

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
 AGENDA
 TUESDAY, MAY 10, 2016
 (Immediately Following the Retirement Board of Trustees' Meeting @ Approximately 2:30 P.M.)
COMMISSIONERS CHAMBERS
515 CENTER AVENUE - 4TH FLOOR
BAY CITY, MI 48708

PAGE	I.	CALL TO ORDER
	II.	ROLL CALL
	III.	MINUTES
1 - 5	1.	APRIL 12, 2016
	IV.	PUBLIC INPUT
	A.	THE BOGDAHN GROUP 2016 1 ST QTR REPORT – HOWARD POHL & PETER BROWN
6 - 8	B.	MONTHLY REPORTS - RES NO. 2016-8
	1.	PORTFOLIO VALUE - 1/01/16 - 4/30/16
	2.	CHANGE IN BOOK AND MARKET VALUE – 3/31/16
9 - 16	3.	MONEY MANAGER REPORTS
	a.	C.S. MCKEE - ENDING 3/31/16
	b.	MFS – ENDING 3/31/16
17 - 18	4.	RECAPTURE SERVICES
	a.	CAPIS – 3/31/16
19 - 23	5.	VEBA YTD BUDGET REPORT 4/3016
24	6.	INVOICES APPROVED – 4/30/16
25 – 27	C.	REBALANCE VEBA INVESTMENT PORTFOLIO RES NO. 2016-9
	V.	ANNOUNCEMENTS
	A.	NEXT REGULAR MEETING - TUESDAY, JUNE 14, 2016 IMMEDIATELY FOLLOWING THE RETIREMENT BOARD OF TRUSTEES MEETING AT APPROXIMATELY 2:30 P.M. , COMMISSIONERS CHAMBERS, 515 CENTER AVENUE - 4 TH FLOOR, BAY CITY, MI 48708
	VI.	UNFINISHED BUSINESS
	VII.	NEW BUSINESS
	VIII.	MISCELLANEOUS BUSINESS
	IX.	ADJOURNMENT

MINUTES BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)
APRIL 12, 2016 MINUTES VEBA
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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 April 12, 2016 at 3:02 p.m. in the Commission Chambers, 4th 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. Krygier, Mr. Morse, Mr. Pett, Mr. Starkweather.

Trustees Absent: None

Also Present:

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

Interim Secretary: Shawna Walraven

Retirement Administrator: Katie Meeth

Corporation Counsel: Shawna Walraven

The meeting was called to order by Chairman, Steve Gray at 3:02 p.m.

MOTION 15: Moved, supported and carried to approve the minutes, as printed, from the March 8, 2016 regular meeting.

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

RES. No.: 2016-5:

Moved, supported and carried to adopt resolution 2016-5 to receive the monthly reports Portfolio Value ending 3/31/16 (today's value just under \$43 million), Monthly Change in Book and Market Value ending 2/29/16, C.S. McKee performance report ending 2/29/16, MFS Growth Equity – Ending 3/31/16; CAPIS Recapture services ending 2/29/16 and Q4 2015, VEBA YTD Budget Report ending 3/31/2016, and Approved Invoices Report ending 3/31/16.

Res. No.: 2016-6:

Moved, supported and carried to approve Res. No. 2016-6 that this Board approve the use of the Service Disclosure Policy for VEBA. (Included with these minutes)

Res. No.: 2016-7:

Moved, supported and carried to approve Res. No. 2016-7 that this Board approve the asset allocation rebalance for VEBA investment portfolio as recommended by the Bogdahn Group.

MINUTES BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)
APRIL 12, 2016 MINUTES VEBA
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ANNOUNCEMENTS:

- A. Next regularly scheduled meeting will be Tuesday, May 10, 2016 immediately following the Retirement Board of Trustees Meeting at approximately 2:30 p.m. in Commissioner's Chambers, 515 Center Avenue - 4th Floor, Bay City, MI 48708.

UNFINISHED BUSINESS:

NEW BUSINESS:

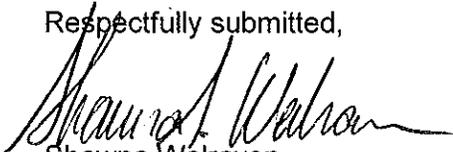
MOTION 16: Moved, supported and carried to receive the correspondence regarding the appointment of Interim Secretary of Shawna Walraven.

MISCELLANEOUS BUSINESS: None

ADJOURNMENT:

MOTION 17: Moved, supported and carried to adjourn the meeting at 3:10 p.m.

Respectfully submitted,


Shawna Walraven
Interim Secretary

Transcribed by: Tracy Cederquist

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION

POLICY RESOLUTION

Adopted: April 12, 2016

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.

MEETING OF THE V.E.B.A. BOARD OF TRUSTEES COMMITTEE
APRIL 12, 2016

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

MEETING CALLED TO ORDER BY: CHAIR STEVE GRAY AT 3:02 P.M.

Motions

TRUSTEE	15	16	17						
BRZEZINSKI	Y	Y	Y						
COONAN	Y	Y	Y						
GOETZ	Y	Y	Y						
GRAY	Y	Y	Y						
GROMASKI	Y	Y	Y						
KRYGIER	M-Y	S-Y	M-Y						
MORSE	S-Y	Y	S-Y						
PETT	Y	M-Y	Y						
STARKWEATHER	Y	Y	Y						

RESOLUTIONS

TRUSTEE	2016-5	2016-6	2016-7						
BRZEZINSKI	M-Y	Y	M-Y						
COONAN	Y	M-Y	Y						
GOETZ	Y	Y	Y						
GRAY	Y	Y	Y						
GROMASKI	Y	S-Y	Y						
KRYGIER	Y	Y	Y						
MORSE	Y	Y	Y						
PETT	S-Y	Y	S-Y						
STARKWEATHER	Y	Y	Y						

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

**BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
05/10/2016
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 - 04/30/16
2. CHANGE IN BOOK AND MARKET VALUE - 03/31/16
3. MONEY MANAGER REPORTS
 - a. C.S. MCKEE - ENDING 3/31/16
 - b. MFS GROWTH EQUITY - ENDING 3/31/16
4. RECAPTURES SERVICES
 - a. CAPIS - SUMMARY ENDING 3/31/16
5. VEBA YTD BUDGET REPORT - ENDING 4/30/16
6. INVOICES APPROVED - 4/30/16

STEVE GRAY, CHAIR
AND BOARD

MONTHLY REPORTS - MAY

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 & COX</u> <small>no vendor number - Mutual Fund Mgt fee applied to separately managed mgmt deduct fee from portfolio</small>	<u>CASH</u>	<u>ATLANTA SOSNOFF</u>	<u>LORD ABBOTT</u> <small>no vendor number - Mutual Fund Mgt fee applied to separately managed mgmt deduct fee from portfolio</small>	<u>CS MCKEE</u>	<u>MFS</u>	<u>TOTAL</u>
VENDOR #			1081		3509		
JAN	9,372,807.82	242,295.57	9,238,600.71	7,037,168.25	15,633,042.35		41,528,814.70
FEB	9,952,923.15	249,127.39	9,745,731.68	7,468,844.28	15,512,818.11		42,959,444.61
MARCH	9,503,389.19	127,059.94	9,346,991.69	7,533,533.63	16,801,909.64		42,812,833.69
APRIL	9,769,073.66	118,394.44	9,323,633.72	7,461,656.59	16,255,829.65		42,918,589.05
MAY	9,689,876.45	90,416.89	9,466,375.99	7,523,180.66	16,228,630.63		43,199,460.67
JUNE	9,746,608.25	94,897.29	9,387,431.67	7,523,180.66	16,099,961.66		42,851,069.43
JULY	9,656,782.12	122,254.13	9,694,347.47	7,541,149.89	16,187,562.71		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	8,769,993.42	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	16,333,025.92		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	9,166,741.48	193,166.27	7,415.68	7,048,514.63	16,277,014.67	9,739,019.02	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 & COX</u>	<u>ATLANTA SOSNOFF</u> VENDOR 1081	<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 & COX</u> <small>no vendor number - Mutual Fund Mgt fee applied to separately managed mgmt deduct fee from portfolio</small>	<u>CASH</u>	<u>ATLANTA SOSNOFF</u>	<u>LORD ABBOTT</u> <small>no vendor number - Mutual Fund Mgt fee applied to separately managed mgmt deduct fee from portfolio</small>	<u>CS MCKEE</u>	<u>MFS</u>	<u>TOTAL</u>
VENDOR #			1081		3509		
JAN	8,556,906.97	268,524.93	1,489.48	8,635,474.41	16,478,306.40	9,247,614.05	41,255,715.84
FEB	8,497,603.96	343,039.83	1,489.77	6,712,509.32	15,628,173.94	9,082,194.27	41,265,016.09
MARCH	9,095,868.65	349,177.88	1,490.08	7,268,656.04	16,816,245.91	9,689,722.49	43,121,161.05
APRIL	9,228,597.33	273,273.00	1,490.38	7,328,587.99	16,885,959.11	9,548,266.79	43,324,174.60
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 & COX</u>	<u>ATLANTA SOSNOFF</u> VENDOR 1081	<u>ABBOTT</u>	<u>CS MCKEE</u> VENDOR 3509	<u>MFS</u>	<u>TOTAL</u>
2016						
1ST QTR				12,812.18	13,342.55	25,954.73
2ND QTR						0.00
3RD QTR						0.00
4TH QTR						0.00

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Portfolio Statement

1 MAR 16 - 31 MAR 16

Account Name: BAY COUNTY VEBAs
 Appoint Number: BGYEBA
 CONSOLIDATED

◆ Change in Book and Market Value

	Cost	Market value	For more information
Opening balance	38,961,296.79	41,264,213.79	
Miscellaneous Cash Receipts	7,138.96	7,138.96	See funding & disbursement summary
Sponsor Contributions	22,743.19	22,743.19	See funding & disbursement summary
Total receipts	29,882.15	29,882.15	See funding & disbursement summary
Income received	122,739.09	122,739.09	See income & expense summary, cash activity detail
Expenses paid	- 24,947.03	- 24,947.03	See income & expense summary
Unrealized gain/loss change	0.00	1,566,994.62	See asset summary
Realized gain/loss	164,854.36	164,854.36	See realized gain/loss summary
Accrued income change	- 2,399.27	- 2,399.27	See income & expense summary
Closing balance	39,251,426.09	43,121,337.71	

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INVESTMENT MANAGERS

Bay County VEBA

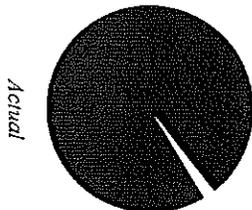
Account Statement - at 3/31/2016

90477

Portfolio Summary

	QTD 12/31/15 - 3/31/16
Beginning market value	\$16,286,327
Net additions and disbursements	0
Investment income	119,439
Portfolio appreciation / depreciation	426,271
Ending market value	\$16,832,037

Allocation



	Actual	Target	Diff
Fixed Income	98.1%	100.0%	(-1.9%)
Cash	1.9%	0.0%	+1.9%

Performance

(2/7/2012)*

	QTD	1yr	2yr	3yr	TTD
Fixed Income	3.37%	3.30%	4.52%	3.07%	3.20%
BC Aggregate	3.03%	1.96%	3.83%	2.50%	2.62%

Periods greater than 1 year are annualized
* Performance Start Date

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INVESTMENT
MANAGERS

Bay County VEBA

Investment Summary - at 3/31/2016

30477

Asset Class	Total Cost	Weight at Cost	Market Value	Accrued Income	Total Value	Weight at Market
Fixed Income	\$16,205,102.18	98.08%	\$16,421,429.94	\$93,070.80	\$16,514,500.74	98.11%
Cash	\$317,535.79	1.92%	\$317,535.79	\$0.00	\$317,535.79	1.89%
Total Portfolio	\$16,522,637.97	100.00%	\$16,738,965.73	\$93,070.80	\$16,832,036.53	100.00%

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C.S. McKee, L.P.

Account Overview

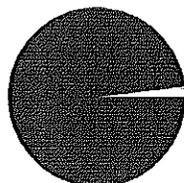
Buy County VEBA

Client Code: 90477
 As Of Date: 3/31/2016
 Report: Calendar

Asset Allocation

As of 3/31/2016

Asset Class	Value	Percentage
Large-Cap Equity	\$ -	0.00%
Small-Cap Equity	\$ -	0.00%
Fixed Income	\$ 16,514,428.05	98.11%
Intl Mutual Fund	\$ -	0.00%
Cash	\$ 317,535.79	1.89%
Other	\$ -	0.00%
Total Portfolio:	\$ 16,831,963.84	100.00%



Performance

As of 3/31/2016

Portfolio Summary	Month-10 Date	Total Portfolio	Large-Cap Equity	Small-Cap Equity	Small-Cap Equity	Total Domestic Equity	Fixed Income	Intl Mutual Fund
Beginning Market Value:		16,690,885.52	-	-	-	-	16,690,885.52	-
Net Contributions (Distributions):		-	-	-	-	-	-	-
Income:		39,663.00	-	-	-	-	39,663.00	-
Market Appreciation (Depreciation):		161,415.32	-	-	-	-	161,415.32	-
Ending Market Value:		16,831,963.84	-	-	-	-	16,831,963.84	-
Dollar-Weighted Return:		1.21%	-	-	-	-	1.21%	-

Time-Weighted Returns

Time-Weighted Returns	Performance Start Date:	Total Portfolio	Large-Cap Equity	Small-Cap Equity	Small-Cap Equity	Total Domestic Equity	Fixed Income	Intl Mutual Fund
MTD	2/7/2012	1.22%	-	-	-	-	1.22%	-
		Net	1.19%	-	-	-	1.19%	-
		Benchmark	0.92%	-	-	-	0.92%	-
		Value Added (Gross)	0.30%	-	-	-	0.30%	-
QTD		Gross	3.37%	-	-	-	3.37%	-
		Net	3.29%	-	-	-	3.29%	-
		Benchmark	3.03%	-	-	-	3.03%	-
		Value Added (Gross)	0.34%	-	-	-	0.34%	-
YTD		Gross	3.37%	-	-	-	3.37%	-
		Net	3.29%	-	-	-	3.29%	-
		Benchmark	3.03%	-	-	-	3.03%	-
		Value Added (Gross)	0.34%	-	-	-	0.34%	-
1 Year		Gross	3.30%	-	-	-	3.30%	-
		Net	2.99%	-	-	-	2.99%	-
		Benchmark	1.96%	-	-	-	1.96%	-
		Value Added (Gross)	1.34%	-	-	-	1.34%	-
3 Year		Gross	3.07%	-	-	-	3.07%	-
		Net	2.76%	-	-	-	2.76%	-
		Benchmark	2.50%	-	-	-	2.50%	-
		Value Added (Gross)	0.57%	-	-	-	0.57%	-
5 Year		Gross	0.00%	-	-	-	0.00%	-
		Net	0.00%	-	-	-	0.00%	-
		Benchmark	0.00%	-	-	-	0.00%	-
		Value Added (Gross)	0.00%	-	-	-	0.00%	-
ITD		Gross	3.20%	-	-	-	3.20%	-
		Net	2.90%	-	-	-	2.90%	-
		Benchmark	2.62%	-	-	-	2.62%	-
		Value Added (Gross)	0.58%	-	-	-	0.58%	-

Benchmark History

2/7/2012

BCAGG 100%

Total Portfolio

Large-Cap Equity

Mid-Cap Equity

Small-Cap Equity

Total Domestic Equity

Fixed Income

Int'l Mutual Fund

2/7/2012

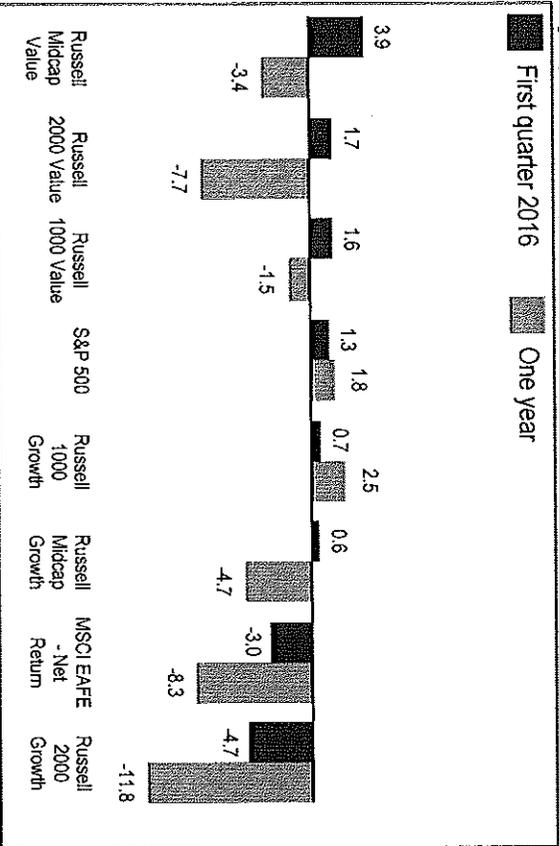
BCAGG 100%

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Market overview

Style performance (%) (USD) as of 31-Mar-16

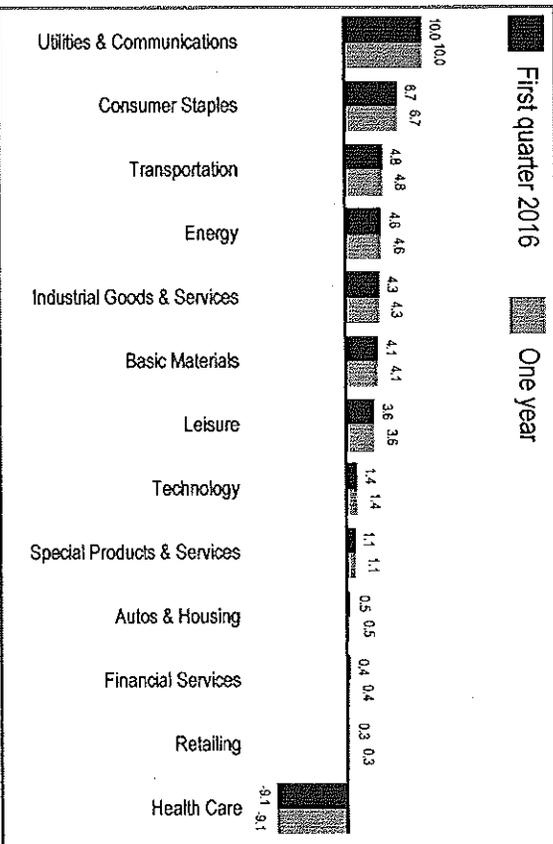


Source for benchmark performance: SPAR, FactSet Research Systems Inc. All indices represent total return unless otherwise noted.

Market review as of 31-Mar-2016

- The U.S. market, measured by the S&P 500 Index, ended the quarter up slightly after rebounding in the back half of the period from the correction that occurred during the first half of the quarter. However, the slowdown in China, the pace of rate hikes from the Federal Reserve and the volatility in the price of oil continued to weigh on investors' minds.
- The U.S. economy maintained slow but steady growth through 2015 with GDP coming in at 2.4% for the year. In general, the labor market continued to improve and inflation remained stable at low levels. Global growth remained unsynchronized as the U.S. is still the growth leader among the major economies. While the Federal Reserve will most likely continue to increase rates in 2016, other central banks (i.e. ECB, BOJ and People's Bank of China) have maintained their "super easy" monetary conditions.
- Value investing outperformed growth investing during Q1, which was a reversal from 2015. For example, utilities, which are more represented in value benchmarks, strongly outperformed technology, which has a larger weighting within growth benchmarks.

Sector performance (%) (USD) as of 31-Mar-16



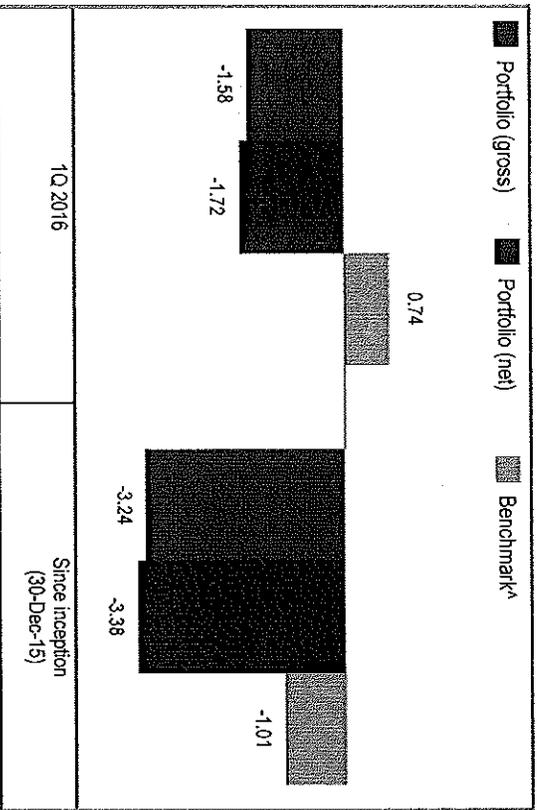
Source: FactSet. Sector performance based on MFS sector classification. The analysis of Russell 1000 Growth Index constituents are broken out by MFS defined sectors.

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Executive summary

Performance results (%) gross and net of fees (USD) as of 31-Mar-16



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.

^A Russell 1000 Growth Index

Asset summary (USD)

Beginning value as of 31-Dec-15	9,738,100
Contributions	+5,347
Withdrawals	0
Change in market value	-153,604
Ending value as of 31-Mar-16	9,589,843

Sector weights (%) as of 31-Mar-16

	Portfolio	Benchmark ^{AA}
Top overweights		
Retailing	17.7	11.7
Financial Services	9.4	6.4
Special Products & Services	7.1	5.2
Top underweights		
Leisure	6.9	10.5
Basic Materials	1.1	4.1
Consumer Staples	7.0	9.6

^{AA} Russell 1000 Growth Index

The Growth Equity portfolio underperformed the Russell 1000 Growth Index in the first quarter of 2016.

Contributors

- Retailing – Stock selection
- Autos & Housing – Stock selection
- Individual stocks:
 - Fiserv Inc
 - Boeing Co (not held)

Detractors

- Technology – Stock selection
- Financial Services – Stock selection
- Consumer Staples – Stock selection and an underweight position
 - Utilities & Communications – Stock selection
 - Individual stocks:
 - Alexion Pharmaceuticals Inc
 - Amazon.Com Inc
 - Allergan Plc
 - Regeneron Pharmaceuticals



Performance results

Performance results (%) gross and net of fees (USD) as of 31-Mar-16	Portfolio gross (%)	Portfolio net (%)	Benchmark ^A (%)	Excess return net vs benchmark (%)
1Q 2016	-1.58	-1.72	0.74	-2.46
Since client inception (30-Dec-15)	-3.24	-3.38	-1.01	-2.37

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.

^A Russell 1000 Growth Index

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Bay County Voluntary Employees' Beneficiary Association Trust
 Growth Equity
 Report as of 31 March 2016

Performance results (%) gross and net of fees (USD)				
Period	Portfolio gross	Portfolio net	Benchmark ^a	Excess ^{a,b}
March	5.59	5.54	6.74	-1.20
February	-1.78	-1.82	-0.04	-1.78
January	-5.11	-5.15	-5.58	0.43
1Q 2016	-1.58	-1.72	0.74	-2.46
Since client inception (30-Dec-15)	-3.24	-3.38	-1.01	-2.37

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.

^a Russell 1000 Growth Index

^b Excess return net vs benchmark (%)

The Growth Equity portfolio underperformed Russell 1000 Growth Index in the first quarter of 2016.

FOR EXISTING INSTITUTIONAL CLIENT USE ONLY.

MFS Institutional Advisors, Inc.

Bay County Employees' VEBA
 CAPIS Account: 10250

Settlement Month Ending: 3/31/2016

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
 Correspondant Broker/Dealer
 Total

	March	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
Correspondant Broker/Dealer	\$ 0.00	\$ 0.00
Total	\$ 0.00	\$ 0.00

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

	March	YTD	March	YTD
Execution	-	-	-	-
Recapture	-	-	-	-
Directed	-	-	-	-
Correspondant Broker/Dealer	-	-	-	-
Total	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

Total Earned	\$ 0.00	\$ 0.00
Total Redeemed	\$ 0.00	\$ 63.25
Balance as of 3/31/2016	\$ 0.00	\$ 0.00

Bay County Employees' VEBA
 CAPIS Account: 10250

Settlement Month Ending: 3/31/2016

Summary of Segregated Account Detail

	March	YTD
Payment from Segregated Account	\$ 0.00	\$ 63.25
	\$ 0.00	\$ 63.25

Segregated Account Detail

Service Period	Comments/Notes	Vendor Invoice #	Date Paid	March	Prior Months	YTD	Mixed Use %
December 2015	Commission Recapture	305658	01/15/2016	\$ 0.00	\$ 63.25	\$ 63.25	
	Payment from Segregated Account Total			\$ 0.00	\$ 63.25	\$ 63.25	
	Grand Total			\$ 0.00	\$ 63.25	\$ 63.25	

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Bay County Michigan

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BAY COUNTY, MI
YEAR-TO-DATE BUDGET REPORT

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FOR 2016 03

ACCOUNTS FOR: 7360 PUBLIC EMPLOYEE HEALTH CARE	ORIGINAL APPROP	TRANSFERS/ ADJUSTMTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
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73627401 VOL. EMPLOYEE BENEF. ASSOC. BOARD							
RA FUND BALANCE, NET AS							
73627401 40001 FUND BALANCE	0	.00	.00	.00	.00	.00	.0%
73627401 40004 NET ASSETS - RESERV	1,685,865	.00	1,685,865.00	.00	.00	1,685,865.00	.0%
TOTAL FUND BALANCE, NET AS	1,685,865	.00	1,685,865.00	.00	.00	1,685,865.00	.0%

RJ LOCAL UNIT CONTRIBUT

73627401 59401 ER CONTR-BEHAVE,HEA	-250,000	.00	-250,000.00	.00	.00	-250,000.00	.0%*
73627401 59402 ER CONTR-MOSQUITO C	0	.00	.00	.00	.00	.00	.0%
73627401 59403 ER CONTR-HEALTH FUN	0	.00	.00	.00	.00	.00	.0%
73627401 59404 ER CONTR-ROAD COMM	0	.00	.00	.00	.00	.00	.0%
73627401 59406 ER CONTR-LITERARY	-48,000	.00	-48,000.00	.00	.00	-44,000.00	8.3%*
73627401 59407 ER CONTR-GOLF COUR	0	.00	.00	.00	.00	.00	.0%
73627401 59408 ER CONTR-GENERAL FU	0	.00	.00	.00	.00	.00	.0%
73627401 59409 ER CONTR-DWS	-32,000	.00	-32,000.00	-7,391.76	.00	-24,608.24	23.1%*
73627401 59410 ER CONTR-911 SERVIC	0	.00	.00	.00	.00	.00	.0%
73627401 59411 ER CONTR-CHILD CARE	0	.00	.00	.00	.00	.00	.0%
73627401 59412 ER CONTR-DIV ON AGI	0	.00	.00	.00	.00	.00	.0%
73627401 59413 ER CONTR-RETIREF. SYS	0	.00	.00	.00	.00	.00	.0%
73627401 59415 ER CONTR-GYPSY MOTH	0	.00	.00	.00	.00	.00	.0%
73627401 59416 ER CONTR-HOME REHAB	0	.00	.00	.00	.00	.00	.0%
73627401 59418 ER CONTR-100% TAX P	0	.00	.00	.00	.00	.00	.0%
73627401 59419 ER CONTR-MED CARE E	-250,000	.00	-250,000.00	.00	.00	-250,000.00	.0%*
73627401 59424 ER CONTR-SELF INSUR	0	.00	.00	.00	.00	.00	.0%
73627401 59427 ER CONTR-COMM. CORE	0	.00	.00	.00	.00	.00	.0%
73627401 59429 ER CONTR-F.O.C. FUN	0	.00	.00	.00	.00	.00	.0%
73627401 59430 ER CONTR-HOUSING FU	0	.00	.00	.00	.00	.00	.0%
73627401 59433 ER CONTR-SOLDIER RE	0	.00	.00	.00	.00	.00	.0%
73627401 59499 ER CONTR-SHERIFF DE	0	.00	.00	.00	.00	.00	.0%
TOTAL LOCAL UNIT CONTRIBUT	-580,000	.00	-580,000.00	-11,391.76	.00	-568,608.24	2.0%

RP INTEREST & RENTALS

73627401 66400 INVESTMENT INTEREST	-500,000	.00	-500,000.00	.00	.00	-500,000.00	.0%*
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Bay County Michigan

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BAY COUNTY, MI
YEAR-TO-DATE BUDGET REPORT

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FOR 2016 03

ACCOUNTS FOR: 7360 PUBLIC EMPLOYEE HEALTH CARE	ORIGINAL APPROP	TRANSFERS/ 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	-762.67	.00	762.67	100.0%
TOTAL INTEREST & RENTALS	-1,700,000	.00	-1,700,000.00	-762.67	.00	-1,699,237.33	.0%
RR OTHER REVENUE							
73627401 67104 MISCELLANEOUS REVENU	0	.00	.00	208.62	.00	-7,108.62	-3.0%*
73627401 69000 COMMISSION RECAPTUR	-6,900	.00	-6,900.00	208.62	.00	-7,108.62	-3.0%*
TOTAL OTHER REVENUE	-6,900	.00	-6,900.00	208.62	.00	-7,108.62	-3.0%
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 BINDIN	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 MILLEAG	0	.00	.00	.00	.00	.00	.0%

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BAY COUNTY, MI
 YEAR-TO-DATE BUDGET REPORT

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Bay County Michigan

FOR 2016 03

ORIGINAL APPROP	TRANSRS/ ADJUSTMTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
0	.00	.00	-3,997.43	.00	3,997.43	100.0%

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

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Bay County Michigan

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BAY COUNTY, MI
YEAR-TO-DATE BUDGET REPORT

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REPORT OPTIONS

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

Report title:
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
Incl budget entries: Y
Sort by JE # or PO #: J
Detail format option: 1
Include additional JB 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

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VEBA Invoices Approved: April

Invoice Date	Vendor	Amount	Description
4/20/2016	MFS	\$ 13,341.83	MFS Q1 2016 MONEY MGR FEES
4/13/2016	CS MCKEE	\$ 12,624.03	Q1 2016 MONEY MGR FEES



TO: Bay County Voluntary Employees' Beneficiary Association – Trustees & Staff
 FROM: Howard Pohl and Peter Brown
 DATE: April 25, 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	\$269,257.79	0.0%	\$90,000.00	-\$179,257.79	-\$175,000
Dodge & Cox	\$9,473,223.30	16.5%	\$7,175,212.84	-\$2,298,010.46	-\$1,100,000
MFS	\$9,660,790.06	16.5%	\$7,175,212.84	-\$2,485,577.22	-\$1,500,000
Atalanta Sosnoff	\$1,490.30		\$0.00	-\$1,490.30	
Lord Abbott	\$7,345,898.64	20.0%	\$8,697,227.69	\$1,351,329.05	\$1,075,000
C.S. Mckee	\$16,825,478.36	47.0%	\$20,438,485.07	\$3,613,006.71	\$1,700,000
Total Portfolio	\$43,576,138.45		\$43,576,138.45	\$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
05/10/2016
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	\$269,257.79	0.0%	\$90,000.00	-\$179,257.79	-\$175,000
Dodge & Cox	\$9,473,223.30	16.5%	\$7,175,212.84	-\$2,298,010.46	-\$1,100,000
MFS	\$9,660,790.06	16.5%	\$7,175,212.84	-\$2,485,577.22	-\$1,500,000
Atalanta Sosnoff	\$1,490.30		\$0.00	-\$1,490.30	
Lord Abbott	\$7,345,898.64	20.0%	\$8,697,227.69	\$1,351,329.05	\$1,075,000
C.S. Mckee	\$16,825,478.36	47.0%	\$20,438,485.07	\$3,613,006.71	\$1,700,000
Total Portfolio	\$43,576,138.45		\$43,576,138.45	\$0.00	\$0

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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 – REBALANCE VEBA PORTFOLIO

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 _____