE, NET AS

73627401 40001 FUND BALANCE	0	0	.00	.00	.00	.0%
73627401 40004 NET ASSETS - RESERVY	1,343,339	1,343,339	.00	.00	.00	.0%
<b>TOTAL FUND BALANCE, NET AS</b>	<b>1,343,339</b>	<b>1,343,339</b>	<b>.00</b>	<b>.00</b>	<b>.00</b>	<b>.0%</b>

RJ LOCAL UNIT CONTRIBUT

73627401 59401 ER CONTR-BEHAVE,HEA	0	0	.00	.00	.00	.0%
73627401 59402 ER CONTR-MOSQUITO C	0	0	.00	.00	.00	.0%
73627401 59403 ER CONTR-HEALTH FUN	0	0	.00	.00	.00	.0%
73627401 59404 ER CONTR-ROAD COMM	0	0	.00	.00	.00	.0%
73627401 59406 ER CONTR-LIBRARY	0	0	.00	.00	.00	.0%
73627401 59407 ER CONTR-GOLF COURS	0	0	.00	.00	.00	.0%
73627401 59408 ER CONTR-GENERAL FU	0	0	.00	.00	.00	.0%
73627401 59409 ER CONTR-DWS	0	0	.00	.00	.00	.0%
73627401 59410 ER CONTR-911 SERVIC	-38,200	-38,200	-27,765.26	.00	.00	72.7%*
73627401 59411 ER CONTR-CHILD CARE	0	0	.00	.00	.00	.0%
73627401 59412 ER CONTR-DIV ON AGI	0	0	.00	.00	.00	.0%
73627401 59413 ER CONTR-RETIRE SYS	0	0	.00	.00	.00	.0%
73627401 59415 ER CONTR-GYASY MOTH	0	0	.00	.00	.00	.0%
73627401 59416 ER CONTR-HOME REHAB	0	0	.00	.00	.00	.0%
73627401 59418 ER CONTR-100% TAX P	0	0	.00	.00	.00	.0%
73627401 59419 ER CONTR-MED CARE F	0	0	.00	.00	.00	.0%
73627401 59424 ER CONTR-SHLP INSUR	-310,000	-310,000	-185,649.18	.00	.00	59.9%*
73627401 59429 ER CONTR-F.O.C. FUN	0	0	.00	.00	.00	.0%
73627401 59427 ER CONTR-COMM. CORRE	0	0	.00	.00	.00	.0%
73627401 59430 ER CONTR-HOUSING FU	0	0	.00	.00	.00	.0%
73627401 59433 ER CONTR-SOLDIER RE	0	0	.00	.00	.00	.0%
73627401 59499 ER CONTR-SHERIFF DE	0	0	.00	.00	.00	.0%
<b>TOTAL LOCAL UNIT CONTRIBUT</b>	<b>-348,200</b>	<b>-348,200</b>	<b>-253,414.44</b>	<b>.00</b>	<b>.00</b>	<b>72.8%</b>

RP INTEREST & RENTALS

73627401 66400 INVESTMENT INTEREST	-500,000	-500,000	-430,977.57	.00	.00	86.2%*
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18

# Bay County Michigan

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BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

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FOR 2015 12

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73627401 66500 GAIN ON SALE OF INV	-1,100,000	-1,100,000	-1,020,405.95		.00	-79,594.05	92.83*
73627401 66501 UNREALIZED GAIN ON	0	0	.00		.00	.00	.0%
TOTAL INTEREST & RENTALS	-1,600,000	-1,600,000	-1,451,383.52		.00	-148,616.48	90.7%
RR OTHER REVENUE							
73627401 67104 MISCELLANEOUS REVENUE	0	0	.00		.00	.00	.0%
73627401 69000 COMMISSION RECAPTUR	0	0	-7,160.67		.00	7,160.67	100.0%
TOTAL OTHER REVENUE	0	0	-7,160.67		.00	7,160.67	100.0%
XE WAGES & SALARIES							
73627401 71000 PER DIEM	360	360	.00		.00	360.00	.0%
TOTAL WAGES & SALARIES	360	360	.00		.00	360.00	.0%
XI SUPPLIES							
73627401 72700 OFFICE SUPPLIES	100	100	.00		.00	100.00	.0%
73627401 72800 PRINTING AND BINDING	150	150	.00		.00	150.00	.0%
73627401 72900 POSTAGE	100	100	4.34		.00	95.66	4.3%
73627401 75100 COMPUTER SUPPLIES	50	50	.00		.00	50.00	.0%
TOTAL SUPPLIES	400	400	4.34		.00	395.66	1.1%
XL OTHER SERVICES AND C							
73627401 80100 PROFESSIONAL SERVICE	100,000	100,000	83,613.24		.00	16,386.76	83.6%
73627401 80101 ACTUARIAL SERVICES	37,000	37,000	39,300.00		.00	-2,300.00	106.2%*
73627401 81400 INVESTMENT/BANK SER	30,000	30,000	22,417.12		.00	7,582.88	74.7%
73627401 81700 LEGAL FEES	7,500	7,500	.00		.00	7,500.00	.0%
73627401 81900 CONSULTANTS	30,000	30,000	14,500.00		.00	15,500.00	48.3%
73627401 86600 LOCAL TRAVEL MILEAGE	0	0	.00		.00	.00	.0%
73627401 94601 EQUIPMENT RENTAL-CO	55	55	.00		.00	55.00	.0%

19

# Bay County, Michigan

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BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

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FOR 2015 12

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73627401 95600	INDIRECT COST EXPEN	6,046	6,046.00	508.92	.00	.00	100.0%
73627401 96200	LOSS ON DISPOSAL OF	391,000	426,263.97	.00	.00	-35,263.97	109.0%*
73627401 96201	UNREBALIZED LOSS ON	0	.00	.00	.00	.00	.0%
73627401 96500	INSURANCE AND BONDS	2,500	2,937.45	.00	.00	-437.45	117.5%*
TOTAL OTHER SERVICES AND C		604,101	595,077.78	12,742.24	.00	9,023.22	98.5%
TOTAL VOL.EMPLOYEE BENEF.ASSOC.BO		0	-1,116,876.51	12,742.24	.00	1,116,876.51	100.0%
TOTAL PUBLIC EMPLOYEE HEALTH CARE		0	-1,116,876.51	12,742.24	.00	1,116,876.51	100.0%
TOTAL REVENUES		-604,861	-1,711,958.63	.00	.00	1,107,097.63	
TOTAL EXPENSES		604,861	595,082.12	12,742.24	.00	9,778.88	
GRAND TOTAL		0	-1,116,876.51	12,742.24	.00	1,116,876.51	100.0%

\*\* END OF REPORT - Generated by Rebecca Marsters \*\*

20

# Bay County, Michigan

01/06/2016 13:25  
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BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

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## REPORT OPTIONS

Sequence	Field #	Total	Page Break
1	1	Y	N
2	9	Y	N
3	10	Y	N
4	0	N	N

Report title: BUDGET REPORT  
YEAR-TO-DATE BUDGET REPORT

Print Full or Short description: F  
Print MID Version: Y  
Print Revenues-Version headings: N  
Format type: 1  
Print revenue budgets as zero: N  
Include Fund Balance: N  
Include requisition amount: N  
Multiyear view: D

Year/Period: 2015/12  
Print revenue as credit: Y  
Print totals only: N  
Suppress zero bal accts: N  
Print full GL account: N  
Double space: N  
Roll projects to object: N  
Carry forward code: 1  
Print journal detail: N  
From Yr/Per: 2014/7  
To Yr/Per: 2014/7  
Include budget entries: Y  
Incl encumb/liq entries: Y  
Sort by UB # or PO #: J  
Detail format option: 1

Find Criteria  
Field Name Field Value

Fund 7360

FUNCTION  
ACTIVITY  
SPECIAL CODE  
SPECIAL COD2  
Character Code  
Org  
Object  
Project  
Account type  
Account status  
Rollup Code

11

VEBA      Invoices Approved:      December

Invoice Date	Vendor	Amount	Description
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