

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION  
AGENDA

TUESDAY, APRIL 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
	III. MINUTES
1 - 4 .....	1. MARCH 8, 2016
	IV. PUBLIC INPUT
	A. MONTHLY REPORTS - RES NO. 2016-5
5 - 7 .....	1. PORTFOLIO VALUE 1/01/16 - 3/31 /16
	2. CHANGE IN BOOK AND MARKET VALUE - 2/29 /16
8 - 13 .....	3. MONEY MANAGER REPORTS
	a. C.S. MCKEE - ENDING 2/29/16
	b. MFS GROWTH EQUITY - ENDING 2/29/16
14 - 33 .....	4. RECAPTURE SERVICES
	a. CAPIS - Q4 2015 AND 2/29/16
34 - 38 .....	5. VEBA YTD BUDGET REPORT 3/31/16
39 .....	6. INVOICES APPROVED - 3/31/16
40 - 43 .....	B. VEBA SERVICE DISCLOSURE POLICY RES NO. 2016-6
44 - 46 .....	C. VEBA ASSET ALLOCATION REBLANCE RES NO. 2016-7
	V. ANNOUNCEMENTS
	A. NEXT REGULAR MEETING - TUESDAY, MAY 10, 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
	VI. UNFINISHED BUSINESS
	VII. NEW BUSINESS
	VIII. MISCELLANEOUS BUSINESS
	IX. ADJOURNMENT

**MINUTES BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)**  
MARCH 8, 2016  
PAGE 1

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

The meeting of the Board of Trustees was held on March 8, 2016 at 2:18 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. Krygier, Mr. Pett, and Mr. Starkweather.

**Trustees Absent:** Mr. Gromaski and Mr. Morse.

**Also Present:**

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

Finance Officer: Crystal Hebert

Retirement Administrator: Katie Meeth and Rebecca Marsters

Corporation Counsel: Shawna Walraven

The meeting was called to order by Chairman, Steve Gray at 2:18 p.m.

**MOTION 12:** Moved, supported and carried to excuse Trustees Gromaski and Morse.

**MOTION 13:** Moved, supported and carried to approve the minutes, as printed, from the February 9, 2016 regular meeting.

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

**RES. 2016-4:**

Moved, supported and carried to adopt resolution 2016-4 to receive the monthly reports Portfolio Value ending 02/28/16, Monthly Change in Book and Market Value ending 1/31/16, C.S. McKee performance report ending 1/31 oh/16, MFS Growth ending 1/31/16, Recapture services CAPIS ending 1/31/16, VEBA YTD Budget Report ending 2/29/2016, and Approved Invoices Report ending 2/29/16.

**ANNOUNCEMENTS:**

- A. Next regularly scheduled meeting will be Tuesday, April 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:**

**NEW BUSINESS:**

**MISCELLANEOUS BUSINESS:** None

Trustee Starkweather asked if the consultants had any news for the Board.

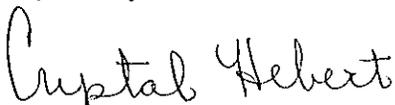
**MINUTES** BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)  
MASTER COPY MINUTES VEBA  
PAGE 2

Mr. Pohl stated that although the market is still down, it has come back a long way from January.

**ADJOURNMENT:**

**MOTION 14:** Moved, supported and carried to adjourn the meeting at 2:23 p.m.

Respectfully submitted,

  
Crystal Hebert  
Finance Officer/Secretary

Transcribed by: Tracy Cederquist

MEETING OF THE **V.E.B.A.** BOARD OF TRUSTEES COMMITTEE  
MARCH 8, 2016

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 2:18 P.M.

**Resolutions**

TRUSTEE	2016-4									
BRZEZINSKI	M-Y									
COONAN	Y									
GOETZ	Y									
GRAY	Y									
GROMASKI	E									
KRYGIER	S-Y									
MORSE	E									
PETT	Y									
STARKWEATHER	Y									

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

MEETING OF THE **V.E.B.A.** BOARD OF TRUSTEES COMMITTEE  
MARCH 8, 2016

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 2:18 P.M.

**Motions**

TRUSTEE	12	13	14							
BRZEZINSKI	Y	Y	Y							
COONAN	Y	M-Y	S-Y							
GOETZ	S-Y	S-Y	Y							
GRAY	Y	Y	Y							
GROMASKI	E	E	E							
KRYGIER	Y	Y	M-Y							
MORSE	E	E	E							
PETT	M-Y	Y	Y							
STARKWEATHER	Y	Y	Y							

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

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION  
04/12/2016  
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 - 1/1/16 - 3/31/16
- 2. CHANGE IN BOOK AND MARKET VALUE - 2/29/16
- 3. MONEY MANAGER REPORTS
  - a. C.S. MCKEE - ENDING 2/29/16
  - b. MFS GROWTH EQUITY - ENDING 2/29/16
- 4. RECAPTURES SERVICES
  - a. CAPIS - SUMMARY ENDING Q4 2015 AND 2/29/16
- 5. VEBA YTD BUDGET REPORT - ENDING 3/31/16
- 6. INVOICES APPROVED - 3/31/16

STEVE GRAY, CHAIR  
AND BOARD

MONTHLY REPORTS

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 2015	<u>DODGE &amp; COX</u> <small>No vendor number. M-D-C-F Fund Mgmt fee applied to separately managed mgt's deduct fee from portfolio</small>	<u>CASH</u>	<u>ATLANTA</u> <u>SOSNOFF</u>	<u>LORD ABBOTT</u> <small>No vendor number. M-D-C-F Fund Mgmt fee applied to separately managed mgt's deduct fee from portfolio</small>	<u>CS MCKEE</u>	<u>MFS</u>	<u>TOTAL</u>
VENDOR #			1061	3509			
JAN	9,372,607.82	242,295.57	9,238,560.71	7,037,168.25	15,638,042.35		41,528,614.70
FEB	9,962,923.15	249,127.39	9,745,731.65	7,468,844.28	15,512,818.11		42,939,444.61
MARCH	9,593,389.19	127,059.94	9,346,981.59	7,533,533.53	16,301,909.64		42,812,883.69
APRIL	9,759,073.66	118,394.44	9,323,633.72	7,461,656.59	16,255,829.65		42,918,583.06
MAY	9,659,876.45	90,416.69	9,466,375.99	7,523,160.66	16,228,630.68		43,168,450.67
JUNE	9,746,608.25	94,887.23	9,387,431.67	7,523,180.66	16,068,961.56		42,851,069.43
JULY	9,656,782.12	122,254.13	9,694,347.47	7,541,149.89	16,187,982.71		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	8,787,357.59	118,599.53	8,793,993.42	6,926,976.43	16,301,324.34		40,928,651.77
OCT	9,482,978.60	161,932.44	9,714,059.64	7,250,499.00	16,338,025.92		42,347,535.60
NOV	9,436,387.19	184,096.93	9,752,744.38	7,291,828.82	16,345,594.97		43,010,752.29
DEC	9,166,741.48	193,196.27	7,415.58	7,048,514.63	16,277,014.67	9,739,018.02	42,451,901.65

ATLANTA SOSNOFF            LARGE CAP EQUITY  
CS MCKEE                    FIXED INCOME  
DODGE & COX                LARGE CAP EQUITY  
LORD ABBETT                SMALL M-D CAP EQUITY

	<u>DODGE &amp; COX</u>	<u>ATLANTA</u> <u>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				12,214.75	12,214.75
		47,078.00		48,749.99	95,827.99

VEBA 2016	<u>DODGE &amp; COX</u> <small>No vendor number. M-D-C-F Fund Mgmt fee applied to separately managed mgt's deduct fee from portfolio</small>	<u>CASH</u>	<u>ATLANTA</u> <u>SOSNOFF</u>	<u>LORD ABBOTT</u> <small>No vendor number. M-D-C-F Fund Mgmt fee applied to separately managed mgt's deduct fee from portfolio</small>	<u>CS MCKEE</u>	<u>MFS</u>	<u>TOTAL</u>
VENDOR #			1061	3509			
JAN	8,556,306.57	268,524.93	1,489.48	6,685,474.41	16,476,306.40	9,247,614.05	41,235,715.84
FEB	8,497,608.56	343,039.63	1,489.77	6,712,509.32	16,628,173.94	9,082,194.27	41,265,016.69
MARCH	9,095,668.65	349,177.88	1,490.08	7,268,656.04	16,816,245.91	9,559,722.49	43,121,161.05
APRIL							0.00
MAY							0.00
JUNE							0.00
JULY							0.00
AUG							0.00
SEPT							0.00
OCT							0.00
NOV							0.00
DEC							0.00

ATLANTA SOSNOFF            LARGE CAP EQUITY  
CS MCKEE                    FIXED INCOME  
DODGE & COX                LARGE CAP EQUITY  
LORD ABBETT                SMALL M-D CAP EQUITY

	<u>DODGE &amp; COX</u>	<u>ATLANTA</u> <u>SOSNOFF</u> VENDOR 1061	<u>ABBOTT</u>	<u>CS MCKEE</u> VENDOR 3509	<u>TOTAL</u>
2016					
1ST QTR					0.00
2ND QTR					0.00
3RD QTR					0.00
4TH QTR					0.00

6

*Portfolio Statement*

1 FEB 16 - 29 FEB 16

Account Name BAY COUNTY VEBA CONSOLIDATED  
Account Number BCVEBA

◆ Change in Book and Market Value

	Cost	Market value	For more information
Opening balance	38,885,811.50	41,242,799.06	
Miscellaneous Cash Receipts	43,095.54	43,095.54	See funding & disbursement summary
Sponsor Contributions	30,802.74	30,802.74	See funding & disbursement summary
Total receipts	73,898.28	73,898.28	See funding & disbursement summary
Income received	58,178.81	58,178.81	See income & expense summary, cash activity detail
Expenses paid	- 239.00	- 239.00	See income & expense summary
Unrealized gain/loss change	0.00	- 54,070.56	See asset summary
Realized gain/loss	- 46,183.94	- 46,183.94	See realized gain/loss summary
Accrued income change	- 10,168.86	- 10,168.86	See income & expense summary
Closing balance	38,961,296.79	41,284,213.79	

7

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

Bay County VEBA

Client Code: 90477  
As Of Date: 2/29/2016  
Report: Calendar

**Asset Allocation**  
As of 2/29/2016

Asset Class	Value (\$)	Percentage (%)
Large-Cap Equity	\$ -	0.00%
Small-Cap Equity	\$ -	0.00%
Fixed Income	\$ 16,131,527.67	97.00%
Cash	\$ 499,357.85	3.00%
Other	\$ -	0.00%
<b>Total Portfolio:</b>	<b>\$ 16,630,885.52</b>	<b>100.00%</b>



**Performance**  
As of 2/29/2016

Portfolio Summary	Month-to-Date	Large-Cap Equity	Small-Cap Equity	Total Domestic Equity	Intl Mutual Fund
Beginning Market Value:	16,493,633.98	-	-	16,493,633.98	-
Net Contributions (Distributions):	-	-	-	-	-
Income:	41,360.92	-	-	41,360.92	-
Market Appreciation (Depreciation):	95,890.61	-	-	95,890.61	-
Ending Market Value:	16,630,885.52	-	-	16,630,885.52	-
Dollar-Weighted Return:	0.83%	-	-	0.83%	-

Time-Weighted Returns	Performance Start Date:	Total Portfolio	Large-Cap Equity	Small-Cap Equity	Total Domestic Equity	Intl Mutual Fund
MTD	2/7/2012	0.84%	N/A	N/A	N/A	N/A
		Net	Ex Cash	Ex Cash	Ex Cash	Ex Cash
		Benchmark	-	-	-	-
		Value Added (Gross)	0.71%	0.13%	0.13%	0.14%
QTD		Gross	2.13%	2.13%	2.13%	2.18%
		Net	2.08%	2.08%	2.08%	2.11%
		Benchmark	2.10%	2.10%	2.10%	2.10%
		Value Added (Gross)	0.03%	0.03%	0.03%	0.06%
YTD		Gross	2.13%	2.13%	2.13%	2.16%
		Net	2.08%	2.08%	2.08%	2.11%
		Benchmark	2.10%	2.10%	2.10%	2.10%
		Value Added (Gross)	0.03%	0.03%	0.03%	0.06%
1 Year		Gross	2.54%	2.54%	2.54%	2.59%
		Net	2.23%	2.23%	2.23%	2.28%
		Benchmark	1.50%	1.50%	1.50%	1.50%
		Value Added (Gross)	1.04%	1.04%	1.04%	1.09%
3 Year		Gross	2.70%	2.70%	2.70%	2.78%
		Net	2.39%	2.39%	2.39%	2.47%
		Benchmark	2.21%	2.21%	2.21%	2.21%
		Value Added (Gross)	0.49%	0.49%	0.49%	0.57%
5 Year		Gross	0.00%	0.00%	0.00%	0.00%
		Net	0.00%	0.00%	0.00%	0.00%
		Benchmark	0.00%	0.00%	0.00%	0.00%
		Value Added (Gross)	0.00%	0.00%	0.00%	0.00%
RTD		Gross	2.96%	2.96%	2.96%	3.06%
		Net	2.66%	2.66%	2.66%	2.77%
		Benchmark	2.44%	2.44%	2.44%	2.44%
		Value Added (Gross)	0.52%	0.52%	0.52%	0.62%

Benchmark History

2/7/2012  
BCAGG 100%

Total Portfolio

Large-Cap Equity

Mid-Cap Equity

Small-Cap Equity

Total Domestic Equity

2/7/2012  
BCAGG 100%

Fixed Income

Intl Mutual Fund



**Bay County Voluntary Employees' Beneficiary Association Trust - Growth Equity**

**BYS**

Valuation Summary by Country

29-Feb-16

Portfolio Currency: USD

Issuer Country	Cost	Market Value	Accrued Income	Total Value	Total Value
<b>CASH</b>					
United States	248,727.01	248,727.01	0.00	248,727.01	2.74%
	<b>248,727.01</b>	<b>248,727.01</b>	<b>0.00</b>	<b>248,727.01</b>	<b>2.74%</b>
<b>COMMON STOCK</b>					
Canada	54,762.60	51,626.94	0.00	51,626.94	0.57%
United States	9,436,005.79	8,689,252.65	5,897.62	8,695,150.27	95.74%
	<b>9,490,768.39</b>	<b>8,740,879.59</b>	<b>5,897.62</b>	<b>8,746,777.21</b>	<b>96.31%</b>
<b>ADR</b>					
France	87,580.50	86,625.40	0.00	86,625.40	0.95%
	<b>87,580.50</b>	<b>86,625.40</b>	<b>0.00</b>	<b>86,625.40</b>	<b>0.95%</b>
<b>Portfolio Totals:</b>	<b>9,827,075.90</b>	<b>9,076,232.00</b>	<b>5,897.62</b>	<b>9,082,129.62</b>	<b>100.00%</b>
Accrued Income:			5,897.62		
Total Value:				9,082,129.62	

This report contains trade date position values, calculated by MFS. This is not the official book of record for the account. Cash is a net cash balance comprised of cash on deposit, and payables and receivables that have not settled.

10



BYS

**Bay County Voluntary Employees' Beneficiary Association Trust - Growth Equity**

Valuation Summary

29-Feb-16

Portfolio Currency: USD

	Cost	Market Value	Accrued Income	Total Value	Total Value
CASH	248,727.01	248,727.01	0.00	248,727.01	2.74 %
COMMON STOCK	9,490,768.39	8,740,879.59	5,897.62	8,746,777.21	96.31 %
ADR	87,580.50	86,625.40	0.00	86,625.40	.95 %
	9,827,075.90	9,076,232.00	5,897.62	9,082,129.62	100.00 %
		Accrued Income:	5,897.62		
		Total Value:	9,082,129.62		

This report contains trade date position values, calculated by MFS. This is not the official book of record for the account. Cash is a net cash balance comprised of cash on deposit, and payables and receivables that have not settled.

Bay County Voluntary Employees' Beneficiary Association Trust  
Growth Equity



Performance results (%) gross and net of fees (USD)	Portfolio		Benchmark <sup>A</sup>	Excess returns Net vs benchmark
	Gross of fees	Net of fees		
February 2016	-1.78	-1.82	-0.04	-1.78
2016 YTD	-6.79	-6.88	-5.62	-1.26
Since client inception (30-Dec-15)	-8.36	-8.45	-7.26	-1.19

Source for benchmark performance: SPAR, FactSet Research Systems Inc. All periods greater than one year are annualized.

Past performance is no guarantee of future results.

<sup>A</sup> Russell 1000 Growth Index

Asset summary (USD)	
Beginning value as of 31-Jan-16	9,246,438
Contributions	0
Withdrawals	0
Change in market value	-164,308
Ending value as of 29-Feb-16	9,082,130

Characteristics	Portfolio	Benchmark <sup>AA</sup>
IBES long-term EPS growth <sup>1</sup> weighted average	16.1%	13.2%
Price/earnings (12 months forward ex-negative earnings) - weighted average	21.6x	17.3x
Market capitalization (USD) <sup>2</sup>	120.8 bn	128.3 bn
Top ten holdings	30%	23%
Number of holdings	84	638
Barra predicted tracking error <sup>3</sup>	3.02%	--

<sup>1</sup> Source: Thomson Reuters

<sup>2</sup> Weighted average.

<sup>3</sup> Source: Barra

No forecasts can be guaranteed.

Top 10 issuers	Sector	% of Portfolio
ALPHABET INC	Technology	6.5
VISA INC	Financial Services	4.0
FACEBOOK INC	Technology	3.8
AMAZON.COM	Retailing	3.2
MASTERCARD INC	Financial Services	2.8
DANAHER CORP	Industrial Goods & Services	2.5
THERMO FISHER SCIENTIFIC INC	Health Care	2.5
ADOBE SYSTEMS INC	Technology	2.3
MICROSOFT CORP	Technology	2.3
APPLE INC	Technology	2.3

Sectors (%)	Portfolio	Benchmark <sup>AA</sup>
Technology	22.3	21.7
Retailing	18.0	11.8
Health Care	16.1	15.9
Financial Services	9.6	6.3
Leisure	6.8	10.5
Consumer Staples	6.7	9.9
Special Products & Services	6.4	5.2
Industrial Goods & Services	4.6	5.8
Autos & Housing	2.6	1.9
Utilities & Communications	1.9	3.3
Basic Materials	1.2	4.1
Transportation	0.8	3.2
Energy	0.2	0.3

2.8% Cash & cash equivalents

FOR EXISTING INSTITUTIONAL CLIENT USE ONLY.  
MFS Institutional Advisors, Inc.

<sup>AA</sup> Russell 1000 Growth Index

FOR MORE INFORMATION CONTACT

Kimberly Hyland, Director, Relationship Management  
Phone: +1 617 954 5575 | Cell: +1 781 929 6122  
Email: khyland@mfs.com  
PSR-BYS-29-Feb-16

Thomas Shanley, Client Service Manager  
Phone: +1 617 954 7492 | Cell: +1 857 208 5297  
Email: tshanley@mfs.com

33362

12

**Bay County Voluntary Employees' Beneficiary Association Trust**  
**Growth Equity**  
**Report as of 29 February 2016**

Performance results (%) gross and net of fees (USD)				
Period	Portfolio gross	Portfolio net	Benchmark <sup>^</sup>	Excess <sup>^m</sup>
February	-1.78	-1.82	-0.04	-1.78
January	-5.11	-5.15	-5.58	0.43
2016 YTD	-6.79	-6.88	-5.62	-1.26
Since client inception (30-Dec-15)	-8.36	-8.45	-7.26	-1.19

Source for benchmark performance: SPAR, FactSet Research Systems Inc.

All periods greater than one year are annualized.

Past performance is no guarantee of future results.

<sup>^</sup> Russell 1000 Growth Index

<sup>^m</sup> Excess return net vs benchmark (%)

FOR EXISTING INSTITUTIONAL CLIENT USE ONLY.

MFS Institutional Advisors, Inc.

# Brokerage Allocation & Commission Recapture Reports

prepared for

## Bay County Voluntary Employees' Beneficiary Association

As of December 31, 2015



14

Client Contact:  
Jon Lantz  
Vice President  
(214) 978-4778  
jlantz@capis.com  
1-800-247-6729



## Commission Management

### Brokerage Allocation & Commission Recapture Reports

#### Report Summary

Designed to provide transparency, the Brokerage Allocation & Commission Recapture Reports are a year-to-date summary of commission activity based upon data provided by the custodian. The custodial information is combined with commission recapture data to create a unique look at the brokerage allocation decisions by your investment managers.

#### Commission Recapture Reports

A discounting mechanism for commissions, Commission Recapture generally provides a direct benefit to the fund participants.

#### Directed Commission Summary (Recapture Tab)

The primary accounting document for Commission Recapture activity, your Directed Commission Summary itemizes recapture participation by fund and/or manager. The amount of Recapture Redeemed is the money you saved through your commission recapture program. It is important to note that the Directed Commission Summary is not your official accounting statement from CAPIS.

#### Brokerage Allocation Summary (Summary Tab)

USD and Non-USD trading statistics combined in one report, the Brokerage Allocation Summary provides the average commission rates net of recapture and the brokerage allocation stats across all equity trading markets. In certain instances, the estimated soft/research commissions may be used to meet disclosure obligations.

#### Brokerage Allocation Reports

Combining custody transaction data with commission recapture participation, the Commission Analysis Reports provide the necessary information to monitor brokerage allocation and commission rates.

#### USD Commission Analysis (Domestic Tab)

The USD Commission Analysis Report provides the average commission rate, the average commission rate net of recapture and the allocation of commissions on USD transactions in three general areas. 1) Discount; 2) Recapture; and 3) Research Commissions. For a detailed description of these allocation categories, please refer to "Terminology & Definitions" on page three.

#### Non-USD Commission Analysis (International Tab)

The Non-USD Commission Analysis Report provides the average commission rate, the average commission rate net of recapture and the allocation of commissions on Non-USD transactions in three general areas. 1) Discount; 2) Recapture; and 3) Research Commissions. For a detailed description of these allocation categories, please refer to "Terminology & Definitions" on page three.

#### Manager Scorecards

Summarizing the Brokerage Allocation & Commission Recapture Reports for each manager, the Manager Scorecards provide the CAPIS statistics in a manager specific report. It is important to recognize that the first page of each Manager Scorecard itemizes the manager's totals and the following page(s) itemize the data for each fund/strategy managed.

For more information regarding the terminology and statistical data in these reports, please refer to page 3 of this narrative.

## Using the CAPIS Reports

### Accounting & Management

#### Directed Commission Summary

The primary accounting document for commission recapture benefits, the Directed Commission Summary can be used to record the shareholder benefits in your accounting documents. The most common accounting methods are to increase Net Realized Gains or report as Fees Paid Indirectly.

### Manager Communication

#### Manager Scorecards

The Manager Scorecards (Scorecards tab) are designed to assist in the communication of Brokerage Allocation and Execution Analysis statistics to your investment managers. Sent on a quarterly basis, these reports should enhance overall performance relative to the CAPIS Universe.

### Board Review

#### Cost Savings

The quarterly Directed Commission Summary (Recapture tab) can be used to demonstrate the cost savings achieved by the Commission Recapture Program. This report helps the Board recognize the efforts of the staff to reduce expenses borne by the funds.

### Execution Analysis

#### Monitoring Best Execution

The Manager Comparison (Managers tab) provides a one-page summary of your managers' execution quality with an easy to use 1-4 ranking system. We often suggest that Boards request additional information from any manager that receives a Group 4 rating in three of the past 4 quarters.

Investment Manager	P&L (%)	CAPIS Ratings			
		Q4 20xx	Q3 20xx	Q2 20xx	Q1 20xx
Manager A	0.146%	1	2	4	2
Manager B	0.021%	2	3	1	2
Manager C	-0.037%	2	2	3	4
Manager D	-0.069%	3	4	2	3
Manager E	-0.022%	4	3	4	2

For more information about the Execution Analysis reports, please refer to the narrative following the Execution Analysis Report tab.

#### Brokerage Allocation & Commission Analysis

Managing your Commission Recapture program is simplified by the Brokerage Allocation Summary (Summary tab) and the USD and International Commission Analysis (Domestic & International tabs) Reports. CAPIS will use these reports to identify opportunities for increased participation rates and appropriate follow up calls.

#### Annual Due Diligence

The Manager Scorecards (Scorecards tab) provide the information needed to review Brokerage Allocation and Execution Analysis results with your investment managers during annual reviews.

#### Commission Rates & Use of Research Commissions

Using the USD & International Commission Analysis (Domestic & International tabs), Boards are able to monitor commission rates and brokerage allocation. In addition to commission rate prior to and net of commission recapture, these reports provide a unique estimate of research commissions. All statistics are easily compared to the Fund Family totals and the CAPIS Universe.

# Reading the Reports

## Terminology & Definitions

### Directed Commission Summary

**Recapture Allocation:** Amount set aside for recapture by the funds  
**Redeemed Recapture:** Amount wired to the fund for recapture

### USD & Non-USD Commission Analysis

**Average Commission Net Recapture:** Average rate after recapture

#### Discount Commissions

##### USD Transactions:

Transactions executed at a rate below \$.02 per share are identified as "Discount" transactions and generally do not include a portion for research.

##### Non-USD Transactions:

Transactions executed at a rate of 8 basis points or below in developed markets and 12 basis points or below in emerging markets are identified as "Discount" transactions and generally do not include a portion for research.

### Estimated Soft/Research Commissions

Commissions paid at rates greater than the "Discount" threshold and not directed for commission recapture are assumed to be paid to brokers that provide research and brokerage services within the scope of Section 28(e) of the Securities and Exchange Act of 1934.

Common components of Soft/Research Commissions:

- Traditional Research                      Third Party Research
- CSA & CCA Services                      Access to Liquidity

### Understanding the Need for Soft/Research Commissions

The following factors may affect a manager's need for soft/research commissions and may be useful to consider when evaluating commission rates and soft/research percentages:

- Assets Under Management                      Turnover Rate
- Active vs. Passive                                      Style Mandate
- Quantitative vs. Qualitative                      Cap Mandate
- Trading Methodology                                      Market Mandate

### CAPIS Manager Universe

For the fourth quarter 2015, the CAPIS universe is based upon 4,711 individual manager observations, 1,549,787 transactions and approximately \$396 billion in traded securities.

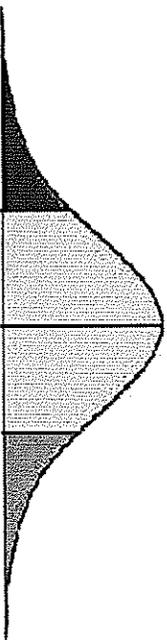
## CAPIS Universe: Commission Range

### Commission Rate Statistics

Using a bell curve approach, CAPIS provides the average commission rate and standard deviation of commission rates for both USD and Non-USD transactions. These statistics can be used to identify outliers.

#### USD Commission Rates (CPS)

Volume Weighted Average: 1.98 CPS  
 Average Manager Observations: 2.21 CPS  
 Standard Deviation of Manager Observations: 1.14 CPS



#### Non-USD Developed Markets Commission Rates (BPS)

Volume Weighted Average: 9.06 BPS  
 Average Manager Observations: 10.28 BPS  
 Standard Deviation of Manager Observations: 6.08 BPS



#### Non-USD Emerging Markets Commission Rates (BPS)

Volume Weighted Average: 14.68 BPS  
 Average Manager Observations: 15.58 BPS  
 Standard Deviation of Manager Observations: 8.15 BPS



**2015 Directed Commission Summary**  
 Bay County Voluntary Employees' Beneficiary Association  
 As of December 31, 2015

Investment Manager	Beginning Balance	Commission		Recapture Allocation		Redeemed Recapture		Balance
		December	YTD	December	YTD	December	YTD	
Atlanta/Sosnoff CC	\$ 169.50	\$ 85.00	\$ 10,269.44	\$ 63.25	\$ 7,698.34	\$ 169.50	\$ 8,037.09	\$ 63.25
	\$ 169.50	\$ 85.00	\$ 10,269.44	\$ 63.25	\$ 7,698.34	\$ 169.50	\$ 8,037.09	\$ 63.25

This is not your official statement from CAPIS. For detailed transaction information, please see your monthly CAPIS statement for each individual fund.

**2015 Brokerage Allocation Summary**

Manager Level

Bay County Voluntary Employees' Beneficiary Association

As of December 31, 2015

Investment Manager	Total Commission*	Net Commission Rates & Percent of Total			Plan Sponsor Benefit			Estimated Research/Soft
		Domestic (CPS)	Developed (BPS)	Emerging (BPS)	Discount	Commission Recapture	Research/Soft	
Atlanta Sosnoff	\$ 12,663	\$ 0.012 100%	- 0%	- 0%	\$ 2,436 19%	\$ 10,269 81%	\$ (42) 0%	
<b>CAPIS Universe</b>								
Domestic	\$ 0.019				Discount 26%	Recapture 9%	Research/Soft 65%	
Developed			8.9		28%	4%	67%	
Emerging				14.5	18%	2%	80%	

This information is based upon transactional data provided to CAPIS by the custodian of the fund. CAPIS is not responsible for the accuracy of the data.

**2015 USD Commission Analysis**  
 Bay County Voluntary Employees' Beneficiary Association  
 As of December 31, 2015

Investment Manager	Trading Statistics				Plan Sponsor Benefit		Estimated Soft/Research Commission
	USD Commission	Total Shares	Average Commission	Average Commission Net Recapture	Discount	Commission Recapture	
Atlanta Sosnoff	\$ 12,663	418,072	\$ 0.030	\$ 0.012	\$ 2,436	\$ 10,269	(42) 0%
CAPIS Universe	\$ 12,663	\$ 418,072	\$ 0.030	\$ 0.019	\$ 2,436	\$ 10,269	(42) 0%
					26%	9%	65%

**Report Definitions:**

**Discount:** Transactions executed at a commission below 2.0 cents per share and not directed for commission recapture.

**Commission Recapture:** Transactions executed through the fund's commission recapture program whereby a portion of the commission is returned directly to the fund.

**Est. Soft/Research Commission:** Transactions executed at a commission greater than or equal to 2.0 cents per share and not directed for commission recapture. As long as the value of the "brokerage and research services" is reasonable, in relation to the amount paid for such services, the practice of paying more than the lowest commission may be permissible and in accordance with Section 28(e) of the Securities and Exchange Act of 1934. According to the SEC, research services may include third party research and/or proprietary research.

This information is based upon transactional data provided to CAPIS by the custodian of the fund. CAPIS is not responsible for the accuracy of the data.

20

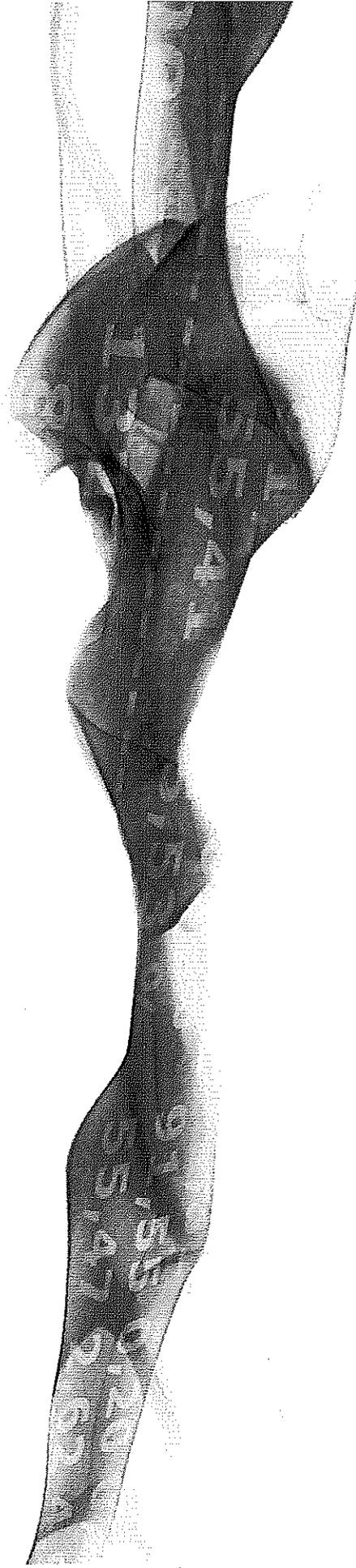
# Execution Analysis

prepared for

## Bay County Voluntary Employees' Beneficiary Association

Fourth Quarter 2015

October 1 - December 31



21

Client Contact:  
Jon Lantz  
Vice President  
(214) 978-4778  
jlantz@capis.com  
1-800-247-6729



## Execution Analysis

### Executive Summary

#### Fourth Quarter Performance

---

##### Total P&L versus VWAP: +4 Basis Points

Best Execution: For the fourth quarter 2015 the mean observation of Total P&L versus VWAP for the CAPIS universe of managers was -2.94 bps with a standard deviation of 13.01 bps. Given the client's total P&L versus VWAP of +4 bps, our statistical analysis concludes that the fourth quarter 2015 results are consistent with the quantitative measurement of best execution used by CAPIS.

##### Highest Performing Managers

In the fourth quarter of 2015 no managers recorded first group results.

##### Lowest Performing Managers

In the fourth quarter of 2015 no managers recorded fourth group results.

##### Commissions Analyzed - 99.01%

Of the total commissions received (\$3,507), 99.01% were analyzed. The remaining 0.99% was excluded for reasons including, but not limited to, trades not within the high-low range of the given trade date and unidentifiable security IDs.

## Volume Weighted Average Price (VWAP)

### Overview of VWAP

VWAP is the volume weighted average price of all transactions in a particular stock during a particular period. The most common use for this statistic is to compare a given day's VWAP to the reported execution price received in the market on that day. Theoretically, if a buyer or seller participates in the market throughout the day, the reported execution price should be very close to the VWAP.

### Use of VWAP Analysis

Using VWAP as a benchmark for comparison, investment managers, broker dealers, and fund sponsors can quantify execution results. Managers and broker dealers that consistently underperform their peers relative to the VWAP benchmark may be able to improve performance by improving their execution process. It is important to note that trading strategies designed to reduce opportunity costs may be high relative to VWAP.

## Reports

### **Manager Comparison**

Ranked by P&L (%), this report provides a comparison of your investment managers to the universe of data analyzed by CAPIS during the preceding four quarters. The chart on the bottom highlights P&L (%) of your managers relative to the VWAP.

### **Fund Comparison**

Sorted by fund description, this report provides a comparison of your individual funds and the CAPIS Rating for each portfolio.

### Advantages of VWAP Analysis

As a result of the unbiased nature of this statistic, VWAP provides the money management and brokerage community with a definable measure by which to compare execution prices with the available market. VWAP analysis is one of the most understandable and usable measures of execution performance and offers a comparable benchmark for assessing trading costs. Market impact, order size and momentum are all natural components of the Volume Weighted Average Price statistic.

### Disadvantages of VWAP Analysis

VWAP and other execution analysis statistics cannot be used as the sole determinant of best execution. VWAP does not provide a measurement of opportunity costs. If a transaction is not completed as a result of price movements and/or time constraints, opportunity costs may be substantial. VWAP does not attempt to measure these costs.

23

### **Broker Comparison**

Sorted by Gross Consideration, this report provides a comparison of the brokers used by your investment managers. Data on the top 20 brokers is provided, including a chart on the bottom that highlights performance based on P&L (%).

### **Fourth Group Managers**

Sorted by Gross Consideration, these reports provide a comparison of the top 20 brokers for each fourth group manager. The chart on the bottom highlights the performance of the brokers based on P&L (%).

# Reading the Reports

## Terminology & Rating

### Gross Consideration

The total amount of shares traded multiplied by the average price.

### P&L versus VWAP

The basis for this analysis is the difference between VWAP and the execution price. P&L versus VWAP quantifies the profit or loss relative to VWAP. For example, if 10,000 shares are purchased at an average price \$.05 above VWAP, then the loss relative to VWAP would be \$500.

### Total Cost

Summary of the P&L versus VWAP, commissions and transaction fees.

### CAPIS Manager Universe

For the fourth quarter 2015, the CAPIS universe is based upon 4,711 individual manager observations, 1,549,787 transactions and approximately \$396 billion in traded securities. Average Total P&L versus VWAP for our universe of managers is -2.94 bps with a standard deviation of 13.01 bps.

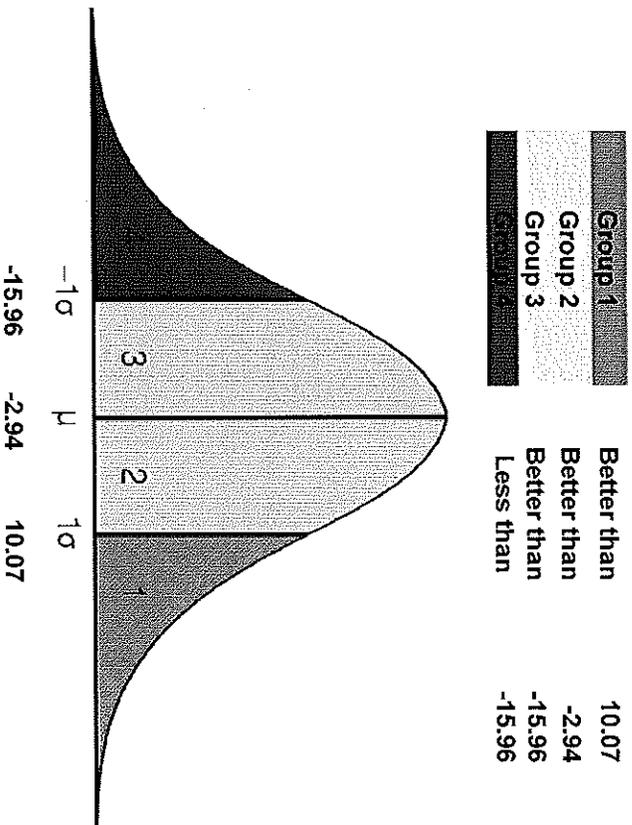
### Best Execution

For the purpose of this report, CAPIS uses a quantitative measurement of best execution based upon the VWAP. Cumulative results greater than two standard deviations below the mean could be considered inconsistent with best execution. It is important to note that this analysis does not take into consideration the qualitative aspects of best execution such as investment research services, trading capabilities, financial strength, etc.

## CAPIS Ratings

### Rating Methodology

The CAPIS Rating is based upon the standard deviation of the manager/fund's P&L versus VWAP. Observations greater than 1 standard deviation above or below the mean, fall in groups 1 and 4, respectively. Observations within one standard deviation of the mean fall into groups 2 and 3, where as 2 is better than the mean and 3 is less than the mean.



This Brokerage Allocation & Execution Analysis Report ("Report") is based upon execution data provided to CAPIS by you or on your behalf and market information CAPIS has obtained from sources considered reliable. No guarantee is made as to its accuracy, suitability, thoroughness, quality or completeness. CAPIS makes no warranty of any kind, express or implied, with respect to this Report. Under no circumstances shall CAPIS or its agents be liable to you for direct, indirect, incidental, consequential, special, punitive, or exemplary damages, even if CAPIS has been advised specifically of the possibility of such damages, arising out of the use of this Report. In no event shall CAPIS' total liability for all damages, losses and causes of action relating to the provision of this Report (whether in contract or tort, including but not limited to, negligence) exceed the amount paid by you, if any, for this Report.



**Fund Comparison**  
 Bay County Voluntary Employees' Beneficiary Association  
 Fourth Quarter 2015

October 1 - December 31  
 VWAP Analysis

Fund ID	Fund Description	# of Trades	Gross Consideration	P&L vs VWAP	P&L (%)	Commission	Comm (%)	Fees	Total Cost	Q4 Total Cost (%)	CAPIS Ratings				
											Q4 2015	Q3 2015	Q2 2015	Q1 2015	
264670	VEBA Atalanta Sosnoff	148	\$ 12,374,526	\$ 5,286	0.04%	\$ (3,472)	-0.03%	\$ (207)	\$ 1,606	0.01%	2	2	2	2	
		148	\$ 12,374,526	\$ 5,286	0.04%	\$ (3,472)	-0.03%	\$ (207)	\$ 1,606	0.01%					

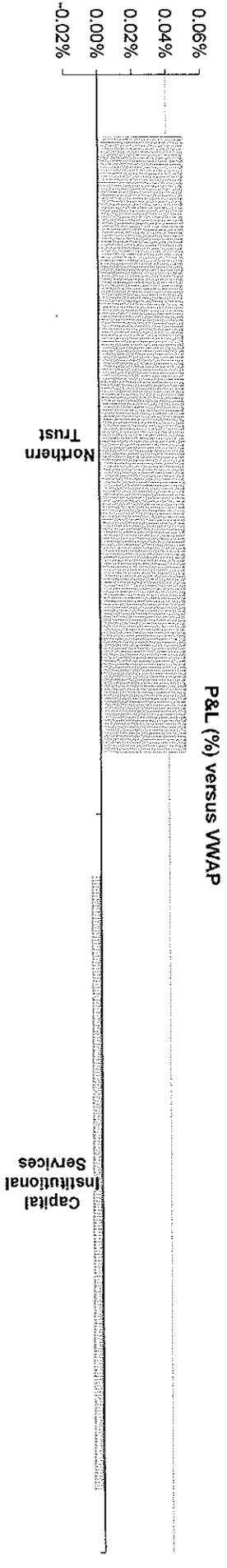
26

**Broker Comparison**  
 Bay County Voluntary Employees' Beneficiary Association  
 Fourth Quarter 2015

October 1 - December 31  
 Top 20 Brokers Based on  
 Gross Consideration

Rank	Broker	# of Trades	Gross Consideration	P&L vs VWAP	P&L (%)	Commission	Comm (%)	Fees	Total Cost	Total Cost (%)
1	Northern Trust	112	\$ 10,720,248	\$ 5,383	0.05%	\$ (2,401)	-0.02%	\$ (187)	\$ 2,794	0.03%
2	Capital Institutional Services	36	\$ 1,654,278	\$ (97)	-0.01%	\$ (1,071)	-0.06%	\$ (20)	\$ (1,188)	-0.07%
		148	\$ 12,374,526	\$ 5,286	0.04%	\$ (3,472)	-0.03%	\$ (207)	\$ 1,606	0.01%

Highlighted firms are available to some or all of your managers through CAPIS, and therefore, are part of your directed brokerage program.



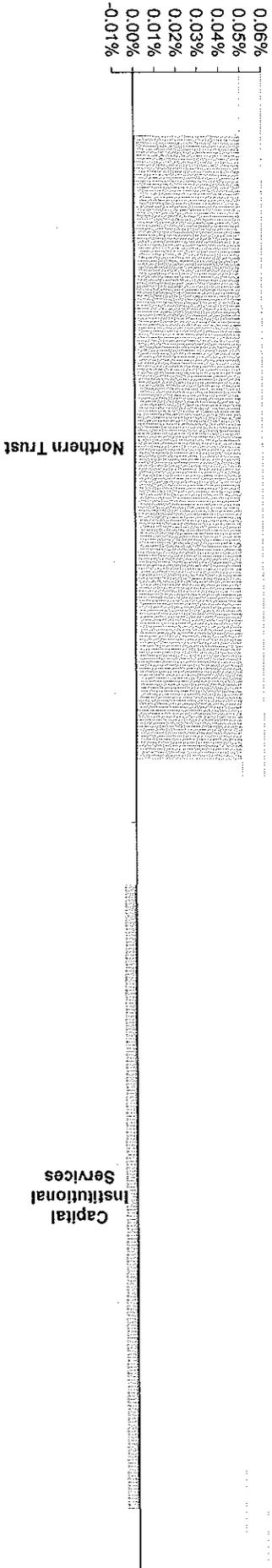


**Broker Comparison**  
**Atlanta Sosnoff**  
**Fourth Quarter 2015**

October 1 - December 31  
 Top 20 Brokers Based on  
 Gross Consideration

Rank	Broker	Number of Trades	Gross Consideration	P&L vs WAP	P&L (%)	Commission	Comm (%)	Fees	Total Cost	Total Cost (%)
1	Northern Trust	112	\$ 10,720,248	\$ 5,383	0.05%	\$ (2,401)	-0.02%	\$ (187)	\$ 2,794	0.03%
2	Capital Institutional Services	36	\$ 1,654,278	\$ (97)	-0.01%	\$ (1,071)	-0.06%	\$ (20)	\$ (1,188)	-0.07%
		148	\$ 12,374,526	\$ 5,286	0.04%	\$ (3,472)	-0.03%	\$ (207)	\$ 1,606	0.01%

Highlighted firms are available to some or all of your managers through CAPIS, and therefore, are part of your directed brokerage program.  
 P&L (%) versus WAP



28

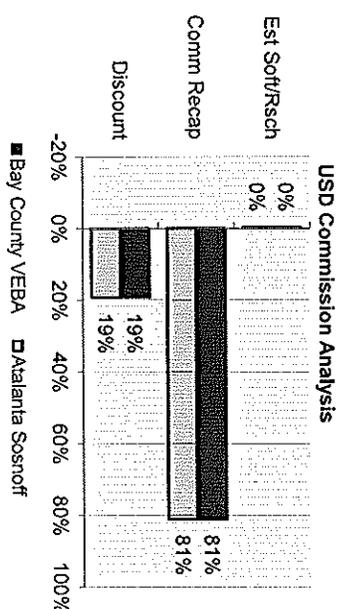
**Manager Scorecard**  
**Bay County Voluntary Employees' Beneficiary Association**

**Atlanta Sosnoff**  
**As of December 31, 2015**

The following information is designed to provide you with a statistical comparison of your performance relative to the CAPIs Universe Average and other investment managers based on the following categories: Commission Recapture, Commission Analysis, and Execution Quality.

**2015 USD Commission Analysis**

USD Commission	Total Shares	Average Commission Rate (CPS)	Average Commission Net Recapture	Discount	Commission Recapture	Estimated Soft/Research
\$ 12,663	418,072	\$ 0.030	\$ 0.012	\$ 2,436	\$ 10,269	\$ (42)
	Atlanta Sosnoff	0.030	0.012	19%	81%	0%
	Bay County VEBA	0.030	0.012	19%	81%	0%
	CAPIs Avg	\$ 0.020	\$ 0.019	26%	9%	65%



**VWAP Execution Cost Analysis**

Number of Trades	VWAP P&L (%)	CAPIs Rating			
		Q4 2015	Q3 2015	Q2 2015	Q1 2015
148	0.04%	2	2	2	2
Bay County VEBA	0.04%				

The material contained herein is for informational purposes only, and may not be obtained from a non-affiliated third party. While CAPIs strives to ensure the accuracy of this report, CAPIs makes no claim as to its accuracy or completeness. This information is neither a solicitation nor a recommendation to buy or sell any product or security.

1601 Elm Street, Suite 3900  
 Dallas, Texas 75201

214.720.0055  
 800.247.6729

Founded 1977  
 Member NYSE, FINRA, NFA, SIPC

**Bay County Employees' VEBA**

CAPIS Account: 10250

Settlement Month Ending: 2/29/2016

**TOTAL COMMISSION**

**COMMISSION ALLOCATION**

Beginning Balance  
 U.S. Equity  
 International Equity  
 Fixed Income  
 International Fixed Income  
 New Issues  
 Options  
 Futures  
 Foreign Currency  
 Syndicates  
 Recapture Subtotals  
 Execution  
 Directed  
 Correspondent Broker/Dealer  
 Total

	February	YTD
Beginning Balance	-	-
U.S. Equity	-	-
International Equity	-	-
Fixed Income	-	-
International Fixed Income	-	-
New Issues	-	-
Options	-	-
Futures	-	-
Foreign Currency	-	-
Syndicates	-	-
Recapture Subtotals	\$ 0.00	\$ 0.00
Execution	\$ 0.00	\$ 0.00
Directed	\$ 0.00	\$ 0.00
Correspondent Broker/Dealer	\$ 0.00	\$ 0.00
Total	\$ 0.00	\$ 0.00

	February	YTD	February	YTD
Execution	-	-	-	-
Recapture	\$0.00	-	-	\$63.25

	February	YTD	February	YTD
Execution	-	-	-	-
Recapture	-	-	-	-
Total	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

Total Earned	\$ 0.00	\$ 0.00
Total Redeemed	\$ 0.00	\$ 63.25
Balance as of 2/29/2016	\$ 0.00	\$ 0.00

30





1601 Elm Street, Suite 3900  
Dallas, Texas 75201

214.720.0055  
800.247.6729

Founded 1977  
Member NYSE, FINRA, NFA, SIPC

**Bay County Employees' VEBA**

CAPIS Account: 10250

Settlement Month Ending: 2/29/2016

Summary of Activity by Month	Commission		Recapture Allocation		Redeemed Recapture		Balance
	Month	YTD	Month	YTD	Month	YTD	
Beginning Balance							\$ 63.25
January	\$0.00	\$0.00	\$0.00	\$0.00	\$63.25	\$63.25	\$0.00
February	.00	.00	.00	.00	.00	63.25	.00

32

Account Executive: Jon Lantz  
Phone: (214) 978-4778

Sales Assistant: Christilla Moreno  
Phone: (214) 978-4743

1601 Elm Street, Suite 3900  
Dallas, Texas 75201

214.720.0055  
800.247.6729

Founded 1977  
Member NYSE, FINRA, NFA, SIPC

**Bay County Employees' VEBA**

CAPIS Account: 10250

Settlement Month Ending: 2/29/2016

**Explanation of Your Statement**

Total Commission is a summary of brokerage transactions by security type. The Commission Allocation is the amount applicable to Execution and Research/Recapture for both the month and the year-to-date.

Research Payment Detail receipts by vendor the payments made from the Commission Allocation for Research, including service period covered, any comments or notes, vendor invoice number, date paid, and the percentage allocated for mixed-use payments during the current month.

Payment from Segregated Account summarizes the year-to-date disbursements made based on the Commission Allocation for Recapture.

Trade Blotter shows the monthly detail of all brokerage transactions based on trade or settlement date and the corresponding Commission and Research/Recapture Allocation.

Execution Only Trade Blotter shows the monthly detail of all brokerage transactions based on trade or settlement date.

Directed Commission Reports show all trades executed for or by CAPIS at the direction of a plan sponsor. The manager's statement is a listing by each plan sponsor providing direction. The plan sponsor's statement provides a listing for each manager who has directed trades for the period.

Transition Statement will only be included if a change is made in reporting from Trade Date to Settlement Date or the reverse. This report is a summary of any transactions that fall into the transition period between the Trade Date and Settlement Date and vice versa.

**Research Commission Allocation**

The Commission Allocation for Research is not a contractual liability of CAPIS and is not redeemable in cash. CAPIS provides third-party research and brokerage services to clients for commission generated through transactions. CAPIS reserves the right to refuse payment of any invoice.

The Commission Allocation for Research and Recapture is calculated on settlement date. If your statement is based on trade date detail, your Commission Allocation balance could be higher or lower depending upon account activity between month end and final settlement date.

**Statement Online**

This statement may be viewed online by logging into the Concourse portal at [www.capis.com](http://www.capis.com). If you do not have a login ID or password, one can be obtained from your CAPIS Account Executive.

Our current financial statement is available online at [www.capis.com](http://www.capis.com). Additionally, this statement is available for your personal inspection at our offices or a copy will be mailed upon your written request.

Also available online or upon written request are our policies regarding the following programs: Customer Identification Program, Privacy Policy, Reg NMS 606 Report, SIPC Notification, Payment for Order Flow Practices, and Extended Hours Trading.

Please advise CAPIS promptly of any inaccuracies or discrepancies in your account statement. In order to protect your rights, including those under the Securities Investors Protection Act (SIPA), all oral communications regarding discrepancies must be re-confirmed in writing to the following address:

Capital Institutional Services, Inc.  
Attention: Compliance  
1601 Elm Street, Suite 3900  
Dallas, TX 75201

Account Executive: Jon Lantz

Phone: (214) 978-4778

Sales Assistant: Christilla Moreno

Phone: (214) 978-4743

23

# Bay County Michigan

04/07/2016 12:12  
Kmeeth

BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

P 1  
glycbud

FOR 2016 03

ACCOUNTS FOR: PUBLIC EMPLOYEE HEALTH CARE  
7360

ORIGINAL APPROP

TRANSFRS/ADJUSTMTS

REVISED BUDGET

YTD ACTUAL

ENCUMBRANCES

AVAILABLE BUDGET

PCT USED

73627401 VOL.EMPLOYEE BENEF.ASSOC.BOARD

RA FUND BALANCE, NET AS

73627401 40001 FUND BALANCE	0	.00	1,685,865.00	.00	.00	.00	1,685,865.00	.00
73627401 40004 NET ASSETS - RESERV	1,685,865	.00	1,685,865.00	.00	.00	1,685,865.00	.00	.00
TOTAL FUND BALANCE, NET AS	1,685,865	.00	1,685,865.00	.00	.00	1,685,865.00	.00	.00

RJ LOCAL UNIT CONTRIBVT

73627401 59401 ER CONTR-BEHAVE.HEA	-250,000	.00	-250,000.00	.00	.00	-250,000.00	.00	.00*
73627401 59402 ER CONTR-MOSQUITO C	0	.00	.00	.00	.00	.00	.00	.00
73627401 59403 ER CONTR-HEALTH FUN	0	.00	.00	.00	.00	.00	.00	.00
73627401 59404 ER CONTR-ROAD COMM	0	.00	.00	.00	.00	.00	.00	.00
73627401 59406 ER CONTR-LIBRARY	-48,000	.00	-48,000.00	.00	.00	-48,000.00	.00	.00*
73627401 59407 ER CONTR-GOLF COUR	0	.00	.00	.00	.00	.00	.00	.00
73627401 59408 ER CONTR-GENERAL FU	0	.00	.00	.00	.00	.00	.00	.00
73627401 59409 ER CONTR-DMS	-32,000	.00	-32,000.00	.00	.00	-32,000.00	.00	.00*
73627401 59410 ER CONTR-911 SERVIC	0	.00	.00	.00	.00	.00	.00	.00
73627401 59411 ER CONTR-CHILD CARE	0	.00	.00	.00	.00	.00	.00	.00
73627401 59412 ER CONTR-DIV ON AGI	0	.00	.00	.00	.00	.00	.00	.00
73627401 59413 ER CONTR-RETIRE SYS	0	.00	.00	.00	.00	.00	.00	.00
73627401 59415 ER CONTR-GYPSY MOTH	0	.00	.00	.00	.00	.00	.00	.00
73627401 59416 ER CONTR-HOME REHAB	0	.00	.00	.00	.00	.00	.00	.00
73627401 59418 ER CONTR-100% TAX P	0	.00	.00	.00	.00	.00	.00	.00
73627401 59419 ER CONTR-MED CARE F	-250,000	.00	-250,000.00	.00	.00	-250,000.00	.00	.00*
73627401 59424 ER CONTR-SELF INSUR	0	.00	.00	.00	.00	.00	.00	.00
73627401 59427 ER CONTR-COMM CORRE	0	.00	.00	.00	.00	.00	.00	.00
73627401 59429 ER CONTR-F.O.C. FUN	0	.00	.00	.00	.00	.00	.00	.00
73627401 59430 ER CONTR-HOUSING FU	0	.00	.00	.00	.00	.00	.00	.00
73627401 59433 ER CONTR-SOLDIER RE	0	.00	.00	.00	.00	.00	.00	.00
73627401 59439 ER CONTR-SHERIFF DE	0	.00	.00	.00	.00	.00	.00	.00
TOTAL LOCAL UNIT CONTRIBVT	-580,000	.00	-580,000.00	.00	.00	-580,000.00	.00	-5.4%

RP INTEREST & RENTALS

73627401 66400 INVESTMENT INTEREST	-500,000	.00	-500,000.00	.00	.00	-500,000.00	.00	.00*
------------------------------------	----------	-----	-------------	-----	-----	-------------	-----	------

# Bay County, Michigan

04/07/2016 12:12  
KMeeth

BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

P  
glytcbud 2

FOR 2016 03

ACCOUNTS FOR: PUBLIC EMPLOYEE HEALTH CARE  
7360

	ORIGINAL APPROP	TRANSFRS/ADJUSTM	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73627401 66500 GAIN ON SALE OF INV	-1,200,000	.00	-1,200,000.00	.00	.00	-1,200,000.00	.0%*
73627401 66501 UNREALIZED GAIN ON	0	.00	.00	.00	.00	.00	.0%
73627401 66600 SECURITIES LENDING	0	.00	.00	.00	.00	.00	.0%
TOTAL INTEREST & RENTALS	-1,700,000	.00	-1,700,000.00	.00	.00	-1,700,000.00	.0%
RR OTHER REVENUE							
73627401 67104 MISCELLANEOUS REVENUE	0	.00	.00	.00	.00	.00	.0%*
73627401 69000 COMMISSION RECAPTUR	-6,900	.00	-6,900.00	.00	.00	-6,900.00	.0%*
TOTAL OTHER REVENUE	-6,900	.00	-6,900.00	.00	.00	-6,900.00	.0%
XE WAGES & SALARIES							
73627401 71000 PER DIEM	360	.00	360.00	.00	.00	360.00	.0%
TOTAL WAGES & SALARIES	360	.00	360.00	.00	.00	360.00	.0%
XI SUPPLIES							
73627401 72700 OFFICE SUPPLIES	100	.00	100.00	.00	.00	100.00	.0%
73627401 72800 PRINTING AND BINDING	150	.00	150.00	.00	.00	150.00	.0%
73627401 72900 POSTAGE	100	.00	100.00	.00	.00	100.00	.0%
73627401 75100 COMPUTER SUPPLIES	50	.00	50.00	.00	.00	50.00	.0%
TOTAL SUPPLIES	400	.00	400.00	.00	.00	400.00	.0%
XL OTHER SERVICES AND C							
73627401 80100 PROFESSIONAL SERVIC	130,000	.00	130,000.00	1,343.39	.00	128,656.61	1.0%
73627401 80101 ACTUARIAL SERVICES	39,300	.00	39,300.00	.00	.00	39,300.00	.0%
73627401 81400 INVESTMENT/BANK SER	30,000	.00	30,000.00	.00	.00	30,000.00	.0%
73627401 81700 LEGAL FEES	7,500	.00	7,500.00	.00	.00	7,500.00	.0%
73627401 81900 CONSULTANTS	30,000	.00	30,000.00	4,000.00	.00	26,000.00	13.3%
73627401 86600 LOCAL TRAVEL MILEAGE	0	.00	.00	.00	.00	.00	.0%

# Bay County, Michigan

04/07/2016 12:12  
KMeeth

BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

P  
glytbdud 3

FOR 2016 03

ACCOUNTS FOR: 7360 PUBLIC EMPLOYEE HEALTH CARE	ORIGINAL APPROP	TRANSFRS/ ADJUSTMTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73627401 94601 EQUIPMENT RENTAL-CO	55	.00	55.00	.00	.00	55.00	.0%
73627401 95600 INDIRECT COST EXPEN	10,420	.00	10,420.00	66	.00	8,683.34	16.7%
73627401 96200 LOSS ON DISPOSAL OF	350,000	.00	350,000.00	.00	.00	350,000.00	.0%
73627401 96201 UNREALIZED LOSS ON	0	.00	.00	.00	.00	.00	.0%
73627401 96500 INSURANCE AND BONDS	3,000	.00	3,000.00	.00	.00	3,000.00	.0%
TOTAL OTHER SERVICES AND C	600,275	.00	600,275.00	7,080.05	.00	593,194.95	1.2%
TOTAL VOL. EMPLOYEE BENEF. ASSOC	0	.00	.00	38,426.23	.00	-38,426.23	100.0%
TOTAL PUBLIC EMPLOYEE HEALTH C	0	.00	.00	38,426.23	.00	-38,426.23	100.0%
TOTAL REVENUES	-601,035	.00	-601,035.00	31,346.18	.00	-632,381.18	
TOTAL EXPENSES	601,035	.00	601,035.00	7,080.05	.00	593,954.95	

04/07/2016 12:12  
KMeeth

BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

P 4  
glyttdbud

# Bay County Michigan

FOR 2016 03

ORIGINAL APPROP	TRANSFERS/ ADJUSTMENTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
0	.00	.00	38,426.23	.00	-38,426.23	100.0%

\*\* END OF REPORT - Generated by Kathleen Meeth \*\*

# Bay County, Michigan

04/07/2016 12:12  
KWeeth

BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

P  
5  
glytdbud

## REPORT OPTIONS

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

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

Includes accounts exceeding 0% of budget.  
Print totals only: N  
Print Full or Short description: F  
Print full GL account: N  
Format type: 2  
Double space: N  
Suppress zero bal accts: N  
Include requisition amount: N  
Print Revenues-Version headings: N  
Print revenue as credit: Y  
Print revenue budgets as zero: N  
Include Fund Balance: N  
Print journal detail: N  
From Yr/Per: 2015/1  
To Yr/Per: 2015/13  
Incl encumb/liq entries: Y  
Sort by JE # or PO #: J  
Detail format option: 1  
Include additional JE comments: N  
Multiyear view: D  
Amounts/totals exceed 999 million dollars: N

Year/Period: 2016 / 3  
Print MTD Version: N  
Roll projects to object: N  
Carry forward code: 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

VEBA Invoices Approved: March

Invoice Date	Vendor	Amount	Description
3/10/2016	MFS	\$ 1,343.39	Q4 2015 MONEY MANAGER FEE

**CORPORATION COUNSEL**



**BAY COUNTY**

**Amber Davis-Johnson, Corporation Counsel**  
johnsona@baycounty.net

**THOMAS L. HICKNER**  
County Executive

**Shawna S. Walraven, Assistant Corporation Counsel**  
walravens@baycounty.net

Tel: (989) 895-4131  
Fax: (989) 895-7658  
TDD: (989) 895-4049

**TO:** STEVE GRAY, CHAIR, BAY COUNTY VOLUNTARY  
EMPLOYEES' BENEFICIARY ASSOCIATION

**FROM:** SHAWNA S. WALRAVEN, ASSISTANT CORPORATION  
COUNSEL

**RE:** SERVICE PROVIDER DISCLOSURE POLICY

**DATE:** APRIL 5, 2016

**Background:**

The Bay County Employees' Retirement System ("BCERS") Board of Trustees adopted the Service Provider Disclosure Policy on August 12, 2014. The Voluntary Employees' Beneficiary Association ("VEBA") has not formally adopted a similar policy, but it has requested and received the information over the last two years.

In an effort to formalize the process we have been following, a Service Provider Disclosure policy for the VEBA is attached. The Fee Disclosure Form and Compensation Disclosure Forms discussed in the Policy would be the same forms as used by BCERS.

**RECOMMENDATION:** THAT THIS BOARD APPROVE THE USE OF THE SERVICE  
PROVIDER DISCLOSURE POLICY.

**BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION**

**POLICY RESOLUTION**

**Adopted:**

**Re: Service Provider Disclosures**

---

**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.

**BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION  
04/12/2016  
RESOLUTION**

BY: The Bay County Voluntary Employees' Beneficiary Association Board.

WHEREAS, The Bay County Employees' Retirement System ("BCERS") Board of Trustees adopted the Service Provider Disclosure Policy on August 12, 2014.

WHEREAS, The Voluntary Employees' Beneficiary Association ("VEBA") has not formally adopted a similar policy, but it has requested and received the information over the last two years.

WHEREAS, In an effort to formalize the process we have been following, a Service Provider Disclosure Policy for the VEBA is attached.

WHEREAS, The Fee Disclosure Form and Compensation Disclosure Forms discussed in the Policy would be the same forms as used by BCERS. Therefore, Be It

RESOLVED That this Board approve the use of the Service Provider Disclosure Policy.

STEVE GRAY, CHAIR  
AND BOARD

RESOLUTION: SERVICE DISCLOSURE POLICY

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 \_\_\_\_\_



TO: Bay County Voluntary Employees' Beneficiary Association – Trustees & Staff  
 FROM: Howard Pohl and Peter Brown  
 DATE: April 12, 2016  
 RE: Portfolio Rebalancing Recommendation

---

In accordance with the Bay County Voluntary Employees' Beneficiary Association's ("VEBA") Investment Policy Statement asset allocation guidelines, The Bogdahn Group recommends the following changes to the investment portfolio as highlighted below in the column "Recommendation" to rebalance the VEBA's investment portfolio closer to the targeted amounts. Negative amounts equate to reductions and positive amounts indicate additional investments.

Bay County VEBA	Market Value	Target %	Target \$	Rebalance	Recommendation
Cash	\$311,078.14	0.0%	\$90,000.00	-\$221,078.14	-\$220,000
Dodge & Cox	\$9,024,101.82	16.5%	\$7,007,919.26	-\$2,016,182.56	-\$1,000,000
MFS	\$9,436,660.13	16.5%	\$7,007,919.26	-\$2,428,740.87	-\$1,500,000
Atalanta Sosnoff	\$1,490.02		\$0.00	-\$1,490.02	
Lord Abbott	\$7,079,411.67	20.0%	\$8,494,447.59	\$1,415,035.92	\$1,120,000
C.S. Mckee	\$16,709,496.16	47.0%	\$19,961,951.83	\$3,252,455.67	\$1,600,000
Total Portfolio	\$42,562,237.94		\$42,562,237.94	\$0.00	\$0

If you have any questions or comments please contact Howard Pohl or Peter Brown of the Bogdahn Group.

**BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION  
04/12/2016  
RESOLUTION**

BY: BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION BOARD

WHEREAS, In accordance with the Bay County Voluntary Employees' Beneficiary Association's ("VEBA") Investment Policy Statement, if multiple investment managers are employed, asset allocations among investment managers will be rebalanced by the Trustees in order to maintain allocations within the policy guidelines set forth herein.

WHEREAS, The VEBA's Finance Officer/Secretary in conjunction with its Consultant shall monitor the asset allocation and, from time to time, recommend to the Trustees changes needed to rebalance the fund in order that allocation of assets remain within asset allocation guidelines.

WHEREAS, In accordance with the VEBA's Investment Policy Statement asset allocation guidelines, The Bogdahn Group recommends the following changes to the investment portfolio as highlighted below in the column marked "Recommendation" to rebalance the VEBA's investment portfolio closer to the targeted amounts. Therefore, Be It

Bay County VEBA	Market Value	Target %	Target \$	Rebalance	Recommendation
Cash	\$311,078.14	0.0%	\$90,000.00	-\$221,078.14	-\$220,000
Dodge & Cox	\$9,024,101.82	16.5%	\$7,007,919.26	-\$2,016,182.56	-\$1,000,000
MFS	\$9,436,660.13	16.5%	\$7,007,919.26	-\$2,428,740.87	-\$1,500,000
Atalanta Sosnoff	\$1,490.02		\$0.00	-\$1,490.02	
Lord Abbott	\$7,079,411.67	20.0%	\$8,494,447.59	\$1,415,035.92	\$1,120,000
C.S. Mckee	\$16,709,496.16	47.0%	\$19,961,951.83	\$3,252,455.67	\$1,600,000
Total Portfolio	\$42,562,237.94		\$42,562,237.94	\$0.00	\$0

RESOLVED That this Board approve the rebalance of asset allocations to the investment portfolio as recommended by the Bogdahn Group.

STEVE GRAY, CHAIR  
AND BOARD

RESOLUTION – VEBA ASSET ALLOCATION REBALANCE

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 \_\_\_\_\_