

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION  
AGENDA

TUESDAY, MARCH 10, 2015

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

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

PAGE	I.	CALL TO ORDER
	II.	ROLL CALL
1 - 6 .....	III.	MINUTES
	1.	FEBRUARY 10, 2015
	IV.	PUBLIC INPUT
	A.	GABRIEL RODER SMITH - 2013 ACTUARY REPORT
7 - 23 .....	B.	MONTHLY REPORTS - Res No. 2015 -3
	1.	PORTFOLIO VALUE 1/01/15 - 2/28/15
	2.	CHANGE IN BOOK AND MARKET VALUE - 1/31/15
	3.	MONEY MANAGER REPORTS
	a.	C.S. MCKEE - PORTFOLIO ENDING - 1/31/15
	4.	COMMISSION RECAPTURE
	a.	CAPIS 1/31/15
	5.	VEBA YTD BUDGET REPORT 2/28/15
	6.	APPROVED EXPENSES - 2/28/15
24 - 25 .....	C.	CORRESPONDENCE - REBALANCE ASSET ALLOCATION
	1.	ATALANTA SOSNOFF
	2.	C.S. MCKEE
	V.	ANNOUNCEMENTS
	A.	NEXT REGULAR MEETING - TUESDAY, APRIL 14, 2015 IMMEDIATELY FOLLOWING THE RETIREMENT BOARD OF TRUSTEES MEETING AT APPROXIMATELY 2:30 P.M. , COMMISSIONERS CHAMBERS, 515 CENTER AVENUE - 4 <sup>TH</sup> FLOOR, BAY CITY, MI 48708
	VI.	UNFINISHED BUSINESS
	VII.	NEW BUSINESS
	VIII.	MISCELLANEOUS BUSINESS
	IX.	ADJOURNMENT

**MINUTES** BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)  
FEBRUARY 10, 2015 MINUTES VEBA

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

The meeting of the Board of Trustees was held on February 10, 2015 at 2:44 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:** Mr. Coonan, Mr. Herek, Mr. Pett, Mr. Starkweather, and Ms. Goetz.

**Trustees Absent:** Mr. Gray, Mr. Brzezinski, Mr. Morse and Mr. Gromaski.

**Also Present:**

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

Finance Officer: Crystal Hebert

Retirement Administrator: Rebecca Marsters

Corporate Counsel: Shawna Walraven.

The meeting was called to order by Trustee Coonan, acting chairperson, at 2:54 p.m.

Roll was taken. Chairperson Gray, Co-chair Brzezinski, Trustee Gromaski, and Trustee Morse were excused by acting Chair, Trustee Coonan.

MOTION 11: Moved, supported and carried to approve the minutes, as printed, from the January 13, 2015 regular meeting.

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

Present today were Mr. Howard Pohl and Mr. Peter Brown to present the fourth quarter report for The Bogdahn Group. A copy of the presentation was provided to Trustees, in advance, via the web.

Mr. Brown presented the fourth quarter report. He went over the cash flow of the Fund for the fourth quarter. The portfolio has grown steadily and finished the year with a value of \$42,141,000. They added about \$1.3 million in terms of return through the quarter and added about \$3.7 million in terms of net flows and return on assets throughout the year of 2014. It is good news to see positive flows and positive returns.

He recapped asset allocation as of the last quarter and the end of the year. There was also a recap of the four holdings of the VEBA Fund. They have remained right in line with the overall asset allocation which is about 63% domestic equities about 36% domestic fixed income and a small cash position. Looking at the asset allocation compared to the investment policy. The VEBA is over allocated to domestic equities. There currently is an allocation that is about 10% over the target of 53% and, likewise, VEBA is under allocated to fixed income by about 10%. There is an over allocation in the Dodge & Cox large

**MINUTES BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)**  
**FEBRUARY 10, 2015 MINUTES VEBA**

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cap growth fund of about 7% and the separate account with Atalanta Sosnoff is over by about 6%. With the fixed income manager C.S. McKee, it is under allocated by almost 11%. Mr. Brown recommends cutting that in half and re-balance by taking 3% from each Dodge & Cox and Atalanta Sosnoff positions and putting that 6% into C.S. McKee. Rebalancing, but also harvesting some profits.

In terms of performance, he went over a recap of the portfolio performance both on a macro basis, but then also on the underlying holdings themselves. The portfolio continues to do very well. It is a strong performer. You can see for the quarter the portfolio is up over 3.25%, just under our policy which was up almost 3.7% and that is a result of some under performance with underlying managers. You can see the portfolio is still top docile. A similar story for the year. The portfolio was up 8.15%, top quartile. It was slightly below the policy which was up 8.7%. The three-year number very positive up 13% compared to the policy which, again, would be just a pure indexing strategy, up 11.8%. Still a top 44 performer and well ahead of our policy which more of a median result.

The driver has really been the asset allocation. Having that over exposure to equities has benefitted. Equities returned 4.2% for the quarter. The rolling one-year up 9.4%. While both below the policy, it was a strong accretive position compared to the fixed-income position. The underlying managers with Dodge & Cox and Atalanta Sosnoff have under performed more recently. Dodge & Cox under performed for both the quarter and the year up 10.4% for the year compared to 13.4%. However, their prior performance has been better. Atalanta Sosnoff is kind of the one cylinder within our engine that is misfiring. It is something we have mentioned in the past. We continue to keep an eye on them to see if they are going to be able to pull out of the deficit they have created. If not, then you will see Howard and I come back in a month or a quarter to talk about potential candidates. Under performance continues to lag and now it is kind of raising concern. For the year, they are up 8.4% compared to the Russell large cap growth which was up 14.4%. You can see they have fallen into the bottom quartile performance. The good news though is we have our SMID manager with Lord Abbett in the mutual fund that continues to do very well; a top quartile performer for the quarter up 7.9% versus 6%. On a one-year basis, up 9.5% versus 7%; top decile well ahead of the underlying SMID Russell 2500 index.

The fixed income portfolio has done very well generating 6.2% return for the year. That is ahead of the Barclay's aggregate which was up under 6% at 5.97%. As a result, C.S. McKee is a median manager whereas the index itself is kind of a bottom third manager or so. It is nice to see an underlying manager outperform and adding value.

He went over comparative performance it showed an 8.1% for 2014 and that is following a terrific year in 2013 just shy of 20% at 19.4%. Looking at page 22, there is a graphical illustration and comparison of the VEBA's performance compared to the index and the policy. Note that since this has been put

**MINUTES** BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)  
FEBRUARY 10, 2015 MINUTES VEBA

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together a little over two years or so, the two-year number where the portfolio is up over 13.5%, really top docile. That is ahead of the policy which is at 12.1% which is kind of a top third performer. The strategy is doing well, but then the underlying managers on a combined level are adding value and out performing. Really the one hiccup they have is Atalanta Sosnoff which is something they are keeping an eye on and they may come back with a search.

MOTION 12: Moved, supported and carried to receive the report from The Bogdahn Group.

RES. 2015-2:

Moved, supported and carried to adopt resolution 2015-2 to receive the monthly reports: Portfolio Value ending 1/31/15, Monthly Change in Book and Market Value ending 12/31/14, Atalanta Sosnoff ending 12/31/14, C.S. McKee performance report ending 12/31/14, Capis Recapture services ending 12/31/14, VEBA YTD Budget Report ending 1/31/15, and Approved Expenses Report ending 1/31/15.

**ANNOUNCEMENTS:**

- A. Next regularly scheduled meeting will be Tuesday, March 10, 2015 immediately following the Retirement Board of Trustees Meeting at approximately 2:30 p.m. in Commissioner's Chambers, 515 Center Avenue - 4<sup>th</sup> Floor, Bay City, MI 48708.

**UNFINISHED BUSINESS:**

**NEW BUSINESS:**

Trustee Starkweather updated the Board regarding Bay Medical Care Facility entering into a law suit with the Federal Government and the State of Michigan regarding recognition of the VEBA expense as an expense for the purposes of reporting on reimbursement from Medicaid. They would not allow it as an expense because their thinking was it is not an expense until you actually pay money out. If you just set money aside to pay out health insurance and you do not pay anything out of the fund, then you have not had an expense. We went to court on that and lost. We went through appeals and we kind of won on the appeals on two things. We had two arguments. One is we self insure and when we experience losses under the self insurance before it gets to the million dollars, so we have \$200,000 of self insurance the courts ruled that, that is an expense. The Feds and the State tried to explain to us that we were imprudent by not having \$0 insurance yet to self insure was imprudent so they threw that one out. They remanded the other case back up to the higher court to reconsider their decision. That is where we are at. The bottom line for us is that we will continue to make our VEBA funding into this program. Two years ago we held back a couple of million dollars because we did not know what the course of the hearing was going to be and we made a decision to fund it anyway because we had an investment at 1.5% and you guys were doing better.

**MINUTES** BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)  
FEBRUARY 10, 2015 MINUTES VEBA

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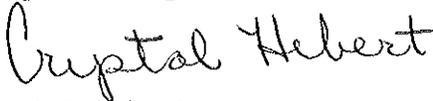
Trustee Morse re-entered the meeting at 2:58 p.m.

**MISCELLANEOUS BUSINESS:** None

**ADJOURNMENT:**

MOTION 13: Moved, supported and carried to adjourn the meeting at 2:59  
p.m.

Respectfully submitted,



Crystal Hebert  
Finance Officer/Secretary

Transcribed by: Tracy Cederquist

**MEETING OF THE V.E.B.A. BOARD OF TRUSTEES COMMITTEE**  
FEBRUARY 10 , 2014

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

MEETING CALLED TO ORDER BY: CHAIR STEVE GRAY AT 2:44 P.M.

Trustee Morse re-entered the meeting at 2:58 p.m.

**MOTIONS**

TRUSTEE	11	12	13	4	5	6	7	8	9	10
BRZEZINSKI	E	E	E							
COONAN	Y	Y	Y							
GRAY	E	E	E							
GROMASKI	E	E	E							
HEREK	S	M	Y							
MORSE	A	A	Y							
PETT	M	S	M							
STARKWEATHER	Y	Y	S							
GOETZ	Y	Y	Y							

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

**MEETING OF THE **VEBA** BOARD OF TRUSTEES COMMITTEE**  
FEBRUARY 10, 2015

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

MEETING CALLED TO ORDER BY: CHAIRPERSON STEVE GRAY 2:44 P.M.

Trustee Morse re-entered the meeting at 2:58 p.m.

**RESOLUTIONS**

<b>TRUSTEE</b>	<b>2</b>									
BRZEZINSKI	E									
COONAN	Y									
GRAY	E									
GROMASKI	E									
HEREK	M									
MORSE	A									
PETT	S									
STARKWEATHER	Y									
GOETZ	Y									

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

**BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION  
3/10/2015  
RESOLUTION**

BY: BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION BOARD

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

1. PORTFOLIO VALUE - 1/1/15 - 2/28/15
2. CHANGE IN BOOK AND MARKET VALUE - 1/31/15
4. MONEY MANAGER REPORTS
  - a. C.S. MCKEE - ENDING 1/31/15
5. RECAPTURES SERVICES
  - a. CAPIS - SUMMARY ENDING 1/31/15
6. BCERS YTD BUDGET REPORT - ENDING 2/28/15
7. APPROVED EXPENSES - 2/28/15

STEVE GRAY, CHAIR  
AND BOARD

MONTHLY REPORTS MARCH

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

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

Vote Totals:

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

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

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

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

VEBA 2015	<u>DODGE &amp; COX</u> <small>no vendor number. Mutual Fund Mgrs (as opposed to separately managed mgrs) deduct fee from portfolio.</small>	<u>CASH</u>	<u>ATALANTA</u> <u>SOSNOFF</u> 1061	<u>LORD ABBOTT</u> <small>no vendor number. Mutual Fund Mgrs (as opposed to separately managed mgrs) deduct fee from portfolio.</small>	<u>CS MCKEE</u> 3509	<u>TOTAL</u>
VENDOR #						
JAN	9,372,807.82	242,295.57	9,238,500.71	7,037,168.25	15,638,042.35	41,528,814.70
FEB	9,962,923.15	249,127.39	9,745,731.68	7,468,844.28	15,512,818.11	42,939,444.61
MARCH						0.00
APRIL						0.00
MAY						0.00
JUNE						0.00
JULY						0.00
AUG						0.00
SEPT						0.00
OCT						0.00
NOV						0.00
DEC						0.00

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

	<u>DODGE &amp; COX</u>	<u>ATALANTA</u> <u>SOSNOFF</u> VENDOR 1061	<u>ABBOTT</u>	<u>CS MCKEE</u> VENDOR 3509	<u>TOTAL</u>
2015					
1ST QTR					0.00
2ND QTR					0.00
3RD QTR					0.00
4TH QTR					0.00
		0.00		0.00	0.00

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◆ Change in Book and Market Value

	Cost	Market value	For more information
Opening balance	35,573,052.48	42,141,039.93	
Miscellaneous Cash Receipts	51,254.99	51,254.99	See funding & disbursement summary
Sponsor Contributions	14,188.59	14,188.59	See funding & disbursement summary
Total receipts	65,443.58	65,443.58	See funding & disbursement summary
Income received	49,956.77	49,956.77	See income & expense summary, cash activity detail
Unrealized gain/loss change	0.00	- 853,455.16	See asset summary
Realized gain/loss	135,055.00	135,055.00	See realized gain/loss summary
Accrued income change	- 7,086.80	- 7,086.80	See income & expense summary
Closing balance	35,816,421.03	41,530,953.32	

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

Bay County VEBA

Client Code: 90477  
As Of Date: 1/31/2015  
Report: Calendar

**Asset Allocation**

As of 1/31/2015

Asset Class	Value	Percentage
Large-Cap Equity	\$ -	0.00%
Small-Cap Equity	\$ -	0.00%
Fixed Income	\$ 15,589,409.38	99.69%
Intl Mutual Fund	\$ -	0.00%
Cash	\$ 48,081.51	0.31%
Other	\$ -	0.00%
<b>Total Portfolio:</b>	<b>\$ 15,637,490.89</b>	<b>100.00%</b>



**Performance**

As of 1/31/2015

Portfolio Summary - Month-to-Date	Total Portfolio	Large-Cap Equity	Small-Cap Equity	Total Domestic Equity	Intl Mutual Fund
Beginning Market Value:	15,309,248.69	-	-	-	-
Net Contributors (Distributions):	(5.90)	-	-	-	-
Income:	37,561.92	-	-	-	-
Market Appreciation (Depreciation):	290,686.19	-	-	-	-
Ending Market Value:	15,637,490.89	-	-	-	-
Dollar-Weighted Return:	2.14%	-	-	-	-

**Prime-Weighted Returns**

Performance Start Date: 2/7/2012

Time Period	Gross	Net	Benchmark	Value Added (Gross)	Large-Cap Equity	Small-Cap Equity	Total Domestic Equity	Fixed Income	Intl Mutual Fund
MTD	Gross	2.16%	2.13%	0.06%	-	-	-	2.16%	2.15%
	Net	2.13%	2.13%	0.00%	-	-	-	2.13%	2.12%
	Benchmark	2.10%	2.10%	0.06%	-	-	-	2.10%	2.10%
	Value Added (Gross)	0.06%	0.06%	0.05%	-	-	-	0.05%	0.05%
QTD	Gross	2.16%	2.13%	0.06%	-	-	-	2.16%	2.15%
	Net	2.13%	2.13%	0.00%	-	-	-	2.13%	2.12%
	Benchmark	2.10%	2.10%	0.06%	-	-	-	2.10%	2.10%
	Value Added (Gross)	0.06%	0.06%	0.05%	-	-	-	0.05%	0.05%
YTD	Gross	2.16%	2.13%	0.06%	-	-	-	2.16%	2.15%
	Net	2.13%	2.13%	0.00%	-	-	-	2.13%	2.12%
	Benchmark	2.10%	2.10%	0.06%	-	-	-	2.10%	2.10%
	Value Added (Gross)	0.06%	0.06%	0.05%	-	-	-	0.05%	0.05%
1 Year	Gross	6.64%	6.32%	6.61%	-	-	-	6.64%	6.83%
	Net	6.32%	6.32%	6.61%	-	-	-	6.32%	6.51%
	Benchmark	6.61%	6.61%	6.61%	-	-	-	6.61%	6.61%
	Value Added (Gross)	0.03%	0.03%	0.22%	-	-	-	0.22%	0.22%
3 Year	Gross	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%
	Net	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%
	Benchmark	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%
	Value Added (Gross)	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%
5 Year	Gross	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%
	Net	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%
	Benchmark	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%
	Value Added (Gross)	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%
TD	Gross	3.45%	3.16%	3.15%	-	-	-	3.45%	3.58%
	Net	3.16%	3.16%	3.15%	-	-	-	3.16%	3.29%
	Benchmark	3.15%	3.15%	3.15%	-	-	-	3.15%	3.15%
	Value Added (Gross)	0.30%	0.30%	0.43%	-	-	-	0.30%	0.43%

Benchmark/History

2/7/2012  
BCAGG 100%

Total Portfolio

Large-Cap Equity

Mid-Cap Equity

Small-Cap Equity

Total Domestic Equity

2/7/2012  
BCAGG 100%

Fixed Income

Int'l Mutual Fund

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**CAPITAL**  
**INSTITUTIONAL**  
**SERVICES, INC.**

1601 Elm Street, Suite 3900  
 Dallas, Texas 75201

214.720.0055  
 800.247.6729

Founded 1977  
 Member NYSE, FINRA, NFA, SIPC

**Bay County Employees' VEBA**

CAPIS Account: 10250

Settlement Month Ending: 1/31/2015

**Summary of Segregated Account Detail**

	January	YTD
Payment from Segregated Account	\$ 402.00	\$ 402.00
	\$ 402.00	\$ 402.00

**Segregated Account Detail**

Service Period	Comments/Notes	Vendor Invoice #	Date Paid	January	Prior Months	YTD	Mixed Use %
December 2014	Commission Recapture	2987968Bay Count	01/16/2015	\$ 402.00	\$ 0.00	\$ 402.00	
		Payment from Segregated Account Total		\$ 402.00	\$ 0.00	\$ 402.00	
		Grand Total		\$ 402.00	\$ 0.00	\$ 402.00	

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

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



1601 Elm Street, Suite 3900  
Dallas, Texas 75201

214.720.0055  
800.247.6729

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**Bay County Employees' VEBA**  
CAPS Account: 10250

Settlement Month Ending: 1/31/2015

**Summary of Directed Commission by Manager**

Atalanta/Sosnoff CC	Commission		Recapture Allocation	
	Shares	YTD	January	YTD
	18,450	\$738.00	\$553.50	\$553.50
	18,450	\$738.00	\$553.50	\$553.50

**Recapture Commission Activity**

Trade Date	Shurt Date	Post Date	Side	Shares	Ticker	Security Description	Brokerage Account Number	Brokerage Account Name	Ex Brkr	Price	Commission	Recapture Allocation	
01/05/2015	01/08/2015	01/06/2015	S	125	CP	CANADIAN PACIFIC RAILWAY	3PF07S82	49766 BAY COUNTY	CAPIS	181.0793	5.00	3.75	
01/06/2015	01/09/2015	01/07/2015	B	3,375	BSX	BOSTON SCIENTIFIC CORP	3PF07S82	49766 BAY COUNTY	CAPIS	13.6600	135.00	101.25	
01/06/2015	01/09/2015	01/07/2015	S	125	CP	CANADIAN PACIFIC RAILWAY	3PF07S82	49766 BAY COUNTY	CAPIS	175.8185	5.00	3.75	
01/06/2015	01/09/2015	01/07/2015	S	1,250	MS	MORGAN STANLEY	3PF07S82	49766 BAY COUNTY	CAPIS	36.2601	50.00	37.50	
01/06/2015	01/09/2015	01/07/2015	S	1,600	SCHW	SCHWAB CHARLES CORP NEW	3PF07S82	49766 BAY COUNTY	CAPIS	28.1701	64.00	48.00	
01/08/2015	01/13/2015	01/09/2015	B	850	COP	CONOCOPHILLIPS	3PF07S82	49766 BAY COUNTY	CAPIS	65.2752	34.00	25.50	
01/09/2015	01/14/2015	01/10/2015	S	700	M	MACYS INC	3PF07S82	49766 BAY COUNTY	CAPIS	65.6501	28.00	21.00	
01/12/2015	01/15/2015	01/13/2015	S	525	RL	RALPH LAUREN CORP	3PF07S82	49766 BAY COUNTY	CAPIS	175.0061	21.00	15.75	
01/13/2015	01/16/2015	01/14/2015	B	400	CELG	CELGENE CORP COM	3PF07S82	49766 BAY COUNTY	CAPIS	120.8199	16.00	12.00	
01/15/2015	01/21/2015	01/16/2015	B	900	MO	ALTRIA GROUP INC	3PF07S82	49766 BAY COUNTY	CAPIS	52.1400	36.00	27.00	
01/15/2015	01/21/2015	01/16/2015	B	3,200	BSX	BOSTON SCIENTIFIC CORP	3PF07S82	49766 BAY COUNTY	CAPIS	14.3098	128.00	96.00	
01/15/2015	01/21/2015	01/16/2015	B	750	KRFT	KRAFT FOODS GROUP INC	3PF07S82	49766 BAY COUNTY	CAPIS	65.3400	30.00	22.50	
01/15/2015	01/21/2015	01/16/2015	S	100	MCK	MCKESSON CORPORATION	3PF07S82	49766 BAY COUNTY	CAPIS	212.1401	4.00	3.00	
01/15/2015	01/21/2015	01/16/2015	S	325	MDT	MEDTRONIC INC COM	3PF07S82	49766 BAY COUNTY	CAPIS	72.0000	13.00	9.75	
01/20/2015	01/23/2015	01/21/2015	B	300	KRFT	KRAFT FOODS GROUP INC	3PF07S82	49766 BAY COUNTY	CAPIS	65.2699	12.00	9.00	
01/21/2015	01/26/2015	01/22/2015	S	650	ALL	ALLSTATE CORP DEL COM	3PF07S82	49766 BAY COUNTY	CAPIS	70.2545	26.00	19.50	
01/21/2015	01/26/2015	01/22/2015	S	425	JNU	JOHNSON AND JOHNSON	3PF07S82	49766 BAY COUNTY	CAPIS	101.9001	17.00	12.75	
01/23/2015	01/28/2015	01/24/2015	S	1,150	COF	CAPITAL ONE FINL	3PF07S82	49766 BAY COUNTY	CAPIS	77.9961	46.00	34.50	
01/23/2015	01/28/2015	01/24/2015	B	375	KRFT	KRAFT FOODS GROUP INC	3PF07S82	49766 BAY COUNTY	CAPIS	67.0999	15.00	11.25	
01/28/2015	01/29/2015	01/27/2015	S	275	RL	RALPH LAUREN CORP	3PF07S82	49766 BAY COUNTY	CAPIS	166.8601	11.00	8.25	
12/29/2014	01/02/2015	12/30/2014	B	1,050	ORCL	ORACLE CORP \$0.01 DEL	3PF07S82	49766 BAY COUNTY	CAPIS	45.9899	42.00	31.50	
<b>Total for Atalanta/Sosnoff CC</b>											<b>18,450</b>	<b>\$ 738.00</b>	<b>\$ 553.50</b>

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

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

Page 3



**CAPITAL  
INSTITUTIONAL  
SERVICES, INC.**

1601 Elm Street, Suite 3900  
Dallas, Texas 75201

214.720.0055  
800.247.6729

Founded 1977  
Member NYSE, FINRA, NFA, SIPC

**Bay County Employees' VEBA**

CAPIS Account: 10250

Settlement Month Ending: 1/31/2015

*Recapture Commission Activity*

Trade Date	Stmnt Date	Post Date	Side	Shares	Ticker	Security Description	Brokerage Account Number	Brokerage Account Name	Ex Brkr	Price	Commission	Recapture Allocation
				18,450							\$ 738.00	\$ 533.50
<b>Recapture Trade Total</b>												

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**Bay County Employees' VEBA**

CAPIS Account: 10250

Settlement Month Ending: 1/31/2015

**Summary of Activity by Month**

	Commission		Recapture Allocation		Redeemed Recapture		Balance
	Month	YTD	Month	YTD	Month	YTD	
Beginning Balance							\$ 402.00
January	\$738.00	\$738.00	\$553.50	\$553.50	\$402.00	\$402.00	\$553.50

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**Bay County Employees' VEBA**

CAPIS Account: 10250

Settlement Month Ending: 1/31/2015

**Explanation of Your Statement**

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

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

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

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

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

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

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

**Research Commission Allocation**

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

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

**Statement Online**

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

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

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

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

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

Account Executive: Jon Lantz

Phone: (214) 978-4778

Sales Assistant: Christilla Moreno

Phone: (214) 978-4743

# Bay County, Michigan

03/03/2015 13:06  
Rmarsters

BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

P  
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FOR 2015 02

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

73627401 VOL.EMPLOYEE BENEF. ASSOC. BOARD

RA FUND BALANCE, NET AS

73627401 40001 FUND BALANCE	0	0	.00	.00	.00	.00	.0%
73627401 40004 NET ASSETS - RESERVY	1,343,339	1,343,339	.00	.00	.00	1,343,339.00	.0%
TOTAL FUND BALANCE, NET AS	1,343,339	1,343,339	.00	.00	.00	1,343,339.00	.0%

RJ LOCAL UNIT CONTRIBUT

73627401 59401 ER CONTR-BEHAVE,HEA	0	0	.00	.00	.00	.00	.0%
73627401 59402 ER CONTR-MOSQUITO C	0	0	.00	.00	.00	.00	.0%
73627401 59403 ER CONTR-HEALTH FUN	0	0	.00	.00	.00	.00	.0%
73627401 59404 ER CONTR-ROAD COMM1	0	0	.00	.00	.00	.00	.0%
73627401 59405 ER CONTR-LIBRARY	0	0	.00	.00	.00	.00	.0%
73627401 59406 ER CONTR-GOLF COURS	0	0	.00	.00	.00	.00	.0%
73627401 59407 ER CONTR-GENERAL FU	0	0	.00	.00	.00	.00	.0%
73627401 59408 ER CONTR-DWS	0	0	.00	.00	.00	.00	.0%
73627401 59410 ER CONTR-911 SERVTC	-38,200	-38,200	.00	.00	.00	-38,200.00	.0%*
73627401 59411 ER CONTR-CHILD CARE	0	0	.00	.00	.00	.00	.0%
73627401 59412 ER CONTR-DIV ON AGI	0	0	.00	.00	.00	.00	.0%
73627401 59413 ER CONTR-BETIRE SYS	0	0	.00	.00	.00	.00	.0%
73627401 59415 ER CONTR-GYPSY MOTR	0	0	.00	.00	.00	.00	.0%
73627401 59416 ER CONTR-HOME REHAB	0	0	.00	.00	.00	.00	.0%
73627401 59418 ER CONTR-100% TAX P	0	0	.00	.00	.00	.00	.0%
73627401 59419 ER CONTR-MED CARE F	-310,000	-310,000	.00	.00	.00	-310,000.00	.0%*
73627401 59424 ER CONTR-SHIF INSUR	0	0	.00	.00	.00	.00	.0%
73627401 59427 ER CONTR-COMM. CORRE	0	0	.00	.00	.00	.00	.0%
73627401 59429 ER CONTR-F.O.C. FUN	0	0	.00	.00	.00	.00	.0%
73627401 59430 ER CONTR-ROUSING FU	0	0	.00	.00	.00	.00	.0%
73627401 59433 ER CONTR-SOLDIER RE	0	0	.00	.00	.00	.00	.0%
73627401 59499 ER CONTR-SHERIFF DE	0	0	.00	.00	.00	.00	.0%
TOTAL LOCAL UNIT CONTRIBUT	-348,200	-348,200	.00	.00	.00	-348,200.00	.0%

RP INTEREST & RENTALS

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

03/03/2015 13:06  
Pmarsters

BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

P  
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FOR 2015 02

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73627401 66500 GAIN ON SALE OF INV	-1,100,000	-1,100,000	.00	.00	.00	-1,100,000.00	.0%*
73627401 66501 UNREALIZED GAIN ON	0	0	.00	.00	.00	.00	.0%
TOTAL INTEREST & RENTALS	-1,600,000	-1,600,000	.00	.00	.00	-1,600,000.00	.0%
RR OTHER REVENUE							
73627401 67104 MISCELLANEOUS REVENUE	0	0	.00	.00	.00	.00	.0%
73627401 69000 COMMISSION RECAPTUR	0	0	.00	.00	.00	.00	.0%
TOTAL OTHER REVENUE	0	0	.00	.00	.00	.00	.0%
XE WAGES & SALARIES							
73627401 71000 PER DIEM	360	360	.00	.00	.00	360.00	.0%
TOTAL WAGES & SALARIES	360	360	.00	.00	.00	360.00	.0%
XI SUPPLIES							
73627401 72700 OFFICE SUPPLIES	100	100	.00	.00	.00	100.00	.0%
73627401 72800 PRINTING AND BINDIN	150	150	.00	.00	.00	150.00	.0%
73627401 72900 POSTAGE	100	100	.00	.00	.00	100.00	.0%
73627401 75100 COMPUTER SUPPLIES	50	50	.00	.00	.00	50.00	.0%
TOTAL SUPPLIES	400	400	.00	.00	.00	400.00	.0%
XL OTHER SERVICES AND C							
73627401 80100 PROFESSIONAL SERVIC	100,000	100,000	.00	.00	.00	100,000.00	.0%
73627401 80101 ACTUARIAL SERVICES	37,000	37,000	.00	.00	.00	37,000.00	.0%
73627401 81400 INVESTMENT/BANK SER	30,000	30,000	.00	.00	.00	30,000.00	.0%
73627401 81700 LEGAL FEES	7,500	7,500	.00	.00	.00	7,500.00	.0%
73627401 81900 CONSULTANTS	30,000	30,000	3,625.00	.00	.00	26,375.00	12.1%
73627401 86600 LOCAL TRAVEL MILEAG	0	0	.00	.00	.00	.00	.0%
73627401 94601 EQUIPMENT RENTAL-CO	55	55	.00	.00	.00	55.00	.0%

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# Bay County Michigan

03/03/2015 13:06  
 RMasters

BAY COUNTY, MI  
 YEAR-TO-DATE BUDGET REPORT

P 3  
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FOR 2015 02

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73627401 95600	6,046	6,046	1,007.66	503.83	.00	5,038.34	16.7%
73627401 96200	391,000	391,000	.00	.00	.00	391,000.00	.0%
73627401 96201	0	0	.00	.00	.00	.00	.0%
73627401 96500	2,500	2,500	.00	.00	.00	2,500.00	.0%
TOTAL OTHER SERVICES AND C	604,101	604,101	4,632.66	503.83	.00	599,468.34	.8%
TOTAL VOL.EMPLOYEE BENEF.ASSOC.BO	0	0	4,632.66	503.83	.00	-4,632.66	100.0%
TOTAL PUBLIC EMPLOYEE HEALTH CARE	0	0	4,632.66	503.83	.00	-4,632.66	100.0%
TOTAL REVENUES	-604,861	-604,861	.00	.00	.00	-604,861.00	.0%
TOTAL EXPENSES	604,861	604,861	4,632.66	503.83	.00	600,228.34	.0%
GRAND TOTAL	0	0	4,632.66	503.83	.00	-4,632.66	100.0%

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

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# Bay County, Michigan

03/03/2015 13:06  
RMaster

BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

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## REPORT OPTIONS

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

Report title:  
YEAR-TO-DATE BUDGET REPORT

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

Year/Period: 2015 / 2  
Print revenue as credit: Y  
Print totals only: N  
Suppress zero bal accts: N  
Print full GL account: N  
Double space: N  
Roll projects to object: N  
Carry forward code: 1  
Print journal detail: N  
From Yr/Per: 2014 / 7  
To Yr/Per: 2014 / 7  
Include budget entries: Y  
Incl encumb/liq entries: Y  
Sort by JE # or PO #: J  
Detail format option: 1

Field Name Find Criteria Field Value

73627401

Org  
Object  
Project  
Rollup code  
Account type  
Account status

BCERS      Invoices Approved:      February

Invoice Date	Vendor	Amount	Description
2/3/2015	GRS	2,400.00	Annual data collection software license fee
1/28/2015	OfficeMax	\$ 316.60	color paper for scanning project
1/19/2015	Baird	19,043.18	Q4 2014 money manager fee
1/22/2015	Integrity	43,423.00	Q4 2014 money manager fee
1/16/2015	SVSU	\$ 2,997.50	Certified Public Manager class Rebecca
2/6/2015	Office Depot	\$ 70.97	printer ink
2/6/2015	Cornerstone	21,044.67	Q4 2014 money manager fee
2/2/2015	Shred Experts	\$ 25.00	Shredding services
2/13/2015	Schroders	\$ 34,677.66	Q4 2014 money manager fee

VEBA      Invoices Approved:      February

Invoice Date	Vendor	Amount	Description
1/14/2015	C.S. McKee	\$ 11,481.75	Q4 2014 money manager fee



**BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM**  
**BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION**  
BAY COUNTY BUILDING  
515 CENTER AVENUE  
BAY CITY, MICHIGAN 48708-5128

Thomas L. Hickner  
Bay County Executive

Crystal Hebert  
Finance Officer/Secretary

**BOARD OF TRUSTEES**  
Steven Gray, Chairperson  
Richard Brzezinski  
Kim Coonan  
Richard Gromaski  
Tom Herek  
Jon Morse  
Matthew Pett  
Thomas Starkweather  
Kristal Goetz

**ADMINISTRATIVE STAFF**  
Tiffany Jerry  
Rebecca Marsters  
(989) 895-4043  
TDD (989) 895-4049  
FAX (989) 895-4039

March 2, 2015

Mr. Craig B. Steinberg  
Atalanta Sosnoff Capital, LLC  
101 Park Avenue, 6<sup>th</sup> Floor  
New York, NY 10178

Dear Mr. Steinberg:

There is a need for the Bay County Voluntary Employee's Beneficiary Association to rebalance its asset allocation therefore, I am requesting that Atalanta Sosnoff Capital, LLC divest themselves of \$285,105.00 (two hundred eighty five thousand one hundred five dollars) and make funds available for the Northern Trust Company on Thursday, March 5, 2015.

If you have any questions or concerns regarding the above, please contact me at (989) 895-4030.

Sincerely,

Crystal Hebert  
Bay County Finance Officer/Secretary

VIA E-MAIL - ORIGINAL TO BE SENT SURFACE MAIL

c: Bay County Employees' Retirement System Board of Trustees  
Howard Pohl, The Bogdahn Group  
Peter Brown, The Bogdahn Group  
Larry Fumarolo, The Northern Trust Company  
Rebecca Marsters, Retirement Administrator



**BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM**  
**BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION**

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515 CENTER AVENUE  
BAY CITY, MICHIGAN 48708-5128

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**ADMINISTRATIVE STAFF**  
Tiffany Jerry  
Rebecca Marsters  
(989) 895-4043  
TDD (989) 895-4049  
FAX (989) 895-4039

March 2, 2015

Jeffrey Davidek  
V.P./Marketing Mgr.  
C.S. MCKEE, L.P.  
420 Ft. Duquesne Blvd.  
One Gateway Center, 8<sup>th</sup> Floor  
Pittsburgh, PA 15222

Dear Mr. Davidek:

There is a need for the Bay County Voluntary Employees' Beneficiary Association to rebalance its total plan assets. Therefore, C.S. McKee has been identified as a manager who will receive an additional \$704,530.00 (seven hundred four thousand five hundred thirty dollars) on Thursday, March 5, 2015, for immediate investment per the standing investor guidelines.

If you have any questions regarding this matter feel free to contact me at (989) 895-2007.

Sincerely,

A handwritten signature in cursive script that reads "Crystal Hebert".

Crystal Hebert  
Finance Officer/Secretary

c: Bay County Employees' Retirement System Board of Trustees  
Howard Pohl, The Bogdahn Group  
Peter Brown, The Bogdahn Group  
Larry Fumarolo, The Northern Trust Company  
Rebecca Marsters, Retirement Administrator