

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION  
 AGENDA  
 TUESDAY, NOVEMBER 13, 2018  
 (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 - 5 .....	1.	OCTOBER 9, 2018
	IV.	PUBLIC INPUT
	A.	ANDCO CONSULTING– HOWARD POHL AND PETER BROWN  <a href="#">3Q 2018 REPORT</a>
6 – 8 .....	B.	MONTHLY REPORTS - <b>RES NO. 2018- 14 (APPROVE)</b>
	1.	PORTFOLIO VALUE 1/01/18 - 10/31/18/18
	2.	CHANGE IN NET ASSETS – 10/31 /18
9 - 23 .....	3.	MONEY MANAGER REPORTS
	a.	CS MCKEE – ENDING 9/30/18
	b.	DODGE & COX – ENDING 9/30/18
	c.	LOOMIS – ENDING 9/30/18
	d.	MFS – ENDING 3Q 2018, PROXY REPORT 3Q 2018
24-25 .....	4.	RECAPTURE SERVICES
	a.	CAPIS – 9/30/18
26 - 33 .....	5.	COMERICA SUMMARY EARNINGS – ENDING 9/30/18
34– 35 .....	6.	VEBA YTD BUDGET REPORT 10/31/18
36 .....	7.	INVOICES APPROVED – 10/31/18
37 – 45 .....	C.	INVESTMENT POLICY STATEMENT REVISION <b>RES NO 2018-15 (APPROVE)</b>
46. ....	D.	CORRESPONDENCE LOOMIS SAYLES – BOARD OF DIRECTORS UPDATE ( <b>RECEIVE</b> )
	V.	ANNOUNCEMENTS
	A.	NEXT REGULAR MEETING - TUESDAY, DECEMBER 11, 2018 IMMEDIATELY FOLLOWING THE RETIREMENT BOARD OF TRUSTEES MEETING AT APPROXIMATELY 2:30 P.M. , COMMISSIONERS CHAMBERS, 515 CENTER AVENUE - 4 <sup>TH</sup>

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION

AGENDA

TUESDAY, NOVEMBER 13, 2018

(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**

FLOOR, BAY CITY, MI 48708

- VI. UNFINISHED BUSINESS
- VII. NEW BUSINESS
- VIII. MISCELLANEOUS BUSINESS
- IX. ADJOURNMENT

**MINUTES BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)  
OCTOBER 9, 2018 – REGULAR MEETING**

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 October 9, 2018 at 2:38 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, Ms. Gonzales, Mr. Morse, Mr. Pett, Mr. Ryder, and Ms. Shutt.

**Trustees Absent:** Trustee Gromaski and Trustee Herek

**Also Present:**

Consultant: AndCo Consulting - Howard Pohl.

Secretary: Jan Histed

Retirement Administrator: Katie Meeth

Corporation Counsel: Shawna Walraven

The meeting was called to order by Chairman, Steve Gray at 2:38 p.m.

**MOTION 40:** Moved, supported and carried to excuse Trustee Gromaski and Trustee Herek.

**MOTION 41:** Moved, supported and carried to approve the minutes, as printed, from the September 11, 2018 regular meeting.

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

**RES. 2018-11:**

Moved, supported and carried to adopt resolution 2018-11 to receive the monthly reports Portfolio Value ending 9/30/18 (Today's value \$56,762,000) Monthly Change in Net Assets - ending 9/30/18, C.S. McKee performance report ending 8/31/18, Dodge & Cox – Ending 8/31/18, Loomis Sayles – Ending 8/31/18, MFS – Ending 8/31/18; Capis Recapture services ending 8/31/18, VEBA YTD Budget Report ending 9/30/18, Comerica Summary Earnings – Ending 8/31/18 and Approved Invoices - ending 9/30/18..

Mr. Pohl from AndCo Consulting gave a presentation on the Asset Allocation Analysis. He explained the asset allocation modeling process and steps involved in conducting an asset allocation study. He reviewed limitations of the asset allocation models and how changes over time affect this as well as the length of projections. He explained how the variability of a portfolio decreases as time increases but the end value expands exponentially. When doing an asset allocation they try to determine various asset classes and how they will perform over time. They use return, risk and correlation forecasts developed by JP Morgan Asset Management. He reviewed the asset classes currently in the Plan. They believe the plan can do well with the basic asset classes that are in the plan. He then reviewed the asset class model input which lists all the different kinds of asset classes and how they correlate to one another. The main idea of correlation is simply

**MINUTES BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)  
OCTOBER 9, 2018 – REGULAR MEETING**

PAGE 2

trying to find asset classes that don't all move in the same direction. Ideally, you want asset classes that offset the ups and downs. He reviewed the chart on page 11 showing the historical performance versus assumptions. They look for asset classes that, when blended, are likely to be above and beyond the 7% assumption.

Mr. Pohl then reviewed the chart on page 15 of the model asset allocation with the current asset allocation and five different asset allocation models as well as the expected returns for each mix and best and worst case scenarios. He then reviewed the graphs on pages 18 and 19 showing the efficient frontier, asset class allocation and asset mixes. He explained the efficient frontier as basically saying that for any level of standard deviation you cannot have a return better than the efficient frontier's position by mixing these assets anyway you want. He explained they try to come up with portfolios that are very close to the efficient frontier where you will get the maximum return and level of risk you want to take. He stated the Board needs to make a decision based on the overall expected return and risks the Board is willing to take.

Trustee Pett asked about page 15 and the percentage changes in midcap from mix 1 to mix 5 and then on page 11 looking at historical performance where midcap shows returns for the 5-year at 15% and 9.5% for the 20-year. He is curious as to the thought behind this. Mr. Pohl stated over the last few years midcap has been generally successful. Looking into the future and seeing what it would be in the future, however is the basis for the projections. He referred to midcap as to having a midcap kind of manager but this would split it out more.

Mr. Pohl stated with regard to the VEBA asset allocation he believes reducing bonds makes sense. Mix 5 shows incorporating core real estate. If the Board did not want core real estate then he would recommend mix 3 or mix 4.

The Board talked discussed the various mixes and approving an IPS depending on the mix. Trustee Brzezinski asked for clarification on the mix. Mr. Pohl stated mix 3 was discussed and approved last month and incorporated in the revised IPS. Trustee Brzezinski stated they are trying to build the plan and he feels they should take as much risk as they can tolerate. Mr. Pohl gave examples of when to take risk and how much risk to take.

Trustee Ryder asked the impacts if there are no more contributions going into the VEBA due to a closed group. Mr. Anderson stated when you talk about investing for a closed group, you are right there is still a long distribution phase, but it is shorter than the ongoing plan and we aren't there right now. As far as the impact of investment decisions, people see points with closed plans where the Board says we don't have the time span we used to, to invest the way we have.

The Board discussed Mix 5 adding real estate as an asset class and adding PRISA to the VEBA.

Ms. Walraven addressed a comment Trustee Ryder had about the VEBA. The trust document states that until January 1<sup>st</sup> should the VEBA trustees reasonably believe the trust fund has assets greater than or equal to 7x the second previous Plan year's medical costs for retirees under the Plan . . . .so, while it is closed, the assets are still contained in that trust and cannot be used for benefits until we have reached that threshold. Trustee Brzezinski asked the current VEBA balance which is \$56.5 million. He asked if PRISA might be receptive to a \$2.8 million investment. Mr. Pohl stated he would check and also check to make sure they can

**MINUTES BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)  
OCTOBER 9, 2018 – REGULAR MEETING**

PAGE 3

receive VEBA accounts. Chairman Gray asked if Mr. Pohl could look into that and report back next month.

**MOTION 42:** Moved, supported and carried to approve AndCo pursue a 7% investment of the VEBA with PRISA and if not possible then approve Mix 4 for the asset allocation.

ROLL CALL VOTE:

BRZEZINSKI: YES  
GONZALES: YES  
GRAY: YES  
GROMASKI: EXCUSED  
HEREK: EXCUSED  
MORSE: YES  
PETT: YES  
RYDER: YES  
SHUTT: YES

The next agenda item was the revised Investment Policy Statement. Mr. Pohl stated at next month's meeting they could have a revised IPS available based on whether or not PRISA accepts the proposal to invest 7%. He stated the other revision was on page 37 of the agenda (page 4 of the IPS) the restrictions for Cryptocurrencies and Initial Coin Offerings was added to the IPS.

**RES NO: 2018-13**

Moved, supported and carried to approve resolution 2018-13 and adopt the revised Investment Policy Statement.

The next item was the investment return assumption. Mr. Anderson from Gabriel Roeder & Smith addressed the revised memo of September 13, 2018 regarding the investment return assumption. At the September Board meeting the Board had requested that GRS update the numbers in the Capital Markets Assumption model with the new asset allocation that was adopted. He reviewed the new results.

Trustee Brzezinski asked about adding the real estate to the asset class and how that would affect these numbers. Mr. Anderson stated if the asset allocation were to change somewhat due to the addition of a 7% real estate allocation, and they revamped the numbers it would be slightly different but not to change what they are really focused on which is the preferred range of assumptions.

Trustee Brzezinski stated he believes they should approve the 7% return assumption.

**MOTION 43:** Moved, supported and carried to adopt the 7% investment return assumption for the VEBA.

**RES NO: 2018-12:**

Moved, supported and carried to approve the annual 2019 budget as submitted.

**MINUTES BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)  
OCTOBER 9, 2018 – REGULAR MEETING**

PAGE 4

It was discussed that with the approval today of a new asset allocation the VEBA IPS will be revised and brought back to the Board for approval.

**ANNOUNCEMENTS:**

- A. Next regularly scheduled meeting will be Tuesday, November 13, 2018 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.

Trustee Herek entered the meeting.

**UNFINISHED BUSINESS:** None.

**NEW BUSINESS:** None.

**MISCELLANEOUS BUSINESS:** None

**ADJOURNMENT:**

**MOTION 44:** Moved, supported and carried to adjourn the meeting at 3:31 p.m.

Respectfully submitted,



Jan Histed  
Secretary

Transcribed by: Tracy Cederquist

**MEETING OF THE **VEBA** BOARD OF TRUSTEES COMMITTEE**  
**OCTOBER 9, 2018**

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

MEETING CALLED TO ORDER BY: CHAIRPERSON STEVE GRAY AT 2:38 P.M.

Entered late Trustee Herek Time 3:27

**MOTIONS**

Trustee	40	41	42	43	44				
BRZEZINSKI	Y	S-Y	M-Y	M-Y	Y				
GONZALES	S-Y	Y	Y	Y	Y				
GRAY	Y	Y	Y	Y	Y				
GROMASKI	E	E	E	E	E				
HEREK	E	E	E	E	E				
MORSE	Y	Y	Y	Y	M-Y				
PETT	M-Y	Y	S-Y	Y	S-Y				
RYDER	Y	Y	Y	Y	Y				
SHUTT	Y	M-Y	Y	S-Y	Y				

**RESOLUTIONS**

Trustee	2018-11	2018-12	2018-13						
BRZEZINSKI	Y	M-Y	S-Y						
GONZALES	S-Y	Y	Y						
GRAY	Y	Y	Y						
GROMASKI	E	E	E						
HEREK	E	E	E						
MORSE	Y	S-Y	Y						
PETT	M-Y	Y	Y						
RYDER	Y	Y	M-Y						
SHUTT	Y	Y	Y						

**BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION  
11/13/2018  
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 - 1/1/18 - 10/31/18
2. CHANGE IN NET ASSETS – 10/31/18
3. MONEY MANAGER REPORTS
  - a. C.S. MCKEE – ENDING 9/30/18
  - b. DODGE & COX – ENDING 3Q 2018
  - c. LOOMIS – ENDING 9/30/18
  - d. MFS – ENDING 3Q 2018; PROXY VOTE REPORT 3Q 2018
4. RECAPTURES SERVICES
  - a. CAPIS - SUMMARY ENDING 9/30/18
5. VEBA YTD BUDGET REPORT – ENDING 10/31/18
6. INVOICES APPROVED - 10/31/18

STEVE GRAY, CHAIR  
AND BOARD

MONTHLY REPORTS NOVEMBER

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

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

TRUSTEE	Y	N	E	TRUSTEE	Y	N	E	TRUSTEE	Y	N	E
Richard Brzezinski				Richard Gromaski				Matthew Pett			
Kristal Gonzales				Thomas Herek				Thomas Ryder			
Steve Gray				Jon Morse				Sandy Shutt			

Vote Totals:

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

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

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

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



## VEBA PORTFOLIO VALUE 2018

VEBA 2018	DODGE & COX	CASH	LORD ABBOTT	CS MCKEE	MFS	AMERICAN FUND	LOOMIS	TOTAL
Jan-18	9,216,495.21	297,191.85	10,662,863.79	16,468,728.52	9,674,923.21	2,677,502.74	5,000,000.00	53,997,705.32
Feb-18	8,925,709.49	304,762.08	10,438,225.33	16,225,238.47	9,581,161.00	2,570,546.44	4,926,778.24	52,972,421.05
Mar-18	8,567,329.65	515,050.14	10,183,635.03	16,331,844.27	9,314,996.99	3,997,779.71	4,939,853.55	53,850,489.34
Apr-18	8,628,614.89	165,590.08	10,128,723.42	16,204,343.60	9,396,766.20	4,506,740.40	4,939,853.55	53,970,632.14
May-18	8,803,702.06	538,553.78	10,493,137.06	16,305,299.90	9,935,346.30	4,367,928.58	4,921,548.11	55,365,515.79
Jun-18	8,825,508.52	538,963.23	10,538,064.79	16,325,788.89	9,901,094.39	4,318,136.25	4,921,548.11	55,369,104.18
Jul-18	9,207,993.69	123,770.99	10,807,630.99	16,325,080.29	10,127,902.18	5,013,409.39	4,942,468.62	56,548,256.15
Aug-18	9,359,766.60	283,217.09	11,192,012.47	16,421,154.56	10,599,381.96	4,894,225.76	4,942,468.62	57,692,227.06
Sep-18	9,374,879.71	321,163.48	11,192,012.51	16,342,251.21	10,779,023.14	4,867,622.70	4,963,389.12	57,840,341.87
Oct-18	8,825,886.54	482,815.58	10,168,659.37	16,219,164.87	9,761,946.01	4,420,871.73	4,952,928.87	54,832,272.97
Nov-18								0.00
Dec-18								0.00

### Money Manager Fees

2018	CS MCKEE	MFS	LOOMIS	TOTAL
1ST QTR	12,310.53	13,131.14	4,278.03	29,719.70
2ND QTR	12,311.47	13,656.82	4,273.87	30,242.16
3RD QTR	12,344.41	14,886.11		27,230.52
4TH QTR				0.00

**MFS**

- INVESTMENT**    LARGE CAP EQUITY
- CS MCKEE**        FIXED INCOME - BONDS
- DODGE & COX**    LARGE CAP EQUITY
- LORD ABBETT**    SMALL MID CAP MUTUAL FUND
- AMERICAN FUND** INTERNATIONAL EQUITY
- LOOMIS SAYLES** DOMESTIC FIXED EQUITY

## ACCOUNT STATEMENT

Statement Period  
 Account Number

10/01/2018 through 10/31/2018  
 M03380

310

### Preliminary Changes In Net Assets

	COST VALUE	MARKET VALUE
BEGINNING BALANCE AS OF 10/01/2018	48,313,414.94	57,939,763.33
EARNINGS		
CASH INCOME	40,081.00	40,081.00
LESS PRIOR ACCRUED INCOME	109,009.17-	109,009.17-
PLUS CURRENT ACCRUED INCOME	117,494.34	117,494.34
REALIZED GAIN/LOSS ON SALE OF ASSETS	9,813.88	9,813.88
NET UNREALIZED GAIN OR LOSS	0.00	3,209,446.95-
TOTAL EARNINGS	58,380.05	3,151,066.90-
CONTRIBUTIONS & OTHER INCREASES		
EMPLOYER CONTRIBUTIONS	162,946.11	162,946.11
TOTAL CONTRIBUTIONS & OTHER INCREASES	162,946.11	162,946.11
DISTRIBUTIONS & OTHER DECREASES		
FEES & EXPENSES	1,750.00-	1,750.00-
TOTAL DISTRIBUTIONS & OTHER DECREASES	1,750.00-	1,750.00-
ENDING BALANCE AS OF 10/31/2018	48,632,991.10	54,949,892.54



# C.S. McKee, L.P.

## Account Overview

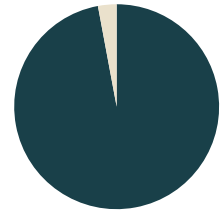
Bay County VEBA

Client Code: 90477  
 As Of Date: 9/30/2018  
 Report: Calendar

## Asset Allocation

As of 9/30/2018

Large-Cap Equity	\$ -	0.00%
Small-Cap Equity	\$ -	0.00%
Fixed Income	\$ 15,976,343.24	97.07%
Intl Mutual Fund	\$ -	0.00%
Cash	\$ 482,864.68	2.93%
Other	\$ -	0.00%
<b>Total Portfolio:</b>	<b>\$ 16,459,207.92</b>	<b>100.00%</b>



## Performance

As of 9/30/2018

Portfolio Summary - Month-to-Date	Total Portfolio	Large-Cap Equity	Small-Cap Equity	Total Domestic Equity	Fixed Income	Intl Mutual Fund
Beginning Market Value:	16,533,401.38	-	-	-	16,533,401.38	-
Net Contributions (Distributions):	-	-	-	-	-	-
Income:	51,571.61	-	-	-	51,571.61	-
Market Appreciation (Depreciation):	(125,765.06)	-	-	-	(125,765.06)	-
Ending Market Value:	16,459,207.92	-	-	-	16,459,207.92	-
<b>Dollar-Weighted Return:</b>	<b>(0.45%)</b>	-	-	-	<b>(0.45%)</b>	-

Time-Weighted Returns	Total Portfolio	Large-Cap Equity	Small-Cap Equity	Total Domestic Equity	Fixed Income	Intl Mutual Fund
<i>Performance Start Date:</i>	2/7/2012	N/A	N/A	N/A	2/7/2012	N/A
		<i>Ex Cash</i>	<i>Ex Cash</i>	<i>Ex Cash</i>	<i>Ex Cash</i>	
<b>MTD</b>	<b>Gross (0.45%)</b>	-	-	-	<b>(0.45%) (0.45%)</b>	-
	<i>Benchmark (0.64%)</i>	-	-	-	<i>(0.64%) (0.64%)</i>	-
	<b>Value Added (Gross) 0.19%</b>	-	-	-	<b>0.19% 0.19%</b>	-
<b>QTD</b>	<b>Gross 0.27%</b>	-	-	-	<b>0.27% 0.28%</b>	-
	<i>Benchmark 0.02%</i>	-	-	-	<i>0.02% 0.02%</i>	-
	<b>Value Added (Gross) 0.25%</b>	-	-	-	<b>0.25% 0.26%</b>	-
<b>YTD</b>	<b>Gross (0.90%)</b>	-	-	-	<b>(0.90%) (0.96%)</b>	-
	<i>Benchmark (1.60%)</i>	-	-	-	<i>(1.60%) (1.60%)</i>	-
	<b>Value Added (Gross) 0.70%</b>	-	-	-	<b>0.70% 0.64%</b>	-
<b>1 Year</b>	<b>Gross (0.35%)</b>	-	-	-	<b>(0.35%) (0.42%)</b>	-
	<i>Benchmark (1.22%)</i>	-	-	-	<i>(1.22%) (1.22%)</i>	-
	<b>Value Added (Gross) 0.87%</b>	-	-	-	<b>0.87% 0.80%</b>	-
<b>3 Year</b>	<b>Gross 1.82%</b>	-	-	-	<b>1.82% 1.84%</b>	-
	<i>Benchmark 1.31%</i>	-	-	-	<i>1.31% 1.31%</i>	-
	<b>Value Added (Gross) 0.51%</b>	-	-	-	<b>0.51% 0.53%</b>	-
<b>5 Year</b>	<b>Gross 2.66%</b>	-	-	-	<b>2.66% 2.71%</b>	-
	<i>Benchmark 2.16%</i>	-	-	-	<i>2.16% 2.16%</i>	-
	<b>Value Added (Gross) 0.50%</b>	-	-	-	<b>0.50% 0.55%</b>	-
<b>ITD</b>	<b>Gross 2.33%</b>	-	-	-	<b>2.33% 2.39%</b>	-
	<i>Benchmark 1.85%</i>	-	-	-	<i>1.85% 1.85%</i>	-
	<b>Value Added (Gross) 0.48%</b>	-	-	-	<b>0.48% 0.54%</b>	-

**Benchmark History**  
2/7/2012  
BCAGG 100%

Total Portfolio

Large-Cap Equity

Small-Cap Equity

Total Domestic Equity

Fixed Income  
2/7/2012  
BCAGG 100%

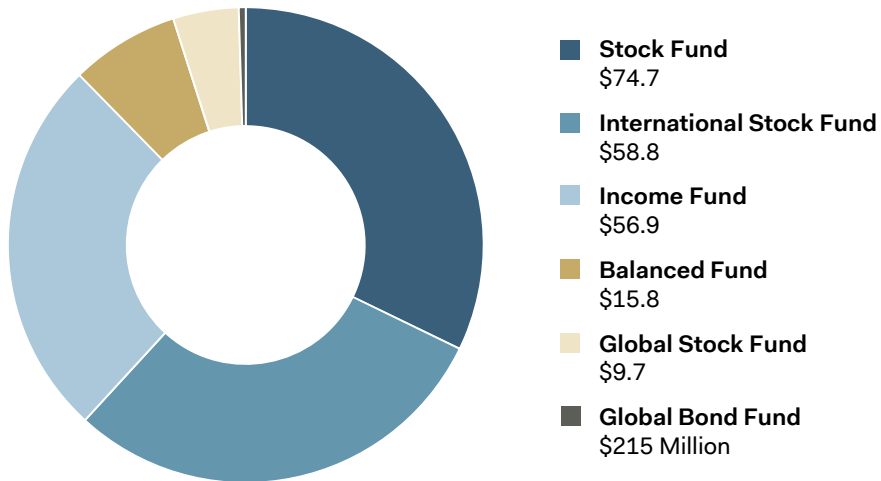
Intl Mutual Fund

# Dodge & Cox Assets Under Management (\$ in Billions)

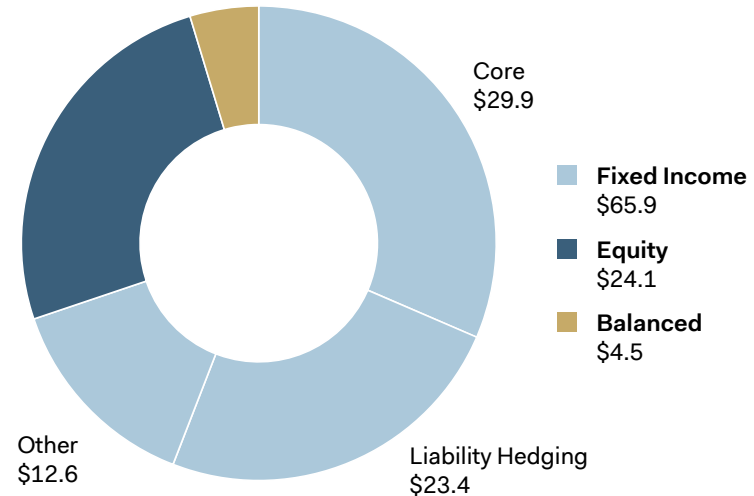
September 30, 2018

\$316.3 in Total Assets: \$187.6 in Equities / \$128.7 in Fixed Income

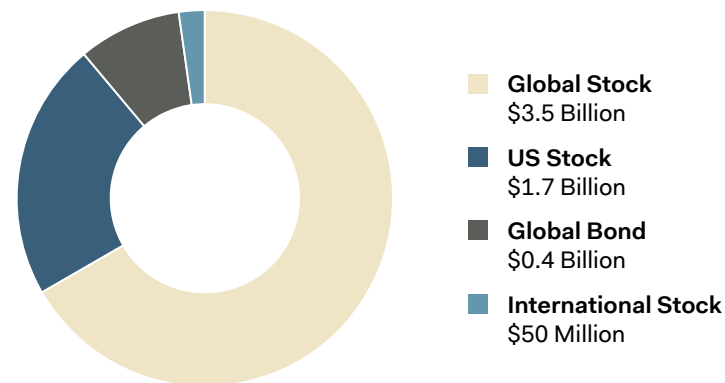
## Dodge & Cox Funds: \$216.1 Billion



## Separate Accounts: \$94.5 Billion



## Non-U.S. Funds (Irish UCITS): \$5.7 Billion



Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and charges and expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit [dodgeandcox.com](http://dodgeandcox.com) or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

# Dodge & Cox Investment Vehicles

Effective July 1, 2018

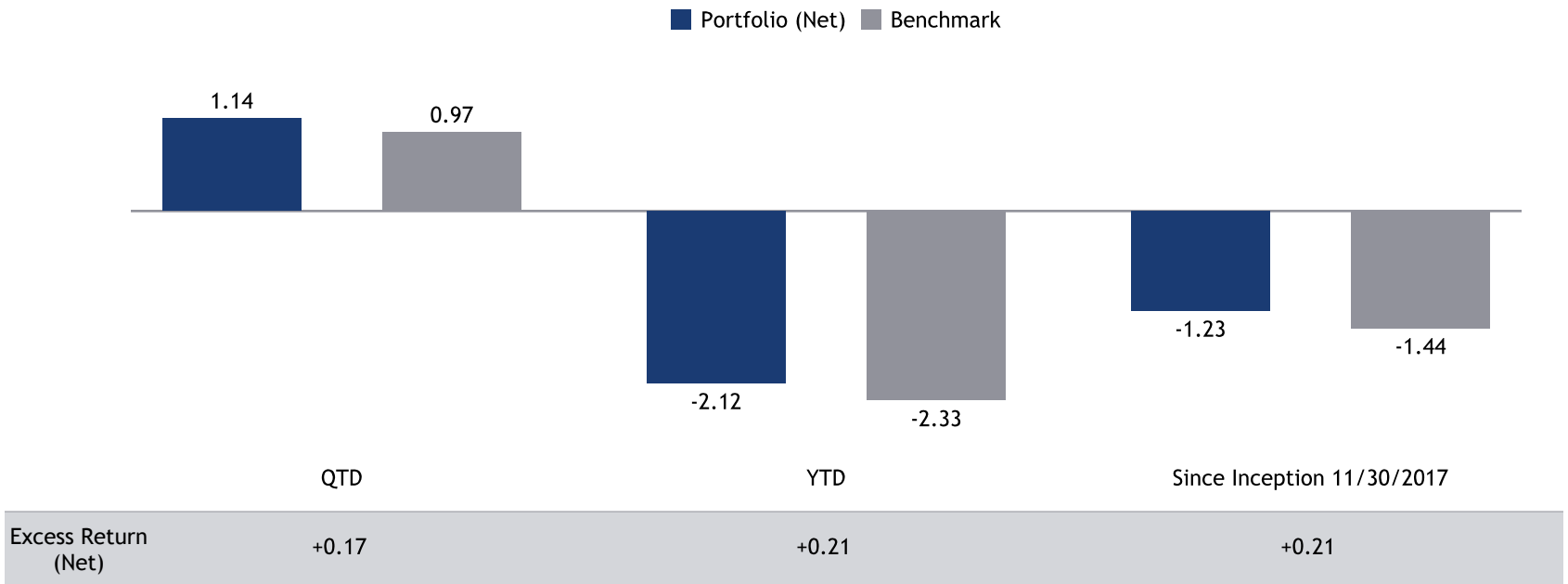
Dodge & Cox Funds <sup>(a)</sup>	Status	Account Minimum	Annual Expense Ratio / Fee Schedule
Stock Fund (DODGX)	Open		.52%
Global Stock Fund (DODWX)	Open		.63%
International Stock Fund (DODFX)	Closed to New Investors	\$2,500 (all Funds)	.63%
Balanced Fund (DODBX)	Open		.53%
Income Fund (DODIX)	Open		.43%
Global Bond Fund (DODLX)	Open		.45% <sup>(e)</sup>
<b>Institutional Separately Managed Accounts <sup>(b)</sup></b>			
Domestic Equity and Balanced	Open	\$60 million	.60% on the first \$25 million .40% thereafter
Core Fixed Income	Open	\$200 million	.35% on the first \$25 million .25% on the next \$75 million .15% on the next \$150 million .12% thereafter
Long Duration Fixed Income	Open	\$100 million	.35% on the first \$25 million .25% on the next \$75 million .15% on the next \$150 million .13% thereafter
Intermediate Fixed Income <sup>(c)</sup>	Open	\$100 million	.30% on the first \$50 million .25% on the next \$50 million .14% on the next \$100 million .11% thereafter
<b>Private Client Accounts <sup>(d)</sup> Individuals, Local Foundations and Endowments</b>			
Domestic Equity and Balanced	Open	Based on client circumstances	.60% on the first \$25 million .40% thereafter
<b>Tax-Exempt Municipal Bond</b>			
	Open	\$10 million	.35% on the first \$10 million .25% on the next \$20 million .20% on the next \$20 million .15% thereafter
<b>Non-U.S. Dodge &amp; Cox Funds (Irish UCITS)</b>			
Global Stock Fund	Open	\$50,000 outside the U.S. only	.63% <sup>(f)</sup>
U.S. Stock Fund	Open	(all Funds)	.63% <sup>(f)</sup>
Global Bond Fund	Open		.45% <sup>(f)</sup>

<sup>(a)</sup> For defined contribution plan assets, when a record keeper's aggregate client assets in the Dodge & Cox Funds reach \$5 million, a service fee may be paid by Dodge & Cox to the record keeper at the annual rate of 10 basis points for the Stock Fund, Global Stock Fund, International Stock Fund and Balanced Fund, and 8 basis points for the Income Fund and Global Bond Fund. <sup>(b)</sup> Prospective separate account relationships are considered on a case-by-case basis. Institutional fixed income accounts are subject to a minimum quarterly fee of \$37,500. <sup>(c)</sup> Dodge & Cox also manages stable value fixed income portfolios. <sup>(d)</sup> Private Client accounts are subject to a minimum quarterly fee of \$10,000. <sup>(e)</sup> Dodge & Cox has contractually agreed to reimburse the Fund for all ordinary expenses to the extent necessary to maintain Total Annual Fund Operating Expenses at 0.45% through April 30, 2019. The term of the agreement renews annually thereafter unless terminated with 30 days' written notice by either party prior to the end of the term. <sup>(f)</sup> Dodge & Cox has voluntarily agreed to reimburse the Funds for all ordinary expenses to the extent necessary to limit aggregate annual ordinary expenses to the percentage of the average daily net assets of each share class listed in the table. Dodge & Cox may terminate or modify this agreement upon 30 days' notice to shareholders.

Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and charges and expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit [dodgeandcox.com](http://dodgeandcox.com) or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

# performance

## TRAILING RETURNS AS OF 9/30/2018 (%)



PORTFOLIO VALUATION (USD)			
	Portfolio 6/30/2018	Portfolio 9/30/2018	Increase/Decrease
Total	4,892,782	4,952,929	60,146

*Data Source: Barclays Capital*  
*Benchmarks: BBG B.ARC U.S. Corporate Investment Grade (11/30/2017 - 9/30/2018).*  
*The current benchmark is Bloomberg Barclays Corporate Index. Returns over one year are annualized. Information is reported on a trade date basis.*

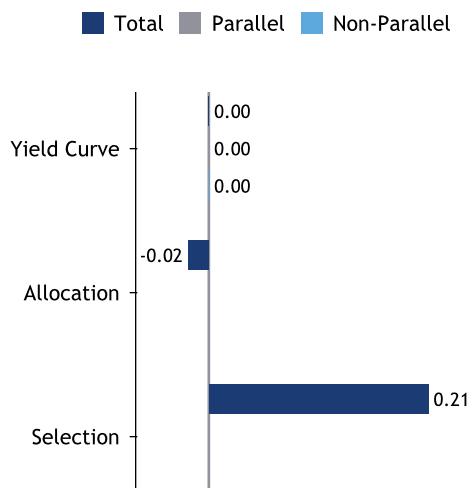
# performance attribution by sector

6/30/2018 TO 9/30/2018 (%)

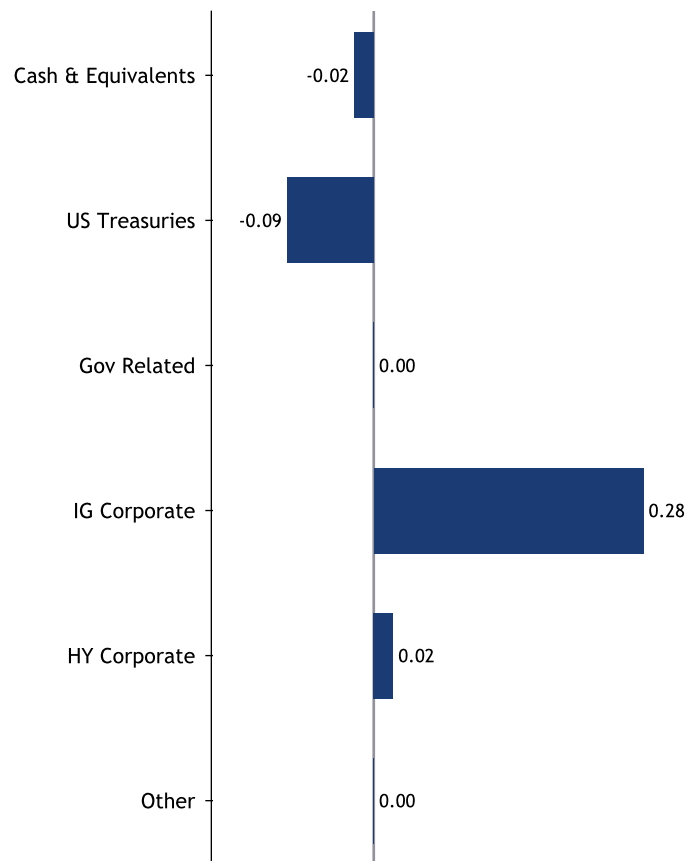
TOTAL RETURNS

	Total Return
Portfolio Return	1.20
Benchmark Return	0.97
Excess Return	0.23

EXCESS RETURN ATTRIBUTION



EXCESS RETURN ATTRIBUTION BY SECTOR



Data Source: Barclays Capital

Figures on the bar chart may not add up to total excess return as they exclude impact of trading and pricing differences. Excess Return by sector excludes yield curve impact. Values shown include impact of hedging if utilized. Unless otherwise noted, the performance shown is gross of management fees.

The current benchmark is Bloomberg Barclays Corporate Index. Information on this page reflects fund data.



# portfolio summary

6/30/2018 TO 9/30/2018

## PORTFOLIO SUMMARY

	6/30/2018			9/30/2018		
	Portfolio	Benchmark	Difference	Portfolio	Benchmark	Difference
Yield to Worst (%)	4.16	4.01	0.15	4.37	4.05	0.32
Maturity (years)	10.73	10.77	-0.04	11.36	10.75	0.61
Effective Duration (years)	7.32	7.24	0.09	7.30	7.22	0.08
Coupon (%)	3.96	3.95	0.01	3.93	3.97	-0.04
Average Quality	A3	A3	-	A3	A3	-
OAS (bps)	132	121	12	118	103	15

## QUALITY SUMMARY (% OF TOTAL MARKET VALUE)

	6/30/2018			9/30/2018		
	Portfolio	Benchmark	Difference	Portfolio	Benchmark	Difference
AAA	6.15	2.35	3.80	8.81	2.22	6.58
AA	10.90	16.53	-5.63	10.07	16.49	-6.42
A	37.57	45.97	-8.40	39.12	45.60	-6.47
BAA	44.53	35.11	9.42	41.52	35.69	5.83
BA	0.86	0.04	0.82	0.48	0.00	0.48

Data Source: Barclays Capital

OAS is option adjusted spread.

Client Guideline Quality Methodology presented. Both duration and maturity for equity securities are deemed to be zero.

The current benchmark is Bloomberg Barclays Corporate Index. Information on this page reflects fund data.



LOOMIS SAYLES®

Sources: Loomis, Sayles & Company, L.P. and others

For Institutional Investor Use Only. Not for Further Distribution

September 30, 2018

# sector allocation

## 6/30/2018 TO 9/30/2018 (% OF TOTAL MARKET VALUE)

	6/30/2018			9/30/2018		
	Portfolio	Benchmark	Difference	Portfolio	Benchmark	Difference
Cash & Equivalents	0.96	0.00	0.96	1.22	0.00	1.22
Gov Related	0.21	0.00	0.21	0.00	0.00	0.00
HY Corporate	1.63	0.08	1.55	2.09	0.00	2.09
HY - Financials	0.11	0.02	0.09	0.12	0.00	0.12
HY - Industrials	1.52	0.06	1.46	1.97	0.00	1.97
IG Corporate	93.31	99.92	-6.61	90.15	100.00	-9.85
IG - Financials	35.03	32.17	2.86	37.13	32.41	4.72
IG - Industrials	53.90	60.70	-6.80	49.54	60.46	-10.92
IG - Utilities	4.37	7.04	-2.67	3.48	7.13	-3.65
Other	0.00	0.00	0.00	0.00	0.00	0.00
US Treasuries	3.89	0.00	3.89	6.54	0.00	6.54

Data Source: Barclays Capital

The current benchmark is Bloomberg Barclays Corporate Index. Information on this page reflects fund data.



**LOOMIS SAYLES**

Sources: Loomis, Sayles & Company, L.P. and others

For Institutional Investor Use Only. Not for Further Distribution

September 30, 2018

**Vote Summary Report**

Date range covered: 07/01/2018 to 09/30/2018

Location(s): Massachusetts Financial Services

Institution Account(s): Bay County Voluntary Employees Beneficiary Association Trust

**Concho Resources Inc.**

<b>Meeting Date:</b> 07/17/2018	<b>Country:</b> USA	<b>Primary Security ID:</b> 20605P101	<b>Meeting ID:</b> 1248780
<b>Record Date:</b> 06/01/2018	<b>Meeting Type:</b> Special	<b>Ticker:</b> CXO	
<b>Primary CUSIP:</b> 20605P101	<b>Primary ISIN:</b> US20605P1012	<b>Primary SEDOL:</b> B1YWRK7	

**Voting Policy:** MFS

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1	Issue Shares in Connection with Acquisition	Mgmt	For	For

**Constellation Brands, Inc.**

<b>Meeting Date:</b> 07/17/2018	<b>Country:</b> USA	<b>Primary Security ID:</b> 21036P108	<b>Meeting ID:</b> 1246516
<b>Record Date:</b> 05/18/2018	<b>Meeting Type:</b> Annual	<b>Ticker:</b> STZ	
<b>Primary CUSIP:</b> 21036P108	<b>Primary ISIN:</b> US21036P1084	<b>Primary SEDOL:</b> 2170473	

**Voting Policy:** MFS

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1.1	Elect Director Jerry Fowden	Mgmt	For	For
1.2	Elect Director Barry A. Fromberg	Mgmt	For	For
1.3	Elect Director Robert L. Hanson	Mgmt	For	For
1.4	Elect Director Ernesto M. Hernandez	Mgmt	For	For
1.5	Elect Director Susan Somersille Johnson	Mgmt	For	For
1.6	Elect Director James A. Locke, III	Mgmt	For	For
1.7	Elect Director Daniel J. McCarthy	Mgmt	For	For
1.8	Elect Director Richard Sands	Mgmt	For	For
1.9	Elect Director Robert Sands	Mgmt	For	For
1.10	Elect Director Judy A. Schmeling	Mgmt	For	For
1.11	Elect Director Keith E. Wandell	Mgmt	For	For
2	Ratify KPMG LLP as Auditors	Mgmt	For	For
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	For

**Vote Summary Report**

Date range covered: 07/01/2018 to 09/30/2018

Location(s): Massachusetts Financial Services

Institution Account(s): Bay County Voluntary Employees Beneficiary Association Trust

**Electronic Arts Inc.**

<b>Meeting Date:</b> 08/02/2018	<b>Country:</b> USA	<b>Primary Security ID:</b> 285512109	<b>Meeting ID:</b> 1250830
<b>Record Date:</b> 06/08/2018	<b>Meeting Type:</b> Annual	<b>Ticker:</b> EA	
<b>Primary CUSIP:</b> 285512109	<b>Primary ISIN:</b> US2855121099	<b>Primary SEDOL:</b> 2310194	

**Voting Policy:** MFS

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1a	Elect Director Leonard S. Coleman	Mgmt	For	For
1b	Elect Director Jay C. Hoag	Mgmt	For	For
1c	Elect Director Jeffrey T. Huber	Mgmt	For	For
1d	Elect Director Lawrence F. Probst, III	Mgmt	For	For
1e	Elect Director Talbott Roche	Mgmt	For	For
1f	Elect Director Richard A. Simonson	Mgmt	For	For
1g	Elect Director Luis A. Ubinas	Mgmt	For	For
1h	Elect Director Heidi J. Ueberroth	Mgmt	For	For
1i	Elect Director Andrew Wilson	Mgmt	For	For
2	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	For
3	Ratify KPMG LLP as Auditors	Mgmt	For	For

**NIKE, Inc.**

<b>Meeting Date:</b> 09/20/2018	<b>Country:</b> USA	<b>Primary Security ID:</b> 654106103	<b>Meeting ID:</b> 1256771
<b>Record Date:</b> 07/20/2018	<b>Meeting Type:</b> Annual	<b>Ticker:</b> NKE	
<b>Primary CUSIP:</b> 654106103	<b>Primary ISIN:</b> US6541061031	<b>Primary SEDOL:</b> 2640147	

**Voting Policy:** MFS

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1.1	Elect Director Alan B. Graf, Jr.	Mgmt	For	For
1.2	Elect Director John C. Lechleiter	Mgmt	For	For
1.3	Elect Director Michelle A. Peluso	Mgmt	For	For
2	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	For
3	Report on Political Contributions Disclosure	SH	Against	For

**Vote Summary Report**

Date range covered: 07/01/2018 to 09/30/2018

Location(s): Massachusetts Financial Services

Institution Account(s): Bay County Voluntary Employees Beneficiary Association Trust

**NIKE, Inc.**

<b>Proposal Number</b>	<b>Proposal Text</b>	<b>Proponent</b>	<b>Mgmt Rec</b>	<b>Vote Instruction</b>
4	Ratify PricewaterhouseCoopers LLP as Auditors	Mgmt	For	For

# Bay County Voluntary Employees' Beneficiary Association Trust

Growth Equity

Performance results [%] gross and net of fees [USD]	Portfolio		Excess returns	
	Gross of fees	Net of fees	Benchmark <sup>^</sup>	Net vs benchmark
3Q 2018	8.49	8.33	9.17	-0.84
2018 YTD	21.47	20.96	17.09	3.87
1 year	29.62	28.88	26.30	2.58
Since client inception (30-Dec-15)	18.76	18.09	18.71	-0.62

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<sup>®</sup> Growth Index

Characteristics	Portfolio	Benchmark <sup>^^</sup>
<b>Fundamentals - weighted average</b>		
IBES long-term EPS growth <sup>1</sup>	20.0%	18.6%
Price/earnings (12 months forward)	27.1x	22.3x
<b>Market capitalization</b>		
Market capitalization (USD) <sup>2</sup>	273.1 bn	-
<b>Diversification</b>		
Top ten holdings	42%	35%
Number of holdings	82	542
<b>Turnover</b>		
Trailing 1 year turnover <sup>3</sup>	16%	-
<b>Risk profile (current)</b>		
Barra predicted tracking error <sup>4</sup>	2.66%	-

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

<sup>2</sup> Weighted average.

<sup>3</sup> (Lesser of Purchase or Sales)/Average Month End Market Value

<sup>4</sup> Source Barra. The Barra information may not be redistributed, may not be reproduced or disseminated in any form and may not be used to create any financial instruments or products or any indices. The Barra information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. Barra, each of its affiliates and each other person involved in or related to compiling, computing or creating any Barra information (collectively, the "Barra Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any Barra Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. **No forecasts can be guaranteed.**

Portfolio characteristics are based on equivalent exposure, which measures how a portfolio's value would change due to price changes in an asset held either directly or, in the case of a derivative contract, indirectly. The market value of the holding may differ.

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

Asset summary (USD)	
Beginning value as of 30-Jun-18	9,937,602
Contributions	0
Withdrawals	0
Change in market value	+844,381
Ending value as of 30-Sep-18	10,781,984

Top 10 issuers	Sector	% of Portfolio
VISA INC	Financial Services	7.7
AMAZON.COM INC	Retailing	6.7
ALPHABET INC	Technology	6.5
MICROSOFT CORP	Technology	6.1
ADOBE SYSTEMS INC	Technology	4.3
FACEBOOK INC	Technology	3.4
SALESFORCE.COM INC	Technology	2.6
NETFLIX INC	Leisure	2.5
THERMO FISHER SCIENTIFIC INC	Health Care	2.5
T-MOBILE US INC	Utilities & Communications	2.0

FOR EXISTING INSTITUTIONAL CLIENT USE ONLY.

## FOR MORE INFORMATION CONTACT

**Kimberly Hyland,**  
 Managing Director, Global Client Group  
 Phone: 617-954-5575 • khyland@mfs.com

**Thomas Shanley,**  
 Client Service Manager  
 Phone: 617-954-7492 • tshanley@mfs.com

# Bay County Voluntary Employees' Beneficiary Association Trust

Growth Equity

Sectors (%)	Portfolio	Benchmark^^
Technology	29.4	33.7
Health Care	13.4	13.5
Financial Services	10.8	7.7
Special Products & Services	10.8	6.0
Retailing	10.2	12.2
Leisure	9.0	6.5
Industrial Goods & Services	4.1	7.8
Consumer Staples	3.1	4.5
Autos & Housing	2.5	1.7
Transportation	2.0	2.7
Utilities & Communications	2.0	1.1
Energy	0.9	0.7
Basic Materials	0.0	1.9

1.8% Cash & cash equivalents

^^ Russell 1000® Growth Index

The sectors described above and the associated portfolio composition are based on MFS' own sector classification methodology which differs from industry classification standards, including the standard that is associated with the benchmark composition presented above. The variance in sector weights between the portfolio and the benchmark would be different if an industry classification standard was used.

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

#### FOR MORE INFORMATION CONTACT

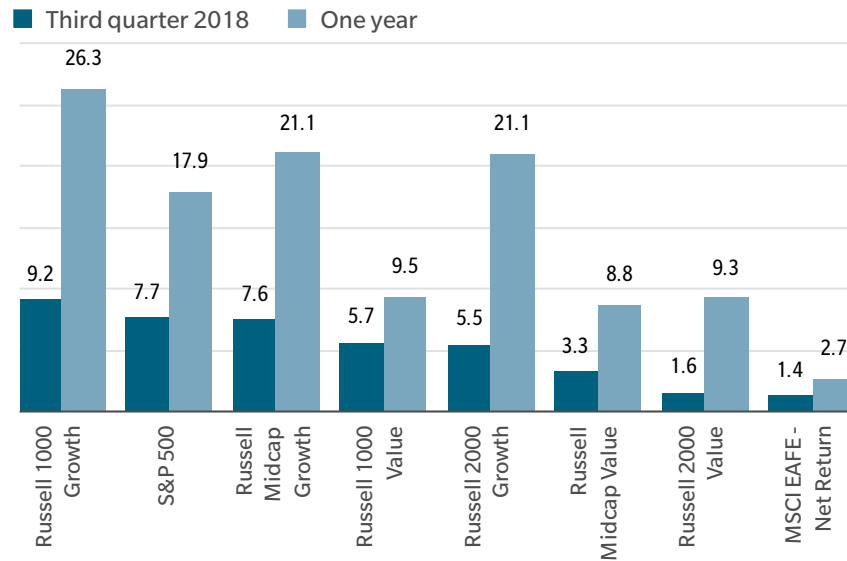
**Kimberly Hyland,**  
Managing Director, Global Client Group  
Phone: 617-954-5575 • khyland@mfs.com

**Thomas Shanley,**  
Client Service Manager  
Phone: 617-954-7492 • tshanley@mfs.com

# Market Overview

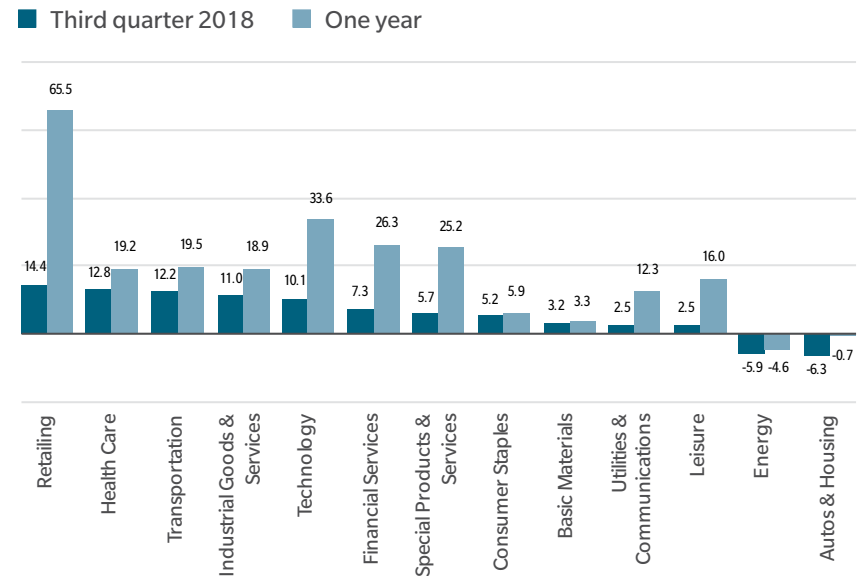


Style performance (%) (USD) as of 30-Sep-18



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

Sector performance (%) (USD) as of 30-Sep-18



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

## Market review as of 30-SEP-2018

- The US market, as measured by the S&P 500 Index, was significantly higher throughout the third quarter. The market put aside the potential for a larger trade war with China to reach new highs over the summer. Investors focused on strong corporate earnings growth and accelerating economic growth.
- US economic growth (GDP) increased from last quarter with a final reading of 4.2% for Q2. Higher spending in both the public and private sectors, as well as business investment, pushed growth up. As expected,

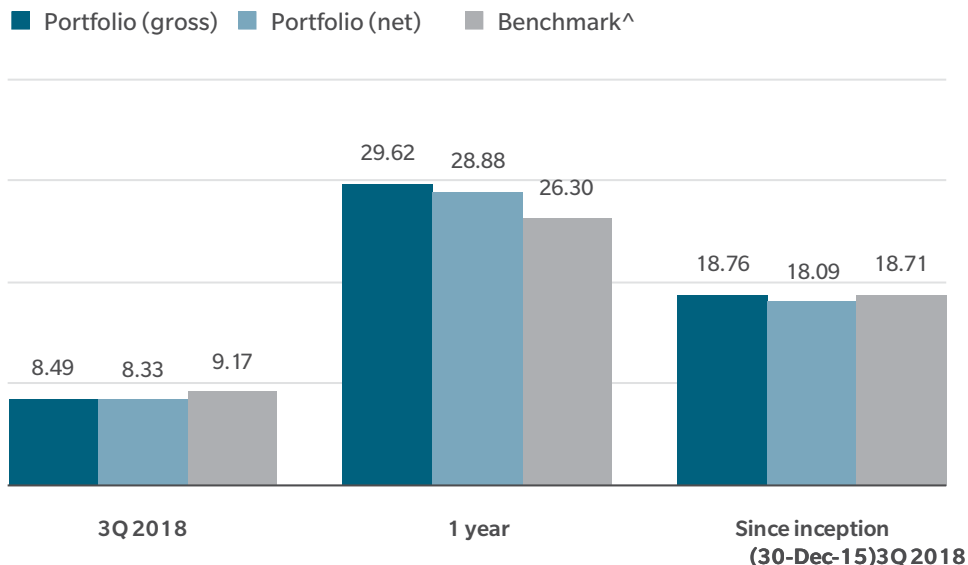
- the US Federal Reserve raised interest rates for the third time this year and signaled one more rate increase for 2018.
- In all three market caps (large, mid and small), the growth style of investing continued to outperform the value style. During Q3, the best relative sectors included health care, industrials and technology, while the worst relative sectors included communication services, materials, energy and REITs. In a reversal of the previous quarter, large cap stocks outperformed small cap stocks.



# Executive Summary



## Performance results (%) gross and net of fees (USD) as of 30-Sep-18



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<sup>®</sup> Growth Index

## Asset summary (USD)

Beginning value as of 30-Jun-18	9,937,602
Contributions	0
Withdrawals	0
Change in market value	+844,381
Ending value as of 30-Sep-18	10,781,984

## Sector weights (%) as of 30-Sep-18

	Portfolio	Benchmark <sup>^^</sup>
<b>Top overweights</b>		
Special Products & Services	10.8	6.0
Financial Services	10.8	7.7
Leisure	9.0	6.5
<b>Top underweights</b>		
Technology	29.4	33.7
Industrial Goods & Services	4.1	7.8
Retailing	10.2	12.2

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

The sectors described above and the associated portfolio composition are based on MFS' own sector classification methodology which differs from industry classification standards, including the standard that is associated with the benchmark composition presented above. The variance in sector weights between the portfolio and the benchmark would be different if an industry classification standard was used.

The Growth Equity portfolio underperformed the Russell 1000<sup>®</sup> Growth Index in the third quarter of 2018.

## Contributors

- Financial Services – Stock selection
- Utilities & Communications – Stock selection
- Health Care – Stock selection
- Individual stocks:
  - Salesforce.Com Inc
  - Tesla Inc (not held)

## Detractors

- Technology – Stock selection
- Leisure – Stock selection and an overweight position
- Individual stocks:
  - Vulcan Materials Co

## Bay County Employees' VEBA

CAPIS Account: 10250

Settlement Month Ending: 9/30/2018

### TOTAL COMMISSION

### COMMISSION ALLOCATION

	<u>September</u>		<u>YTD</u>		<u>Execution</u>		<u>Recapture</u>	
	<u>September</u>	<u>YTD</u>	<u>September</u>	<u>YTD</u>	<u>September</u>	<u>YTD</u>	<u>September</u>	<u>YTD</u>
<b>Beginning Balance</b>							\$0.00	\$0.00
U.S. Equity	-	-	-	-	-	-	-	-
International Equity	-	-	-	-	-	-	-	-
Fixed Income	-	-	-	-	-	-	-	-
International Fixed Income	-	-	-	-	-	-	-	-
New Issues	-	-	-	-	-	-	-	-
Options	-	-	-	-	-	-	-	-
Futures	-	-	-	-	-	-	-	-
Foreign Currency	-	-	-	-	-	-	-	-
Syndicates	-	-	-	-	-	-	-	-
<b>Recapture Subtotals</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
<b>Execution</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
<b>Directed</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
<b>Correspondent Broker/Dealer</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
<b>Total</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
					<b>Total Earned</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
					<b>Total Redeemed</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
					<b>Balance as of 9/30/2018</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>

**Bay County Employees' VEBA**

CAPIS Account: 10250

Settlement Month Ending: 9/30/2018

**Summary of Activity by Month**

	Commission		Recapture Allocation		Redeemed Recapture		Balance
	Month	YTD	Month	YTD	Month	YTD	
<b>Beginning Balance</b>							<b>\$ 0.00</b>
January	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
February	.00	.00	.00	.00	.00	.00	.00
March	.00	.00	.00	.00	.00	.00	.00
April	.00	.00	.00	.00	.00	.00	.00
May	.00	.00	.00	.00	.00	.00	.00
June	.00	.00	.00	.00	.00	.00	.00
July	.00	.00	.00	.00	.00	.00	.00
August	.00	.00	.00	.00	.00	.00	.00
September	.00	.00	.00	.00	.00	.00	.00



**BAY COUNTY VEBA TRUST  
SECURITIES LOAN STATEMENT  
September 2018  
Account Officer : DANIEL BERD**

<b>TOTAL EARNINGS</b>	<b>\$1,645.01</b>
<b>LESS TOTAL REBATE</b>	<b>\$1,590.02</b>
<b>TOTAL GROSS</b>	<b>\$54.99</b>
<b>LESS BANK FEE</b>	<b>\$13.59</b>
<b>TOTAL NET EARNINGS</b>	<b>\$41.40</b>



# CLIENT EARNINGS REPORT

For the Period  
9/1/2018 To 9/30/2018

## BAY COUNTY VEBA TRUST

Sec ID Open Date	Description	Quantity	Contract Price	Contract Value	Date	Reb/Prem Rate	Mny Mkt Rate	Reb/Prem Due	Earnings Due
---------------------	-------------	----------	-------------------	-------------------	------	------------------	-----------------	-----------------	-----------------

Account: 1055082335

01609W102 ALIBABA GROUP HOLDING-SP ADR  
09/06/2018 ,

231	168.00	38,808.00	09/06/2018	1.9100	2.08953	2.06	2.25
231	164.00	37,884.00	09/07/2018	1.9100	2.09549	2.01	2.21
231	164.00	37,884.00	09/08/2018	1.9100	2.09605	2.01	2.21
231	164.00	37,884.00	09/09/2018	1.9100	2.09605	2.01	2.21
231	166.00	38,346.00	09/10/2018	1.9100	2.08721	2.03	2.22
231	160.00	36,960.00	09/11/2018	1.9100	2.09057	1.96	2.15
231	161.00	37,191.00	09/12/2018	1.9100	2.09085	1.97	2.16
231	165.00	38,115.00	09/13/2018	1.9200	2.09818	2.03	2.22
231	169.00	39,039.00	09/14/2018	1.9100	2.09215	2.07	2.27
231	169.00	39,039.00	09/15/2018	1.9100	2.09215	2.07	2.27
231	169.00	39,039.00	09/16/2018	1.9100	2.09216	2.07	2.27
231	169.00	39,039.00	09/17/2018	1.9100	2.09857	2.07	2.28
231	163.00	37,653.00	09/18/2018	1.9100	2.09260	2.00	2.19
231	160.00	36,960.00	09/19/2018	1.9100	2.10733	1.96	2.16
231	166.00	38,346.00	09/20/2018	1.9200	2.09184	2.05	2.23
231	170.00	39,270.00	09/21/2018	1.9200	2.09678	2.09	2.29
231	170.00	39,270.00	09/22/2018	1.9200	2.09678	2.09	2.29
231	170.00	39,270.00	09/23/2018	1.9200	2.09678	2.09	2.29
231	168.00	38,808.00	09/24/2018	1.9200	2.10804	2.07	2.27
231	167.00	38,577.00	09/25/2018	1.9200	2.11138	2.06	2.26
231	168.00	38,808.00	09/26/2018	1.9200	2.11840	2.07	2.28
231	169.00	39,039.00	09/27/2018	2.1000	2.16770	2.28	2.35

Total Earnings	49.33
Less Total Rebate	45.12
Less Bank Fee at 25.000	1.06
Net Earnings	3.15

Sett Code Coll Code Broker  
DTC USD J.P. Morgan Clearing Corp.

DTC ID Loan ID Closed Date  
352 99738 09/28/2018

714264207 PERNOD-RICARD SA-UNSPON ADR  
09/18/2018 ,

794	32.00	25,408.00	09/18/2018	-2.8750	2.09260	-2.03	1.48
-----	-------	-----------	------------	---------	---------	-------	------

Total Earnings	1.48
Less Total Rebate	-2.03
Less Bank Fee at 25.000	0.88
Net Earnings	2.63

Sett Code Coll Code Broker  
DTC USD J.P. Morgan Clearing Corp.

DTC ID Loan ID Closed Date  
352 100616 09/25/2018

Account : 1055082335

<b>Total Earnings</b>	<b>50.81</b>
<b>Less Total Rebate</b>	<b>43.09</b>
<b>Total Gross</b>	<b>7.72</b>
<b>Less Bank Fee at 25</b>	<b>1.94</b>
<b>Net Earnings</b>	<b>5.78</b>





# CLIENT EARNINGS REPORT

For the Period  
9/1/2018 To 9/30/2018

## BAY COUNTY VEBA TRUST

Sec ID Open Date	Description	Quantity	Contract Price	Contract Value	Date	Reb/Prem Rate	Mny Mkt Rate	Reb/Prem Due	Earnings Due
						Total Earnings			324.38
						Less Total Rebate			315.09
Sett Code	Coll Code	Broker	DTC ID	Loan ID	Closed Date	Less Bank Fee at	25.000		2.31
FBE	USD	Citigroup Global Markets Inc	418	96268	09/27/2018	Net Earnings			6.98
9128283V0	US TREASURY N/B								
07/27/2018	2.500, 01/31/2025								
		300,000	100.38	301,125.00	09/01/2018	2.0700	2.08449	17.31	17.44
		300,000	100.38	301,125.00	09/02/2018	2.0700	2.08447	17.31	17.44
		300,000	100.38	301,125.00	09/03/2018	2.0700	2.08448	17.31	17.44
		300,000	100.38	301,125.00	09/04/2018	2.0400	2.08375	17.06	17.43
		300,000	100.38	301,125.00	09/05/2018	2.0400	2.09589	17.06	17.53
		300,000	100.38	301,125.00	09/06/2018	2.0300	2.08953	16.98	17.48
		300,000	100.38	301,125.00	09/07/2018	2.0300	2.09549	16.98	17.53
		300,000	100.38	301,125.00	09/08/2018	2.0300	2.09605	16.98	17.53
		300,000	100.38	301,125.00	09/09/2018	2.0300	2.09605	16.98	17.53
		300,000	100.13	300,375.00	09/10/2018	2.0300	2.08721	16.94	17.42
		300,000	100.13	300,375.00	09/11/2018	2.0300	2.09057	16.94	17.44
		300,000	100.13	300,375.00	09/12/2018	2.0300	2.09085	16.94	17.45
		300,000	100.13	300,375.00	09/13/2018	2.0300	2.09818	16.94	17.51
		300,000	100.13	300,375.00	09/14/2018	2.0200	2.09215	16.85	17.46
		300,000	100.13	300,375.00	09/15/2018	2.0200	2.09215	16.85	17.46
		300,000	100.13	300,375.00	09/16/2018	2.0200	2.09216	16.85	17.46
		300,000	99.75	299,250.00	09/17/2018	2.0900	2.09857	17.37	17.44
		300,000	99.75	299,250.00	09/18/2018	2.0300	2.09260	16.87	17.39
		300,000	99.75	299,250.00	09/19/2018	2.0100	2.10733	16.71	17.52
		300,000	99.50	298,500.00	09/20/2018	2.0200	2.09184	16.75	17.34
		300,000	99.50	298,500.00	09/21/2018	2.0200	2.09678	16.75	17.39
		300,000	99.50	298,500.00	09/22/2018	2.0200	2.09678	16.75	17.39
		300,000	99.50	298,500.00	09/23/2018	2.0200	2.09678	16.75	17.39
		300,000	99.50	298,500.00	09/24/2018	2.0600	2.10804	17.08	17.48
		300,000	99.50	298,500.00	09/25/2018	2.0200	2.11138	16.75	17.51
		300,000	99.50	298,500.00	09/26/2018	2.0200	2.11840	16.75	17.57
						Total Earnings			453.97
						Less Total Rebate			440.81
Sett Code	Coll Code	Broker	DTC ID	Loan ID	Closed Date	Less Bank Fee at	25.000		3.27
FBE	USD	Citigroup Global Markets Inc	418	96799	09/27/2018	Net Earnings			9.89
9128283W8	US TREASURY N/B								
07/20/2018	2.750, 02/15/2028								



# CLIENT EARNINGS REPORT

For the Period  
9/1/2018 To 9/30/2018

## BAY COUNTY VEBA TRUST

Sec ID Open Date	Description	Quantity	Contract Price	Contract Value	Date	Reb/Prem Rate	Mny Mkt Rate	Reb/Prem Due	Earnings Due
		199,000	101.00	200,990.00	09/01/2018	2.0700	2.08449	11.56	11.64
		199,000	101.00	200,990.00	09/02/2018	2.0700	2.08447	11.56	11.64
		199,000	101.00	200,990.00	09/03/2018	2.0700	2.08448	11.56	11.64
		199,000	101.00	200,990.00	09/04/2018	2.0400	2.08375	11.39	11.63
		199,000	101.00	200,990.00	09/05/2018	2.0400	2.09589	11.39	11.70
		199,000	101.00	200,990.00	09/06/2018	2.0300	2.08953	11.33	11.67
		199,000	101.00	200,990.00	09/07/2018	2.0300	2.09549	11.33	11.70
		199,000	101.00	200,990.00	09/08/2018	2.0300	2.09605	11.33	11.70
		199,000	101.00	200,990.00	09/09/2018	2.0300	2.09605	11.33	11.70
		199,000	100.63	200,243.75	09/10/2018	2.0300	2.08721	11.29	11.61
		199,000	100.63	200,243.75	09/11/2018	2.0300	2.09057	11.29	11.63
		199,000	100.63	200,243.75	09/12/2018	2.0300	2.09085	11.29	11.63
		199,000	100.63	200,243.75	09/13/2018	2.0300	2.09818	11.29	11.67
		199,000	100.63	200,243.75	09/14/2018	2.0200	2.09215	11.24	11.64
		199,000	100.63	200,243.75	09/15/2018	2.0200	2.09215	11.24	11.64
		199,000	100.63	200,243.75	09/16/2018	2.0200	2.09216	11.24	11.64
		199,000	100.25	199,497.50	09/17/2018	2.0900	2.09857	11.58	11.63
		199,000	100.25	199,497.50	09/18/2018	2.0300	2.09260	11.25	11.60
		199,000	100.25	199,497.50	09/19/2018	2.0100	2.10733	11.14	11.68
		199,000	99.75	198,502.50	09/20/2018	2.0200	2.09184	11.14	11.53
		199,000	99.75	198,502.50	09/21/2018	2.0200	2.09678	11.14	11.56
		199,000	99.75	198,502.50	09/22/2018	2.0200	2.09678	11.14	11.56
		199,000	99.75	198,502.50	09/23/2018	2.0200	2.09678	11.14	11.56
		199,000	99.75	198,502.50	09/24/2018	2.0600	2.10804	11.36	11.62
		199,000	99.75	198,502.50	09/25/2018	2.0200	2.11138	11.14	11.64
		199,000	99.75	198,502.50	09/26/2018	2.0200	2.11840	11.14	11.68

Total Earnings 302.54

Less Total Rebate 293.83

Sett Code	Coll Code	Broker	DTC ID	Loan ID	Closed Date	Less Bank Fee at	25.000		2.12
FBE	USD	Citigroup Global Markets Inc	418	96275	09/27/2018	Net Earnings			6.59

9128284V9 US TREASURY N/B  
08/29/2018 2.875, 08/15/2028

		6,000	102.13	6,127.50	09/01/2018	1.9000	2.08449	0.32	0.35
		6,000	102.13	6,127.50	09/02/2018	1.9000	2.08447	0.32	0.35
		6,000	102.13	6,127.50	09/03/2018	1.9000	2.08448	0.32	0.35
		6,000	102.13	6,127.50	09/04/2018	1.5000	2.08375	0.26	0.35
		6,000	102.13	6,127.50	09/05/2018	0.4000	2.09589	0.07	0.36
		6,000	102.13	6,127.50	09/06/2018	0.8500	2.08953	0.14	0.36
		6,000	102.13	6,127.50	09/07/2018	1.6000	2.09549	0.27	0.36
		6,000	102.13	6,127.50	09/08/2018	1.6000	2.09605	0.27	0.36
		6,000	102.13	6,127.50	09/09/2018	1.6000	2.09605	0.27	0.36

Total Earnings 3.20

Less Total Rebate 2.24

Sett Code	Coll Code	Broker	DTC ID	Loan ID	Closed Date	Less Bank Fee at	25.000		0.23
FBE	USD	Citigroup Global Markets Inc	418	99293	09/27/2018	Net Earnings			0.73







# CLIENT EARNINGS REPORT

For the Period  
9/1/2018 To 9/30/2018

## BAY COUNTY VEBA TRUST

Sec ID Open Date	Description	Quantity	Contract Price	Contract Value	Date	Reb/Prem Rate	Mny Mkt Rate	Reb/Prem Due	Earnings Due
		23,000	102.25	23,517.50	09/01/2018	2.0000	2.08449	1.31	1.36
		23,000	102.25	23,517.50	09/02/2018	2.0000	2.08447	1.31	1.36
		23,000	102.25	23,517.50	09/03/2018	2.0000	2.08448	1.31	1.36
		23,000	102.25	23,517.50	09/04/2018	1.9800	2.08375	1.29	1.36
		23,000	102.25	23,517.50	09/05/2018	1.9800	2.09589	1.29	1.37
		23,000	102.25	23,517.50	09/06/2018	2.0300	2.08953	1.33	1.37
		23,000	102.25	23,517.50	09/07/2018	2.0300	2.09549	1.33	1.37
		23,000	102.25	23,517.50	09/08/2018	2.0300	2.09605	1.33	1.37
		23,000	102.25	23,517.50	09/09/2018	2.0300	2.09605	1.33	1.37
		23,000	102.00	23,460.00	09/10/2018	2.0300	2.08721	1.32	1.36
		23,000	102.00	23,460.00	09/11/2018	2.0300	2.09057	1.32	1.36
		23,000	102.00	23,460.00	09/12/2018	2.0300	2.09085	1.32	1.36
		23,000	102.00	23,460.00	09/13/2018	2.0300	2.09818	1.32	1.37
		23,000	102.00	23,460.00	09/14/2018	2.0200	2.09215	1.32	1.36
		23,000	102.00	23,460.00	09/15/2018	2.0200	2.09215	1.32	1.36
		23,000	102.00	23,460.00	09/16/2018	2.0200	2.09216	1.32	1.36
		23,000	101.75	23,402.50	09/17/2018	2.0900	2.09857	1.36	1.36
		23,000	101.75	23,402.50	09/18/2018	2.0300	2.09260	1.32	1.36
		23,000	101.75	23,402.50	09/19/2018	2.0100	2.10733	1.31	1.37
		23,000	101.50	23,345.00	09/20/2018	2.0200	2.09184	1.31	1.36
		23,000	101.50	23,345.00	09/21/2018	2.0200	2.09678	1.31	1.36
		23,000	101.50	23,345.00	09/22/2018	2.0200	2.09678	1.31	1.36
		23,000	101.50	23,345.00	09/23/2018	2.0200	2.09678	1.31	1.36
		23,000	101.50	23,345.00	09/24/2018	2.0600	2.10804	1.34	1.37
		23,000	101.50	23,345.00	09/25/2018	2.0200	2.11138	1.31	1.37
		23,000	101.50	23,345.00	09/26/2018	2.0200	2.11840	1.31	1.37

Total Earnings 35.46

Less Total Rebate 34.26

Sett Code	Coll Code	Broker	DTC ID	Loan ID	Closed Date	Less Bank Fee at	25.000	0.27
FBE	USD	Citigroup Global Markets Inc	418	99292	09/27/2018	Net Earnings		0.93

Account : 1055082344

<b>Total Earnings</b>	<b>1,594.20</b>
<b>Less Total Rebate</b>	<b>1546.93</b>
<b>Total Gross</b>	<b>47.27</b>
<b>Less Bank Fee at 25</b>	<b>11.65</b>
<b>Net Earnings</b>	<b>35.62</b>

## Detailed Earnings Summary

<b>Total Earnings :</b>	<b>\$1,645.01</b>
<b>Total Rebate Expense :</b>	<b>\$1,590.02</b>
<b>Total Gross :</b>	<b>\$54.99</b>
<b>Total Bank Fees :</b>	<b>\$13.59</b>
<b>Total Net Earnings :</b>	<b>\$41.40</b>

## 2018 VEBA YTD BUDGET REPORT

ACCOUNT DESCRIPTION	ORIGINAL APPROP	TRANFRS/ADJSMTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	% USED
FUND BALANCE	-	-	-	-	-	-	0%
NET ASSETS - RESERVES	3,204,320.00	-	3,204,320.00	-	-	3,204,320.00	0%
<b>Total RA FUND BALANCE, NET AS</b>	<b>3,204,320.00</b>	<b>-</b>	<b>3,204,320.00</b>	<b>-</b>	<b>-</b>	<b>3,204,320.00</b>	<b>0%</b>
ER CONTR-BEHAVE.HEALTH	-	-	-	-	-	-	0%
ER CONTR-MOSQUITO CONT	-	-	-	(10,216.12)	-	10,216.12	0%
ER CONTR-HEALTH FUND	-	-	-	(47,394.92)	-	47,394.92	0%
ER CONTR-ROAD COMMISS.	-	-	-	(60,000.00)	-	60,000.00	0%
ER CONTR-LIBRARY	-	-	-	(18,000.00)	-	18,000.00	0%
ER CONTR-GOLF COURSE	-	-	-	(2,055.56)	-	2,055.56	0%
ER CONTR-GENERAL FUND	-	-	-	(333,474.59)	-	333,474.59	0%
ER CONTR-DWS	(90,000.00)	-	(90,000.00)	(50,354.66)	-	(39,645.34)	56%
ER CONTR-911 SERVICE	-	-	-	(32,122.61)	-	32,122.61	0%
ER CONTR-CHILD CARE	-	-	-	(28,223.08)	-	28,223.08	0%
ER CONTR-DIV ON AGING	-	-	-	(30,156.52)	-	30,156.52	0%
ER CONTR-RETIRE SYSTEM	-	-	-	-	-	-	0%
ER CONTR-GYPSY MOTH	-	-	-	(2,472.19)	-	2,472.19	0%
ER CONTR-HOME REHABIL.	-	-	-	(3.32)	-	3.32	0%
ER CONTR-100% TAX PYMT	-	-	-	(2,376.19)	-	2,376.19	0%
ER CONTR-MED CARE FAC.	(200,000.00)	-	(200,000.00)	(242,964.44)	-	42,964.44	121%
ER CONTR-SELF INSURANC	-	-	-	(1,379.85)	-	1,379.85	0%
ER CONTR-COMM.CORRECT.	-	-	-	(325.71)	-	325.71	0%
ER CONTR-F.O.C. FUND	-	-	-	-	-	-	0%
ER CONTR-HOUSING FUND	-	-	-	(1,701.40)	-	1,701.40	0%
ER CONTR-SOLDIER RELIE	-	-	-	-	-	-	0%
ER CONTRIB-LOCAL CFO TR	-	-	-	(405.99)	-	405.99	0%
ER CONTRIB-CONC PISTOL	-	-	-	(616.85)	-	616.85	0%
ER CONTR-SHERIFF DEPT	-	-	-	(141,118.69)	-	141,118.69	0%
<b>Total RJ LOCAL UNIT CONTRIBUT</b>	<b>(290,000.00)</b>	<b>-</b>	<b>(290,000.00)</b>	<b>(1,005,362.69)</b>	<b>-</b>	<b>715,362.69</b>	<b>347%</b>
INVESTMENT INTEREST/DIVIDENDS	(500,000.00)	-	(500,000.00)	(132,894.06)	-	(367,105.94)	27%
GAIN ON SALE OF INVESTMENTS	(1,457,870.00)	-	(1,457,870.00)	-	-	(1,457,870.00)	0%
UNREALIZED GAIN ON INVESTMENTS	-	-	-	-	-	-	0%
SECURITIES LENDING EARNINGS	-	-	-	(137.62)	-	137.62	0%
<b>Total RP INTEREST &amp; RENTALS</b>	<b>(1,957,870.00)</b>	<b>-</b>	<b>(1,957,870.00)</b>	<b>(133,031.68)</b>	<b>-</b>	<b>(1,824,838.32)</b>	<b>7%</b>
MISCELLANOUS REVENUES	-	-	-	-	-	-	0%
COMMISSION RECAPTURE	(5,000.00)	-	(5,000.00)	-	-	(5,000.00)	0%
<b>Total RR OTHER REVENUE</b>	<b>(5,000.00)</b>	<b>-</b>	<b>(5,000.00)</b>	<b>-</b>	<b>-</b>	<b>(5,000.00)</b>	<b>0%</b>
TRANSFERS IN FROM GENERAL FUND	(1,464,000.00)	-	(1,464,000.00)	(1,464,000.00)	-	-	0%
<b>TOTAL OTHER FINANCING SOURCE</b>	<b>(1,464,000.00)</b>	<b>-</b>	<b>(1,464,000.00)</b>	<b>(1,464,000.00)</b>	<b>-</b>	<b>-</b>	<b>0%</b>
PER DIEM	360.00	-	360.00	-	-	360.00	0%

## 2018 VEBA YTD BUDGET REPORT

ACCOUNT DESCRIPTION	ORIGINAL APPROP	TRANFRS/ADJSMTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	% USED
<b>Total XE WAGES &amp; SALARIES</b>	<b>360.00</b>	-	<b>360.00</b>	-	-	<b>360.00</b>	<b>0%</b>
OFFICE SUPPLIES	100.00	-	100.00	-	-	100.00	0%
PRINTING AND BINDING	150.00	-	150.00	-	-	150.00	0%
POSTAGE	70.00	-	70.00	1.88	-	68.12	3%
COMPUTER SUPPLIES	50.00	-	50.00	-	-	50.00	0%
<b>Total XI SUPPLIES</b>	<b>370.00</b>	-	<b>370.00</b>	<b>1.88</b>	-	<b>368.12</b>	<b>1%</b>
PROFESSIONAL SERVICES	130,000.00	-	130,000.00	101,170.74	-	28,829.26	78%
ACTUARIAL SERVICES	719.00	-	719.00	-	-	719.00	0%
INVESTMENT/BANK SERVICE CHARGE	10,000.00	-	10,000.00	-	-	10,000.00	0%
LEGAL FEES	-	-	-	-	-	-	0%
CONSULTANTS	16,000.00	-	16,000.00	16,000.00	-	-	100%
LOCAL TRAVEL MILEAGE	-	-	-	-	-	-	0%
EQUIPMENT RENTAL-COPY MACHINES	55.00	-	55.00	-	-	55.00	0%
INDIRECT COST EXPENSE	1,046.00	-	1,046.00	871.67	-	174.33	83%
LOSS ON DISPOSAL OF ASSET	350,000.00	-	350,000.00	-	-	350,000.00	0%
UNREALIZED LOSS ON INVESTMENTS	-	-	-	-	-	-	0%
INSURANCE AND BONDS	4,000.00	-	4,000.00	3,189.40	-	810.60	80%
<b>Total XL OTHER SERVICES AND C</b>	<b>511,820.00</b>	-	<b>511,820.00</b>	<b>121,231.81</b>	-	<b>390,588.19</b>	<b>24%</b>
<b>Revenue Total</b>	<b>(512,550.00)</b>	-	<b>(512,550.00)</b>	<b>(2,602,394.37)</b>			
<b>Expense Total</b>	<b>512,550.00</b>	-	<b>512,550.00</b>	<b>121,233.69</b>			
<b>Grand Total</b>	-	-	-	<b>(2,481,160.68)</b>			

**VEBA**

**Invoices Approved:**

**Oct-18**

Invoice Date	Vendor	Amount	Description
--------------	--------	--------	-------------

**Putting clients first.**



To: Bay County VEBA Board of Trustees and Staff  
From: Howard Pohl and Peter Brown  
Date: November 13, 2018  
Re: VEBA - Revised Investment Policy Statement

---

On October 9<sup>th</sup>, the Board reviewed an Asset Allocation presentation which illustrated various potential asset allocations for the Bay County VEBA's investment portfolio in conjunction with previous discussions of revising the VEBA's Investment Policy Statement. As a result of selecting Mix 5, which was the same asset allocation as the Retirement System's asset allocation, the VEBA's Investment Policy Statement required changes to reflect the new mix.

The final draft of the revised IPS includes the following changes: Domestic Equities were decreased from 53% to 49%, International Equities were increased from 5% to 21%, Fixed Income was reduce from 42% to 23% and Real Estate was added at 7%. These changes are highlighted in redline copy of the VEBA Investment Policy provided in today's packet of meeting materials.

AndCo recommends that Board of Trustees to the Bay County VEBA adopt the revised Investment Policy Statement. We believe the asset allocation is more appropriate given the additional contributions anticipated from the county.

If you have any questions or comments, please contact Howard Pohl or Peter Brown of AndCo.

# **BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION**

## **Investment Policy**

### **I. PURPOSE OF INVESTMENT POLICY**

The Bay County Voluntary Employees' Beneficiary Association Board of Trustees ("Board") was established for the purpose of providing, through Health Care Organizations, on a pre-funded basis, medical benefits for retired employees, their spouses and dependents of the County and its Component Units. To provide for such other life, sick, accident, vacation or other post-employment benefits as defined in Section 501(c)(9) of the Internal Revenue Code and permitted under Michigan Public Act 149 of 1999, as amended.

The VEBA Trust Agreement became effective 9/30/01 with the adoption, on 09/24/01, of Resolution 2001-242 by the Bay County Board of Commissioners.

The Board maintains that an important determinant of future investment returns is the expression and periodic review of the Bay County Voluntary Employees' Beneficiary Association ("VEBA" or "Plan") investment objectives. To that end, the Board has adopted this Investment Policy and directs that it apply to all assets under their control.

In fulfilling their fiduciary responsibility, the Board recognizes that the Plan is an essential vehicle for providing income benefits to retired participants or their beneficiaries. The Board also recognizes that the obligations of the Plan are long-term and that investment policy should be made with a view toward performance and return over a number of years. The general investment objective is to obtain a reasonable total rate of return - defined as interest and dividend income plus realized and unrealized capital gains or losses - commensurate with the Prudent Investor Rule and any other applicable ordinances and statutes.

Reasonable consistency of return and protection of assets against the inroads of inflation are paramount. However, interest rate fluctuations and volatility of securities markets make it necessary to judge results within the context of several years rather than over short periods of five years or less.

The Board will employ investment professionals to oversee and invest the assets of the Plan. Within the parameters allowed in this document and their agreements with the Board, the investment management professionals shall have investment discretion over their mandates, including security selection, sector weightings and investment style.

The Board, in performing their investment duties, shall comply with the fiduciary standards set forth in Employee Retirement Income Security Act of 1974 (ERISA) at 29 U.S.C. s. 1104(a) (1) (A) – (C). In case of conflict with other provisions of law authorizing investments, the investment and fiduciary standards set forth in this section shall prevail.



## II. TARGET ALLOCATIONS

In order to provide for a diversified portfolio, the Board has engaged investment professional(s) to manage and administer the fund. The Investment Managers are responsible for the assets and allocation of their mandate only and may be provided an addendum to this policy with their specific performance objectives and investment criteria. The Board has established the following asset allocation targets for the total fund:

Asset Class*	Target	Range	Benchmark Index
Domestic Equity	<del>53</del> 54.9%	<del>48</del> 50.4% - <del>60</del> 58.4%	Russell 3000
Large Capitalization	<del>33</del> 35.2%	<del>28</del> 30.2% - <del>38</del> 40.3%	Russell 1000
<i>LC Value</i>	<del>16.5</del> 17.516%	<del>14</del> 15.3.5% - <del>19</del> 20.9.5%	<i>Russell 1000 Growth Index</i>
<i>LC Growth</i>	<del>16.5</del> 17.516%	<del>14</del> 15.3.5% - <del>19</del> 20.9.5%	<i>Russell 1000 Value Index</i>
<del>Small</del> /Small/Mid-Capitalization	<del>20</del> 17%	<del>15</del> 13.5% - <del>25</del> 19.5%	Russell 2500
International Equity	<del>51</del> 52.1%	<del>0</del> 10% - <del>10</del> 20.30%	MSCI EAFE Index Net
Broad Market Fixed Income	<del>42</del> 30.23%	<del>37</del> 25.10% - <del>47</del> 35.40%	Barclays Aggregate
<u>Real Estate**</u>	<u>7%</u>	<u>0% - 15%</u>	<u>NCREIF ODCE</u>
Cash**	0%	0% - 5%	90-Day T-Bills

\*\* Benchmark will default to "broad market fixed income" if these portfolios are not funded. Targets and ranges above are based on market value of total Plan assets.

The Investment Consultant will monitor the aggregate asset allocation of the portfolio and notify the Board of Trustees to rebalance to the target asset allocations based on market conditions. If at the end of any calendar quarter, the allocation of an asset class falls outside of its allowable range, barring extenuating circumstances such as pending cash flows or allocation levels viewed as temporary, the asset allocation will be rebalanced into the allowable range. To the extent possible, contributions and withdrawals from the portfolio will be executed in a manner to maintain allocations within policy ranges while minimizing transaction costs. The Board does not intend to exercise short-term changes to the target allocation.

## III. INVESTMENT PERFORMANCE OBJECTIVES

The following performance measures will be used as objective criteria for evaluating the effectiveness of the Investment Managers:

### A. Total Portfolio Performance

The performance of the total portfolio will be measured for rolling three (3) and five (5) year periods. The performance of the total portfolio will be compared to the return of the policy indexes comprised of ~~33~~35.2% Russell 1000 Index, ~~20~~17% Russell 2500

Index, ~~51521%~~ MSCI EAFE Index Net, ~~and 423023%~~ Barclays Aggregate ~~and 7%~~ NCREIF ODCE.

1. On a relative basis, it is expected that the total portfolio performance will rank above the median of the appropriate peer universe over three (3) and five (5) year time periods.
2. On an absolute basis, the investment goal of the investment portfolio is to achieve an annual investment return target of ~~7.00255%~~ over a 10-year time period or investment cycle.

Formatted: Indent: Left: 0", First line: 0"

#### B. Domestic Equity Performance

The combined domestic equity portion of the portfolio, defined as domestic common stocks and domestic equity mutual funds, is expected to perform at a rate at least equal to ~~626465%~~ (~~333532%/535549%~~) of the Russell 1000 Index, ~~383635%~~ (~~2017%/535549%~~) of the Russell 2500 Index (Mid-Cap) as well as above the median of combined domestic equity fund performance over three (3) and five (5) year time periods. Individual components of the domestic equity portfolio will be compared to the specific benchmarks defined in each Investment Manager addendum. All portfolios are expected to rank above the median of the appropriate peer universe over three (3) and five (5) year time periods.

#### C. International Equity Performance

The international equity portion of the portfolio, defined as international common stocks and/or mutual funds, is expected to perform at a rate at least equal to the MSCI EAFE Index Net as well as above the median of the international equity fund performance over three (3) and five (5) year time periods. Individual components of the international equity portfolio will be compared to the specific benchmarks defined in each Investment Manager addendum. All portfolios are expected to rank above the median of the appropriate peer universe over three (3) and five (5) year time periods.

#### D. Fixed Income Performance

The overall objective of the fixed income portion of the portfolio is to add stability and liquidity to the total portfolio. The combined fixed income portion of the portfolio is expected to perform at a rate at least equal to the Barclays Capital U.S. Aggregate Bond Index as well as above the median of combined fixed income fund performance over three (3) and five (5) year time periods. All portfolios are expected to rank above the median of the appropriate peer universe over three (3) and five (5) year time periods.

#### E. Real Estate Performance

The overall objective of the real estate portion of the portfolio is to add diversification and another stable income stream to the total fund. The real estate portion of the portfolio, defined as core, open ended private real estate, is expected to perform similarly to the

NCREIF ODCE Index as well as above the median of the real estate fund performance over the (3) and five (5) year time periods.

Formatted: Indent: Left: 0"

Formatted: Indent: Left: 0", First line: 0"

#### IV. INVESTMENT GUIDELINES

##### A. Overall

All investment guidelines and restrictions of the State of Michigan are incorporated by reference, including, but not limited to:

- a. Michigan Public Act 149 of 1999, as amended; and
- b. Michigan Public Act 314 of 1965, as amended; and
- c. Bay County Voluntary Employees' Beneficiary Association Trust Agreement.

##### B. Pooled Funds

Investments made by the Plan may include pooled funds. For purposes of this policy pooled funds may include, but are not limited to, mutual funds, commingled funds, exchange-traded funds, limited partnerships and limited liability corporations. Pooled funds may be governed by separate documents which may include investments not expressly permitted in this IPS. In the event of investment by the VEBA into a pooled fund, the VEBA will adopt the prospectus or governing policy of that fund.

##### C. Collective Investment Restrictions and Correcting Excess Investments

All investment managers and investment consultants are restricted individually, and collectively, by this IPS. The investment managers shall coordinate monthly with the investment consultant, who shall (among other things) assure collective compliance with this IPS. In the event any investment, based on changes in the market value of the VEBA assets, causes the VEBA to exceed any limitation prescribed in this IPS, the assets may be reallocated by the Board of Trustees in a prudent manner to comply with Michigan Public Act 149 of 1999, as amended and Michigan Public Act 314 of 1965 and this Investment Policy.

##### D. Guidelines for Equity Investments

1. Not more than 70% of the VEBA's assets in global stock as defined as in §12(b)(4)(b) of PA 314 of 1965.
2. The VEBA shall not invest more than 5% of their total assets in any one corporation.

##### E. Guidelines for Fixed Income Investments and Cash Equivalent

Specific guidelines will be outlined for separate account managers in their addendums. For mutual funds and collective trusts guidelines will be outlined in their prospectus or offering document.

F. Restriction on Cryptocurrencies and Initial Coin Offerings (“ICO”)  
Given the potential for fraud, manipulation and lack of investor protection, it is the policy of this Fund to prohibit any investment in cryptocurrency or ICO markets. Specific guidelines will be outlined in account manager addendums

Formatted: Indent: Left: 0.5"

Formatted: Font: 12 pt

Formatted: Numbered + Level: 1 +  
Numbering Style: A, B, C, ... + Start at: 1 +  
Alignment: Left + Aligned at: 0" + Tab after:  
0.5" + Indent at: 0.5"

Formatted: List Paragraph, Indent: Left: 0"

## V. COMMUNICATIONS

- A. On a monthly basis, the Custodian shall supply an accounting statement that will include a summary of all receipts and disbursements and the cost and the market value of all assets.
- B. On a quarterly basis, the Investment Managers shall provide a written report affirming compliance with the security restrictions of Section IV (as well as any provisions outlined in the Investment Manager’s addendum). In addition, the Investment Managers shall deliver a report each quarter detailing the Plan’s performance, forecast of the market and economy, portfolio analysis and current assets of the Plan. Written reports shall be delivered to the Board within 30 days of the end of the quarter. A copy of the written report shall be submitted to the person designated by the County, and shall be available for public inspection. The Investment Managers will provide immediate written and telephone notice to the Board of any significant market related or non-market related event, specifically including, but not limited to, any deviation from the standards set forth in Section IV or their Investment Manager addendum.
- C. If an Investment Manager owns investments that complied with section IV at the time of purchase, which subsequently exceed the applicable limit or do not satisfy the applicable investment standard, the Investment Manager shall reallocate assets in a prudent manner to comply with the prescribed limitations. In addition, an action plan outlining the investment ‘hold or sell’ strategy shall be provided to the Board immediately.
- D. The Investment Consultant shall evaluate and report on a quarterly basis the rate of return and relative performance of the Plan on a gross and net of fee basis.
- E. The Board will meet periodically to review the Investment Consultant’s performance report. The Board will meet with the Investment Managers and appropriate outside consultants to discuss performance results, economic outlook, investment strategy and tactics and other pertinent matters affecting the Plan on a periodic basis as prescribed by its Due Diligence Policy.
- F. At least annually, the Board shall provide the Investment Managers with projected disbursement needs of the Plan so that the investment portfolio can be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. To this end the Investment Managers should, to the extent possible, attempt to match investment maturities or investment programs with known cash needs and anticipated cash-flow requirements.

## VI. COMPLIANCE

- A. It is the direction of the Board that the Plan assets are held by a third party Custodian, and that all securities purchased by, and all collateral obtained by the Plan shall be properly designated as Plan assets. No withdrawal of assets, in whole or in part, shall be made from safekeeping except by authorized signers of the Board.
- B. At the direction of the Board, operations of the Plan shall be reviewed by independent certified public accountants as part of any financial audit periodically required. Compliance with the Board's internal controls shall be verified. These controls have been designed to prevent losses of assets that might arise from fraud, error, or misrepresentation by third parties or imprudent actions by the Board or employees of the Plan sponsor, to the extent possible.
- C. The proxy votes must be exercised for the exclusive benefit of the participants of the Plan. Each Investment Manager shall provide the Board with a copy of their proxy voting policy for approval and shall vote all proxies associated with their portfolios. On a regular basis, at least annually, each manager shall report a record of their proxy vote. Additionally, any other proxy votes required for plan assets, such as commingled funds, collective trusts or mutual funds or other routine matters, shall be voted upon by the Finance Officer and/or the Board of Trustees. In the event there are non-routine matters or items that raise questions, those items shall be referred to the Investment Consultant for review and who shall recommend a vote to the Finance Officer.

## **VII. CRITERIA FOR INVESTMENT MANAGER REVIEW**

The Board wishes to adopt standards by which judgments of the ongoing performance of an Investment Manager may be made. If, at any time, any three (3) of the following is breached, the Investment Manager may be warned of the Board's serious concern for the Plan's continued safety and performance and Manager may be considered "on watch". If any five (5) of these are violated the Investment Consultant may recommend an Investment Manager evaluation for that mandate.

- Four (4) consecutive quarters of relative under-performance versus the benchmark.
- Three (3) year trailing return below the median within the appropriate peer group and under performance versus the benchmark.
- Five (5) year trailing return below the median and under performance versus the benchmark.
- Three (3) year downside return greater than the index (greater than 100), as measured by down market capture ratio.
- Five (5) year downside return greater than the index (greater than 100), as measured by down market capture ratio.
- Style consistency or purity drift from the mandate.
- Management turnover in portfolio team or senior management.
- Investment process change, including varying the index or benchmark.
- Failure to adhere to the Investment Policy, Investment Manager Addendum or other compliance issues.

- Investigation of the firm by the Securities and Exchange Commission (SEC) or other regulatory agency.
- Significant asset flows into or out of the company or strategy.
- Merger or sale of firm.
- Fee increases outside of the competitive range.
- Servicing issues – key personnel stop servicing the account without proper notification.
- Failure to attain a 60% vote of confidence by the Board.

Nothing in this section shall limit or diminish the Board’s right to terminate the Investment Manager at any time for any reason.

**VIII. APPLICABLE COUNTY ORDINANCES**

If at any time this document is found to be in conflict with the VEBA Trust Agreement or applicable Michigan Statutes, the Trust Agreement and Statutes shall prevail.

**IX. REVIEW AND AMENDMENTS**

It is the Board’s intention to amend this statement to reflect any changes in philosophy, objectives, or guidelines. In this regard, the Investment Manager's interest in consistency in these matters is recognized and will be taken into account when changes are being considered. If, at any time, the Investment Manager feels that the specific objectives defined herein cannot be met, or the guidelines constrict performance, the Board should be notified in writing. Through this Investment Policy, the Investment Managers concur with the provisions of this document. By signing this document, the Chairman attests that this policy has been recommended by the Investment Consultant, reviewed by the Plan’s legal counsel for compliance with applicable law, and approved by the Board.

**BAY COUNTY VOLUNTARY EMPLOYEES’ BENEFICIARY ASSOCIATION**

\_\_\_\_\_  
Chairman, Board of Trustees

\_\_\_\_\_  
Date

**BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION  
11/13/2018  
RESOLUTION**

BY: ANDCO CONSULTING

WHEREAS, On October 9<sup>th</sup>, the Board reviewed an Asset Allocation presentation which illustrated various potential asset allocations for the Bay County VEBA's investment portfolio in conjunction with previous discussions of revising the VEBA's Investment Policy Statement. As a result of selecting Mix 5, which was the same asset allocation as the Retirement System's asset allocation, the VEBA's Investment Policy Statement required changes to reflect the new mix.

WHEREAS, The final draft of the revised IPS includes the following changes: Domestic Equities were decreased from 53% to 49%, International Equities were increased from 5% to 21%, Fixed Income was reduce from 42% to 23% and Real Estate was added at 7%. These changes are highlighted in redline copy of the VEBA Investment Policy provided in today's packet of meeting materials.

WHEREAS, AndCo believes the asset allocation is more appropriate given the additional contributions anticipated from the county and recommends that Board of Trustees to the Bay County VEBA adopt the revised Investment Policy Statement. Therefore, Be It

RESOLVED That this Board approve the recommended revisions to the VEBA Investment Policy Statement. Further, Be It

RESOLVED That the Chairman of the Board is authorized to execute the revised VEBA Investment Policy Statement following review by Corporation Counsel.

STEVE GRAY, CHAIR  
AND BOARD

RESOLUTION – REVISED IPS NOV 2018

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

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

TRUSTEE	Y	N	E	TRUSTEE	Y	N	E	TRUSTEE	Y	N	E
Richard Brzezinski				Richard Gromaski				Matthew Pett			
Kristal Gonzales				Thomas Herek				Thomas Ryder			
Steve Gray				Jon Morse				Sandy Shutt			

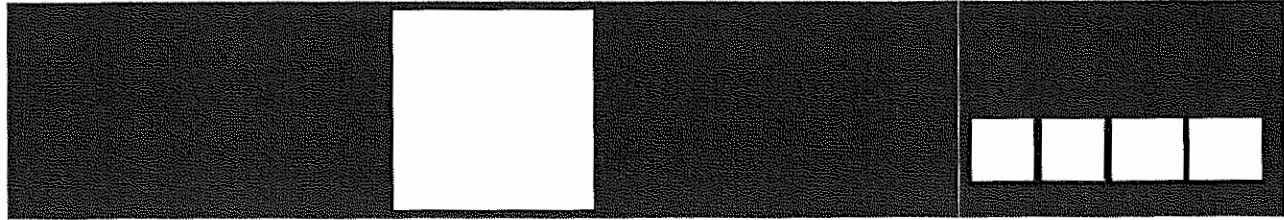
Vote Totals:

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

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

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

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



We are pleased to announce the election of Beverly M. Bearden to the Board of Directors of Loomis, Sayles & Company, Incorporated.

Ms. Bearden is the Deputy Chief Executive Officer at Natixis Investment Managers, L.P., the parent company of Loomis Sayles. In this role, she has responsibility for overseeing US affiliates, as well as global oversight of the Natixis Investment Managers Legal and Compliance functions worldwide. She now serves on the Executive Committee and Management Committee of Natixis Investment Managers, as well as the Executive Committee of Natixis. She joined the firm in 1992 and held the role of Global Head of Human Resources.

Regards,  
Todd A. Needham, CFA  
Vice President, Client Portfolio Manager  
617.960.2092 || [tneedham@loomissayles.com](mailto:tneedham@loomissayles.com)

