

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION  
AGENDA

TUESDAY, MAY 10, 2011

(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 - 4 .....	I. APRIL 12, 2011
	IV. PUBLIC INPUT
	V. PETITIONS & COMMUNICATIONS
5 - 6 .....	A. PORTFOLIO VALUE - 1/1/10 THROUGH 5/4/11
	VI. ANNOUNCEMENTS
	A. NEXT REGULAR MEETING - TUESDAY, JUNE 14, 2011 IMMEDIATELY FOLLOWING THE RETIREMENT BOARD OF TRUSTEES MEETING @ APPROX. 2:30 P.M., <b>COMMISSIONERS CHAMBERS, 515 CENTER AVENUE - 4<sup>TH</sup> FLOOR, BAY CITY, MI 48708</b>
	VII. UNFINISHED BUSINESS
	VIII. NEW BUSINESS
	IX. MISCELLANEOUS BUSINESS
	X. ADJOURNMENT

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

April 12, 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 3:00 P.M.

OTHERS PRESENT: RICK POTTER, JEFF BLACK, DANEAN WRIGHT, CRYSTAL HEBERT

TRUSTEES

PRESENT:	1	2	3	4	5	6	7	8	9	10	11	12
BRZEZINSKI	Y	M	S	M	S	Y						
CARPENTER	Y	Y	Y	Y	Y	Y						
COONAN	Y	Y	Y	Y	Y	S						
DEATON	S	S	M	S	Y	M						
GRAY	Y	Y	Y	Y	Y	Y						
PELTIER	E	E	E	E	E	E						
PETT	Y	Y	Y	Y	Y	Y						
RYDER	M	Y	Y	Y	Y	Y						
STARKWEATHER	Y	Y	Y	Y	M	Y						

CODE:

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

TRUSTEES

PRESENT:	13	14	15	16	17	18	19	20	21	22	23	24
BRZEZINSKI												
CARPENTER												
COONAN												
DEATON												
GRAY												
PELTIER												
PETT												
RYDER												
STARKWEATHER												

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

April 12, 2011

PAGE 1

The meeting, held in the Bay County Commissioners Chambers, 4<sup>th</sup> Floor, Bay County Building, 515 Center Avenue, Bay City, Michigan was called to order by Chairman Gray at 3:00 P.M. Roll call was taken. All trustees are present except Ms. Peltier.

1. Moved, supported and carried to excuse Trustee Peltier.
2. Moved, supported and carried to approve the minutes from March 8, 2011.

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

3. Moved, supported and carried to receive the portfolio value January 1, 2010 through April 6, 2011. As of today it is \$29 million.
4. Moved, supported and carried to approve the Amended Notice of Public Meetings for VEBA.

A recent Medicaid audit was conducted at Bay Medical Care Facility which resulted in payment to the VEBA being identified as non-allowable. Mr. Eric Conway is an auditor with the firm Plante & Moran, PLC, which provides auditing services to BMCF.

Mr. Conway sent an e-mail providing a summary of the VEBA issue and listed basic points concerning Medicaid's position, IRS guidelines, and Governmental Accounting Standards Board (GASB) accounting rules. A copy of his email was provided to all Trustees. The meeting was turned over to Trustee Carpenter for an update.

Ms. Carpenter said their Administrator wanted us to be informed as to what is happening at BMCF. The facility will have about \$450,000 taken back by Medicaid based on the audit. Their auditor is scheduled to give them a presentation on April 28<sup>th</sup>. They were not sure if this would impact anyone else in the county that participates in a VEBA given the new GASB accounting rules. Previously, most of it was listed as a liability, but now it is listed as an expense, so Medicaid is saying it is disallowable. At this point, they are not sure how to fund this.

Trustee Starkweather explained that the State has made a determination that because the word "voluntary" is in there, it is not a legitimate expense. It should come out of the bottom line and not be included as an item that can be reimbursed. He explained how the Health Department and BABH receive a per diem from the State of Michigan for each case and they are not asked identify it specifically nor explain how it is spent. Only BMCF is affected in that regard.

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

April 12, 2011

PAGE 2

They will get more details with their actuary comes in on April 28<sup>th</sup>. No determination has yet been made at the federal level so there could be different scenarios and different outcomes based on how the Federal Government interprets this. If the Federal Government does not recognize it as an expense, they could stop sending money to Michigan which could cause the State to reevaluate its position.

Ms. Wright commented that regulations at the State and Federal level have not been updated to recognize VEBA's. Mr. Conway's email states that the Medicaid Provider Manual has not been updated in recent years to specifically address post-retirement benefit plans.

This issue is being presented today just to make everyone aware of the problem. They are not asking for any type of action to be taken at this time.

### **Announcements:**

The next regular meeting is scheduled for Tuesday, May 10, 2011 immediately following the Retirement Board of Trustees Meeting at approximately 2:30 p.m. in the Commissioner's Chambers, 515 Center Avenue, 4<sup>th</sup> Floor, Bay City, Michigan 48708.

### **Unfinished Business:**

Status of reviewing managers for VEBA and if we would have a recommendation soon. Chairman Gray responds that the actuarial study on the VEBA is ready to have Gabriel Roeder present it. He recommends that a special meeting be scheduled to review the VEBA Actuarial Valuation Report and at the same time look at the recommendations for restructuring money managers.

Question about REITS and their dividends and whether that includes an area for depreciation and tax shelter. Chairman Gray responds we have no information yet, but requests that Mr. Potter provide that information for the May meeting.

### **New Business:**

Chairman Gray wants to schedule a special meeting of the Board to discuss two issues: 1) VEBA Actuarial Valuation Report and 2) restructuring of the VEBA money managers.

5. Moved, supported and carried to have a special meeting on May 10<sup>th</sup>, 2011 at 10:00 a.m. Cathy Nagy from Gabriel Roeder and Rick Potter, from Becker, Burke to be present at this meeting and provide a report. Meeting will be held in

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

April 12, 2011

PAGE 3

the Commissioners Chambers, 4<sup>th</sup> Floor, Bay County Building,  
515 Center Avenue, Bay City, Michigan.

**Miscellaneous Business:**

None

**Adjournment:**

6. Moved, supported and carried to adjourn at 3:20 p.m.

Respectfully submitted,



Tim Quinn  
Secretary

Transcribed by: Naomi Wallace

**VEBA PORTFOLIO VALUE**

	<b><u>DODGE &amp; COX</u></b>	<b><u>CASH</u></b>		<b><u>TOTAL</u></b>
<b>2010</b>				
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

	<b><u>DODGE &amp; COX</u></b>	<b><u>CASH</u></b>	<b><u>ATALANTA SOSNOFF</u></b>	<b><u>TOTAL</u></b>
<b>2011</b>				
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				0.00
JUNE				0.00
JULY				0.00
AUG				0.00
SEPT				0.00
OCT				0.00
NOV				0.00
DEC				0.00

2010

**Favorites**

04 MAY 11

Account number BCVEBA

BAY COUNTY VEBA CONSOLIDATED

◆ Mgr Mix VEBA

Page 1 of 1

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 2611831	-56,185.18 -100.00%	56,185.18 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	56,185.18 0.19%
BAYCO - VEBA DODGE & COX BAL 2613001	-0.13 0.00%	0.13 0.00%	17,651,124.28 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	17,651,124.42 59.30%
BAYCO - VEBA ATALANTA SOSNOFF 2646670	-719,939.79 -5.97%	719,939.79 5.97%	7,435,349.80 61.66%	3,918,463.04 32.49%	0.00 0.00%	-14,526.98 -0.12%	12,059,225.65 40.51%
<b>Total for consolidation</b>	<b>-776,125.10</b>	<b>776,125.10</b>	<b>25,086,474.08</b>	<b>3,918,463.04</b>	<b>0.00</b>	<b>-14,526.98</b>	<b>29,766,535.25</b>
<b>% for consolidation</b>	<b>-2.61%</b>	<b>2.61%</b>	<b>84.28%</b>	<b>13.16%</b>	<b>0.00%</b>	<b>-0.05%</b>	<b>100.00%</b>

6