

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION  
 AGENDA  
 TUESDAY, JUNE 11, 2019  
 (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 - 3 .....	1.	MAY 14, 2019
	IV.	PUBLIC INPUT
	A.	MONTHLY REPORTS - RES NO: 2019-9 (APPROVE)
4 - 6 .....	1.	PORTFOLIO VALUE 1/01/19 - 5/31/19
	2.	CHANGE IN NET ASSETS – 5/31/19
7 - 15 .....	3.	MONEY MANAGER REPORTS
	a.	CS MCKEE – ENDING 4/30/19
	b.	DODGE & COX – ENDING 4/30/19
	c.	LOOMIS – ENDING 4/30/19
	d.	MFS – ENDING 4/30/19
16 - 17 .....	4.	RECAPTURE SERVICES
	a.	CAPIS – 4/30/19
18 – 19 .....	5.	COMERICA SUMMARY EARNINGS – ENDING 4/30/19
20- 21 .....	6.	VEBA YTD BUDGET REPORT 5/31/19
22 .....	7.	INVOICES APPROVED – 5/31/19
23 – 28 .....	B.	RENEWAL FIDUCIARY LIABILITY POLICY RES NO: 2019-10 (APPROVE)
29 – 32 .....	C.	VEBA SAR 2017 (RECEIVE)
33 – 34 .....	D.	VEBA SEPARATE FINANCIAL STATEMENTS RES NO. 2019-11 (APPROVE)
	V.	ANNOUNCEMENTS
	A.	NEXT REGULAR MEETING - TUESDAY, JULY 9, 2019 IMMEDIATELY FOLLOWING THE RETIREMENT BOARD OF TRUSTEES MEETING AT APPROXIMATELY 2:30 P.M. , COMMISSIONERS CHAMBERS, 515 CENTER AVENUE - 4 <sup>TH</sup> FLOOR, BAY CITY, MI 48708
	VI.	UNFINISHED BUSINESS

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION

AGENDA

TUESDAY, JUNE 11, 2019

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

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

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

**MINUTES BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)  
MAY 14, 2019 – REGULAR MEETING**

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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 May 14, 2019 at 2:13 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, Ms. Gonzales, Mr. Gromaski, Mr. Herek, Mr. Morse, Mr. Pett, Mr. Ryder, Ms. Shutt and Ms. Walraven.

**Trustees Absent:** None.

**Also Present:**

Consultant: AndCo Consulting - Peter Brown.

Secretary: Jan Histed

Retirement Administrator: Katie Zanotti

Corporation Counsel: Heather Brady-Pitcher

The meeting was called to order by Chairman, Steve Gray at 2:13 p.m.

**MOTION 35:** Moved, supported and carried to approve the minutes, as printed, from the April 9, 2019 regular meeting.

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

Present today was Peter Brown from AndCo Consulting to present the 1Q 2019 report. A copy of his presentation was provided to Trustees, in advance, via the web.

Mr. Brown stated the VEBA had similar results to the Retirement System for the first quarter, although not to the same extent. The VEBA Fund started the year at \$53,071,000. In contrast to the Retirement System, the VEBA continues to grow which is why the asset allocation was changed last year. The VEBA reported inflows of \$486,000 and return on investment of \$4.6 million for a total gain of \$5.1 million ending the quarter at \$58,189,000. Review of the net flows showed big changes. During the quarter at the end of March the position of Lord Abbett was eliminated and Clarkston and DFA were added. A little over \$10 million was liquidated from Lord Abbett and \$6.8 million was invested with Clarkston and \$2.8 million with DFA. Also of note, as the fund was rebalanced, international was increased by \$5.5 million to the American Euro-Pacific fund and fixed income positions were reduced as part of the asset allocation which now mirrors the Retirement System.

Review of asset allocation showed the Fund was a little underweight in two of the international positions and is still a little overweight with domestic fixed income. We continue to build out international equity. With positive inflows, we will continue to add to the American Euro-Pacific. The Euro-Pacific fund has a current allocation of 19% with a target of 21%.

Returns showed strong, positive performance for the quarter. The Portfolio was up 8.8% which was a little behind the policy due to moving money around. The policy was up 9.6% and still in the top one-third. On a

**MINUTES BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)  
MAY 14, 2019 – REGULAR MEETING**

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one-year basis, it is up 4.5% versus the policy of 6% and some of that was the result of the new policy being more aggressive and we haven't had the positions there until the end of the first quarter. The total portfolio was up 13.4% for the quarter and for the year up 7%. There were mixed results with the managers. He reviewed each of the money managers and their performance. The rolling one-year returns showed the Fund up about 4.5% a little behind the policy and below the previous year at 8.8%. Some of that is a result of changes in management and the investment policy becoming more aggressive.

**MOTION 36:** Moved, supported and carried to receive the 1Q 2019 report from AndCo Consulting.

**RES. 2019-8:**

Moved, supported and carried to adopt resolution 2019-8 to receive the monthly reports Portfolio Value ending- 4/30/19 (Today's Value \$58,010,000), Monthly Change in Net Assets ending – 4/30/19, C.S. McKee performance report ending – 3/31/19, Dodge & Cox – Ending 1Q 2019, Loomis – Ending 1Q 2019, MFS – Ending 3/31/19, Proxy Vote Report 1Q 2019 (Available Upon Request); Capis Recapture services ending – 3/31/19, Comerica Summary Earnings – Ending 3/31/19; VEBA YTD Budget Report ending – 4/30/19, and Approved Invoices Report ending – 4/30/19.

**MOTION 37:** Moved, supported and carried to receive correspondence from Dodge & Cox regarding the International Stock Fund to reopen to investors.

**MOTION 38:** Moved, supported and carried to receive correspondence with Comerica for Rebalancing.

**ANNOUNCEMENTS:**

- A. Next regularly scheduled meeting will be Tuesday, June 11, 2019 immediately following the Retirement Board of Trustees Meeting at approximately 2:30 p.m. in Commissioner's Chambers, 515 Center Avenue - 4<sup>th</sup> Floor, Bay City, MI 48708.

**UNFINISHED BUSINESS:** None

**NEW BUSINESS:** None

**MISCELLANEOUS BUSINESS:** None

**ADJOURNMENT:**

**MOTION 39:** Moved, supported and carried to adjourn the meeting at 2:23 p.m.

Respectfully submitted,



Jan Histed  
Secretary

Transcribed by: Tracy Cederquist

**MEETING OF THE **VEBA** BOARD OF TRUSTEES COMMITTEE**  
    MAY 14, 2019    

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     2:13     P.M.

**MOTIONS**

Trustee	35	36	37	38	39				
GONZALES	Y	Y	Y	Y	Y				
GRAY	Y	Y	Y	Y	Y				
GROMASKI	M-Y	Y	Y	Y	S-Y				
HEREK	Y	M-Y	Y	Y	Y				
MORSE	S-Y	S-Y	M-Y	Y	Y				
PETT	Y	Y	Y	M-Y	Y				
RYDER	Y	Y	Y	S-Y	M-Y				
SHUTT	Y	Y	S-Y	Y	Y				
WALRAVEN	Y	Y	Y	Y	Y				

**RESOLUTIONS**

Trustee	2019-8								
GONZALES	Y								
GRAY	Y								
GROMASKI	Y								
HEREK	Y								
MORSE	Y								
PETT	M-Y								
RYDER	Y								
SHUTT	S-Y								
WALRAVEN	Y								

**BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION  
6/11/2019  
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 - 1/1/1 - 5/31/19
2. CHANGE IN BOOK AND MARKET VALUE – 5/31/19
3. MONEY MANAGER REPORTS
  - a. C.S. MCKEE – ENDING 4/30/19
  - b. DODGE & COX – ENDING 4/30/19
  - c. LOOMIS – ENDING 4/30/19
  - d. MFS GROWTH EQUITY – ENDING 4/30/19
4. RECAPTURES SERVICES
  - a. CAPIS - SUMMARY ENDING 4/30/19
5. COMERICA SUMMARY EARNINGS – ENDING 4/30/19
6. VEBA YTD BUDGET REPORT – ENDING 5/31/19
7. INVOICES APPROVED – 5/31/19

STEVE GRAY, CHAIR  
AND BOARD

MONTHLY REPORTS

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

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

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

Vote Totals:

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

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

Disposition: Adopted \_\_\_\_\_ Defeated \_\_\_\_\_ Withdrawn \_\_\_\_\_  
Amended \_\_\_\_\_ Corrected \_\_\_\_\_ Referred \_\_\_\_\_

## VEBA PORTFOLIO VALUE 2019

VEBA 2019	DODGE & COX	CASH	LORD ABBOTT	CS MCKEE	MFS	AMERICAN FUND	LOOMIS	PRISA	DFA	CLARKSTON	TOTAL
Jan-19	7,474,999.62	6,908,608.51	7,133,937.28	10,247,281.78	9,913,026.33	5,070,281.62	4,921,548.11	3,849,999.99			55,519,683.24
Feb-19	9,626,153.72	529,804.20	7,382,478.70	10,246,096.63	10,387,610.00	10,821,238.19	4,052,301.26	3,849,999.99			56,895,682.69
Mar-19	9,085,812.36	392,067.49	23.37	10,458,192.97	9,342,881.12	10,921,308.79	4,062,788.58	3,849,999.99			48,113,074.67
Apr-19	9,544,369.95	519,607.87	23.42	10,446,289.86	9,845,906.67	11,376,705.35	4,190,733.91	3,908,398.33	2,919,835.43	7,141,399.18	59,893,269.97
May-19	8,838,400.44	181,690.53	23.46	10,634,076.01	9,411,647.60	11,137,878.08	4,251,560.38	3,908,398.33	2,653,010.14	6,755,226.34	57,771,911.31
Jun-19											0.00
Jul-19											0.00
Aug-19											0.00
Sep-19											0.00
Oct-19											0.00
Nov-19											0.00
Dec-19											0.00

### Money Manager Fees

2018	CS MCKEE	MFS	LOOMIS	TOTAL
1ST QTR	7,884.90		3,778.04	11,662.94
2ND QTR				0.00
3RD QTR				0.00
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
- PRISA**             US CORE REAL ESTATE

## ACCOUNT STATEMENT

Statement Period  
 Account Number

05/01/2019 through 05/31/2019  
 M03380

156

### Preliminary Changes In Net Assets

	COST VALUE	MARKET VALUE
<b>BEGINNING BALANCE AS OF 05/01/2019</b>	<b>52,861,082.51</b>	<b>59,974,223.93</b>
<b>EARNINGS</b>		
CASH INCOME	43,096.17	43,096.17
LESS PRIOR ACCRUED INCOME	81,005.25-	81,005.25-
PLUS CURRENT ACCRUED INCOME	75,564.73	75,564.73
REALIZED GAIN/LOSS ON SALE OF ASSETS	22,651.64	22,651.64
NET UNREALIZED GAIN OR LOSS	0.00	2,311,573.67-
<b>TOTAL EARNINGS</b>	<b>60,307.29</b>	<b>2,251,266.38-</b>
<b>CONTRIBUTIONS &amp; OTHER INCREASES</b>		
EMPLOYER CONTRIBUTIONS	63,055.26	63,055.26
<b>TOTAL CONTRIBUTIONS &amp; OTHER INCREASES</b>	<b>63,055.26</b>	<b>63,055.26</b>
<b>DISTRIBUTIONS &amp; OTHER DECREASES</b>		
FEES & EXPENSES	1,777.60-	1,777.60-
<b>TOTAL DISTRIBUTIONS &amp; OTHER DECREASES</b>	<b>1,777.60-</b>	<b>1,777.60-</b>
<b>ENDING BALANCE AS OF 05/31/2019</b>	<b>52,982,667.46</b>	<b>57,784,235.21</b>



# C.S. McKee, L.P.

## Account Overview

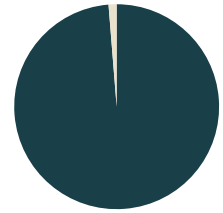
Bay County VEBA

Client Code: 90477  
 As Of Date: 4/30/2019  
 Report: Calendar

## Asset Allocation

As of 4/30/2019

Large-Cap Equity	\$ -	0.00%
Small-Cap Equity	\$ -	0.00%
Fixed Income	\$ 10,386,788.15	98.73%
Intl Mutual Fund	\$ -	0.00%
Cash	\$ 133,380.75	1.27%
Other	\$ -	0.00%
<b>Total Portfolio:</b>	<b>\$ 10,520,168.90</b>	<b>100.00%</b>



## Performance

As of 4/30/2019

Portfolio Summary - Month-to-Date	Total Portfolio	Large-Cap Equity	Small-Cap Equity	Total Domestic Equity	Fixed Income	Intl Mutual Fund
Beginning Market Value:	10,513,195.60	-	-	-	10,513,195.60	-
Net Contributions (Distributions):	-	-	-	-	-	-
Income:	12,110.53	-	-	-	12,110.53	-
Market Appreciation (Depreciation):	(5,137.23)	-	-	-	(5,137.23)	-
Ending Market Value:	10,520,168.90	-	-	-	10,520,168.90	-
<b>Dollar-Weighted Return:</b>	<b>0.07%</b>	-	-	-	<b>0.07%</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</b>	<b>0.07%</b>	-	-	-	-	<b>0.07%</b>	<b>0.07%</b>	-
	<i>Benchmark</i>	<i>0.03%</i>	-	-	-	-	<i>0.03%</i>	<i>0.03%</i>	-
	<b>Value Added (Gross)</b>	<b>0.04%</b>	-	-	-	-	<b>0.04%</b>	<b>0.04%</b>	-
<b>QTD</b>	<b>Gross</b>	<b>0.07%</b>	-	-	-	-	<b>0.07%</b>	<b>0.07%</b>	-
	<i>Benchmark</i>	<i>0.03%</i>	-	-	-	-	<i>0.03%</i>	<i>0.03%</i>	-
	<b>Value Added (Gross)</b>	<b>0.04%</b>	-	-	-	-	<b>0.04%</b>	<b>0.04%</b>	-
<b>YTD</b>	<b>Gross</b>	<b>3.21%</b>	-	-	-	-	<b>3.21%</b>	<b>3.23%</b>	-
	<i>Benchmark</i>	<i>2.97%</i>	-	-	-	-	<i>2.97%</i>	<i>2.97%</i>	-
	<b>Value Added (Gross)</b>	<b>0.24%</b>	-	-	-	-	<b>0.24%</b>	<b>0.26%</b>	-
<b>1 Year</b>	<b>Gross</b>	<b>5.62%</b>	-	-	-	-	<b>5.62%</b>	<b>5.64%</b>	-
	<i>Benchmark</i>	<i>5.29%</i>	-	-	-	-	<i>5.29%</i>	<i>5.29%</i>	-
	<b>Value Added (Gross)</b>	<b>0.33%</b>	-	-	-	-	<b>0.33%</b>	<b>0.35%</b>	-
<b>3 Year</b>	<b>Gross</b>	<b>2.19%</b>	-	-	-	-	<b>2.19%</b>	<b>2.19%</b>	-
	<i>Benchmark</i>	<i>1.91%</i>	-	-	-	-	<i>1.91%</i>	<i>1.91%</i>	-
	<b>Value Added (Gross)</b>	<b>0.28%</b>	-	-	-	-	<b>0.28%</b>	<b>0.28%</b>	-
<b>5 Year</b>	<b>Gross</b>	<b>3.03%</b>	-	-	-	-	<b>3.03%</b>	<b>3.07%</b>	-
	<i>Benchmark</i>	<i>2.57%</i>	-	-	-	-	<i>2.57%</i>	<i>2.57%</i>	-
	<b>Value Added (Gross)</b>	<b>0.46%</b>	-	-	-	-	<b>0.46%</b>	<b>0.50%</b>	-
<b>ITD</b>	<b>Gross</b>	<b>2.79%</b>	-	-	-	-	<b>2.79%</b>	<b>2.85%</b>	-
	<i>Benchmark</i>	<i>2.34%</i>	-	-	-	-	<i>2.34%</i>	<i>2.34%</i>	-
	<b>Value Added (Gross)</b>	<b>0.45%</b>	-	-	-	-	<b>0.45%</b>	<b>0.51%</b>	-

DODGE & COX FUNDS

Total Rates of Return  
For Periods Ending April 30, 2019

	1 Mo. Ended	3 Mos. Ended	Year-to- Date	Annualized				
				1 Year	3 Years	5 Years	10 Years	20 Years
Dodge & Cox Stock Fund*	4.70%	6.43%	15.48%	8.43%	15.06%	9.77%	15.10%	8.81%
Dodge & Cox Global Stock Fund*	4.79%	6.02%	14.96%	2.49%	11.78%	6.08%	12.79%	N.A.
Dodge & Cox International Stock Fund*	4.17%	5.39%	14.36%	-5.53%	8.09%	1.43%	8.90%	N.A.
Dodge & Cox Balanced Fund*	3.16%	4.97%	11.21%	7.48%	10.85%	7.52%	12.23%	7.90%
Dodge & Cox Income Fund*	.51%	2.68%	4.23%	5.32%	3.35%	3.08%	5.07%	5.30%
Dodge & Cox Global Bond Fund*†	.93%	3.05%	5.67%	4.15%	5.05%	2.28%	N.A.	N.A.
<u>Comparative Indices</u>								
S&P 500 Index	4.05%	9.48%	18.25%	13.49%	14.87%	11.63%	15.32%	6.05%
MSCI World Index	3.55%	8.06%	16.47%	6.48%	11.39%	7.31%	11.58%	N.A.
MSCI EAFE Index	2.81%	6.10%	13.07%	-3.22%	7.24%	2.60%	7.95%	N.A.
Combined Index	2.44%	6.41%	11.98%	10.49%	9.69%	8.11%	10.78%	5.81%
Bloomberg Barclays U.S. Aggregate Bond Index	.03%	1.89%	2.97%	5.29%	1.90%	2.57%	3.72%	4.71%
Bloomberg Barclays Global Aggregate Bond Index	-.30%	.37%	1.90%	.94%	.94%	.75%	N.A.	N.A.

\* SEC Standardized Total Returns as of 03/31/19:

Dodge & Cox Stock Fund: 1 Year 4.30%; 5 Years 8.65%; 10 Years 16.14%  
 Dodge & Cox Global Stock Fund: 1 Year -1.55%; 5 Years 5.27%; 10 Years 14.33%  
 Dodge & Cox International Stock Fund: 1 Year -8.00%; 5 Years 0.85%; 10 Years 10.25%  
 Dodge & Cox Balanced Fund: 1 Year 4.40%; 5 Years 6.85%; 10 Years 13.10%  
 Dodge & Cox Income Fund: 1 Year 4.32%; 5 Years 3.15%; 10 Years 5.37%  
 Dodge & Cox Global Bond Fund†: 1 Year 2.72%; 5 Years 2.38%; Since Inception 12/05/12 2.79%

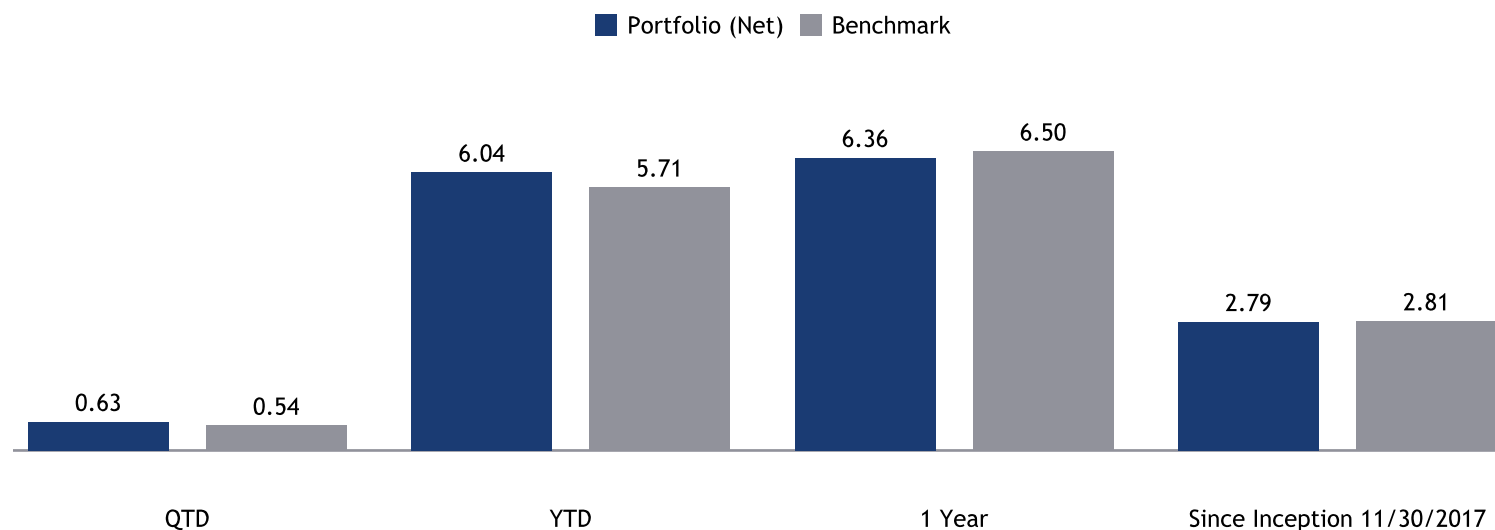
† A private fund managed by Dodge & Cox with proprietary assets was reorganized into the Dodge & Cox Global Bond Fund on April 30, 2014. Any Fund portfolio characteristics, performance, or attribution information for periods prior to May 1, 2014, are those of the private fund.

The Fund's total returns include the reinvestment of dividend and capital gain distributions, but have not been adjusted for any income taxes payable by shareholders on these distributions or on Fund share redemptions. Index returns include dividends and/or interest income but, unlike Fund returns, do not reflect fees or expenses. The S&P 500 Index is a market capitalization-weighted index of 500 large-capitalization stocks commonly used to represent the U.S. Equity market. The MSCI World Index is a broad-based unmanaged equity market index aggregated from 23 developed market country indices, including the United States. The MSCI EAFE (Europe, Australasia, Far East) Index is a broad-based, unmanaged equity market index aggregated from 22 developed market country indices, excluding the United States. The Combined Index reflects an unmanaged portfolio (rebalanced monthly) of 60% of the S&P 500, and 40% of the Bloomberg Barclays U.S. Agg. The Fund may, however, invest up to 75% of its total assets in stocks. The Bloomberg Barclays U.S. Aggregate Bond Index is a widely recognized, unmanaged index of U.S. dollar-denominated investment-grade fixed income securities. The Bloomberg Barclays Global Aggregate Bond Index is a widely recognized, unmanaged index of multi-currency, investment-grade fixed income securities. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed, or produced by MSCI.

Returns represent past performance and do not guarantee future results. Investment return and share price will fluctuate with market conditions, and investors may have a gain or loss when shares are sold. Fund performance changes over time and currently may be significantly lower than stated above. Performance is updated and published monthly. Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and management fees and other expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit [www.dodgeandcox.com](http://www.dodgeandcox.com) or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

# performance

## TRAILING RETURNS AS OF 4/30/2019 (%)



Excess Return (Net)	QTD	YTD	1 Year	Since Inception 11/30/2017
	+0.08	+0.33	-0.14	-0.02

### PORTFOLIO VALUATION (USD)

	Portfolio 3/31/2019	Portfolio 4/30/2019	Increase/Decrease
Total	4,163,467	4,190,734	27,267

Data Source: Barclays Capital

Benchmarks: BBG BARC U.S. Corporate Investment Grade (11/30/2017 - 4/30/2019).

The current benchmark is Bloomberg Barclays Corporate Index. Returns over one year are annualized. Information is reported on a trade date basis.



LOOMIS SAYLES®

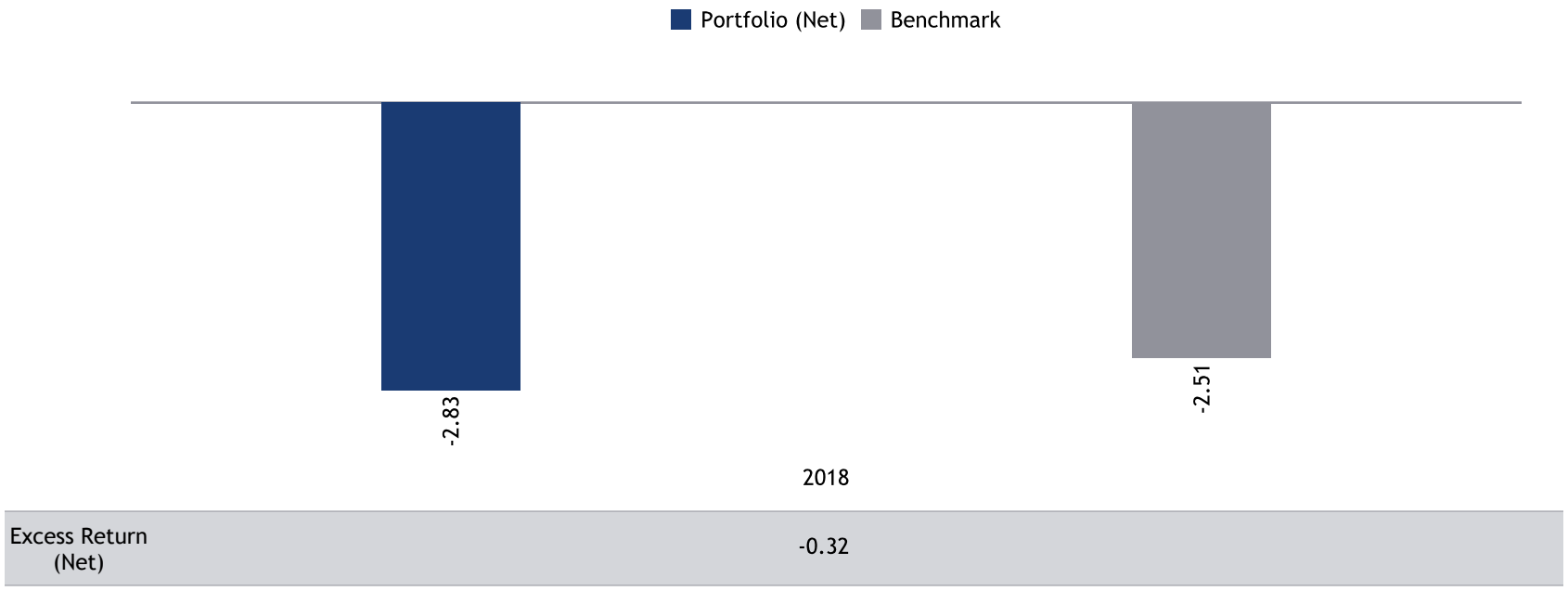
Sources: Loomis, Sayles & Company, L.P. and others

For Institutional Investor Use Only. Not for Further Distribution

April 30, 2019

# performance

## CALENDAR YEAR RETURNS AS OF 4/30/2019 (%)



*Data Source: Barclays Capital*  
*Benchmarks: BBG B.ARC U.S. Corporate Investment Grade (11/30/2017 - 4/30/2019).*  
*The current benchmark is Bloomberg Barclays Corporate Index. Returns over one year are annualized. Information is reported on a trade date basis.*

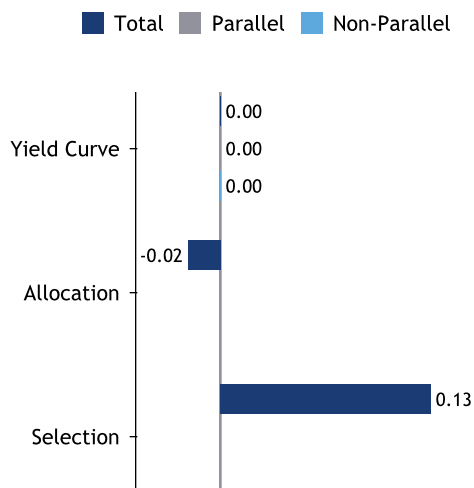
# performance attribution by sector

3/31/2019 TO 4/30/2019 (%)

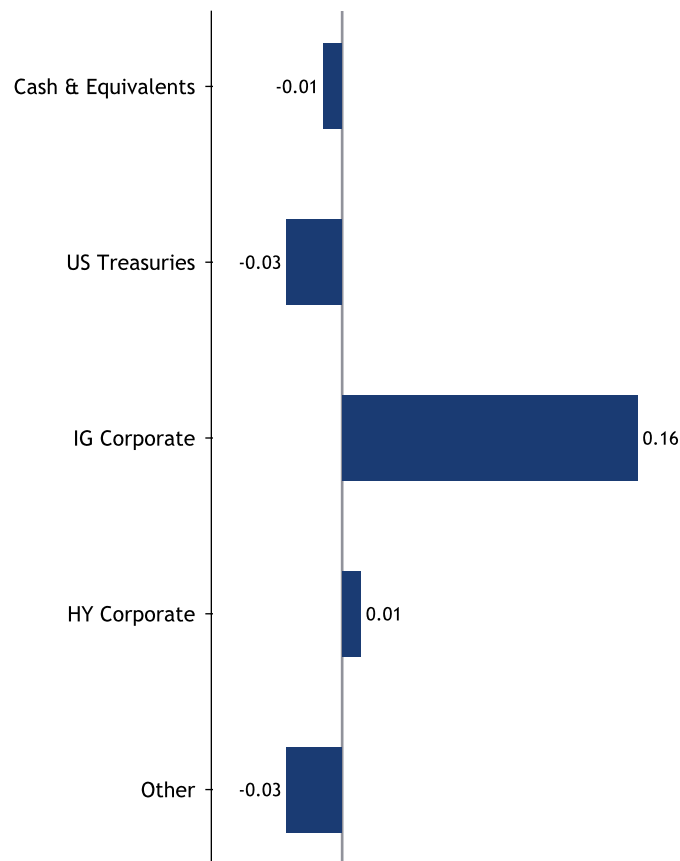
TOTAL RETURNS

	Total Return
Portfolio Return	0.65
Benchmark Return	0.54
Excess Return	0.11

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, pricing and currency 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

3/31/2019 TO 4/30/2019

## PORTFOLIO SUMMARY

	3/31/2019			4/30/2019		
	Portfolio	Benchmark	Difference	Portfolio	Benchmark	Difference
Yield to Worst (%)	3.69	3.61	0.08	3.66	3.60	0.06
Maturity (years)	10.57	10.84	-0.27	10.49	10.81	-0.33
Effective Duration (years)	7.50	7.39	0.11	7.41	7.37	0.04
Coupon (%)	4.00	4.04	-0.04	4.01	4.04	-0.03
Average Quality	A3	A3	-	A3	A3	-
OAS (bps)	126	116	9	121	110	11

## QUALITY SUMMARY (% OF TOTAL MARKET VALUE)

	3/31/2019			4/30/2019		
	Portfolio	Benchmark	Difference	Portfolio	Benchmark	Difference
AAA	4.69	2.13	2.56	2.39	2.08	0.30
AA	13.11	16.41	-3.30	12.96	16.39	-3.44
A	43.57	45.25	-1.68	45.24	45.01	0.23
BAA	38.13	36.20	1.93	38.88	36.51	2.37
BA	0.50	0.00	0.50	0.53	0.00	0.53

*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

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April 30, 2019

# Bay County Voluntary Employees' Beneficiary Association Trust



30 April 2019

## 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
April 2019	4.52	4.47	4.52	-0.05
2019 YTD	22.93	22.70	21.35	1.35
1 year	19.39	18.72	17.43	1.28
3 year	20.18	19.50	18.62	0.87
Since client inception (30-Dec-15)	16.66	16.00	15.92	0.07

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>	18.0%	16.6%
Price/earnings (12 months forward)	26.7x	22.0x
<b>Diversification</b>		
Top ten holdings	43%	35%
Number of holdings	77	545
<b>Turnover</b>		
Trailing 1 year turnover <sup>2</sup>	15%	-
<b>Risk/reward (3 year)</b>		
Historical tracking error	3.03%	-
Beta vs benchmark	0.99	-

<sup>1</sup> Source: Ibbotson

<sup>2</sup> (Lesser of Purchase or Sales)/Average Month End Market Value

**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 31-Mar-19	9,422,451
Contributions	0
Withdrawals	0
Change in market value	+425,758
Ending value as of 30-Apr-19	9,848,209

Top 10 issuers	Sector	% of Portfolio
VISA INC	Information Technology	7.8
MICROSOFT CORP	Information Technology	7.1
AMAZON.COM INC (EQ)	Consumer Discretionary	6.3
ALPHABET INC	Communication Services	6.3
ADOBE INC	Information Technology	4.6
FACEBOOK INC	Communication Services	2.9
THERMO FISHER SCIENTIFIC INC	Health Care	2.7
SALESFORCE.COM INC	Information Technology	2.6
NETFLIX INC	Communication Services	2.2
FISERV INC	Information Technology	2.2

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### FOR MORE INFORMATION CONTACT

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

# Bay County Voluntary Employees' Beneficiary Association Trust

Growth Equity



Sectors (%)	Portfolio	Benchmark^^
Information Technology	35.9	33.7
Communication Services	16.3	12.4
Health Care	13.9	12.2
Consumer Discretionary	13.2	15.3
Industrials	7.4	11.6
Consumer Staples	4.2	5.7
Financials	3.9	4.4
Materials	2.7	1.8
Energy	0.4	0.7
Real Estate	-	2.3

2.0% Cash & cash equivalents

^^ Russell 1000® Growth Index

The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and S&P Global Market Intelligence Inc. ("S&P Global Market Intelligence"). GICS is a service mark of MSCI and S&P Global Market Intelligence and has been licensed for use by MFS.

MFS Institutional Advisors, Inc.  
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#### FOR MORE INFORMATION CONTACT

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**Thomas Shanley,**  
Client Service Manager  
Phone: 617-954-7492 • [tshanley@mfs.com](mailto:tshanley@mfs.com)



**Bay County Voluntary Employees' Beneficiary Association Trust**  
**Growth Equity**  
**Report as of 30 April 2019**

**Performance results (%) gross and net of fees (USD)**

<b>Period</b>	<b>Portfolio gross</b>	<b>Portfolio net</b>	<b>Benchmark<sup>^</sup></b>	<b>Excess<sup>^^</sup></b>
April	4.52	4.47	4.52	-0.05
1Q 2019	17.62	17.45	16.10	1.35
2019 YTD	22.93	22.70	21.35	1.35
1 year	19.39	18.72	17.43	1.28
3 year	20.18	19.50	18.62	0.87
Since client inception (30-Dec-15)	16.66	16.00	15.92	0.07

Source for benchmark performance SPAR, FactSet Research Systems Inc.

All periods greater than one year are annualized.

**Past performance is no guarantee of future results.**

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

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

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MFS Institutional Advisors, Inc.

31016

## Bay County Employees' VEBA

CAPIS Account: 10250

Settlement Month Ending: 4/30/2019

### TOTAL COMMISSION

### COMMISSION ALLOCATION

	TOTAL COMMISSION		COMMISSION ALLOCATION			
	April	YTD	Execution		Recapture	
			April	YTD	April	YTD
<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>Execution</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>				
<b>Directed</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>				
<b>Correspondent Broker/Dealer</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>				
<b>Total</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>				
					<b>Total Earned</b>	<b>\$ 0.00</b>
					<b>Total Redeemed</b>	<b>\$ 0.00</b>
					<b>Balance as of 4/30/2019</b>	<b>\$ 0.00</b>

**Bay County Employees' VEBA**

CAPIS Account: 10250

Settlement Month Ending: 4/30/2019

**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

**BAY COUNTY VEBA TRUST  
SECURITIES LOAN STATEMENT  
April 2019  
Account Officer : DANIEL BERD**

<b>TOTAL EARNINGS</b>	<b>\$1,342.52</b>
<b>LESS TOTAL REBATE</b>	<b>\$1,289.43</b>
<b>TOTAL GROSS</b>	<b>\$53.09</b>
<b>LESS BANK FEE</b>	<b>\$13.27</b>
<b>TOTAL NET EARNINGS</b>	<b>\$39.82</b>

## Detailed Earnings Summary

<b>Total Earnings :</b>	<b>\$1,342.52</b>
<b>Total Rebate Expense :</b>	<b>\$1,289.43</b>
<b>Total Gross :</b>	<b>\$53.09</b>
<b>Total Bank Fees :</b>	<b>\$13.27</b>
<b>Total Net Earnings :</b>	<b>\$39.82</b>

## 2019 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	(12,245.00)	-	(12,245.00)	(6,358.11)	-	(5,886.89)	-
ER CONTR-HEALTH FUND	(68,228.00)	-	(68,228.00)	(27,524.25)	-	(40,703.75)	40%
ER CONTR-ROAD COMMISS.	(360,000.00)	-	(360,000.00)	(30,000.00)	-	(330,000.00)	8%
ER CONTR-LIBRARY	(72,000.00)	-	(72,000.00)	-	-	(72,000.00)	0%
ER CONTR-GOLF COURSE	(5,069.00)	-	(5,069.00)	-	-	(5,069.00)	0%
ER CONTR-GENERAL FUND	(411,404.00)	-	(411,404.00)	(189,788.51)	-	(221,615.49)	46%
ER CONTR-DWS	(90,000.00)	-	(90,000.00)	(31,181.96)	-	(58,818.04)	35%
ER CONTR-911 SERVICE	(45,637.00)	-	(45,637.00)	(18,631.80)	-	(27,005.20)	41%
ER CONTR-CHILD CARE	(44,198.00)	-	(44,198.00)	(17,079.15)	-	(27,118.85)	39%
ER CONTR-DIV ON AGING	(46,432.00)	-	(46,432.00)	(18,912.34)	-	(27,519.66)	41%
ER CONTR-RETIRE SYSTEM	(2,227.00)	-	(2,227.00)	-	-	(2,227.00)	0%
ER CONTR-GYPSY MOTH	(2,581.00)	-	(2,581.00)	(1,821.76)	-	(759.24)	71%
ER CONTR-HOME REHABIL.	-	-	-	-	-	-	0%
ER CONTR-100% TAX PYMT	(3,338.00)	-	(3,338.00)	(1,497.35)	-	(1,840.65)	45%
ER CONTR-MED CARE FAC.	(485,934.00)	-	(485,934.00)	-	-	(485,934.00)	0%
ER CONTR-SELF INSURANC	(483.00)	-	(483.00)	(2,862.24)	-	2,379.24	593%
ER CONTR-COMM.CORRECT.	(2,025.00)	-	(2,025.00)	-	-	(2,025.00)	0%
ER CONTR-F.O.C. FUND	(2,263.00)	-	(2,263.00)	-	-	(2,263.00)	0%
ER CONTR-HOUSING FUND	(5,623.00)	-	(5,623.00)	(1,552.65)	-	(4,070.35)	28%
ER CONTR-SOLDIER RELIE	-	-	-	-	-	-	0%
ER CONTRIB-LOCAL CFO TR	(602.00)	-	(602.00)	(41.30)	-	(560.70)	7%
ER CONTRIB-CONC PISTOL	(536.00)	-	(536.00)	(465.03)	-	(70.97)	87%
ER CONTR-MIDC FUND	-	-	-	(846.90)	-	846.90	0%
ER CONTR-SHERIFF DEPT	(174,208.00)	-	(174,208.00)	(75,232.95)	-	(98,975.05)	43%
<b>Total RJ LOCAL UNIT CONTRIBUT</b>	<b>(1,835,033.00)</b>	<b>-</b>	<b>(1,835,033.00)</b>	<b>(423,796.30)</b>	<b>-</b>	<b>(1,411,236.70)</b>	<b>23%</b>
INVESTMENT INTEREST/DIVIDENDS	(500,000.00)	-	(500,000.00)	(8,785.14)	-	(491,214.86)	2%
GAIN ON SALE OF INVESTMENTS	(1,500,000.00)	-	(1,500,000.00)	-	-	(1,500,000.00)	0%
UNREALIZED GAIN ON INVESTMENTS	-	-	-	-	-	-	0%
SECURITIES LENDING EARNINGS	(288.00)	-	(288.00)	(70.36)	-	(217.64)	24%
<b>Total RP INTEREST &amp; RENTALS</b>	<b>(2,000,288.00)</b>	<b>-</b>	<b>(2,000,288.00)</b>	<b>(8,855.50)</b>	<b>-</b>	<b>(1,991,432.50)</b>	<b>0%</b>
MISCELLANEOUS REVENUES	-	-	-	-	-	-	0%
COMMISSION RECAPTURE	(5,000.00)	-	(5,000.00)	(478.44)	-	(4,521.56)	10%
<b>Total RR OTHER REVENUE</b>	<b>(5,000.00)</b>	<b>-</b>	<b>(5,000.00)</b>	<b>(478.44)</b>	<b>-</b>	<b>(4,521.56)</b>	<b>10%</b>
TRANSFERS IN FROM GENERAL FUND	-	-	-	-	-	-	0%
<b>TOTAL OTHER FINANCING SOURCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>

## 2019 VEBA YTD BUDGET REPORT

ACCOUNT DESCRIPTION	ORIGINAL APPROP	TRANFRS/ADJSMTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	% USED
PER DIEM	360.00	-	360.00	-	-	360.00	0%
<b>Total XE WAGES &amp; SALARIES</b>	<b>360.00</b>	<b>-</b>	<b>360.00</b>	<b>-</b>	<b>-</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	1.50	-	68.50	2%
COMPUTER SUPPLIES	50.00	-	50.00	-	-	50.00	0%
<b>Total XI SUPPLIES</b>	<b>370.00</b>	<b>-</b>	<b>370.00</b>	<b>1.50</b>	<b>-</b>	<b>368.50</b>	<b>0%</b>
PROFESSIONAL SERVICES	130,000.00	-	130,000.00	-	-	130,000.00	0%
ACTUARIAL SERVICES	45,000.00	-	45,000.00	58,000.00	-	(13,000.00)	129%
INVESTMENT/BANK SERVICE CHARGE	10,000.00	-	10,000.00	1,750.00	-	8,250.00	18%
LEGAL FEES	-	-	-	-	-	-	0%
CONSULTANTS	16,000.00	-	16,000.00	8,000.00	-	8,000.00	50%
LOCAL TRAVEL MILEAGE	-	-	-	-	-	-	0%
EQUIPMENT RENTAL-COPY MACHINES	53.00	-	53.00	-	-	53.00	0%
INDIRECT COST EXPENSE	5,952.00	-	5,952.00	2,480.00	-	3,472.00	42%
LOSS ON DISPOSAL OF ASSET	424,266.00	-	424,266.00	-	-	424,266.00	0%
UNREALIZED LOSS ON INVESTMENTS	-	-	-	-	-	-	0%
INSURANCE AND BONDS	4,000.00	-	4,000.00	-	-	4,000.00	0%
<b>Total XL OTHER SERVICES AND C</b>	<b>635,271.00</b>	<b>-</b>	<b>635,271.00</b>	<b>70,230.00</b>	<b>-</b>	<b>565,041.00</b>	<b>11%</b>
<b>Revenue Total</b>	<b>(636,001.00)</b>	<b>-</b>	<b>(636,001.00)</b>	<b>(433,130.24)</b>			
<b>Expense Total</b>	<b>636,001.00</b>	<b>-</b>	<b>636,001.00</b>	<b>70,231.50</b>			
<b>Grand Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(362,898.74)</b>			

**VEBA**

**Invoices Approved:**

**May-19**

<b>Invoice Date</b>	<b>Vendor</b>	<b>Amount</b>	<b>Description</b>
3/29/2019	GABRIEL ROEDER SMITH	\$17,000.00	PREPARATION TWO GASB 75 REPORTS
4/19/2019	ANDCO	\$4,000.00	2Q 2019 CONSULTING SERVICES FEE



COMPLETE A SEPARATE APPLICATION FOR EACH TRUST

Name of Trust:		<b>Bay County Voluntary Employees' Beneficiary Association</b>	
Name of Authorized Representative:		<b>Bay County Voluntary Employees' Beneficiary Association Board of Trustees (see Attachment #1)</b>	
Address of Authorized Representative:		<b>515 Center Avenue, Bay City, MI 48708</b>	
Insurance Representative:		<b>Johnston Lewis Associates, Inc.</b>	
COVERAGE REQUESTED		Fiduciary Liability and Defense Costs Coverage	<b>\$5,000,000</b>
		Deductible Requested: (Minimum \$10,000)	<b>\$10,000</b>
Policy Period	9/17/2019	TO	9/17/2020
Size of Trust (Past 3 years): Attach Latest financial statement and auditor's report and opinion.			
YEAR	TOTAL ASSETS	CONTRIBUTIONS MADE DURING THE PAST YEAR	NUMBER OF PARTICIPANTS
2018	53,070,882	3,228,325.68	1,179 active 983 (retired & beneficiaries)
2017	\$52,434,810	\$298,447	1,194 active 971 (retired & beneficiaries)
2016	\$46,353,799	\$369,384	1274 active 924 (retired & beneficiaries)
Year Trust was Established:		2001	
ATTACH A LIST OF NAMES AND CURRENT POSITION OF ALL CURRENT TRUSTEES			

	NAME	YEARS EMPLOYED
Fund Manager, or Contract Administrator:	N/A	
Actuary/Consultant	Gabriel, Roeder, Smith & Company	18 years (71 years with Bay County)
C.P.A.:	Rehmann	18 years (19 years with Bay County)
Legal Counsel:	Heather Brady Pitcher, Corporation Counsel	1 year
Investment Managers:	See Attachment #2	

Custodian of Assets:	Comerica Bank	2 year (2 years with Bay County)
----------------------	---------------	-------------------------------------

RECENT TRUST CHANGES (3 years):

Has the name of the Trust been changed?	Yes ____	No <u>X</u>
Has any other Trust been added or merged into the Trust?	Yes ____	No <u>X</u>
If yes, please explain:		
Are the Plan benefits	Insured ____	Self Insured ____
		Combination ____
<b>Defined Benefit Plan - Benefits are assured but not insured</b>		
Are the daily operations actually administered by (give names):	Bank or Trust ____	Fund Office <u>X</u>
	Insurance Company ____	Contract Administrator ____
If the Trust does not retain an independent investment manager, who does make the investment decisions?	<b>Trust employs independent investment manager</b>	
Is the Plan adequately funded as attested to by an actuary?	Yes ____	No <u>X</u>
If no, explain: <b>See explanation attached.</b>		
How often are formal trustee meetings held?	<b>Monthly</b>	
Are there any violations of prohibited transactions and party-in-interest rules?	Yes ____	No <u>X</u>
If yes, explain:		
Are there any current delinquent contributions:	Yes ____	No <u>X</u>
If yes, explain:		
Has any Fiduciary for whom insurance will be provided been:		
Sued, found guilty or held liable for a breach of trust:	Yes ____	No <u>X</u>
Refused coverage under a fidelity bond?	Yes ____	No <u>X</u>
Found guilty of a criminal complaint?	Yes ____	No <u>X</u>
If yes to any of the above, explain:		
<b>PRIOR EXPERIENCE:</b>		
(A) Have any claims (other than for benefits) been made during the past 5 years against the Plan or any of the current or past fiduciaries.	Yes ____	No <u>X</u>
If yes, explain:		

(B) Do any of the fiduciaries have knowledge or information of circumstances which may result in a claim being made against the Plan or any of the current or past fiduciaries which might involve the coverage of the proposed policy (other than for benefits)?	Yes ____	No <u>X</u>
If yes, explain:		
<p>The person completing this application on behalf of all persons for whom coverage is requested affirms that all the information contained herein is complete and correct to his/her knowledge.</p> <p><b>FALSE INFORMATION:</b></p> <p>Any person who knowingly and with intent to defraud any insurance company or other person, files an application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.</p> <p>Date: _____ 20____</p> <p>Signed: _____  Steve Gray  <u>Bay County Voluntary Employees' Beneficiary Association</u>  Board Chair</p>		

ATTACHMENT [Voluntary Employees' Beneficiary Association - page 1 of 1]

#1

<u>BOARD MEMBER</u>	<u>TERM EXPIRATION DATE</u>
Walraven, Shawna	Permanent Position
Gonzales, Kristal	December 31, 2019 - Elected
Morse, Jon	December 31, 2020 - Elected
Herek, Thomas	December 31, 2019
Gray, Steven Chairperson	December 31, 2021 - Elected
Gromaski, Richard	December 31, 2019
Pett, Matt	December 31, 2019 - Elected
Ryder, Thomas	December 31, 2019
Shutt, Sandy	December 31, 2019

#2

<u>INVESTMENT MANAGERS</u>	<u>YEARS EMPLOYED</u>
Dodge and Cox	17 years
C.S. McKee	7 years
MFS	4 years
Loomis, Sayles & Company	2 years
American Fund EuroPacific	2 years
Prisa	1 year
DFA	1 year
Clarkston	1 year

#3

The most recent actuarial valuation was processed for the plan year ending December 31, 2017. Valuations for this type of fund are required minimally once every 2 for an entity our size, promulgated by the Governmental Accounting Standards Board (GASB) statement number 75. The funding procedures identified in the VEBA Trust Agreement are being followed.

**BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION  
06/11/2019  
RESOLUTION**

BY: BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION BOARD  
6/11/19

WHEREAS, The Bay County Voluntary Employees' Beneficiary Association Board is the designated fiduciary for the Bay County Employees' Voluntary Employees' Benefit Association

WHEREAS, The Bay County Employees' Voluntary Employees' Benefit Association Fiduciary Liability Policy has been renewed every year in recent history. The current one (1) year policy expires September 17, 2019; and

WHEREAS, There are three (3) other trusts covered by this policy and each will have to be signed by its fiduciary:

1. Bay County Employees' Retirement Systems (Retirement Board is the fiduciary)
2. Bay County Employees' 401k savings plan (401k Committee is the fiduciary)
3. Bay County Employees' 457 saving plan (457 Committee is the fiduciary)

WHEREAS, Funds are budgeted for the fiduciary policy; Therefore, Be It

RESOLVED That the Bay County Voluntary Employees' Beneficiary Association Board authorizes renewal of the Bay County Voluntary Employees' Beneficiary Association Fiduciary Liability Policy and authorizes the Chairman of the Board to execute the renewal application and subsequent related documents on behalf of the Retirement Board following legal review/approval.

STEVE GRAY, CHAIR  
AND BOARD

RESOLUTION – FIDUCIARY LIABILITY RENEWAL

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

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

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

Vote Totals:

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

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

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

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

# Bay County Voluntary Employees' Beneficiary Association (VEBA)

## Summary Annual Report to Members December 31, 2017

Dear VEBA Plan Member:

The Voluntary Employees' Beneficiary Association (VEBA), which is managed by the VEBA Board of Trustees, is designed to provide medical benefits to you, your spouse, and covered dependents once you retire, become disabled, or upon your death. ***The County also supports a pension plan which is separate from the VEBA.***

The VEBA Board's fiduciary responsibility to you is to supervise the general administration of Bay County's Retiree Health Benefit Plan (Plan) and invest the Plan's assets. Our Board retains professional advisors to assist us in fulfilling these duties.

We have prepared this summary report to give you a brief review of the VEBA and how it operates. We hope you will find it useful and informative. However, a summary report cannot cover all the details of the VEBA, which is governed by the provisions of the Retiree Health Benefit Plan and the VEBA's Trust Document. Additional information about the VEBA including the Plan, Trust Document and the actuarial valuation is available in the Finance Office or can be accessed via the County's website.

Respectfully submitted,

### ***Board of Trustees Bay County VEBA***

- Steve Gray – Chairman
- Matthew Pett – Vice Chairman
- Jon Morse – Sergeant at Arms
- Kristal Gonzales
- Richard Gromaski
- Thomas Herek
- Thomas Ryder
- Sandy Shutt
- Shawna Walraven
- Jan Histed - Secretary

### ***Plan Administrator***

- Katie Zanotti

### ***Auditors/Accountants***

- Rehmann

### ***Actuaries and Consultants***

- Gabriel, Roeder, Smith & Company

### ***Legal Counsel***

- Heather Brady-Pitcher

### ***Custodial Bank***

- Comerica Bank

### ***Investment Consultant***

- AndCo

### ***Investment Managers***

- American Funds EuroPacific
- C.S. McKee L.P.
- Dodge & Cox
- Loomis Sayles
- Lord Abbett & Co.
- MFS Investment Management

## Summary Results of the Actuarial Valuation

The VEBA's financial objective is to accumulate amounts to pay all or some of the benefits promised. This objective will only be met if the Employer of the respective Employee group contributes the amounts recommended by the actuary.

The Board of Trustees of the Bay County Voluntary Employees' Beneficiary Association provides for the payment of the employer contributions as described in the Bay County Board of Commissioners Resolution No. 2001-242.

To determine an appropriate employer contribution level for the ensuing year and to gauge how the VEBA's funding is meeting this fundamental objective, an independent firm of actuaries and employee benefit consultants, Gabriel, Roeder, Smith & Company, conducts biennial actuarial valuations.

These valuations are based on the VEBA's past experience, information about current participation and financial markets, and assumptions concerning the VEBA's future demographic and economic activity. The results of the December 31, 2017 valuation regarding active and retired employees, based on the established funding objective, are summarized below:

Valuation Date	December 31, 2017
Actuarial Cost Method	Individual Entry Age Normal Cost
Amortization Method	Level dollar amount for General County, Library, Medical Care Facility, Sheriff's Department, and Road Commission. Level percent-of-payroll for DWS and BABH.
Open/Closed Plan	General County, Library, Medical Care Facility, Sheriff's Department, and Road Commission are closed to new hires. DWS and BABH are open.
Amortization Periods	24 years closed for General County, DWS, Library, and Sheriff's Department. 22 years closed for Medical Care Facility. 20 years closed for BABH. 14 years closed for Road Commission.
Asset Valuation Method	Market value
Retirees and Beneficiaries Receiving Benefits	613
Deferred Vested Members	0
Active Plan Members	990
Total	1,603
Principal Actuarial Assumptions:	
Net Investment Return	7.00%
Projected Salary Increases	3.25% pay inflation plus merit and longevity

### Actuarially Computed Employer Contributions (ACEC) Fiscal Years Ending December 31, 2018 and December 31, 2019

ACEC For the Year Ending	General County	DWS	Library	BMCF	Sheriff's Dept.	Road Comm.	Total	BABH
<b>December 31, 2018</b>								
Normal Cost \$	\$ 578,217	\$225,130	\$44,954	\$ 301,828	\$ 157,005	\$ 404,476	\$ 1,711,610	\$ 207,144
UAL Contribution \$	2,201,102	358,112	(3,603)	2,318,632	565,080	2,815,107	8,254,430	(596,733)
<b>Total ACEC \$</b>	<b>2,779,319</b>	<b>583,242</b>	<b>41,351</b>	<b>2,620,460</b>	<b>722,085</b>	<b>3,219,583</b>	<b>9,966,040</b>	<b>0</b>
<b>December 31, 2019</b>								
<b>Total ACEC \$</b>	<b>2,738,647</b>	<b>602,198</b>	<b>38,737</b>	<b>2,594,802</b>	<b>715,615</b>	<b>3,223,518</b>	<b>9,913,517</b>	<b>0</b>

Funded Status	General County	DWS	Library	BMCF	Sheriff's Dept.	Road Comm.	Total	BABH
AAL#*	\$37.55	\$11.44	\$2.03	\$37.48	\$10.33	\$26.57	\$125.41	\$ 9.15
Applied Assets * (Market Value)	11.43	5.76	2.08	10.94	3.63	1.10	34.94	17.54
% Funded	30.4%	50.3%	102.1%	29.2%	35.1%	4.1%	27.9%	191.8%
# Actuarial Accrued Liabilities								
* \$ Millions								

### Actuary's Opinion

It is the actuary's opinion that the contribution amounts recommended in the most recent actuarial report are sufficient to meet the System's financial objective, assuming the employer contributes those amounts to the VEBA. Gabriel, Roeder, Smith & Company is not responsible for any contributions not made to the VEBA. The funding of the VEBA is the responsibility of the employers.

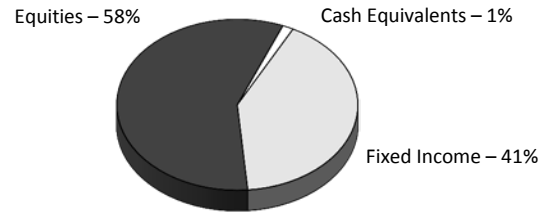


## Summary Financial Information

### Revenues & Expenditures

	<u>2017</u>
Market Value - January 1	\$46,337,058
Revenues	
Member contributions	0
Employer contributions	298,447
Investment income	5,912,359
Miscellaneous income	<u>0</u>
Total	6,210,806
Expenditures	
Health care benefits	0
Refund of member contributions	0
Administrative expenses	65,345
Professional training/education expenses	0
Travel expenses	0
Investment expenses	<u>0</u>
Total	65,345
Market Value - December 31	<u>\$52,482,519</u>

### Investments (Market Value)



The market rate of return on Plan assets net of expenses for the year ended December 31, 2017 was 12.73%.

### Average Annual Market Rate of Return

*Period Ending December 31, 2017*

1-Year	13.10%
3-Year	7.29%
5-Year	9.78%
7-Year	8.23%
10-Year	4.90%

### Projected Expenses for the Next Fiscal Year

Administrative	\$ 5,831
Professional Training/Education	0
Travel	0
Investment	156,000
Professional	0

## Brief Summary of Primary Benefit Provisions

(Please refer to the Retiree Health Care Plan Document for a complete description)

Employee Group	Retiree Health Normal/Early Retirement Eligibility	Benefit Provisions <sup>8,5</sup>
<b>General County<sup>+</sup></b> Dispatchers	(b) <sup>+</sup> or (c) or (f) <sup>+</sup> or (g) or (h)	<b>Health Including Rx:</b> County pays retiree and spouse coverage depending on years of service at retirement <sup>^</sup> .  <b>Dental/Vision:</b> No
Nurses	(b) <sup>#</sup> or (f) <sup>#</sup>	
Circuit Court G.E.L.C.	(b) <sup>@</sup> or (f) <sup>@</sup>	
Probate Court USWA	(a) or (e)	
Remaining General Groups	(b) <sup>+</sup> or (f) <sup>+</sup>	
<b>Road Commission<sup>***</sup></b>	(j)	<b>Health Including Rx:</b> Effective 1/1/2016 retiree contributions towards coverage will be the same as active member contributions.  <b>Dental/Vision:</b> Yes
<b>Sheriff's Department<sup>+</sup></b> Road Patrol	(b) <sup>+</sup> or (f) <sup>+</sup> or (g)	<b>Health Including Rx:</b> Sheriff's Department pays retiree and spouse coverage depending on years of service at retirement <sup>^</sup> .  <b>Dental/Vision:</b> No
Road Patrol Supervisory Unit	(b) <sup>@</sup> or (f) <sup>@</sup> or (g)	
Correction Facility Officers	(b) <sup>+</sup> or (f) <sup>+</sup> or (g)	
<b>BABH</b>	(d) or (e) or (i)	<b>Health Including Rx:</b> BABH pays retiree and spouse coverage depending on years of service at retirement <sup>^</sup> .  <b>Dental/Vision:</b> BABH provides for retirees with at least 20 years of service. Spousal coverage depends on the years of service at retirement <sup>^</sup> .
<b>Medical Care Facility</b> Members Hired Before April 19, 2007	(a) or (e) or (h)	<b>Health Including Rx:</b> MCF pays full cost of retiree and spouse coverage if retired before 1/15/2010. If retired after 1/15/2010 MCF pays a portion of the cost of retiree and spouse coverage <sup>%</sup> .  <b>Dental/Vision:</b> MCF pays full cost of retiree and, spouse coverage if retired after 1/1/2001. If retired after 1/15/2010 MCF pays a portion of the cost of retiree and spouse coverage <sup>%</sup> .
Members Hired After April 19, 2007	(c) or (h)	
Members Hired After January 15, 2010	Not eligible for health insurance	
<b>DWS</b>	(b) <sup>!</sup> or (f) <sup>!</sup> of (h)	<b>Health Including Rx:</b> DWS pays retiree and spouse coverage depending on Hourly vs. Salary and years of service at retirement <sup>^</sup> .  <b>Dental/Vision:</b> Hourly-Retirees can opt to pay for coverage. Salary-DWS pays retiree and spouse coverage depending on years of service at retirement <sup>^</sup> .
<b>Library</b>	(b) <sup>**</sup> or (f) <sup>**</sup>	<b>Health Including Rx:</b> Library pays 50% of retiree premium if retired on or after age 55 with 30+ years of service. Library pays 50% of retiree premium if retired after age 60 but before age 65. If retired after age 65, Library pays 100% of premium. Retiree may purchase spousal and/or dependent coverage.  <b>Dental/Vision:</b> No

- (a) Age 55 with 8 yrs of service
- (b) Age 55 with 8/10 yrs of service
- (c) Age 55 with 25 yrs of service
- (d) Age 55 with 30 yrs of service
- (e) Age 60 with 8 yrs of service
- (f) Age 60 with 8/10 yrs of service
- (g) 25 yrs of service regardless of age
- (h) 30 yrs of service regardless of age
- (i) Age 62 with 10 yrs of service
- (j) 15 years of service regardless of age

@ 10 years of service for members hired after 1/1/2006.

\* 10 years of service for members hired after 1/1/2007.

# 10 years of service for members hired after 1/1/2012.

! 10 years of service for members hired after 7/1/2008.

\*\* 10 years of service for members hired after 3/1/2008.

^ Please refer to respective collective bargaining agreements to find the eligibility/vesting schedule.

& Life Insurance benefits are offered to some employee groups. Life insurance amounts vary by group and date of retirement.

% Please refer to the collective bargaining agreement to find information regarding the application of an employee cost share for retirements after 1/15/10.

\$ Please refer to respective collective bargaining agreements to find more information regarding benefit eligibility under other forms of retirement.

+ Employees hired after 1/1/2012 are not eligible for health care in retirement.

\*\*\* Employees hired after 1/1/2016 are not eligible for health care in retirement.



**BAY COUNTY  
FINANCE/INFORMATION SYSTEMS**

**James A. Barcia**  
County Executive


**Jan M. Histed**  
Finance Officer  
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**Kimberly A. Priessnitz**  
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Information Systems Manager  
[coppensj@baycounty.net](mailto:coppensj@baycounty.net)

MEMO

TO: Steve Gray, Chairman Bay County Voluntary Employees' Beneficiary Association  
FROM: Jan Histed, Secretary   
DATE: June 4, 2019  
RE: VEBA – GASB 75 – Separate Audit Recommendation

**Background:**

GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB. This statement was issued June of 2015 and is effective for our Fiscal Year ending December 31, 2018 statements. GASB 75 requires us to now report our current financial position and unfunded OPEB liability on the face of our financial statements for our VEBA account.

It has been recommended by our Auditors, Rehmann Robson, that since Bay County is a multiple agent employer plan, that Bay County produce, a separate set of financial statements and not combine, the financials with the current Pension Fund reporting to comply with the new GASB 75 requirement. The pension fund and the VEBA fund are two separate plans and are created for separate purposes. GASB 75 requires a different note structure to the financial statements that would not be easily combined within the pension reporting under GASB 68. Also, the separate VEBA Financial Statements would easily support our year end State Reporting Form 5572 – Retirement System Annual Report.

The cost of producing a separate set of financial statements for our VEBA account would be \$2,250. This is the same cost that is charged for our separate financial statements for our pension fund. Our auditors have indicated that while it is possible to combine the pension and VEBA statements there would be no cost savings, as it is more time consuming to combine versus creating separate notes to the financial statements.

**Recommendation:**

It is my recommendation to create a separate set of financial statements for our VEBA account at a cost of \$2,250. I believe the ease of reading the financial report and state reporting will be beneficial, since there will be no cost savings

Jmh

**BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION  
6/11/2019  
RESOLUTION**

BY: BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION BOARD

WHEREAS, GASB Statement No. 75- Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB. This statement was issued June of 2015 and is effective for our Fiscal Year ending December 31, 2018 statements.

WHEREAS, GASB 75 requires us now to report our current financial position and unfunded OPEB liability on the face of our financial statements for our VEBA account.

WHEREAS, It has been recommended by our Auditors, Rehmann Robson, that since Bay County is a multiple agent employer plan, that Bay County produce a separate set of financial statements and not combine the financials with the current Pension Fund reporting to comply with the new GASB 75 requirement. The Pension Fund and the VEBA Fund are two separate plans and are created for separate purposes. GASB 75 requires a different note structure to the financial statements that would not be easily combined within the pension reporting under GASB 68. Also, separate VEBA Financial Statements would easily support our year-end State Reporting Form 5572 – Retirement System Annual Report.

WHEREAS, The cost of producing a separate set of financial statements for our VEBA account would be \$2,250. This is the same cost that is charged for our separate financial statements for our Pension Fund. Our auditors have indicated that while it is possible to combine the Pension and VEBA statements, there would be no cost savings as it is more time consuming versus creating separate notes to the financial statements. Therefore, Be It

RESOLVED That this Board approve creating a separate set of financial statements for the VEBA account at a cost of \$2,250

STEVE GRAY, CHAIR  
AND BOARD

RESOLUTION: VEBA GASB 75 SEPARATE AUDIT RECOMMENDATION

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

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

Vote Totals:

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

Disposition: Adopted \_\_\_\_\_ Defeated \_\_\_\_\_ Withdrawn \_\_\_\_\_  
Amended \_\_\_\_\_ Corrected \_\_\_\_\_ Referred \_\_\_\_\_