BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
AGENDA
TUESDAY, OCTOBER 11, 2011
(Immediately Following the Retirement Board of Trustees' Meeting @ Approximately 2:30 P.M.)
COMMISSIONERS CHAMBERS
515 CENTER AVENUE - 4TH FLOOR
BAY CITY, MI 48708

MEETING OF THE **V.E.B.A.** BOARD OF TRUSTEES COMMITTEE

September 7th, 2011

MONEY MANAGER INTERVIEWS

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

MEETING CALLED TO ORDER BY: CHAIR STEVE GRAY AT 8:04 A.M.

OTHER PRESENT: RICK POTTER, MARY NYE, DANEAN WRIGHT

TRUSTEE	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
BRZEZINSKI	M - Y	Y	Y	Y						
CARPENTER	Y	Y	Y	Y						
COONAN	E	E	E	E						
DEATON	Y	Y	S	S						
GRAY	Y	Y	Y	Y						
PELTIER	E	E	E	E						
PETT	Y	Y	M	Y						
RYDER	Y	M	Y	M						
STARKWEATHER	S-Y	S	Y	Y						

TRUSTEE	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**
BRZEZINSKI										
CARPENTER										
COONAN										
DEATON										
GRAY										
PELTIER										
PETT										
RYDER										
STARKWEATHER										

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

The meeting, held in the Bay County Commissioners Chambers, 4th Floor, Bay County Building, 515 Center Avenue, Bay City, Michigan was called to order by Chairman Gray at 8:04 A.M. This is a special meeting of the VEBA to interview Small and Mid-Cap equity managers.

Roll call was taken, all Trustees are present, except Kim Coonan and Shari Peltier.

Mr. Gray called for public input. Seeing no one from the public present, he moved on to petitions and communications.

Becker, Burke Associates provided a list of sample questions to the Trustees covering the firm, their product/process and their team, along with a Summary Sheet on the four Finalists. Representatives from each firm provided a handout to all Trustees, and discussed their company philosophy, their investment teams, investment strategies, performance compared to their benchmark, number of companies in their portfolio, and fee schedules.

<u>Columbia Wanger Asset Management, LLC</u>. Present this morning are Eric Arvold, Client Service Director and Jason Martone, Director of Product Marketing. They provided a handout to all Trustees which discusses the Columbia Acorn Fund (Class Z). They are based in Chicago, Illinois, founded in 1992. Mr. Arvold states this fund has existed for forty years. In terms of performance this fund was ranked number one out of all U.S. based mutual funds in existence since June 10, 1970. That still holds true today, June 2011. He states that compared to their peer group they are below average on fees and expenses.

They manage many public plans, such as State of Oregon; State of Illinois; State of Oklahoma; Fairfax County, Virginia; Los Angeles County, California; City of San Francisco, California; and City of Stanford, Connecticut. There institutional business, or public plans, such as 401K, 403B, these type of plans comprise about one third of their assets under management, so it is a meaningful part of their business. Their style is growth at a reasonable price. They look for growth, they lead with growth, but they pay a lot of attention to valuation. Over 40 years they have done a very good job of providing good risk adjusted returns. They are a bottom up manager which means they spend most of their time looking individual stocks. They don't spend much time trying to figure out the economy and what the government is going to do. What they focus on is finding dynamic growing businesses, trying to value them appropriately, and buying them for the long term. They seek long-term investments. The average turnover in this fund is 20-25% over the last several years. So, on average, they hold stocks between four and five years, and some much longer. They have a large team of analysts with the senior analysts being able to perform transactions in this fund.

Mr. Alvord explained their research methods and how they identify themes/trends and the process they use before buying a company. They have between 375 to 425 stocks in a diversified portfolio. Each analyst is responsible for about 15-20 stocks, and comes up with a handful of new ideas a year. From a risk standpoint they think look at valuation. If you pay attention to what you pay for a company, you get a margin of safety and he thinks that is what leads to the majority of their good results risk-adjusted. They tend to do well in down markets. Secondly, is diversification. They have many different names in the portfolio. From a sell/discipline standpoint, they do not sell a company just because it has great growth and grows out of their range. However, they won't add to it, and they have a bias to eventually sell it and recycle the money back into small cap stocks.

Their fee schedule is .76% of Total Annual Fund Operating Expenses, or 76 basis points. This is their lowest fee share class that they have, and this is the fund Bay County is considering. They conclude their presentation and depart.

<u>Eagle Asset Management.</u> Nancy Clark, Senior Vice President, Institutional Sales & Consultant Relations and Stacey Serafini Thomas, CFA, Assistant Portfolio Manager, provide a handout to all Trustees. In the SMID category, which they are talking about today, they have approximately 1.1 billion in SMID which includes about 375 million in institutional funds, the rest is for high net worth clients. There are 48 clients altogether institutionally in SMID product.

One of the things they think is key to how they run money is their residual risk, and this is true of all Eagle's products. When you look at a risk adjusted basis, this is where they really shine. This product is probably the most high quality, meaning the one that investments in stocks with the most pristine balance sheet.

Their investment philosophy focuses on characteristics of companies with sustainable advantages, focus on valuation, and diversification. They own about 100 companies in the portfolio at any given time and use the Russell 2500 Index as a benchmark. They look for companies that have survived the last down turn the best. They look at companies that were able to generate a positive cash flow and also positive earnings. The performance charts were discussed and they stated typically when they do the best is during the subsequent years after a big market dislocation. Over the last year they have been ahead of the Benchmark.

Their standard fee schedule is 95 basis points on the first five million. But as an existing client, they can piggy back what we pay with the small cap growth with the small cap this allocation. Right now we pay 85 basis points on a flat fee basis, what they could do is give us a break point at ten million and drop it down when they combine the assets for fee calculation. Also, as an existing client a contract has already been negotiated, so they would do a new contract, but just mirror the language of the existing contract. This would be a separately managed portfolio.

They conclude their presentation and depart. Brief recess is taken, and the meeting resumes at 10:10 a.m. with next presentation from Hermes.

Hermes - They believe in long-term investment (3-5 years) in high quality companies. They believe this is a part of responsible investing and responsible asset management. This is a relatively low risk way of investing in Small Mid Caps. Small Mid Caps are a riskier asset class than Large Cap. You can get fantastic returns but they will go down more as well. What Hermes tries to do is to have a strategy that goes down less in those down markets. That is what they mean by low risk, you lose less money in the down markets and you try to keep up with the strongly rising markets, then they are doing a good job. That is the way to generate superior long-term compound returns. In terms of their style, they are described as core, meaning that in their portfolio they have some growth stocks and some value stocks. They look for consistency and stability of returns in their companies. They are contrarian thinkers, and do not follow the latest fashions or fads. They look for value in the market. They currently have about 65 companies in their portfolio. They look for management with integrity, talent and vision, and with strong balance sheets. They have a team of three but also have a broker network in the U.S. with access to hundreds of research analysts. They make frequent trips to the U.S., and also have many companies travel to London to do business with them.

Proposed fee for Bay County VEBA is 0.75%, with minimum account size waived.

They conclude their presentation and depart.

Lord Abbett - Privately held since 1929 and has 57 partners with an average of 13 years at Lord Abbett. They have about 108 billion in assets under management as of August 31, 2011. The common theme is that it is all fundamental bottom up research. Their focus is to protect when the markets are down and minimize the loss, yet keep up and multiply on the upside as well. Looking at performance from March 9, 2009 to the end of 2009 they lagged during that period but had protected so well in January and February that for the calendar year 2009 they still out performed by quite a bit. Their investment process is to whittle down from the investment universe to about 70 to 100 stocks. Their teams are on the road two to three days a week attending industry conferences where they can see ten companies in a day. They also visit the company and the plants, talk to line management to understand the business. Their view is they are buying businesses, not stock. They want to understand what drives that business, why do their customers buy from them, to put together the big picture. Once they own a company and understand the big picture and their drivers, they understand how events may impact their retail company. Their return on equity (5 year average) is higher then the benchmark. Their fee structure is set by Board of Directors for the Mutual Fund. Typically as the fund gets bigger the fee structure will come down a little.

Ms. Stacia Ikpe concludes her presentation and departs.

At this point, the Chairman asks Trustees for discussion and feedback on how they would rate the four finalists from their first choice to last choice. After the Trustees explain their choices, Chairman Gray asks the consultants for their ratings. Mary Nye rated Eagle as her number one choice and Hermes as her second choice. She stated that Lord Abbett's higher fees caused her to rate them lower as choice number three, and she rated Columbia as her fourth choice. Rick Potter rated Lord Abbett as his number one choice giving weight to the fact they are privately owned, but agrees their fees are high. He rated Hermes as his second choice, Eagle as his third choice, and Columbia as fourth.

More discussion among Trustees and the Consultants to narrow the choices down, and then they were asked to rank their choices again naming their number once choice and their number four choice. That process resulted in the top two choices being Hermes and Lord Abbett. Several Trustees rated Hermes as their number one choice, but others had apprehensions about Bay County being their first U.S. client. Chairman asks for a motion.

1. Moved, supported and carried to hire Lord, Abbett & Co. LLC as the new Small-Mid (SMID) Cap Equity Manager for the VEBA.

Roll Call vote:
Brzezinski - yes
Carpenter - yes
Coonan - absent
Deaton - yes
Gray - yes
Peltier - absent
Pett - yes
Ryder - yes
Starkweather - yes

2. Moved, supported and carried to excuse Trustees Coonan and Peltier.

3. Moved, supported and carried to receive two Notices of Public Meetings.

Announcements:
The next regular meeting is scheduled for Tuesday, September 13, 2011 immediately following the Retirement Board of Trustees Meeting at approximately 2:30 p.m. in the Commissioners' Chambers, 515 Center Avenue, 4th Floor, Bay City, Michigan 48708.
Unfinished Business: Trustee Deaton gave kudos to Chairman Gray for his style of conducting the meetings.
New Business: None
Miscellaneous Business: None
Adjournment:

4. Moved, supported and carried to adjourn at 12:32 p.m.

Respectfully submitted,
Crystal Hebert
Crystal Hebert
Finance Officer/Secretary

Transcribed by: Naomi Wallace

MEETING OF THE **V.E.B.A.** BOARD OF TRUSTEES COMMITTEE

September 13th, 2011

MONEY MANAGER INTERVIEWS

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

MEETING CALLED TO ORDER BY: CHAIR STEVE GRAY AT 9:05 A.M.

OTHER PRESENT: RICK POTTER, JEFF BLACK, DANEAN WRIGHT,

TRUSTEE	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
BRZEZINSKI	M - Y	Y	S							
CARPENTER	S - Y	Y	Y							
COONAN	E	E	E							
DEATON	E	E	E							
GRAY	Y	Y	Y							
PELTIER	E	E	E							
PETT	Y	S	Y							
RYDER	Y	M	Y							
STARKWEATHER	N	Y	M							

TRUSTEE	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**
BRZEZINSKI										
CARPENTER										
COONAN										
DEATON										
GRAY										
PELTIER										
PETT										
RYDER										
STARKWEATHER										

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

The meeting, held in the Bay County Commissioners Chambers, 4th Floor, Bay County Building, 515 Center Avenue, Bay City, Michigan was called to order by Chairman Gray at 9:05 A.M. This is a special meeting of the VEBA to interview Fixed Income Money Managers.

Roll call was taken, all Trustees are present, except Mr. Deaton, who requested to be excused, Mr. Coonan and Ms. Peltier.

Mr. Gray called for public input. Seeing no one from the public present, he moved on to petitions and communications.

Rick Potter and Jeff Black are present today from Becker, Burke Associates. They provided a list of sample questions to the Trustees covering the three different firms, their product/process and their team, along with a Summary Sheet on the three Finalists. Representatives from each firm provided a handout to all Trustees, and discussed their company philosophy, their investment teams, investment strategies, performance compared to their benchmark, and number of companies in their portfolio.

C.S. McKee L.P. from Pittsburgh, Pennsylvania - They are strictly an institutional investment management firm. They do not manage private wealth. They manage about 12.5 billion dollars in total assets, about 8 billion of that is equity and 4.5 billion is fixed income. They have over five hundred clients in thirty six states. They have eight accounts in Michigan, and they manage several VEBA accounts. Their representative client lists includes public, endowments, foundations, and corporate pension plans. They believe one of their strengths is their ownership structure. About ten years they bought themselves back from the parent company, Boston based United Asset Management. They wanted to create an environment where there is a lot of incentive and provide stability in the ownership of the firm. They are now 100% employee owned. Success has been shown in the growth of the firm, going from 1.6 billion when they bought the firm to 12.5 billion today. Another part of that success has been stability. They have had no turnover at all in fixed income portfolio managers in over twelve years.

As of August 31, 2011 they exceeded the Benchmark by 0.14%. Their performance is not volatile, but rather pretty steady. They tend to add value pretty consistently over time. They tend to do best when the markets are negative. They protected their clients asset values and market values of their portfolios substantially when the market was down. They believe there is an unusual amount of risk in bond returns and bond portfolios right now. Interest rates are low versus unusually high level of price risk. Their focus long term is to protect principal and not take unusual risks. We are at levels not seen in over sixty years, and the degree of loss from just a very small move up in rates is why they are even more focused on protecting principal. Unfortunately, it is also the reason why performance in the last year has been "middle of the road", due to concern about price loss.

They are a value driven investor focused primarily on security selection. They actively trade the portfolio. Their portfolios are always exceptionally high in credit quality and liquidity, typically higher than the benchmark. Given their small size, and small staff, they can make decisions quickly to move in and out of sectors.

In terms of their performance, their chart shows the ten year cumulative return (1/1/2001 - 12/31/2010) they outperformed the benchmark (Barclays Corporate) with value added return of 28.05%. The ten year Annualized Return as of 12/31/2010 the value added return was 1.49%.

The fee schedule is 0.35% per annum for first $25 million (the fee for the first $10 million is negotiable). The next $25 million is 0.30% per annum, $50 million, 0.25% per annum, over $100 million 0.20% per annum. They conclude their presentation and depart.

<u>Garcia Hamilton & Associates, L.P., Houston, Texas</u> - The firm was founded in 1988 and is 100% employee-owned. The firm manages 42.6 billion in assets for institutional and high net worth clients. They have a long history of working with public plans and institutional mandates. They provided a representative client list. Their investment philosophy is to preserve principal, maintain liquidity and provide high current income. They are flexible because they are able to quickly adjust to changing market conditions, and can exploit smaller markets. Their risk controls use fundamental research along with proprietary models, and proprietary software to help monitor decisions. Their investment methodology adds value by limited interest rate anticipation, sector rotation and yield curve management. They are not huge duration players but once or twice a year the market presents an opportunity to take a position against the index. When they see that, the maximum they will take is 10% overweight or underweight.

They discussed their fixed income aggregate portfolio characteristics. The index has asset backed securities and commercial back securities, where Garcia Hamilton has none. They are underweight in treasuries and overweight in corporate bonds because that is where they see most opportunity. Within the corporate space the index will own both BBB securities as well as 30-year securities, whereas theirs are A rated or better, ten years and out. Mortgages are close, 33% versus 35%. The index will own primarily 30-year mortgages as well as own hybrids and less liquid types, where Hamilton Garcia only owns 15-year mortgage backed securities. Their yield is much higher than the index, approximately one percent higher, meaning when things generally stay stable they will outperform the index. They conclude their presentation and depart.

<u>Segall Bryant & Hamill, Chicago, Illinois</u> - They were founded in 1994, and have locations in Chicago, Illinois and St. Louis, Missouri. They are employee owned and manage $7.6 billion in Equity, Fixed Income and alternative Assets. Their senior investment professionals average over eighteen years of industry experience. They are bottom up bond pickers. The CFA Society of Chicago credits Segall Bryant & Hamill with having the highest percent of CFA's in the entire midwest. The designation of how they tear apart balance and income statements is

one of the de facto in their industry and they want that type of training. They buy each individual security not just looking at macro themes.

He discussed their client list and stated they have over sixteen hundred clients. They have about $1.7 billion in assets in the core fixed income strategy that is equal to their intermediate strategy as well. So, collectively, the group manages just over $4 billion in assets. Some of the clients listed have very similar needs to Bay County. This is important because their technology and their philosophy is already geared to meet our needs. They have lots of experience managing these type of accounts and they believe their strategy is important to managing any risk if they had Bay County as a portfolio.

Mr. Koertner states the two key differences with his firm is that 1)they exploit inefficiencies in the fixed income market by identifying high quality, smaller issues that offer a measurable return advantage, and 2)their diversified process seeks to perform well in all periods and is not reliant on any one sector. He discussed their Fixed Income Approach describing Small Issues and Large Issues and their Annualized Return and Standard Deviation for three, five and ten years. They invest in smaller issues, not small cap companies, they are large blue chip companies whose business models do not need debt or leverage to succeed. Their client list includes Coke, Pepsi, John Deere, Caterpillar. He discussed liquidity and stated that when the market has tested this, they find that quality always trumps liquidity. If we need cash flow for this type of plan, they will be able to provide it for us.

He discussed the Taxable Municipal Bonds market and states they see a lot of value in this market. There is a variety to choose from, and they have grown substantially over the recent years due to the American Reinvestment and Recovery Act that had the Build American Bond Program. They felt it was good stimulus because it wanted to create jobs. The local municipality could charge a high enough yield to make institutional investors interested in this. Unfortunately, as this market has grown it is starting to look like the corporate bond market. There are different State qualities. They are not invested in the largest which are California, Illinois and New York.

They also see opportunities in the Commercial Mortgage Backed Securities. They are currently not trading in CMBS. Regarding Residential Mortgage Backed Securities. They only want Specified Agency Mortgage Pools which allow selection of favorable loan characteristics such as loan size, issue date, and geographic concentration. He discussed their Fixed Income Process, where they see opportunities, how often they meet, the top Down and Bottom Up approach, and stated that the two Managing Directors have the ultimate decision. He discussed credit analysis, stress testing, and several bar charts showing Core Portfolio Structure, and SBH Sector/Core Duration Matrix, their Risk Control Guidelines, Market Volatility, and their Core Fixed Income Performance compared to the Barclays Capital Aggregate. Mr. Koertner answers a few questions from Trustees, concludes his presentation, and departs.

At this time, Chairman Gray asks Trustees to discuss and rank the presenters. Five out of the six Trustees ranked Garcia Hamilton as their first choice, Four out of the six ranked McKee as their second choice. Jeff Black, ranked C.S. McKee as number one because he believes they would be the most stable and have the best ability to outperform the index with minimal draw down. He thinks that is what we want to be concerned with going forward in the context of maintaining the assets, protecting capital, and having this be the anchor of the portfolio. His personal preference leans toward more risk on the equity side. He stated that Garcia Hamilton presented a good argument. In the broad sense the risks are fairly similar.

Mr. Potter likes the risk control aspects of McKee so he ranked them as his first choice. Segall Bryant is a firm that he is very familiar with, as they manage money for a lot of his clients. The representative, Mr. Koertner is in Marketing and Mr. Potter felt he did not do justice to the Segall Bryant depth and strength. Based on Mr. Potter's knowledge of Segall Bryant, he ranked them second, and Garcia Hamilton as his third choice. He states Garcia Hamilton made a convincing case for themselves and they clearly had a success in a very difficult market using judgmental analysis. Mr. Potter was concerned that that is hard to deliver on a consistent basis. He concluded that all three are strong candidates, so it just comes down to preference. The Plan Administrator, Ms. Wright provided her rankings as well.

The Chairman asks Trustees if any of them would like to change their rankings. Some of the Trustees changed their rankings to name C.S. McKee as number one. The Chairman states that this point they can eliminate Segall Bryant & Hamill from further discussion, as they were not ranked number one by anyone. He asks for a motion

1. Moved, supported and carried to hire C. S. McKee, L.P. as the new Fixed Income Money Manager.

Roll Call vote:
Brzezinski - yes
Carpenter - yes
Coonan - absent
Deaton - absent
Gray - yes
Peltier - absent
Pett - yes
Ryder - yes
Starkweather - no

2. Moved, supported and carried to excuse Trustees Coonan, Deaton and Peltier.

Announcements:
The next regular meeting is scheduled for Tuesday, September 13, 2011 immediately following the Retirement Board of Trustees Meeting at approximately 2:30 p.m. in the Commissioners' Chambers, 515 Center Avenue, 4th Floor, Bay City, Michigan 48708.

Unfinished Business: None

New Business: None

Miscellaneous Business: None

Adjournment:

3. Moved, supported and carried to adjourn at 11:50 a.m.

Respectfully submitted,
Crystal Hebert
Crystal Hebert
Finance Officer/Secretary

Transcribed by: Naomi Wallace

MEETING OF THE **V.E.B.A.** BOARD OF TRUSTEES COMMITTEE
September 13, 2011

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

MEETING CALLED TO ORDER BY: CHAIR STEVE GRAY AT 2:19 P.M.

OTHER PRESENT: RICK POTTER, JEFF BLACK, DANEAN WRIGHT

TRUSTEE	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
BRZEZINSKI	Y	M	M	Y	Y					
CARPENTER	Y	Y	Y	Y	Y					
COONAN	E	E	E	E	E					
DEATON	E	E	E	E	E					
GRAY	Y	Y	Y	Y	Y					
PELTIER	Y	Y	Y	Y	Y					
PETT	Y	S	Y	Y	S					
RYDER	M	Y	Y	M	M					
STARKWEATHER	S	Y	S	S	Y					

TRUSTEE	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**
BRZEZINSKI										
CARPENTER										
COONAN										
DEATON										
GRAY										
PELTIER										
PETT										
RYDER										
STARKWEATHER										

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

The meeting, held in the Bay County Commissioners Chambers, 4th Floor, Bay County Building, 515 Center Avenue, Bay City, Michigan was called to order by Chairman Gray at 2:19 P.M. Roll call was taken, all Trustees are present except Mr. Coonan and Mr. Deaton.

1. Moved, supported and carried to excuse Trustees Coonan and Deaton from both meetings today.

2. Moved, supported and carried to approve the minutes as presented from August 9, 2011 regular meeting.

3. Moved, supported and carried to approve the minutes as presented from the August 23, 2011 special meeting.

Mr. Gray called for public input. Seeing no one from the public present, he moved on to petitions and communications.

4. Moved, supported and carried to receive the Portfolio Value January 1, 2010 through September 7, 2011. As of today it is $26 million.

Announcements:
The next regular meeting is scheduled for Tuesday, October 11, 2011 immediately following the Retirement Board of Trustees Meeting at approximately 2:30 p.m. in the Commissioners' Chambers, 515 Center Avenue, 4th Floor, Bay City, Michigan 48708.

Unfinished Business:
Discussion regarding the new money managers selected for the VEBA and we proceed from this point. Mr. Black wanted to know if Corporation Counsel has approved the revised Investment Policy for the VEBA. Ms. Fitzhugh has not yet reviewed the recommendation made to the Policy, so Mr. Black states if we are comfortable with the allocation which was included as part of that, we could move forward on the investment piece and have the actual policy itself at a later date.

In the recommended policy they submitted, they advised 33% of the allocation go to the Large Cap Manager, 20% to Lord Abbett, the new Small Mid Cap, and the remaining 47% to the new Fixed Income Manager, C.S. McKee. So based on the valuation of $26 million that is roughly about $8 million in Large Cap, $5 million in SMID, and roughly $13 million in Fixed Income. Ms. Wright asked about Atlanta Sosnoff and Dodge & Cox. Mr. Potter states Dodge & Cox is a Balanced Fund Manager, so we would have to liquidate the Balanced Fund, then on the Large Caps, split it between Dodge & Cox and Atalanta. Also, we need to correspond with Atalanta and advise them they are an Equity Manager now rather than a Balanced Fund.

Some discussion about the revision of the Investment Policy and the current status. Ms. Wright advised she is still working on the revisions and has not yet submitted it to Corporation Counsel.

Regarding the new contracts, Mr. Potter states that with Atalanta Sosnoff it may require changing the wording of the existing contract. With Dodge & Cox, since it is a mutual Fund, we will have to close out the balanced fund, then start up an equity fund, which will involve some paperwork. Some discussion regarding protocol of signing the contracts.

New Business: None

Miscellaneous Business: None

Adjournment:

5. Moved, supported and carried to adjourn.

Meeting adjourns at 2:34 p.m.

Respectfully submitted,

Crystal Hebert

Crystal Hebert
Finance Officer/Secretary

Transcribed by: Naomi Wallace

◆Mgr Mix VEBA

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total market value/ % of consolidation
BAYCO-VEBA CASH	-56,896.07	56,896.07	0.00	0.00	0.00	0.00	56,896.07
2611831	-100.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.22%
BAYCO - VEBA DODGE & COX BAL	-0.07	0.07	15,220,789.16	0.00	0.00	0.00	15,220,789.23
2613001	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	59.13%
BAYCO - VEBA ATALANTA SOSNOFF	-209,140.11	209,140.11	6,207,505.57	3,976,754.32	0.00	70,077.72	10,463,477.72
2646670	-2.00%	2.00%	59.33%	38.01%	0.00%	0.67%	40.65%
Total for consolidation	**-266,036.25**	**266,036.25**	**21,428,294.73**	**3,976,754.32**	**0.00**	**70,077.72**	**25,741,163.02**
% for consolidation	**-1.03%**	**1.03%**	**83.25%**	**15.45%**	**0.00%**	**0.27%**	**100.00%**

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VEBA PORTFOLIO VALUE

	DODGE & COX	CASH		TOTAL
2010				
JAN	12,100,888.44	105,522.40	10,584,016.91	22,790,427.75
FEB	12,337,748.85	127,194.75	10,902,240.56	23,367,184.16
MARCH	13,054,743.31	826,655.02	11,327,907.01	25,209,305.34
APRIL	13,991,588.85	244,134.22	11,358,311.61	25,594,034.68
MAY	13,222,769.10	141,086.32	10,679,294.83	24,043,150.25
JUNE	12,809,573.46	125,391.14	10,257,371.77	23,192,336.37
JULY	13,587,649.86	145,077.38	10,694,615.84	24,427,343.08
AUG	13,124,702.33	73,270.04	10,297,435.85	23,495,408.22
SEPT	14,114,246.44	68,829.93	10,930,245.09	25,113,321.46
OCT	14,577,087.64	235,229.40	11,314,209.87	26,126,526.91
NOV	14,475,844.80	285,665.83	11,307,156.37	26,068,667.00
DEC	15,542,608.55	48,361.72	11,636,968.32	27,227,938.59

	DODGE & COX	CASH	ATALANTA SOSNOFF	TOTAL
2011				
JAN	15,922,942.49	300,739.41	11,793,776.01	28,017,457.91
FEB	16,667,670.02	581,913.36	11,986,233.04	29,235,816.42
MARCH	17,123,304.53	121,095.35	12,011,362.73	29,255,762.61
APRIL	17,675,739.11	98,063.83	12,154,202.79	29,928,005.73
MAY	17,726,476.07	212,246.98	12,036,752.17	29,975,475.22
JUNE	17,547,728.26	1,485.83	11,875,396.11	29,424,610.20
JULY	17,060,888.70	70,134.43	11,801,134.06	28,932,157.19
AUG	16,187,340.87	43,385.81	11,169,054.28	27,399,780.96
SEPT	15,063,812.72	61,454.03	10,496,973.57	25,622,240.32
OCT				0.00
NOV				0.00
DEC 2011				0.00