

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
 AGENDA
 TUESDAY, NOVEMBER 15, 2016
 (Immediately Following the Retirement Board of Trustees' Meeting @ Approximately 2:30 P.M.)
COMMISSIONERS CHAMBERS
515 CENTER AVENUE - 4TH FLOOR
BAY CITY, MI 48708

PAGE	I.	CALL TO ORDER
	II.	ROLL CALL
	III.	MINUTES
1 - 4	1.	OCTOBER 11, 2016
	IV.	PUBLIC INPUT
	A.	BOGDAHN 3Q REPORT – HOWARD POHL & PETER BROWN
5 - 24	B.	MONTHLY REPORTS - RES NO. 2016-18
	1.	PORTFOLIO VALUE 1/01/16 – 10/31/16
	2.	CHANGE IN BOOK AND MARKET VALUE – 9/30/16
	3.	MONEY MANAGER REPORTS
	a.	C.S. MCKEE – ENDING 9/30/16
	b.	DODGE & COX – ENDING 9/30/16
	c.	MFS – ENDING 9/30/16; PROXY VOTING REPORT 9/30/16
25 - 28	4.	RECAPTURE SERVICES
	a.	CAPIS – 9/30/16
29 - 30	5.	VEBA YTD BUDGET REPORT 10/31/16
31	6.	INVOICES APPROVED – 10/31/16
32 - 33	C.	SPEAKER SCHEDULE 2017 - RES NO: 2016-19
	V.	ANNOUNCEMENTS
	A.	NEXT REGULAR MEETING - TUESDAY, DECEMBER 13, 2016 IMMEDIATELY FOLLOWING THE RETIREMENT BOARD OF TRUSTEES MEETING AT APPROXIMATELY 2:30 P.M. , COMMISSIONERS CHAMBERS, 515 CENTER AVENUE - 4 TH FLOOR, BAY CITY, MI 48708
	VI.	UNFINISHED BUSINESS
	VII.	NEW BUSINESS
	VIII.	MISCELLANEOUS BUSINESS
	IX.	ADJOURNMENT

**MINUTES BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)
OCTOBER 11, 2016 - REGULAR MEETING**

PAGE 1

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

The meeting of the Board of Trustees was held on October 11, 2016 at 2:54 p.m. in the Commission Chambers, 4th Floor, Bay County Building, 515 Center Avenue, Bay City, Michigan. Roll was taken.

Trustees Present: Chairperson Gray, Mr. Coonan, Ms. Gonzales, Mr. Gromaski, Mr. Krygier, Mr. Morse, Mr. Pett, Mr. Starkweather.

Trustees Absent: Mr. Brzezinski

Also Present:

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

Secretary: Jan Histed

Retirement Administrator: Katie Meeth

Corporation Counsel: Shawna Walraven

The meeting was called to order by Chairman, Steve Gray at 2:54 p.m.

MOTION 33: Moved, supported and carried to excuse Trustee Brzezinski.

MOTION 34: Moved, supported and carried to approve the minutes, as printed, from the September 13, 2016 regular meeting.

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

RES. NO: 2016-17:

Moved, supported and carried to adopt resolution 2016-17 to receive the monthly reports: Portfolio Value ending 9/30/16 (Today's Value \$45,444,000), Monthly Change in Book and Market Value ending 8/31/16, C.S. McKee performance report ending 8/31/16, MFS – Ending 8/31/16; Capis Recapture services ending 8/31/16; VEBA YTD Budget Report ending 9/30//2016, and Approved Invoices Report ending 9/30/16.

RES. NO: 2016-16:

Moved, supported and carried to approve Res No. 2016-16 approving the 2017 proposed budget for VEBA.

ANNOUNCEMENTS:

- A. Next regularly scheduled meeting will be Tuesday, November 15, 2016 immediately following the Retirement Board of Trustees Meeting at approximately 2:30 p.m. in Commissioner's Chambers, 515 Center Avenue - 4th Floor, Bay City, MI 48708.

MINUTES BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)
OCTOBER 11, 2016 - REGULAR MEETING
PAGE 2

UNFINISHED BUSINESS:

Trustee Starkweather asked Mr. Pohl and Mr. Brown what direction they think the Feds will move. Mr. Brown stated he does not think anything will happen until after the election and then they will bump 25 bps in December. Mr. Pohl stated he agreed 100%.

NEW BUSINESS: None

MISCELLANEOUS BUSINESS:

Mr. Pett commented on the Summary of Annual Reports and a delay in a report one year. He asked about the status of the reports that are due to be mailed out by the end of this year. Ms. Meeth stated it is on time. The final numbers are finished and she believed they were being sent to print. Mr. Pett stated he remembers hearing something at MAPERS that it is supposed to be part of the website. Ms. Meeth clarified it is posted on the website under annual reports.

Chairman Gray stated at the MAPERS conference he attended a session where they were speaking about microcap stocks that are kind of at the bottom end of small cap and below. He asked Mr. Pohl and Mr. Brown to comment on microcap stocks. Mr. Pohl stated because of the nature of those companies are very, very small capitalization (defined as shares outstanding times the price). Depending upon the person saying microcap, it is usually a couple hundred million dollars or less. People look at them because those stocks, in theory, offer a greater opportunity and may be growing faster. They are typically are riskier because of the nature of their businesses. Mr. Pohl stated they usually tell their clients that if one of their small cap managers finds a good microcap stock, it is not precluded in their policies for them to buy that but Bogdahn generally does not advocate a whole portfolio of those.

ADJOURNMENT:

MOTION 35: Moved, supported and carried to adjourn the meeting at 3:01 p.m.

Respectfully submitted,



Jan Histed
Secretary

Transcribed by: Tracy Cederquist

MEETING OF THE **VEBA BOARD OF TRUSTEES COMMITTEE**
OCTOBER 11 , 2016

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

MEETING CALLED TO ORDER BY: CHAIRPERSON STEVE GRAY AT 2:54 P.M.

MOTIONS

Trustee	33	34	35						
BRZEZINSKI	E	E	E						
COONAN	Y	Y	Y						
GONZALES	Y	Y	Y						
GRAY	Y	Y	Y						
GROMASKI	Y	Y	Y						
KRYGIER	S-Y	M-Y	M-Y						
MORSE	Y	Y	Y						
PETT	M-Y	S-Y	S-Y						
STARKWEATHER	Y	Y	Y						

MEETING OF THE **VEBA BOARD OF TRUSTEES COMMITTEE**
OCTOBER 11 , 2016

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

MEETING CALLED TO ORDER BY: CHAIRPERSON STEVE GRAY AT 2:54 P.M.

RESOLUTIONS

Trustee	2016-16	2016-17					
BRZEZINSKI	E	E					
COONAN	M-Y	Y					
GONZALES	S-Y	S-Y					
GRAY	Y	Y					
GROMASKI	Y	Y					
KRYGIER	Y	M-Y					
MORSE	Y	Y					
PETT	Y	Y					
STARKWEATHER	Y	Y					

VEBA 2015	<u>DODGE & COX</u> <small>no vendor number. M&S to Fund Mgt fee applied to separately managed mgt) deduct fee from portfolio</small>	<u>CASH</u>	<u>ATLANTA SOSNOFF</u>	<u>LORD ABBOTT</u> <small>no vendor number. M&S to Fund Mgt fee applied to separately managed mgt) deduct fee from portfolio</small>	<u>CS MCKEE</u>	<u>MFS</u>	<u>TOTAL</u>
VENDOR #			1051		3509		
JAN	9,372,607.62	242,295.57	9,238,500.71	7,037,168.25	15,639,042.35		41,528,814.70
FEB	9,962,923.15	249,127.39	9,745,731.63	7,468,844.28	15,312,818.11		42,939,444.61
MARCH	9,503,359.19	127,069.94	9,346,981.59	7,533,533.53	16,301,509.64		42,812,683.89
APRIL	9,759,073.66	118,394.44	9,323,633.72	7,461,656.59	16,265,829.65		42,918,558.06
MAY	9,859,876.45	90,416.89	9,468,375.99	7,523,160.66	16,228,630.68		43,169,460.67
JUNE	9,746,608.25	94,897.23	9,397,431.67	7,523,160.66	16,098,981.56		42,851,059.43
JULY	9,856,782.12	122,254.13	9,694,347.47	7,541,149.89	16,187,952.71		43,402,496.32
AUG	9,171,435.83	155,594.49	9,045,038.09	7,175,026.45	16,188,549.01		41,735,643.87
SEPT	8,787,357.93	118,999.53	8,793,993.42	6,926,976.49	16,501,324.34		40,928,651.77
OCT	9,482,978.60	161,932.44	9,714,099.64	7,250,499.00	16,338,025.92		42,947,535.60
NOV	9,436,387.19	184,099.93	9,752,744.33	7,291,828.82	16,345,694.97		43,010,752.29
DEC	9,166,741.48	193,196.27	7,415.58	7,048,514.63	16,277,014.67	9,739,019.02	42,451,901.65

ATLANTA SOSNOFF LARGE CAP EQUITY
CS MCKEE FIXED INCOME
DODGE & COX LARGE CAP EQUITY
LORD ABBETT SMALL M/D CAP EQUITY

	<u>DODGE & COX</u>	<u>ATLANTA SOSNOFF</u> VENDOR 1051	<u>ABBOTT</u>	<u>CS MCKEE</u> VENDOR 3509	<u>TOTAL</u>
2015					
1ST QTR		17,819.00		12,223.31	30,042.31
2ND QTR		17,525.00		12,078.81	29,603.81
3RD QTR		11,734.00		12,233.32	23,967.32
4TH QTR				12,214.75	12,214.75
		47,078.00		48,749.99	95,827.99

VEBA 2016	<u>DODGE & COX</u> <small>no vendor number. M&S to Fund Mgt fee applied to separately managed mgt) deduct fee from portfolio</small>	<u>CASH</u>	<u>ATLANTA SOSNOFF</u>	<u>LORD ABBOTT</u> <small>no vendor number. M&S to Fund Mgt fee applied to separately managed mgt) deduct fee from portfolio</small>	<u>CS MCKEE</u>	<u>MFS</u>	<u>TOTAL</u>
VENDOR #			1051		3509		
January-16	8,556,306.57	268,524.93	1,489.48	6,685,474.41	16,476,306.40	9,247,614.05	41,235,715.84
February-16	8,497,608.96	343,039.83	1,469.77	6,712,509.32	16,628,173.94	9,062,194.27	41,265,016.09
March-16	9,095,668.65	349,177.88	1,490.08	7,268,659.04	16,816,245.91	9,589,722.49	43,121,161.05
April-16	9,263,597.33	273,273.00	1,490.38	7,326,587.99	16,835,959.11	9,548,266.79	43,324,174.60
May-16	8,361,507.07	132,628.36		8,586,314.73	18,592,843.35	8,292,708.42	43,968,001.93
June-16	8,141,156.33	118,995.01		8,554,013.32	18,846,484.64	8,225,463.79	43,868,139.09
July-16	8,576,651.32	155,072.92		8,950,965.32	18,965,859.64	8,639,450.47	45,168,199.87
August-16	8,762,765.73	227,327.87		8,957,336.18	18,952,590.64	8,580,030.06	45,470,050.48
September-16	8,856,759.99	147,452.69		8,930,743.47	18,936,681.48	8,593,769.23	45,465,406.66
October-16	8,633,620.83	168,237.37		8,713,569.62	18,812,230.09	8,437,746.86	44,885,464.77
November-16							0.00
December-16							0.00

ATLANTA SOSNOFF LARGE CAP EQUITY
CS MCKEE FIXED INCOME
DODGE & COX LARGE CAP EQUITY
LORD ABBETT SMALL M/D CAP EQUITY

	<u>DODGE & COX</u>	<u>ATLANTA SOSNOFF</u> VENDOR 1051	<u>ABBOTT</u>	<u>CS MCKEE</u> VENDOR 3509	<u>MFS</u>	<u>TOTAL</u>
2016						
1ST QTR				12,612.18	13,342.55	25,954.73
2ND QTR				14,148.91		14,148.91
3RD QTR				14,204.25		14,204.25
4TH QTR						0.00

Portfolio Statement

1 SEP 16 - 30 SEP 16

Account number BCVEBA
Account Name BAY COUNTY VEBA CONSOLIDATED

Page 1 of 60

◆ Change in Book and Market Value

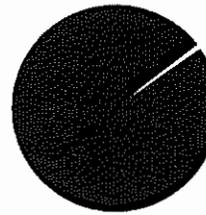
	Cost	Market value	For more information
Opening balance	40,051,598.99	45,427,101.77	
Sponsor Contributions	27,179.72	27,179.72	See funding & disbursement summary
Total receipts	27,179.72	27,179.72	See funding & disbursement summary
Income received	74,448.17	74,448.17	See income & expense summary, cash activity detail
Expenses paid	- 64,738.42	- 64,738.42	See income & expense summary
Unrealized gain/loss change	0.00	- 4,964.97	See asset summary
Realized gain/loss	9,057.97	9,057.97	See realized gain/loss summary
Accrued income change	- 2,677.38	- 2,677.38	See income & expense summary
Closing balance	40,094,869.05	45,465,406.86	

Account Statement - at 9/30/2016

Portfolio Summary

	<i>QTD</i> 6/30/16 - 9/30/16	<i>YTD</i> 12/31/15 - 9/30/16
Beginning market value	\$18,865,436	\$16,286,327
Net additions and disbursements	0	1,700,000
Investment income	129,901	360,236
Portfolio appreciation / depreciation	-56,337	592,437
Ending market value	\$18,939,000	\$18,939,000

Allocation



	<i>Actual</i>	<i>Target</i>	<i>Diff</i>
Fixed Income	99.0%	100.0%	(-1.0%)
Cash	1.0%	0.0%	+1.0%

Performance

(2/7/2012)*

	<i>QTD</i>	<i>YTD</i>	<i>1 yr</i>	<i>3 yr</i>	<i>ITD</i>
Fixed Income	0.39%	5.67%	5.50%	4.45%	3.34%
BC Aggregate	0.46%	5.80%	5.19%	4.03%	2.91%

Periods greater than 1 year are annualized

* Performance Start Date

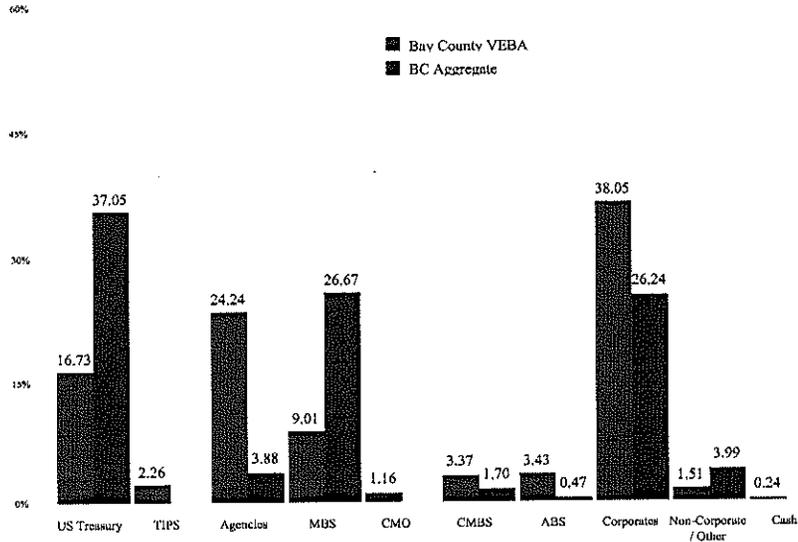
Bay County VEBA

Fixed Income Portfolio Characteristics - at 9/30/2016

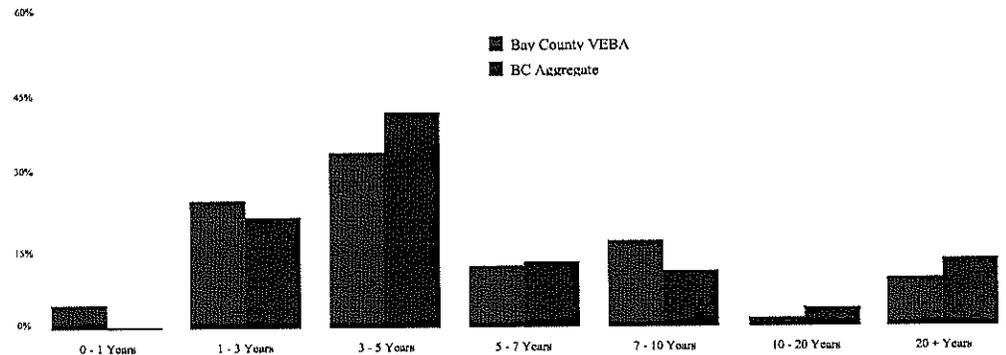
Benchmark Comparisons	Bay County VEBA	BC Aggregate	Variance
Effective Duration	5.36 yrs.	5.51 yrs.	-0.16 yrs.
Average Convexity	0.11	0.08	0.04 yrs.
Average Maturity	6.67 yrs.	7.58 yrs.	-0.92
Yield to Maturity	2.02 %	1.89 %	0.13 %
Average Coupon	2.76 %	3.09 %	-0.33 %
Average Quality	Aa2	Aa2	N/A

Top 10 Largest Holdings (Active Exposures)	Coupon	Maturity	Sector	% of Portfolio
FEDERAL NTL MTG ASSN	1.750	12/13/2019	US Agencies	3.74
UNITED STATES TREAS	1.375	08/31/2020	US Treasuries	2.84
UNITED STATES TREAS	1.625	05/15/2026	US Treasuries	2.71
UNITED STATES TREAS	1.625	12/31/2019	US Treasuries	2.59
APPLE INC	2.400	05/03/2023	Corporates	1.89
FEDERAL NTL MTG ASSN	1.375	04/11/2019	US Agencies	1.78
FEDERAL HOME LN MTG	1.000	09/30/2021	US Agencies	1.60
FEDERAL HOME LN MTG	1.250	01/29/2019	US Agencies	1.59
UNITED STATES TREAS	2.500	08/15/2023	US Treasuries	1.44
OHIO ST UNIV GEN RCP	4.910	06/01/2040	Other Governmen	1.38

Sector Allocation



Term Structure



Aggregate Fixed Income, Third Quarter, 2016

The mad dash for yield in global government securities abated in the third quarter, as the market's focus migrated to other sectors. Investors, both domestic and foreign, looked to lower credit quality offerings in a low volatility summertime trade environment. The gentle pace of rising rates was briefly accelerated in mid-September, following hawkish comments from previously dovish Federal Reserve Governor Rosengren and assisted by a sustained rise in Japanese long term rates. Questions regarding the effectiveness of further central bank rate cuts shocked complacent investors, further fueling the brief sell-off in Treasuries. The market quickly regained its composure, as dollar-denominated securities remained at least modestly attractive to most global investors, given \$12 trillion in government bonds trading at negative interest rates.

We expect the battle between fundamentally rich domestic bond valuations and the relative attractiveness of our market in a world of negative yields to continue for at least the balance of the year, with higher yields winning. The September FOMC meeting resulted in no change to the Fed Funds rate, but three committee members dissented, favoring a rate increase. An unusual development, the diverging opinions among Fed Governors points to greater odds of a rate hike in December. The pace of expected future rate increases was reduced, though, with the Fed now projecting just two hikes in 2017.

While the ardor for Treasuries cooled in the third quarter, the appetite for corporate securities continued unabated. This was especially true for the riskiest members of the investment grade universe, which outperformed Treasuries by 230 basis points and outpaced A-rated names by over 1%. Our quality bias cost the portfolios 18 basis points in performance for the quarter, but was largely offset (+14 basis points) by the overweight to the credit sector.

The trade-off between mortgages and agencies worked against us in the third quarter with MBS outperforming Treasuries by nearly 70 basis points while agency debentures barely finished north of breakeven. Security selection was a distinct positive, adding 8 basis points to the bottom line.

TIPS came to life late in the third quarter as service cost inflation continued to rise and oil recovered from a nearly 20% drop in July. Allocations to this sector of 2% to 5% are currently in place as breakeven spreads approach our first target levels for sales.

Portfolio duration finished the quarter at 93% of the benchmark level, a reduction from second quarter levels. The move was largely due to shrinking duration in our agency holdings, the result of lower volatility and increased call activity.

We expect the fourth quarter of 2016 to feature higher bond and stock market volatility, flat-to-higher equity prices, and stable credit spreads. We now favor an increase in the Fed Funds rate at the December meeting, leading to a resumption of the yield curve flattening trend that began in June. Portfolio performance should benefit from our continued overweight to spread sectors and the increased opportunity to add value through security selection in a more capricious market.

Portfolio Positions

- 
Duration: *Reduced to 93% of the benchmark level, primarily the result of called agency securities and a renewed view towards higher market interest rates. The Fed should increase the Funds rate at the December 14, 2016 FOMC meeting.*
- 
U.S. Treasuries: *TIPS trading increased as breakeven spreads widened on higher energy prices and stronger economic data.*
- 
Agency Debt: *Multi-year lows in volatility led to increased call activity during the quarter. Previous holdings were replaced with similar, conservative structures.*
- 
Credit: *The allocation to this sector was increased modestly, adding to holdings in finance and sovereign debt.*
- 
Securitized: *Asset-backed holdings were increased and the average maturity lengthened as heavy issuance and higher LIBOR rates produced attractive yield levels.*

Economic Perspective – Third Quarter, 2016

Second quarter GDP showed that the economy expanded by 1.4%. Personal consumption expenditures continued to drive the economy as private investment remained weak. Declining inventories and government expenditures contributed to the subpar results and will make 2% growth in 2016 nearly unachievable. GDP for the third quarter, as estimated by Fed tracking models, currently looks to expand by 2.2% but not enough to offset below-trend growth in the first half of the year.

Strong non-farm payroll reports of 292K and 275K additions in June and July reversed concerns of a labor market slowdown following weak Spring employment reports. The unemployment rate held steady at 4.9% fueling hawkish voices in the FOMC that tight labor markets will eventually lead to rising wages and inflationary pressures.

U.S. inflation expectations remained subdued with the Fed's five-year forward breakeven inflation rate near 1.40%. Fed doves cited diminishing inflation expectations as a prime reason to abstain from increasing policy rates too soon, preferring to wait until prices are firmly higher.

The Citi Economic Surprise Index declined after peaking in late July. Below-expectation payroll additions in August, weaker ISM-non manufacturing, and a larger decline in retail sales contributed to the drop. The weakness in key economic data helped contain interest rates over the past quarter despite the Fed's efforts to raise market probabilities of tighter monetary policy.

Central Banks, Elections, Set to Awaken Volatility

Following the U.K.'s surprise vote to leave the European Union and the subsequent sharp decline in world bond yields, ten-year U.S. Treasury yields settled into a tight range between 1.50% and 1.60% from mid-July to September. Mixed global economic data and questions about the efficacy of current monetary policy kept investor uncertainty high and growth predictions low. Hawkish voices in the FOMC, however, grew louder starting with Chair Yellen's Jackson Hole speech. Her remarks prompted investors to price in probabilities of higher interest rates. Central banks in Europe and Japan also appear to be at key turning points in their respective policies as they study the risk/reward balance of continuing quantitative easing (QE) in its current form. This potential strategy shift among the developed world's central banks, combined with November's U.S. Presidential election, should awaken markets from their summer slumber and spur an uptick in volatility and rates toward normal historical levels.

At September's FOMC meeting, policy makers decided to keep the Federal funds rate steady at 0.5%, but signaled in their statement that the case for an increase later this year has strengthened. The Fed's 'hawkish hold' saw three FOMC members – Rosengren, George, and Mester – dissent from the majority view. They cited low unemployment and, in the words of Boston Fed President Rosengren, "potentially increasing financial market turbulence." Fed doves countered the preemptive hike argument, referring to diminished inflation expectations and a lower-than-historically-normal neutral rate of interest. Market probabilities of a rate hike since the Fed meeting have slowly climbed above 60%, pulling two-year Treasury yields higher in tandem. Barring an exogenous shock or significantly below trend economic data over the next few months, the Fed will likely look to hike rates at its December 14, 2016 meeting.

The Bank of Japan, meanwhile, looked to shift its strategy as it announced the results from the comprehensive review of the QQE program, which has failed to increase growth and inflation expectations sustainably. The BoJ's new strategy aims to steepen the yield curve of Japanese government bonds (JGB), relieving some pressure on banks and insurers while targeting a zero-percent yield-to-maturity on ten-year JGBs. Prior to the announcement, markets responded to the potential shift by selling long-term Japanese debt, sending ten-year JGB yields from -0.28% to climb briefly into positive yield territory. The Japanese bond sell-off spilled over into U.S. markets as hedged foreign yields became less attractive, causing U.S. yields to rise and the yield curve to re-steepen. Investors still expect further cuts to the BoJ's deposit rate in the coming months, but additional stimulus in the form of increasing asset purchases is becoming more unlikely as the list of eligible assets to purchase shrinks and the distortive effects on the financial system grow beyond potential benefits.

The upcoming Presidential election in the U.S. is also likely to add to the market's increasing uncertainty. Current polls favor Secretary Clinton over Republican Donald Trump. Economists are expecting fiscal stimulus packages from both candidates adding nearly 0.25% to GDP growth in the first few years, but are concerned over the detrimental effects of Trump's anti-trade and anti-immigration policies. Offsetting Trump's retrenchment from globalization is his proposal for significant tax cuts that could provide strong short-term stimulus if passed, but at the expense of increased budget deficits. A Clinton victory would most likely lead to a continuation of the status quo; a Trump win, however, could cause the Fed to rethink hiking in December if hardline anti-globalization policies, however unlikely, are pushed.

(continued)

Economic Perspective – Third Quarter, 2016

OPEC agreed to halt production at its September meeting in Algiers, sending oil prices higher, with WTI crude oil approaching \$50. The challenge of enforcing this agreement and deciding quotas will be discussed at the upcoming November meeting. Higher energy prices should help push inflation expectations higher and add pressure on the Fed to tighten policy.

The upcoming U.S. Presidential election should inject a bit of volatility into the market. Current polls show Democrat Hillary Clinton with a lead over Republican Donald Trump. Economists expect modest fiscal stimulus packages from both candidates, but are wary of Trump's proposals to backtrack on trade agreements. A win for either party, however, should help push bond yields higher as deficits are set to increase.

Money market reforms take effect this October 14th, requiring 'prime' money funds to have a floating Net-Asset-Value. The change has distorted short-term lending markets, with 3-month Libor rates climbing to 0.85% from around 0.60% earlier this summer.

The fourth quarter appears poised to disrupt investor's sanguine views regarding current monetary policy and should set the course for 2017. Could central banks actually move away from ultra stimulative monetary policy and recognize that QE has run its useful course? Markets appear to put little faith in the Fed's indicated intention of raising rates in December and twice more in 2017, but the risk of tighter monetary policy are beginning to grow. Central banks have nearly exhausted their ability to stimulate the economy. Signs of QE exhaustion may have already started to appear in the BoJ's shift to target ten-year JGBs at zero percent yield-to-maturity. Recent chatter from the ECB to taper bond purchases prior to their scheduled end in March 2017 could add to investor angst about less accommodative policy. A shift to taper bond purchases by the ECB should lead to higher bond yields in Europe and pressure U.S. bond prices lower as the relative attractiveness of U.S. debt declines. If incoming economic data over the next few months meet current forecasts, expect increasing financial market turbulence and higher bond yields as investors ween themselves from an increasingly less-effective monetary policy.

Investment Summary - at 9/30/2016

90477

<i>Asset Class</i>	<i>Total Cost</i>	<i>Weight at Cost</i>	<i>Market Value</i>	<i>Accrued Income</i>	<i>Total Value</i>	<i>Weight at Market</i>
<i>Fixed Income</i>	\$18,378,566.88	99.02%	\$18,653,902.57	\$103,434.57	\$18,757,337.13	99.04%
<i>Cash</i>	\$181,663.13	0.98%	\$181,663.13	\$0.00	\$181,663.13	0.96%
<i>Total Portfolio</i>	\$18,560,230.01	100.00%	\$18,835,565.70	\$103,434.57	\$18,939,000.26	100.00%

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

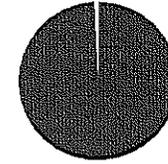
Bay County VEBA

Client Code: 90477
As Of Date: 9/30/2016
Report: Calendar

Asset Allocation

As of 9/30/2016

Large-Cap Equity	\$	-	0.00%
Smid-Cap Equity	\$	-	0.00%
Small-Cap Equity	\$	-	0.00%
Fixed Income	\$	18,757,337.13	99.04%
Intl Mutual Fund	\$	-	0.00%
Cash	\$	181,663.13	0.96%
Other	\$	-	0.00%
Total Portfolio:	\$	18,939,000.26	100.00%



Performance

As of 9/30/2016

Portfolio Summary - Month-to-Date	Total Portfolio	Large-Cap Equity	Smid-Cap Equity	Small-Cap Equity	Total Domestic Equity	Fixed Income	Intl Mutual Fund
Beginning Market Value:	18,955,568.94	-	-	-	-	18,955,568.94	-
Net Contributions (Distributions):	-	-	-	-	-	-	-
Income:	42,528.74	-	-	-	-	42,528.74	-
Market Appreciation (Depreciation):	(59,097.42)	-	-	-	-	(59,097.42)	-
Ending Market Value:	18,939,000.26	-	-	-	-	18,939,000.26	-
Dollar-Weighted Return:	(0.09%)	-	-	-	-	(0.09%)	-

Time-Weighted Returns	Total Portfolio	Large-Cap Equity	Smid-Cap Equity	Small-Cap Equity	Total Domestic Equity	Fixed Income	Intl Mutual Fund
Performance Start Date:	2/7/2012	N/A	N/A	N/A	N/A	2/7/2012	N/A
		Ex Cash	Ex Cash	Ex Cash	Ex Cash	Ex Cash	Ex Cash
MTD	Gross	(0.09%)	-	-	-	(0.09%)	(0.10%)
	Net	(0.11%)	-	-	-	(0.11%)	(0.12%)
	Benchmark	(0.06%)	-	-	-	(0.06%)	(0.06%)
	Value Added (Gross)	(0.03%)	-	-	-	(0.03%)	(0.04%)
QTD	Gross	0.39%	-	-	-	0.39%	0.39%
	Net	0.32%	-	-	-	0.32%	0.31%
	Benchmark	0.46%	-	-	-	0.46%	0.46%
	Value Added (Gross)	(0.07%)	-	-	-	(0.07%)	(0.07%)
YTD	Gross	5.67%	-	-	-	5.67%	5.79%
	Net	5.43%	-	-	-	5.43%	5.55%
	Benchmark	5.80%	-	-	-	5.80%	5.80%
	Value Added (Gross)	(0.13%)	-	-	-	(0.13%)	(0.01%)
1 Year	Gross	5.50%	-	-	-	5.50%	5.66%
	Net	5.19%	-	-	-	5.19%	5.34%
	Benchmark	5.19%	-	-	-	5.19%	5.19%
	Value Added (Gross)	0.31%	-	-	-	0.31%	0.47%
3 Year	Gross	4.45%	-	-	-	4.45%	4.56%
	Net	4.14%	-	-	-	4.14%	4.24%
	Benchmark	4.02%	-	-	-	4.02%	4.02%
	Value Added (Gross)	0.43%	-	-	-	0.43%	0.54%
5 Year	Gross	0.00%	-	-	-	0.00%	0.00%
	Net	0.00%	-	-	-	0.00%	0.00%
	Benchmark	0.00%	-	-	-	0.00%	0.00%
	Value Added (Gross)	0.00%	-	-	-	0.00%	0.00%
ITD	Gross	3.34%	-	-	-	3.34%	3.44%
	Net	3.04%	-	-	-	3.04%	3.15%
	Benchmark	2.91%	-	-	-	2.91%	2.91%
	Value Added (Gross)	0.43%	-	-	-	0.43%	0.53%

Benchmark History	Total Portfolio	Large-Cap Equity	Smid-Cap Equity	Small-Cap Equity	Total Domestic Equity	Fixed Income	Intl Mutual Fund
2/7/2012						2/7/2012	
BCAGG 100%						BCAGG 100%	

DODGE & COX FUNDS

Total Rates of Return For Periods Ending September 30, 2016

	1 Mo. Ended	3 Mos. Ended	Year-to- Date	Annualized				
				1 Year	3 Years	5 Years	10 Years	20 Years
Dodge & Cox Stock Fund	1.18%	8.78%	9.54%	14.51%	8.91%	17.10%	5.53%	9.91%
Dodge & Cox Global Stock Fund	.97%	9.89%	9.37%	13.20%	5.81%	13.26%	N.A.	N.A.
Dodge & Cox International Stock Fund	.03%	10.15%	4.74%	5.62%	.06%	8.17%	2.88%	N.A.
Dodge & Cox Balanced Fund	.82%	6.65%	9.13%	12.58%	7.75%	13.71%	5.82%	8.86%
Dodge & Cox Income Fund	.11%	1.79%	6.95%	7.09%	4.29%	4.31%	5.36%	6.02%
Dodge & Cox Global Bond Fund†	.19%	2.63%	9.10%	9.10%	1.99%	N.A.	N.A.	N.A.
<u>Comparative Indices</u>								
S&P 500 Index	.02%	3.86%	7.85%	15.45%	11.18%	16.38%	7.24%	7.92%
MSCI World Index	.53%	4.86%	5.55%	11.35%	5.84%	11.63%	N.A.	N.A.
MSCI EAFE Index	1.23%	6.44%	1.74%	6.52%	.48%	7.39%	1.82%	N.A.
Combined Index	-.01%	2.50%	7.17%	11.48%	8.44%	11.06%	6.57%	7.31%
Barclays U.S. Aggregate Bond Index	-.06%	.46%	5.81%	5.22%	4.03%	3.09%	4.80%	5.61%
Barclays Global Aggregate Bond Index	.55%	.81%	9.85%	8.82%	2.12%	N.A.	N.A.	N.A.

† 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 Barclays U.S. Agg. The Fund may, however, invest up to 75% of its total assets in stocks. The Barclays U.S. Aggregate Bond Index is a widely recognized, unmanaged index of U.S. dollar-denominated investment-grade fixed income securities. The 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 or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

Vote Summary Report

Reporting Period: 07/01/2016 to 09/30/2016

Location(s): Massachusetts Financial Services

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

CONSTELLATION BRANDS, INC.

Meeting Date: 07/20/2016	Country: USA	Primary Security ID: 21036P108	Meeting ID: 1071334
Record Date: 05/23/2016	Meeting Type: Annual	Ticker: STZ	
Primary CUSIP: 21036P108	Primary ISIN: US21036P1084	Primary SEDOL: 2170473	

Voting Policy: MFS

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

McKesson Corporation

Meeting Date: 07/27/2016	Country: USA	Primary Security ID: 58155Q103	Meeting ID: 1074789
Record Date: 05/31/2016	Meeting Type: Annual	Ticker: MCK	
Primary CUSIP: 58155Q103	Primary ISIN: USS8155Q1031	Primary SEDOL: 2378534	

Voting Policy: MFS

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1a	Elect Director Andy D. Bryant	Mgmt	For	For
1b	Elect Director Wayne A. Budd	Mgmt	For	For
1c	Elect Director N. Anthony Coles	Mgmt	For	For
1d	Elect Director John H. Hammergren	Mgmt	For	For
1e	Elect Director M. Christine Jacobs	Mgmt	For	For

Vote Summary Report

Reporting Period: 07/01/2016 to 09/30/2016

Location(s): Massachusetts Financial Services

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

McKesson Corporation

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1f	Elect Director Donald R. Knauss	Mgmt	For	For
1g	Elect Director Marie L. Knowles	Mgmt	For	For
1h	Elect Director Edward A. Mueller	Mgmt	For	For
1i	Elect Director Susan R. Salka	Mgmt	For	For
2	Ratify Deloitte & Touche LLP as Auditors	Mgmt	For	For
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	For
4	Pro-rata Vesting of Equity Awards	SH	Against	Against
5	Report on Political Contributions	SH	Against	For

Electronic Arts Inc.**Meeting Date:** 07/28/2016**Country:** USA**Primary Security ID:** 285512109**Meeting ID:** 1073485**Record Date:** 06/06/2016**Meeting Type:** Annual**Ticker:** EA**Primary CUSIP:** 285512109**Primary ISIN:** US2855121099**Primary SEDOL:** 2310194**Voting Policy:** MFS

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1a	Elect Director Leonard S. Coleman	Mgmt	For	For
1b	Elect Director Jay C. Hoag	Mgmt	For	For
1c	Elect Director Jeffrey T. Huber	Mgmt	For	For
1d	Elect Director Vivek Paul	Mgmt	For	For
1e	Elect Director Lawrence F. Probst, III	Mgmt	For	For
1f	Elect Director Talbott Roche	Mgmt	For	For
1g	Elect Director Richard A. Simonson	Mgmt	For	For
1h	Elect Director Luis A. Ubinas	Mgmt	For	For
1i	Elect Director Denise F. Warren	Mgmt	For	For
1j	Elect Director Andrew Wilson	Mgmt	For	For
2	Amend Executive Incentive Bonus Plan	Mgmt	For	For
3	Amend Omnibus Stock Plan	Mgmt	For	For
4	Amend Qualified Employee Stock Purchase Plan	Mgmt	For	For

Vote Summary Report

Reporting Period: 07/01/2016 to 09/30/2016

Location(s): Massachusetts Financial Services

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

Electronic Arts Inc.

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
5	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	For
6	Ratify KPMG LLP as Auditors	Mgmt	For	For

LinkedIn Corporation

Meeting Date: 08/19/2016	Country: USA	Primary Security ID: 53578A108	Meeting ID: 1080159
Record Date: 07/18/2016	Meeting Type: Special	Ticker: LNKD	
Primary CUSIP: 53578A108	Primary ISIN: US53578A1088	Primary SEDOL: B3ZVCQ8	
Voting Policy: MFS			

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1	Approve Merger Agreement	Mgmt	For	For
2	Adjourn Meeting	Mgmt	For	For
3	Advisory Vote on Golden Parachutes	Mgmt	For	Against

NIKE, Inc.

Meeting Date: 09/22/2016	Country: USA	Primary Security ID: 654106103	Meeting ID: 1080330
Record Date: 07/22/2016	Meeting Type: Annual	Ticker: NKE	
Primary CUSIP: 654106103	Primary ISIN: US6541061031	Primary SEDOL: 2640147	
Voting Policy: MFS			

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1.1	Elect Director Alan B. Graf, Jr.	Mgmt	For	For
1.2	Elect Director Michelle A. Peluso	Mgmt	For	For
1.3	Elect Director Phyllis M. Wise	Mgmt	For	For
2	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	For
3	Amend Qualified Employee Stock Purchase Plan	Mgmt	For	For
4	Report on Political Contributions	SH	Against	For
5	Ratify PricewaterhouseCoopers LLP as Auditors	Mgmt	For	For

Vote Summary Report

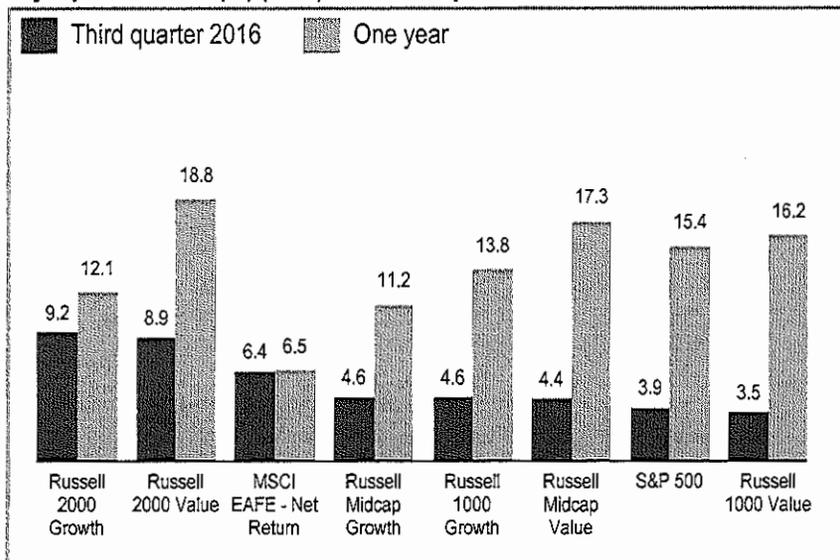
Reporting Period: 07/01/2016 to 09/30/2016

Location(s): Massachusetts Financial Services

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

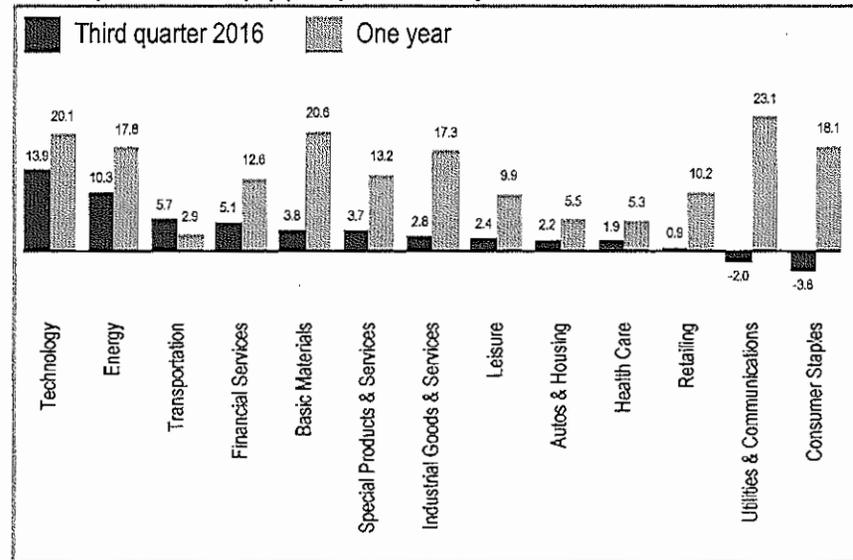
Market overview

Style performance (%) (USD) as of 30-Sep-16



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

Sector performance (%) (USD) as of 30-Sep-16



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

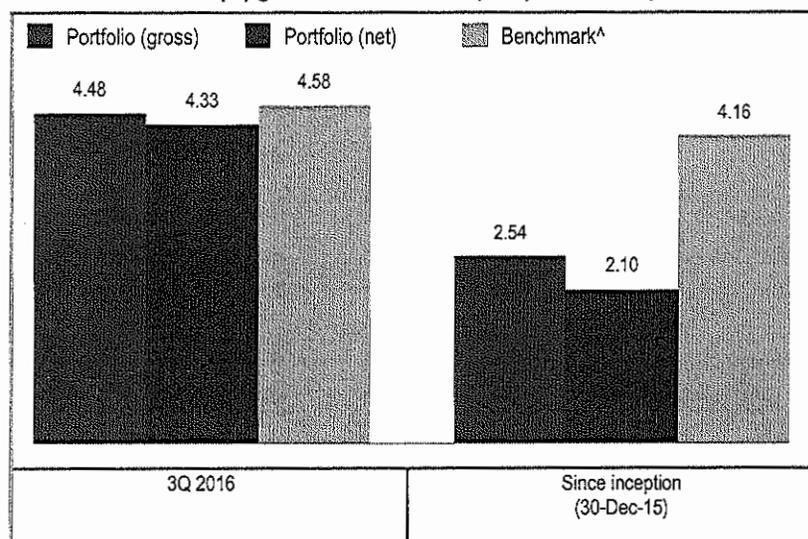
Market review as of 30-Sep-2016

- The U.S. market, as measured by the S&P 500 Index, added to its small gain through the first six months of the year by posting a modest return in Q3. Despite the respectable YTD returns through September, investors are keeping a close eye on the Presidential race, China's growth, Federal Reserve policy and the future impact of Brexit.
- U.S. economic growth, led by consumer spending, picked up slightly from the first three months of the year with Q2 GDP coming in at 1.4%. With the U.S. Dollar and the price of oil stabilizing, the Federal Reserve believes growth will accelerate as we finish 2016. Given the slower growth, the Federal Reserve did not raise interest rates during their September meeting but signaled that a rate increase in December was likely. Other central banks (i.e. ECB, BOJ and People's Bank of China) continue to maintain their "super easy" monetary conditions.
- In general, the growth style of investing slightly outperformed the value style of investing during Q3. This outperformance was helped by strong returns from the technology sector and weak returns from the utilities sector.



Executive summary

Performance results (%) gross and net of fees (USD) as of 30-Sep-16



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.

[^] Russell 1000® Growth Index

Asset summary (USD)

Beginning value as of 30-Jun-16	8,225,424
Contributions	0
Withdrawals	0
Change in market value	+368,301
Ending value as of 30-Sep-16	8,593,725

Sector weights (%) as of 30-Sep-16

	Portfolio	Benchmark ^{^^}
Top overweights		
Financial Services	9.9	6.4
Special Products & Services	7.6	5.4
Retailing	13.1	11.2
Top underweights		
Basic Materials	1.1	4.0
Leisure	7.8	10.4
Industrial Goods & Services	4.1	6.6

^{^^} Russell 1000® Growth Index

Portfolio and benchmark data shown is based on MFS' sector/industry classification methodology, which differs from the benchmark's.

The Growth Equity portfolio underperformed the Russell 1000® Growth Index in the third quarter of 2016.

Contributors

- Financial Services – Stock selection
- Leisure – Stock selection
- Individual stocks:
 - Alphabet Inc
 - Adobe Systems Inc
 - Fleetcor Technologies Inc
 - Altria Group Inc (not held)

Detractors

- Technology – Stock selection
- Retailing – Stock selection
- Health Care – Stock selection
- Individual stocks:
 - Fiserv Inc
 - Cognizant Technology



Performance results

Performance results (%) gross and net of fees (USD) as of 30-Sep-16

Period	Portfolio gross (%)	Portfolio net (%)	Benchmark [^] (%)	Excess return net vs benchmark (%)
3Q 2016	4.48	4.33	4.58	-0.25
2Q 2016	1.43	1.28	0.61	0.67
1Q 2016	-1.58	-1.72	0.74	-2.46
2016 YTD	4.29	3.85	6.00	-2.15
Since client inception (30-Dec-15)	2.54	2.10	4.16	-2.06

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.

[^] Russell 1000® Growth Index



Characteristics

As of 30-Sep-16	Portfolio	Benchmark [^]
Fundamentals - weighted average		
IBES long-term EPS growth ¹	17.7%	14.3%
Price/earnings (12 months forward ex-negative earnings)	23.0x	19.1x
Market capitalization		
Market capitalization (USD) ²	139.0 bn	151.8 bn
Diversification		
Top ten holdings	32%	26%
Number of holdings	86	599
Risk profile (current)		
Barra predicted tracking error ³	2.42%	–

[^] Russell 1000® Growth Index

¹ Source: Thomson Reuters

² Weighted average.

³ Source: Barra

No forecasts can be guaranteed.

Top 10 issuers

As of 30-Sep-16	Portfolio (%)	Benchmark [^] (%)
ALPHABET INC	6.6	4.4
FACEBOOK INC	4.8	2.7
AMAZON.COM INC	4.8	3.1
VISA INC	3.9	1.5
ADOBE SYSTEMS INC	2.7	0.5
MICROSOFT CORP	2.6	4.1
MASTERCARD INC (EQ)	2.6	0.9
THERMO FISHER SCIENTIFIC INC	2.4	0.3
SBA COMMUNICATIONS CORP	2.0	0.1
DANAHER CORP	1.9	0.1
Total	34.3	17.8

Bay County Voluntary Employees' Beneficiary Association Trust
Growth Equity



Q3 | 30 September 2016

Performance results (%) gross and net of fees (USD)	Portfolio		Benchmark ^A	Excess returns Net vs benchmark
	Gross of fees	Net of fees		
3Q 2016	4.48	4.33	4.58	-0.25
2016 YTD	4.29	3.85	6.00	-2.15
Since client inception (30-Dec-15)	2.54	2.10	4.16	-2.06

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.

^A Russell 1000[®] Growth Index

Asset summary (USD)	
Beginning value as of 30-Jun-16	8,225,424
Contributions	0
Withdrawals	0
Change in market value	+368,301
Ending value as of 30-Sep-16	8,593,725

Characteristics	Portfolio	Benchmark ^{AA}
IBES long-term EPS growth - weighted average ¹	17.7%	14.3%
Price/earnings (12 months forward ex-negative earnings) - weighted average	23.0x	19.1x
Market capitalization (USD) ²	139.0 bn	151.8 bn
Top ten holdings	32%	26%
Number of holdings	86	599
Barra predicted tracking error ³	2.42%	-

¹ Source: Thomson Reuters

² Weighted average.

³ Source: Barra

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.

Top 10 Issuers	Sector	% of Portfolio
ALPHABET INC	Technology	6.6
FACEBOOK INC	Technology	4.8
AMAZON.COM INC	Retailing	4.8
VISA INC	Financial Services	3.9
ADOBE SYSTEMS INC	Technology	2.7
MICROSOFT CORP	Technology	2.6
MASTERCARD INC (EQ)	Financial Services	2.6
THERMO FISHER SCIENTIFIC INC	Health Care	2.4
SBA COMMUNICATIONS CORP	Utilities & Communications	2.0
DANAHER CORP	Health Care	1.9

Sectors (%)	Portfolio	Benchmark ^{AA}
Technology	23.9	24.8
Health Care	16.6	16.6
Retailing	13.1	11.2
Financial Services	9.9	6.4
Leisure	7.8	10.4
Special Products & Services	7.6	5.4
Consumer Staples	6.2	7.7
Industrial Goods & Services	4.1	6.6
Autos & Housing	3.2	2.2
Utilities & Communications	2.0	2.2
Transportation	1.8	2.1
Energy	1.2	0.5
Basic Materials	1.1	4.0

1.6% Cash & cash equivalents

FOR EXISTING INSTITUTIONAL CLIENT USE ONLY.

MFS Institutional Advisors, Inc.

^{AA} Russell 1000[®] Growth Index

FOR MORE INFORMATION CONTACT

Kimberly Hyland, Director, Relationship Management

Phone: +1 617 954 5575

Email: khyland@mfs.com

Thomas Shanley, Client Service Manager

Phone: +1 617 954 7492

Email: tshanley@mfs.com

Bay County Voluntary Employees' Beneficiary Association Trust
Growth Equity
Report as of 30 September 2016

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

Period	Portfolio gross	Portfolio net	Benchmark [^]	Excess ^{^^}
September	0.16	0.11	0.37	-0.25
August	-0.69	-0.74	-0.50	-0.24
July	5.03	4.98	4.72	0.26
3Q 2016	4.48	4.33	4.58	-0.25
2Q 2016	1.43	1.28	0.61	0.67
1Q 2016	-1.58	-1.72	0.74	-2.46
2016 YTD	4.29	3.85	6.00	-2.16
Since client inception (30-Dec-15)	2.54	2.10	4.16	-2.07

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.

[^] Russell 1000® Growth Index

^{^^} Excess return net vs benchmark (%)

The Growth Equity portfolio underperformed Russell 1000® Growth Index in the third quarter of 2016.

Detractors

Technology – Stock selection

Retailing – Stock selection

Health Care – Stock selection

Individual stocks - Detractors

Fiserv Inc

Cognizant Technology

Contributors

Financial Services – Stock selection

Bay County Employees' VEBA

CAPIS Account: 10250

Settlement Month Ending: 9/30/2016

Summary of Segregated Account Detail

	September	YTD
Payment from Segregated Account	\$ 0.00	\$ 63.25
	<u>\$ 0.00</u>	<u>\$ 63.25</u>

Voucher Amount

Segregated Account Detail

Service Period	Comments/Notes	Vendor Invoice #	Date Paid	September	Prior Months	YTD	Mixed Use %
December 2015	Commission Recapture	305658Bay Count	01/15/2016		\$ 63.25		
		Payment from Segregated Account Total		<u>\$ 0.00</u>	<u>\$ 63.25</u>	<u>\$ 63.25</u>	
		Grand Total		<u>\$ 0.00</u>	<u>\$ 63.25</u>	<u>\$ 63.25</u>	

Bay County Employees' VEBA

CAPIS Account: 10250

Settlement Month Ending: 9/30/2016

	Commission		Recapture Allocation		Redeemed Recapture		Balance
	Month	YTD	Month	YTD	Month	YTD	
Beginning Balance							\$ 63.25
January	\$0.00	\$0.00	\$0.00	\$0.00	\$63.25	\$63.25	\$0.00
February	.00	.00	.00	.00	.00	63.25	.00
March	.00	.00	.00	.00	.00	63.25	.00
April	.00	.00	.00	.00	.00	63.25	.00
May	.00	.00	.00	.00	.00	63.25	.00
June	.00	.00	.00	.00	.00	63.25	.00
July	.00	.00	.00	.00	.00	63.25	.00
August	.00	.00	.00	.00	.00	63.25	.00
September	.00	.00	.00	.00	.00	63.25	.00

Bay County Employees' VEBA

CAPIS Account: 10250

Settlement Month Ending: 9/30/2016

Explanation of Your Statement

Commission

The term "Commission" as used in this document is intended to encompass multiple forms of transaction based remuneration earned by CAPIS, including commissions earned on agency transactions, markup/markdowns earned on principal transactions and selling concessions earned on new issue transactions.

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 recaps 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. 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. 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
1700 Pacific Avenue, Suite 1100
Dallas, TX 75201

VEBA YTD BUDGET REPORT

ACCOUNT DESCRIPTION	ORIGINAL APPROP	TRANFRS/ADJSMTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	% USED
FUND BALANCE	-	-	-	-	-	-	0.00%
NET ASSETS - RESERVES	1,685,865.00	-	1,685,865.00	-	-	1,685,865.00	0.00%
Total RA FUND BALANCE, NET AS	1,685,865.00	-	1,685,865.00	-	-	1,685,865.00	0.00%
ER CONTR-BEHAVE.HEALTH	(250,000.00)	-	(250,000.00)	-	-	(250,000.00)	0.00%
ER CONTR-MOSQUITO CONT	-	-	-	-	-	-	0.00%
ER CONTR-HEALTH FUND	-	-	-	-	-	-	0.00%
ER CONTR-ROAD COMMISS.	-	-	-	-	-	-	0.00%
ER CONTR-LIBRARY	(48,000.00)	-	(48,000.00)	(32,000.00)	-	(16,000.00)	66.70%
ER CONTR-GOLF COURSE	-	-	-	-	-	-	0.00%
ER CONTR-GENERAL FUND	-	-	-	-	-	-	0.00%
ER CONTR-DWS	(32,000.00)	-	(32,000.00)	(60,755.81)	-	28,755.81	189.90%
ER CONTR-911 SERVICE	-	-	-	-	-	-	0.00%
ER CONTR-CHILD CARE	-	-	-	-	-	-	0.00%
ER CONTR-DIV ON AGING	-	-	-	-	-	-	0.00%
ER CONTR-RETIRE SYSTEM	-	-	-	-	-	-	0.00%
ER CONTR-GYPSY MOTH	-	-	-	-	-	-	0.00%
ER CONTR-HOME REHABIL.	-	-	-	-	-	-	0.00%
ER CONTR-100% TAX PYMT	-	-	-	-	-	-	0.00%
ER CONTR-MED CARE FAC.	(250,000.00)	-	(250,000.00)	(135,752.39)	-	(114,247.61)	54.30%
ER CONTR-SELF INSURANC	-	-	-	-	-	-	0.00%
ER CONTR-COMM.CORRECT.	-	-	-	-	-	-	0.00%
ER CONTR-F.O.C. FUND	-	-	-	-	-	-	0.00%
ER CONTR-HOUSING FUND	-	-	-	-	-	-	0.00%
ER CONTR-SOLDIER RELIE	-	-	-	-	-	-	0.00%
ER CONTR-SHERIFF DEPT	-	-	-	-	-	-	0.00%
Total RJ LOCAL UNIT CONTRIBUT	(580,000.00)	-	(580,000.00)	(228,508.20)	-	(351,491.80)	39.40%
INVESTMENT INTEREST/DIVIDENDS	(500,000.00)	-	(500,000.00)	(268,304.53)	-	(231,695.47)	53.70%
GAIN ON SALE OF INVESTMENTS	(1,200,000.00)	-	(1,200,000.00)	(857,972.86)	-	(342,027.14)	71.50%
UNREALIZED GAIN ON INVESTMENTS	-	-	-	-	-	-	0.00%
SECURITIES LENDING EARNINGS	-	-	-	(6,042.55)	-	6,042.55	100.00%
Total RP INTEREST & RENTALS	(1,700,000.00)	-	(1,700,000.00)	(1,132,319.94)	-	(567,680.06)	66.60%
MISCELLANEOUS REVENUES	-	-	-	-	-	-	0.00%
COMMISSION RECAPTURE	(6,900.00)	-	(6,900.00)	(63.25)	-	(6,836.75)	0.90%
Total RR OTHER REVENUE	(6,900.00)	-	(6,900.00)	(63.25)	-	(6,836.75)	0.90%
PER DIEM	360.00	-	360.00	-	-	360.00	0.00%
Total XE WAGES & SALARIES	360.00	-	360.00	-	-	360.00	0.00%
OFFICE SUPPLIES	100.00	-	100.00	-	-	100.00	0.00%
PRINTING AND BINDING	150.00	-	150.00	-	-	150.00	0.00%

VEBA YTD BUDGET REPORT

ACCOUNT DESCRIPTION	ORIGINAL APPROP	TRANFRS/ADJSMTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	% USED
POSTAGE	100.00	-	100.00	-	-	100.00	0.00%
COMPUTER SUPPLIES	50.00	-	50.00	-	-	50.00	0.00%
Total XI SUPPLIES	400.00	-	400.00	-	-	400.00	0.00%
PROFESSIONAL SERVICES	130,000.00	-	130,000.00	54,328.05	-	75,671.95	41.80%
ACTUARIAL SERVICES	39,300.00	-	39,300.00	1,975.00	-	37,325.00	5.00%
INVESTMENT/BANK SERVICE CHARGE	30,000.00	-	30,000.00	40,966.82	-	(10,966.82)	136.60%
LEGAL FEES	7,500.00	-	7,500.00	-	-	7,500.00	0.00%
CONSULTANTS	30,000.00	-	30,000.00	16,000.00	-	14,000.00	53.30%
LOCAL TRAVEL MILEAGE	-	-	-	-	-	-	0.00%
EQUIPMENT RENTAL-COPY MACHINES	55.00	-	55.00	-	-	55.00	0.00%
INDIRECT COST EXPENSE	10,420.00	-	10,420.00	7,815.00	-	2,605.00	75.00%
LOSS ON DISPOSAL OF ASSET	350,000.00	-	350,000.00	247,158.49	-	102,841.51	70.60%
UNREALIZED LOSS ON INVESTMENTS	-	-	-	-	-	-	0.00%
INSURANCE AND BONDS	3,000.00	-	3,000.00	3,125.63	-	(125.63)	104.20%
Total XL OTHER SERVICES AND C	600,275.00	-	600,275.00	371,368.99	-	228,906.01	61.90%
Total 73627401 VOL.EMPLOYEE BENEF.A	-	-	-	(989,522.40)	-	989,522.40	100.00%
Total 7360 PUBLIC EMPLOYEE HEALTH C	-	-	-	(989,522.40)	-	989,522.40	100.00%
Revenue Total	(601,035.00)	-	(601,035.00)	(1,360,891.39)	-	759,856.39	226.40%
Expense Total	601,035.00	-	601,035.00	371,368.99	-	229,666.01	61.80%
Grand Total	-	-	-	(989,522.40)	-	989,522.40	100.00%

VEBA

Invoices Approved:

Oct-16

Invoice Date	Vendor	Amount	Description
10/10/2016	Bogdahn	\$ 4,000.00	Q4 2016 Consulting Fees
10/11/2016	C:S. MCKEE	\$14,204	Q3 MONEY MGR FEE
10/26/2016	GRS	\$ 1,975.00	2013 SAR

**BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
11/15/2016
RESOLUTION**

BY: ADMINISTRATION

WHEREAS, The Bay County Voluntary Employees' Beneficiary Association Investment Policy states that Investment Managers are required to meet with Trustees annually.

WHEREAS, The Board schedules Investment Managers to speak at their monthly meetings; Therefore, Be It

RESOLVED That this Board approve the speaker schedule for 2017.

STEVE GRAY, CHAIR
AND BOARD

RESOLUTION SPEAKER SCHEDULE 2017

MOVED BY TRUSTEE _____

SUPPORTED BY TRUSTEE _____

TRUSTEE	Y	N	E	TRUSTEE	Y	N	E	TRUSTEE	Y	N	E
Richard Brzezinski				Steve Gray				Jon Morse			
Kim Coonan				Richard Gromaski				Matthew Pett			
Kristal Gonzales				Ernie Krygier				Thomas Starkweather			

Vote Totals:

Roll Call: Yeas _____ Nays _____ Excused _____

Voice: Yeas _____ Nays _____ Excused _____

Disposition: Adopted _____ Defeated _____ Withdrawn _____

Amended _____ Corrected _____ Referred _____

RETIREMENT BOARD MEETINGS FOR 2017
SCHEDULE OF SPEAKERS - MEETINGS START AT 1:30 P.M.
EXCEPT WHERE NOTED *

DATE	MONEY MANAGER	SPEAKER	CONFIRMED
JANUARY 10	1:30 INTEGRITY	Adam Friedman Andrea Leastra	
FEBRUARY 14	The Bogdahn Group - 4th Qtr Rpt 2016 BCERS (and VEBA)	Howard Pohl Peter Brown	
MARCH 14	1:30 EAGLE ASSET 2:30 GABRIEL ROEDER SMITH – ACTUARIAL VALUATION VEBA	Clay Lindsey - Eagle	
APRIL 11	1:30 MFS U.S. & INTERNATIONAL GROWTH 2:30 MFS VEBA	Kim Bylund	
*APRIL - 18 TUESDAY	8:30 BAIRD 9:15 COLUMBIA 10:00 SCHRODERS 10:45 PGIM		
MAY 9	The Bogdahn Group - 2017 1st Qtr Report BCERS (and VEBA)	Howard Pohl Peter Brown	
JUNE 13	HOTCHKIS & WILEY	Patrick McMenamin	
JULY 11	GABRIEL ROEDER SMITH – EXPERIENCE STUDY		
AUGUST 8	The Bogdahn Group - 2017 2nd Qtr Report BCERS (and VEBA)	Howard Pohl Peter Brown	
SEPTEMBER 12	VEBA: 2:30 p.m. – DODGE & COX		
OCTOBER 10	GABRIEL ROEDERS SMITH BCERS ACTUARIAL VALUATION		
* OCTOBER 17 TUESDAY	8:30 BARINGS 9:15 LOOMIS SAYLES 10:00 MACKAY SHIELDS 10:45 HENDERSON/GENEVA		
NOVEMBER 14	The Bogdahn Group - 2017 3rd Qtr Report BCERS (and VEBA)	Howard Pohl Peter Brown	
DECEMBER 12	VEBA: 2:30 p.m. - C. S. MCKEE		
	3:00 p.m. – LORD ABBETT		