BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION

AGENDA

TUESDAY, APRIL 11 2017

(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. MARCH 14, 2017

IV. PUBLIC INPUT

A. GABRIEL ROEDER SMITH – ACTUARIAL VALUATION 2015

5 – 7 . . . . . B. VEBA ASSUMED ANNUAL RATE OF INVESTMENT RETURN **RES NO: 2017-5**

C. ANDCO CONSULTING – POTENTIAL ADDITIONS OF MONEY MANAGERS

8 – 16 . . . . . D. VEBA IPS REVISION **RES NO: 2017-8**

E. MONTHLY REPORTS - **RES NO. 2017-6**

17 – 19 . . . . . 1. PORTFOLIO VALUE 1/01/17 - 3/31/17

2. CHANGE IN BOOK AND MARKET VALUE – 3/31/17

20 - 27 . . . . . 3. MONEY MANAGER REPORTS

a. CS MCKEE – ENDING 2/28/17
b. DODGE & COX – ENDING 2/28/17
c. MFS GROWTH EQUITY – ENDING 2/28/17

28 . . . . . 4. RECAPTURE SERVICES

a. CAPIS – 02/28/17

29 - 30 . . . . . 5. VEBA YTD BUDGET REPORT 3/31/17

31 . . . . . 6. INVOICES APPROVED – 3/31/17

32 – 46 . . . . . F. UPDATED FEES FOR NORTHERN TRUST **RES NO: 2017-7**

V. ANNOUNCEMENTS

A. NEXT REGULAR MEETING - TUESDAY, MAY 9, 2017 IMMEDIATELY FOLLOWING THE RETIREMENT BOARD OF TRUSTEES MEETING AT APPROXIMATELY 2:30 P.M. , COMMISSIONERS CHAMBERS, 515 CENTER AVENUE - 4TH FLOOR, BAY CITY, MI 48708

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION

AGENDA

TUESDAY, APRIL 11, 2017

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

COMMISSIONERS CHAMBERS

515 CENTER AVENUE - 4TH FLOOR

BAY CITY, MI 48708

VI. UNFINISHED BUSINESS

VII. NEW BUSINESS

VIII. MISCELLANEOUS BUSINESS

IX. ADJOURNMENT

MINUTES BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION **(VEBA)**
MARCH 14, 2017 - MINUTES
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 March 14, 2017 at 2:51 p.m. in the Commission Chambers, 4th Floor, Bay County Building, 515 Center Avenue, Bay City, Michigan. Roll was taken.

Trustees Present: Chairperson Gray, Ms. Gonzales, Mr. Herek, Mr. Morse, Mr. Pett, Mr. Ryder, and Mr. Starkweather.

Trustees Absent: Mr. Brzezinski and Mr. Gromaski.

Also Present:
Consultant: AndCo Consulting - Peter Brown.
Secretary: Jan Histed
Retirement Administrator: Katie Meeth
Corporation Counsel: Shawna Walraven
Public: Yes

The meeting was called to order by Chairman, Steve Gray at 2:51 p.m.

MOTION 13: Moved, supported and carried to excuse Trustees Brzezinski and Gromaski.

MOTION 14: Moved, supported and carried to approve the minutes, as printed, from the February 14, 2017 regular meeting.

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

Gabriel Roeder & Smith was scheduled to present today and had to be rescheduled to April 11, 2017.

MOTION 15: Moved, supported and carried to table Resolution 2017-5 until the April 11, 2017 meeting.

Mr. Brown from AndCo Consulting presented information on potential additions of money managers for VEBA. At previous board meetings there was discussion on increasing allocation to increase performance in the VEBA. The current allocations are at 53% and 47% stocks and bonds. That has grown to about 59% stocks and 41% bonds. We talked about increasing allocations. Last month, Mr. Pohl and I provided a review for increasing stocks with anticipation that it will increase performance albeit there would be increased risk. We discussed areas to change the Portfolio. One area would be to insert a position to have an international investment which we currently do not have. They talked about splitting up the current fixed income portfolio to include an intermediate manager. Currently there is C.S. McKee and they are kind of a core. Mr. Brown stated they were thinking they could shorten up the duration or the investment strategy to an interim strategy to protect in a rising interest rate market.

Mr. Brown provided two handouts of current managers that are already in the Pension Portfolio. These are managers that are already approved and have already been successful in working for the VEBA fund. The goal would be to add these two managers to the VEBA account reducing the current money that C.S.

McKee manages. They currently manage about $16 million. They would be looking to eventually reduce that by about half to insert a position of about $5 million with Loomis Sayles Bond Fund and about $2.5 million with MFS for an international position to eventually build out potentially maybe $5 million. Just taking that $2.5 million form C.S. McKee and putting it with MFS International would increase our asset allocation to about 65% stocks and 35% bonds. That would be a substantial increase from where we currently stand at about 59%.

Mr. Brown reviewed the material from Morningstar regarding Loomis Sayles. He stated that the Loomis Sayles portfolio is not only comprised of treasuries or agencies, but also has a large position in corporate bonds and international bonds. He explained the duration of the fund being shorter than C.S. McKee and their performance. He also went over fees showing Loomis Sayles is a little more expensive. C.S. McKee charges 35 basis points and this fund would charge 52 basis points. It is about one-third more expensive but the returns have been substantially better. Mr. Brown reviewed the quality of the fund and sector weightings. Loomis Sayles has 54% in corporate bonds and this is where they add additional yield whereas C.S. McKee has about 45% in corporate bonds.

The MFS International Fund has been successful and has been outperforming on a long-term basis by about 2%. On a 5-year basis, they have outperformed also by about 2%. It is invested internationally and also primarily in developed markets. It is not as though we would be going into a large position in emerging markets or non-developed areas. It is about half in Europe, about 15% in the U.K. and the remaining 11% emerging markets and 10% in Japan.

These are not new portfolios they want to insert into the VEBA. They are already proven and approved with the Pension Fund. The addition of the international portfolio would require a modification to the investment policy because there is not a provision for international. He stated they could bring a new investment policy statement to the next meeting with a target of 3% to 5% with a wide range of 0% to 7% in terms of an asset allocation range all subject to legal review and documentation review by Counsel.

Trustees question if money for the VEBA should be invested the same way the Pension fund is invested. Mr. Brown explained it depends on funding status and funding needs. Bay County's pension fund is considered a long-term investment and long-term arrives in 20-30 years. Some health care funds are fully funded so they have an investment strategy that is almost identical to the pension fund whereas others are very short-term and maybe only have six months of funding. They have cash flow needs so it is very conservative and very liquid. The VEBA fund is about one-third funded so we have been slightly conservative. Mr. Brown stated they are looking to increase returns a little bit, not drastically and not introducing anything that would be liquid or would force us to have liquidity constraints so that things could be changed, moved and they could raise cash quickly and easily. They are diversifying the Portfolio by adding a new asset class being international stocks and also diversifying the fixed income portfolio to add a second manager that is another active manager. It will have a little different strategy to hopefully protect in rising interest rates and also will perform strongly.

Trustee Starkweather commented that real estate is absent and wondered about that as it is considered some of the best returns on the pension side. Mr. Brown stated two reasons and one is that real estate is typically not liquid. When they access the institutional real estate marketplace, it is done through open-end comingled funds that they have. That is subject to quarterly liquidity. It is also that liquidity could dry up if there is a "run on the bank." That is something they do not typically have in a VEBA type health and welfare

account. The REITS themselves are small-cap stocks and are often included in a well-diversified equity portfolio. There is REIT exposure but not making a separate REIT allocation because of the volatility.

Trustee Ryder moved to postpone a decision until Trustee Brzezinski could be present as this is something he has been working on.

MOTION 16: Moved, supported and carried to postpone the decision of additional money managers to the VEBA until the April 11, 2017 meeting.

RES. 2017- 4:

Moved, supported and carried to adopt resolution 2017-4 to receive the monthly reports Portfolio Value ending 2/28/17 (Today's value - $47,891,000), Monthly Change in Book and Market Value ending 1/31/17 & 2/28/17, C.S. McKee performance report ending 1/31/17, Dodge & Cox – Ending 1/31/17, MFS – Ending 1/31/17; Capis Recapture services ending 1/31/17, VEBA YTD Budget Report ending 2/28/17, and Approved Invoices Report ending 2/28/17.

ANNOUNCEMENTS:

A. Next regularly scheduled meeting will be Tuesday, April 11 , 2017 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.

UNFINISHED BUSINESS: None
NEW BUSINESS: None
MISCELLANEOUS BUSINESS: None

ADJOURNMENT:

MOTION 17: Moved, supported and carried to adjourn the meeting at 3:05 p.m.

Respectfully submitted,

Jan M. Histed

Jan Histed
Secretary

Transcribed by: Tracy Cederquist

MEETING OF THE **VEBA** BOARD OF TRUSTEES COMMITTEE
MARCH 14, 2017

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 2:51 P.M.

MOTIONS

Trustee	13	14	15	16	17				
BRZEZINSKI	E	E	E	E	E				
GONZALES	Y	Y	Y	Y	S				
GRAY	Y	Y	Y	Y	Y				
GROMASKI	E	E	E	E	E				
HEREK	M-Y	Y	Y	Y	Y				
MORSE	Y	S-Y	S-Y	S-Y	M-Y				
PETT	S-Y	M-Y	Y	Y	Y				
RYDER	Y	Y	M-Y	M-Y	Y				
STARKWEATHER	Y	Y	Y	Y	Y				

RESOLUTIONS

Trustee	2017-4								
BRZEZINSKI	E								
GONZALES	Y								
GRAY	Y								
GROMASKI	E								
HEREK	Y								
MORSE	Y								
PETT	S-Y								
RYDER	M-Y								
STARKWEATHER	Y								

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

Jan Histed
Secretary

BOARD OF TRUSTEES
Steven Gray, Chairperson
Richard Brzezinski
Kristal Gonzales
Richard Gromaski
Thomas M. Herek
Jon Morse
Matthew Pett
Tom Ryder
Thomas Starkweather

ADMINISTRATIVE STAFF
Katie Meeth
Tracy Cederquist
(989) 895-4043
TDD (989) 895-4049
FAX (989) 895-4039

MEMO

TO: Steve Gray, Chairman Bay County Voluntary Employees' Beneficiary Association

FROM: Jan Histed, Secretary

DATE: March 8, 2017

RE: VEBA Assumed Annual Rate of Investment Return

Background:

Inconsistent treatment of the assumed annual rate of investment return has been discovered. Historically, the long term rate of investment return was 7.5% for ALL groups. In the December 31, 2013 VEBA Actuarial Report the long term rate of investment return changed to 6.0% for all groups except BABH which used 7.5%. There was nothing in the minutes that noted a change, nor explained why BABH and the other groups had a different rate of return since it is only one asset group. It also does not appear from the minutes that the Board of Trustees approved the change. The current investment return for all groups in the VEBA Statement of Investment Policies and Objectives is 7.3% which was approved by this Board of Trustees in March of 2016.

On August 26, 2016 it was suggested to me by GRS that we should adjust the rate of return for all groups except BABH to 5% instead of 6%. This reduction was based on the fact that all groups except BABH are not paying at their Annual Required Contribution (ARC) level and more of a pay-as-you-go method. After consulting with Rehmann Robson – Bay County auditors, the administrative decision was made by me to adjust the rate of return to the recommended 5% for all groups except BABH. Based on my decision, this information was used for the December 31, 2015 Actuarial Valuation Report. GRS also believes that the experience study being performed this year will possibly lower the 7.5% rate of return assumption, even for fully funded groups.

However, Corporation Counsel believes that this decision is properly determined by the Board of Trustees. Given the inconsistencies in the rate used in the Actuarial Valuation and the Investment Policy Statement, guidance is needed by the Board of Trustees.

Recommendation:

It is my opinion that the 5% assumed annual rate of investment return is appropriate for all groups except BABH where a 7.3% assumed annual rate of investment return is appropriate based on the funding levels for the various groups.

If the assumed annual rate of investment return is changed by the Board from the December 31, 2015 Actuarial Valuation then additional discussion needs to occur surrounding whether or not this change will be retroactive or prospective.

No. 2017 - 5

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
04/11/2017
RESOLUTION

BY: Jan Histed, Secretary

WHEREAS, Inconsistent treatment of the assumed annual rate of investment return has been discovered. Historically, the long term rate of investment return was 7.5% for ALL groups. In the December 31, 2013 VEBA Actuarial Report, the long term rate of investment return changed to 6.0% for all groups except BABH which used the 7.5%.

WHEREAS, There was nothing in the minutes that noted a change, nor explained why BABH and the other had a different rate of return since it is only one asset group. It also does not appear from the minutes that the Board of Trustees approved the change.

WHEREAS, The current investment return for all groups in the VEBA statement of Investment Policies and Objectives is 7.3% which was approved by this Board of Trustees in March of 2016.

WHEREAS, On August 26, 2016 it as suggested to me by GRS that we should adjust the rate of return for all groups except BABH to 5% instead of 6%. This reduction was based on the fact that all groups except BABH are not paying at their Annual Required Contribution (ARC) level and more of a pay-as-you-go method.

WHEREAS, After consulting with Rehmann Robson – Bay County Auditors, the administrative decision was made by me to adjust the rate of return to the recommended 5% for all groups except BABH.

WHEREAS, Based on my decision, this information was used for the December 31, 2015 Actuarial Valuation Report. GRS also believes that the experience study being performed this year will possibly lower the 7.5% rate of return assumption, even for fully funded groups.

WHEREAS, Corporation Counsel believes that this decision is properly determined by the Board of Trustees. Given the inconsistencies in the rate used in the Actuarial Valuation and the Investment Policy Statement, guidance is needed by the Board of Trustees.

WHEREAS, It is my opinion that the 5% assumed annual rate of investment return is appropriate for all groups except BABH where a 7.3% assumed annual rate of investment return is appropriate based on the funding levels for the various groups.

WHEREAS, If the assumed annual rate of investment return is changed by the Board from the December 31, 2015 Actuarial Valuation, then additional discussion needs to occur surrounding whether or not this change will be retroactive or prospective. Therefore, Be It

RESOLVED That this Board approve the 5% assumed annual rate of investment return for all groups except BABH. Further Be It

RESOLVED That this Board approve a 7.3% assumed annual rate of investment return for BABH.

STEVE GRAY, CHAIR
AND BOARD

VEBA ASSUMED ANNUAL RATE OF INVESTMENT RETURN

MOVED BY TRUSTEE _____
SUPPORTED BY TRUSTEE _____

TRUSTEE	Y	N	E	TRUSTEE	Y	N	E	TRUSTEE	Y	N	E
Richard Brzezinski				Richard Gromaski				Matthew Pett			
Kristal Gonzales				Thomas Herek				Thomas Ryder			
Steve Gray				Jon Morse				Thomas Starkweather			

Vote Totals:
Roll Call: Yeas_____ Nays_____ Excused _____
Voice: Yeas_____ Nays_____ Excused _____

Disposition: Adopted_____ Defeated_____ Withdrawn_____
Amended_____ Corrected_____ Referred _____

Putting clients first.

To: Bay County Voluntary Employees' Beneficiary Association – Trustees & Staff

From: Howard Pohl and Peter Brown

Date: April 11, 2017

Re: Revised Investment Policy Statement Recommendation

As part of our past discussions regarding the Bay County Voluntary Employees' Beneficiary Association's ("VEBA") asset allocation to increase the VEBA's investment portfolio's equity exposure through the addition of international equities, AndCo recommends the adoption of the revised Investment Policy Statement ("IPS") included in your meeting materials for today's Board Meeting. The revised IPS includes the addition of a 5% targeted allocation to international equities with an allowable range of 0% to 10% and an associated 5% reduction to the fixed income portfolio target from 47% to 42% of the VEBA's investment portfolio.

The adoption of the revised IPS provides AndCo and the Board the ability to add an international equity position, increasing the overall equity exposure and reduce the fixed income exposure of the VEBA's portfolio.

If you have any questions or comments, please contact Howard Pohl or Peter Brown of AndCo.

BAY COUNTY
VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION

Investment Policy

I. PURPOSE OF INVESTMENT POLICY

The Bay County Voluntary Employees' Beneficiary Association Board of Trustees ("Board") was established for the purpose of providing, through Health Care Organizations, on a pre-funded basis, medical benefits for retired employees, their spouses and dependents of the County and its Component Units. To provide for such other life, sick, accident, vacation or other post-employment benefits as defined in Section 501(c)(9) of the Internal Revenue Code and permitted under Michigan Public Act 149 of 1999, as amended.

The VEBA Trust Agreement became effective 9/30/01 with the adoption , on 09/24/01, of Resolution 2001-242 by the Bay County Board of Commissioners.

The Board maintains that an important determinant of future investment returns is the expression and periodic review of the Bay County Voluntary Employees' Beneficiary Association ("VEBA" or "Plan") investment objectives. To that end, the Board has adopted this Investment Policy and directs that it apply to all assets under their control.

In fulfilling their fiduciary responsibility, the Board recognizes that the Plan is an essential vehicle for providing income benefits to retired participants or their beneficiaries. The Board also recognizes that the obligations of the Plan are long-term and that investment policy should be made with a view toward performance and return over a number of years. The general investment objective is to obtain a reasonable total rate of return - defined as interest and dividend income plus realized and unrealized capital gains or losses - commensurate with the Prudent Investor Rule and any other applicable ordinances and statutes.

Reasonable consistency of return and protection of assets against the inroads of inflation are paramount. However, interest rate fluctuations and volatility of securities markets make it necessary to judge results within the context of several years rather than over short periods of five years or less.

The Board will employ investment professionals to oversee and invest the assets of the Plan. Within the parameters allowed in this document and their agreements with the Board, the investment management professionals shall have investment discretion over their mandates, including security selection, sector weightings and investment style.

The Board, in performing their investment duties, shall comply with the fiduciary standards set forth in Employee Retirement Income Security Act of 1974 (ERISA) at 29 U.S.C. s. 1104(a) (1) (A) – (C). In case of conflict with other provisions of law authorizing investments, the investment and fiduciary standards set forth in this section shall prevail.

II. TARGET ALLOCATIONS

In order to provide for a diversified portfolio, the Board has engaged investment professional(s) to manage and administer the fund. The Investment Managers are responsible for the assets and allocation of their mandate only and may be provided an addendum to this policy with their specific performance objectives and investment criteria. The Board has established the following asset allocation targets for the total fund:

Asset Class*	Target	Range	Benchmark Index
Domestic Equity	53%	48% - 58%	Russell 3000
Large Capitalization	33%	28% - 38%	Russell 1000
LC Value	*16.5%*	*14%-19%*	*Russell 1000 Growth Index*
LC Growth	*16.5%*	*14%-19%*	*Russell 1000 Value Index*
Small/Mid-Capitalization	20%	15% - 25%	Russell 2500
International Equity	5%	0%-10%	MSCI EAFE Index Net
Broad Market Fixed Income	427%	3742% - 4752%	Barclays Aggregate
Cash**	0%	0% - 5%	90-Day T-Bills

** Benchmark will default to "broad market fixed income" if these portfolios are not funded. Targets and ranges above are based on market value of total Plan assets.

The Investment Consultant will monitor the aggregate asset allocation of the portfolio and notify the Board of Trustees to rebalance to the target asset allocations based on market conditions. If at the end of any calendar quarter, the allocation of an asset class falls outside of its allowable range, barring extenuating circumstances such as pending cash flows or allocation levels viewed as temporary, the asset allocation will be rebalanced into the allowable range. To the extent possible, contributions and withdrawals from the portfolio will be executed in a manner to maintain allocations within policy ranges while minimizing transaction costs. The Board does not intend to exercise short-term changes to the target allocation.

III. INVESTMENT PERFORMANCE OBJECTIVES

The following performance measures will be used as objective criteria for evaluating the effectiveness of the Investment Managers:

A. Total Portfolio Performance

The performance of the total portfolio will be measured for rolling three (3) and five (5) year periods. The performance of the total portfolio will be compared to the return of the policy indexes comprised of 33% Russell 1000 Index, 20% Russell 2500 Index, 5% MSCI EAFE Index Net and 427% Barclays Aggregate..

1. On a relative basis, it is expected that the total portfolio performance will rank above the median of the appropriate peer universe over three (3) and five (5) year time periods.

2. On an absolute basis, the investment goal of the investment portfolio is to achieve an annual investment return target of 7.3% over a 10 year time period or investment cycle.

B. Domestic Equity Performance

The combined domestic equity portion of the portfolio, defined as domestic ~~and international~~ common stocks and domestic equity mutual funds, is expected to perform at a rate at least equal to 62~~62~~% (33%/53~~3~~%) of the Russell 1000 Index, ~~and~~ 3~~8~~8% (20%/53~~3~~%) of the Russell 2500 Index (Mid-Cap) as well as above the median of combined domestic equity fund performance over three (3) and five (5) year time periods. Individual components of the domestic equity portfolio will be compared to the specific benchmarks defined in each Investment Manager addendum. All portfolios are expected to rank above the median of the appropriate peer universe over three (3) and five (5) year time periods.

C. International Equity Performance

The international equity portion of the portfolio, defined as international common stocks and/or mutual funds, is expected to perform at a rate at least equal to the MSCI EAFE Index Net as well as above the median of the international equity fund performance over three (3) and five (5) year time periods. Individual components of the international equity portfolio will be compared to the specific benchmarks defined in each Investment Manager addendum. All portfolios are expected to rank above the median of the appropriate peer universe over three (3) and five (5) year time periods.

~~C.~~D. Fixed Income Performance

The overall objective of the fixed income portion of the portfolio is to add stability and liquidity to the total portfolio. The combined fixed income portion of the portfolio is expected to perform at a rate at least equal to the Barclays Capital U.S. Aggregate Bond Index as well as above the median of combined fixed income fund performance over three (3) and five (5) year time periods. All portfolios are expected to rank above the median of the appropriate peer universe over three (3) and five (5) year time periods.

IV. INVESTMENT GUIDELINES

A. Overall

All investment guidelines and restrictions of the State of Michigan are incorporated by reference, including, but not limited to:

a. Michigan Public Act 149 of 1999, as amended; and
b. Michigan Public Act 314 of 1965, as amended; and
c. Bay County Voluntary Employees' Beneficiary Association Trust Agreement.

B. Pooled Funds

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Investments made by the Plan may include pooled funds. For purposes of this policy pooled funds may include, but are not limited to, mutual funds, commingled funds, exchange-traded funds, limited partnerships and limited liability corporations. Pooled funds may be governed by separate documents which may include investments not expressly permitted in this IPS. In the event of investment by the VEBA into a pooled fund, the VEBA will adopt the prospectus or governing policy of that fund.

C. Collective Investment Restrictions and Correcting Excess Investments

All investment managers and investment consultants are restricted individually, and collectively, by this IPS. The investment managers shall coordinate monthly with the investment consultant, who shall (among other things) assure collective compliance with this IPS. In the event any investment, based on changes in the market value of the VEBA assets, causes the VEBA to exceed any limitation prescribed in this IPS, the assets may be reallocated by the Board of Trustees in a prudent manner to comply with Michigan Public Act 149 of 1999, as amended and Michigan Public Act 314 of 1965 and this Investment Policy.

D. Guidelines for Equity Investments

1. Not more than 70% of the VEBA's assets in global stock as defined as in §12(b)(4)(b) of PA 314 of 1965.

2. The VEBA shall not invest more than 5% of their total assets in any one corporation.

E. Guidelines for Fixed Income Investments and Cash Equivalent

Specific guidelines will be outlined for separate account managers in their addendums. For mutual funds and collective trusts guidelines will be outlined in their prospectus or offering document.

V. COMMUNICATIONS

A. On a monthly basis, the Custodian shall supply an accounting statement that will include a summary of all receipts and disbursements and the cost and the market value of all assets.

B. On a quarterly basis, the Investment Managers shall provide a written report affirming compliance with the security restrictions of Section IV (as well as any provisions outlined in the Investment Manager's addendum). In addition, the Investment Managers shall deliver a report each quarter detailing the Plan's performance, forecast of the market and economy, portfolio analysis and current assets of the Plan. Written reports shall be delivered to the Board within 30 days of the end of the quarter. A copy of the written report shall be submitted to the person designated by the County, and shall be available for public inspection. The Investment Managers will provide immediate written and telephone notice to the Board of any significant market related or non-market related event, specifically including, but not limited to, any deviation from the standards set forth in Section IV or their Investment Manager addendum.

C. If an Investment Manager owns investments that complied with section IV at the time of purchase, which subsequently exceed the applicable limit or do not satisfy the applicable investment standard, the Investment Manager shall reallocate assets in a prudent manner to comply with the prescribed limitations. In addition, an action plan outlining the investment 'hold or sell' strategy shall be provided to the Board immediately.

D. The Investment Consultant shall evaluate and report on a quarterly basis the rate of return and relative performance of the Plan on a gross and net of fee basis.

E. The Board will meet periodically to review the Investment Consultant's performance report. The Board will meet with the Investment Managers and appropriate outside consultants to discuss performance results, economic outlook, investment strategy and tactics and other pertinent matters affecting the Plan on a periodic basis as prescribed by its Due Diligence Policy.

F. At least annually, the Board shall provide the Investment Managers with projected disbursement needs of the Plan so that the investment portfolio can be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. To this end the Investment Managers should, to the extent possible, attempt to match investment maturities or investment programs with known cash needs and anticipated cash-flow requirements.

VI. COMPLIANCE

A. It is the direction of the Board that the Plan assets are held by a third party Custodian, and that all securities purchased by, and all collateral obtained by the Plan shall be properly designated as Plan assets. No withdrawal of assets, in whole or in part, shall be made from safekeeping except by authorized signers of the Board.

B. At the direction of the Board, operations of the Plan shall be reviewed by independent certified public accountants as part of any financial audit periodically required. Compliance with the Board's internal controls shall be verified. These controls have been designed to prevent losses of assets that might arise from fraud, error, or misrepresentation by third parties or imprudent actions by the Board or employees of the Plan sponsor, to the extent possible.

C. The proxy votes must be exercised for the exclusive benefit of the participants of the Plan. Each Investment Manager shall provide the Board with a copy of their proxy voting policy for approval and shall vote all proxies associated with their portfolios. On a regular basis, at least annually, each manager shall report a record of their proxy vote. Additionally, any other proxy votes required for plan assets, such as commingled funds, collective trusts or mutual funds or other routine matters, shall be voted upon by the Finance Officer and/or the Board of Trustees. In the event there are non-routine matters or items that raise questions, those items shall be referred to the Investment Consultant for review and who shall recommend a vote to the Finance Officer.

VII. CRITERIA FOR INVESTMENT MANAGER REVIEW

The Board wishes to adopt standards by which judgments of the ongoing performance of an Investment Manager may be made. If, at any time, any three (3) of the following is breached, the Investment Manager may be warned of the Board's serious concern for the Plan's continued safety and performance and Manager may be considered "on watch". If any five (5) of these are violated the Investment Consultant may recommend an Investment Manager evaluation for that mandate.

- Four (4) consecutive quarters of relative under-performance versus the benchmark.
- Three (3) year trailing return below the median within the appropriate peer group and under performance versus the benchmark.
- Five (5) year trailing return below the median and under performance versus the benchmark.
- Three (3) year downside return greater than the index (greater than 100), as measured by down market capture ratio.
- Five (5) year downside return greater than the index (greater than 100), as measured by down market capture ratio.
- Style consistency or purity drift from the mandate.
- Management turnover in portfolio team or senior management.
- Investment process change, including varying the index or benchmark.
- Failure to adhere to the Investment Policy, Investment Manager Addendum or other compliance issues.
- Investigation of the firm by the Securities and Exchange Commission (SEC) or other regulatory agency.
- Significant asset flows into or out of the company or strategy.
- Merger or sale of firm.
- Fee increases outside of the competitive range.
- Servicing issues – key personnel stop servicing the account without proper notification.
- Failure to attain a 60% vote of confidence by the Board.

Nothing in this section shall limit or diminish the Board's right to terminate the Investment Manager at any time for any reason.

VIII. APPLICABLE COUNTY ORDINANCES

If at any time this document is found to be in conflict with the VEBA Trust Agreement or applicable Michigan Statutes, the Trust Agreement and Statutes shall prevail.

IX. REVIEW AND AMENDMENTS

It is the Board's intention to amend this statement to reflect any changes in philosophy, objectives, or guidelines. In this regard, the Investment Manager's interest in consistency in these matters is recognized and will be taken into account when changes are being considered. If, at any time, the Investment Manager feels that the specific objectives defined herein cannot be met, or the guidelines constrict performance, the Board should be notified in writing. Through this Investment Policy, the Investment Managers concur with the provisions of this document. By signing this document, the Chairman attests that this policy has been recommended by the Investment Consultant, reviewed by the Plan's legal counsel for compliance with applicable law, and approved by the Board.

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION

_____ _____

Chairman, Board of Trustees Date

No. 2017 - 8

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
4/11/2017
RESOLUTION

BY: ANDCO CONSULTING

WHEREAS, At the March 11, 2017 board meeting, there was discussion regarding the Bay County Voluntary Employees' Beneficiary Association's ("VEBA") asset allocation to increase the VEBA's investment portfolio's equity exposure through the addition of international equities.

WHEREAS, AndCo Consulting recommends the adoption of the revised Investment Policy Statement ("IPS") included the meeting materials for today.

WHEREAS, The revised IPS includes the addition of a 5% targeted allocation to international equities with an allowable range of 0% to 10% and an associated 5% reduction to the fixed income portfolio target from 47% to 42% of the VEBA's investment portfolio.

WHEREAS, The adoption of the revised IPS provides AndCo and the Board the ability to add an international equity position, increasing the overall equity exposure and reducing the fixed income exposure of the VEBA's portfolio. Therefore, Be It

RESOLVED That this Board approve the recommended revision to the VEBA Investment Policy Statement. Further, Be It

RESOLVED That the Chairman of the Board is authorized to execute the revised VEBA Investment Policy Statement following review by Corporation Counsel.

STEVE GRAY, CHAIR
AND BOARD

RESOLUTION – REVISED VEBA INVESTMENT POLICY STATEMENT

MOVED BY TRUSTEE _____
SUPPORTED BY TRUSTEE _____

TRUSTEE	Y	N	E	TRUSTEE	Y	N	E	TRUSTEE	Y	N	E
Richard Brzezinski				Richard Gromaski				Matthew Pett			
Kristal Gonzales				Thomas Herek				Thomas Ryder			
Steve Gray				Jon Morse				Thomas Starkweather			

Vote Totals:
Roll Call: Yeas_____ Nays_____ Excused _____
Voice: Yeas_____ Nays_____ Excused _____

Disposition: Adopted_____ Defeated_____ Withdrawn_____
Amended_____ Corrected_____ Referred _____

No. 2017 - 6

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
04/11/2017
RESOLUTION

BY: BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION BOARD

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

1. PORTFOLIO VALUE - 1/1/17 - 3/31/17
2. CHANGE IN BOOK AND MARKET VALUE – 3/31/17
3. MONEY MANAGER REPORTS
   a. C.S. MCKEE – ENDING 2/28/17
   b. DODGE & COX – ENDING 2/28/17 & FUND DISTRIBUTION REPORT Q1 2017
   c. MFS GROWTH EQUITY – ENDING 2/28/17
4. RECAPTURES SERVICES
   a. CAPIS - SUMMARY ENDING 02/28/17
5. VEBA YTD BUDGET REPORT – ENDING 03/31/17
6. INVOICES APPROVED - 3/31/17

STEVE GRAY, CHAIR
AND BOARD

MONTHLY REPORTS - APRIL

MOVED BY TRUSTEE _____
SUPPORTED BY TRUSTEE _____

TRUSTEE	Y	N	E	TRUSTEE	Y	N	E	TRUSTEE	Y	N	E
Richard Brzezinski				Richard Gromaski				Matthew Pett			
Kristal Gonzales				Thomas Herek				Thomas Ryder			
Steve Gray				Jon Morse				Thomas Starkweather			

Vote Totals:
Roll Call: Yeas_____ Nays_____ Excused _____
Voice: Yeas_____ Nays_____ Excused _____

Disposition: Adopted_____ Defeated_____ Withdrawn_____
Amended_____ Corrected_____ Referred _____

VEBA PORTFOLIO VALUE 2017

VEBA 2017	DODGE & COX	CASH	LORD ABBOTT	CS MCKEE	MFS	TOTAL
Jan-17	10,028,956.95	194,784.55	9,550,048.54	18,472,091.09	8,824,321.46	47,070,202.59
Feb-17	10,329,559.60	221,168.34	9,704,913.82	18,601,388.60	9,154,750.75	48,011,781.11
Mar-17	10,292,523.96	206,712.75	9,573,512.97	18,591,505.95	9,283,253.15	47,947,508.78
Apr-17						0.00
May-17						0.00
Jun-17						0.00
Jul-17						0.00
Aug-17						0.00
Sep-17						0.00
Oct-17						0.00
Nov-17						0.00
Dec-17						0.00

Money Manager Fees

2017	DODGE & COX	CS MCKEE	MFS	TOTAL
1ST QTR				0.00
2ND QTR				0.00
3RD QTR				0.00
4TH QTR				0.00

MFS

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

Change In Book and Market Value

	Cost	Market Value	For more information
Opening balance	41,206,983.11	48,011,781.11	
Sponsor Contributions	21,388.98	21,388.98	See funding & disbursement summary
Total receipts	21,388.98	21,388.98	See funding & disbursement summary
Income received	92,946.91	92,946.91	See income & expense summary, cash activity detail
Expenses paid	-36,074.55	-36,074.55	See income & expense summary
Unrealized gain/loss change	0.00	-273,352.33	See asset summary
Realized gain/loss	133,993.00	133,993.00	See realized gain/loss summary
Accrued income change	-3,174.34	-3,174.34	See income & expense summary
Closing balance	41,416,063.11	47,947,508.78	

Although this report has been prepared using information believed to be reliable, it may contain information provided by third parties or derived from third party information, and/or information that may have been obtained from, categorized or otherwise reported based upon client direction. The Northern Trust Company does not guarantee the accuracy, timeliness or completeness of any such information. The information included in this report is intended to assist clients with their financial reporting needs, but you must consult with your accountants, auditors and/or legal counsel to ensure your accounting and financial reporting complies with applicable laws, regulations and accounting guidance. The Northern Trust Company and its affiliates shall have no responsibility for the consequences of investment decisions made in reliance on information contained in this report.

C.S. McKee, L.P.

Account Overview

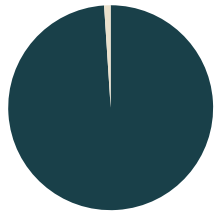
Bay County VEBA

Client Code: 90477
As Of Date: 2/28/2017
Report: Calendar

Asset Allocation

As of 2/28/2017

Large-Cap Equity	$	-	0.00%
Small-Cap Equity	$	-	0.00%
Fixed Income	$	18,407,858.36	98.97%
Intl Mutual Fund	$	-	0.00%
Cash	$	190,739.85	1.03%
Other	$	-	0.00%
Total Portfolio:	**$**	**18,598,598.21**	**100.00%**



Performance

As of 2/28/2017

Portfolio Summary - Month-to-Date	Total Portfolio	Large-Cap Equity	Small-Cap Equity	Total Domestic Equity	Fixed Income	Intl Mutual Fund
Beginning Market Value:	18,472,075.70	-	-	-	18,472,075.70	-
Net Contributions (Distributions):	-	-	-	-	-	-
Income:	48,502.61	-	-	-	48,502.61	-
Market Appreciation (Depreciation):	78,019.90	-	-	-	78,019.90	-
Ending Market Value:	18,598,598.21	-	-	-	18,598,598.21	-
Dollar-Weighted Return:	**0.68%**	**-**	**-**	**-**	**0.68%**	**-**

Time-Weighted Returns		Total Portfolio	Large-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*		*2/7/2012*		*N/A*
				Ex Cash		*Ex Cash*		*Ex Cash*		*Ex Cash*	
MTD	**Gross**	**0.69%**	-	-	-	-	-	-	**0.69%**	0.69%	-
	Benchmark	*0.67%*	-	-	-	-	-	-	*0.67%*	*0.67%*	-
	Value Added (Gross)	**0.02%**	-	-	-	-	-	-	**0.02%**	0.02%	-
QTD	**Gross**	**0.79%**	-	-	-	-	-	-	**0.79%**	0.80%	-
	Benchmark	*0.87%*	-	-	-	-	-	-	*0.87%*	*0.87%*	-
	Value Added (Gross)	**(0.08%)**	-	-	-	-	-	-	**(0.08%)**	(0.07%)	-
YTD	**Gross**	**0.79%**	-	-	-	-	-	-	**0.79%**	0.80%	-
	Benchmark	*0.87%*	-	-	-	-	-	-	*0.87%*	*0.87%*	-
	Value Added (Gross)	**(0.08%)**	-	-	-	-	-	-	**(0.08%)**	(0.07%)	-
1 Year	**Gross**	**1.59%**	-	-	-	-	-	-	**1.59%**	1.65%	-
	Benchmark	*1.42%*	-	-	-	-	-	-	*1.42%*	*1.42%*	-
	Value Added (Gross)	**0.17%**	-	-	-	-	-	-	**0.17%**	0.23%	-
3 Year	**Gross**	**3.12%**	-	-	-	-	-	-	**3.12%**	3.20%	-
	Benchmark	*2.64%*	-	-	-	-	-	-	*2.64%*	*2.64%*	-
	Value Added (Gross)	**0.48%**	-	-	-	-	-	-	**0.48%**	0.56%	-
5 Year	**Gross**	**2.68%**	-	-	-	-	-	-	**2.68%**	2.77%	-
	Benchmark	*2.24%*	-	-	-	-	-	-	*2.24%*	*2.24%*	-
	Value Added (Gross)	**0.44%**	-	-	-	-	-	-	**0.44%**	0.53%	-
ITD	**Gross**	**2.69%**	-	-	-	-	-	-	**2.69%**	2.78%	-
	Benchmark	*2.24%*	-	-	-	-	-	-	*2.24%*	*2.24%*	-
	Value Added (Gross)	**0.45%**	-	-	-	-	-	-	**0.45%**	0.54%	-

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

Total Rates of Return

For Periods Ending February 28, 2017

	1 Mo. Ended	3 Mos. Ended	Year-to-Date	Annualized 1 Year	3 Years	5 Years	10 Years	20 Years
Dodge & Cox Stock Fund*	3.00%	6.67%	5.35%	38.14%	10.04%	15.91%	6.45%	10.05%
Dodge & Cox Global Stock Fund*	2.76%	8.40%	6.47%	37.70%	6.51%	12.04%	N.A.	N.A.
Dodge & Cox International Stock Fund*	1.21%	8.15%	5.57%	29.88%	-.02%	6.61%	2.45%	N.A.
Dodge & Cox Balanced Fund*	2.20%	5.17%	4.01%	27.47%	8.12%	12.36%	6.35%	8.93%
Dodge & Cox Income Fund*	.73%	1.68%	1.10%	6.70%	3.06%	3.38%	5.01%	5.81%
Dodge & Cox Global Bond Fund*†	1.34%	3.26%	2.32%	13.15%	1.31%	N.A.	N.A.	N.A.
Comparative Indices								
S&P 500 Index	3.97%	8.04%	5.94%	24.98%	10.63%	14.01%	7.62%	7.62%
MSCI World Index	2.77%	7.77%	5.25%	21.26%	5.20%	9.41%	N.A.	N.A.
MSCI EAFE Index	1.43%	7.94%	4.37%	15.75%	-.62%	5.16%	1.03%	N.A.
Combined Index	2.65%	5.19%	3.90%	15.12%	7.54%	9.32%	6.59%	7.02%
Bloomberg Barclays U.S. Aggregate Bond Index	.67%	1.01%	.87%	1.42%	2.64%	2.24%	4.28%	5.30%
Bloomberg Barclays Global Aggregate Bond Index	.47%	1.14%	1.61%	.59%	-.47%	N.A.	N.A.	N.A.

*** SEC Standardized Total Returns as of 12/31/16:**

Dodge & Cox Stock Fund: 1 Year 21.27%; 5 Years 17.00%; 10 Years 5.93%

Dodge & Cox Global Stock Fund: 1 Year 17.09%; 5 Years 13.18%; Since Inception 05/01/08 4.78%

Dodge & Cox International Stock Fund: 1 Year 8.26%; 5 Years 7.98%; 10 Years 2.11%

Dodge & Cox Balanced Fund: 1 Year 16.55%; 5 Years 13.36%; 10 Years 6.01%

Dodge & Cox Income Fund: 1 Year 5.62%; 5 Years 3.77%; 10 Years 5.05%

Dodge & Cox Global Bond Fund†: 1 Year 8.64%; Since Inception 12/05/12 1.56%

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

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

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

DODGE & COX FUNDS

Distribution Information

Record Date	March 27, 2017
Ex-Dividend Date and Reinvestment Date	March 28, 2017
Payable Date	March 29, 2017

Fund	Income Dividend	Short-Term Capital Gain	Long-Term Capital Gain	Total
Stock Fund Ticker: DODGX CUSIP: 256219106	$0.730	$0.141	$2.603	**$3.474**
Global Stock Fund Ticker: DODWX CUSIP: 256206202	NONE	NONE	NONE	**NONE**
International Stock Fund Ticker: DODFX CUSIP: 256206103	NONE	NONE	NONE	**NONE**
Balanced Fund Ticker: DODBX CUSIP: 256201104	$0.560	$0.166	$1.431	**$2.157**
Income Fund Ticker: DODIX CUSIP: 256210105	$0.100	NONE	$0.011	**$0.111**
Global Bond Fund Ticker: DODLX CUSIP: 256206301	NONE	NONE	NONE	**NONE**

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Bay County Voluntary Employees' Beneficiary Association Trust

Growth Equity

Report as of 28 February 2017

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

Period	Portfolio gross	Portfolio net	Benchmark^	Excess^^
February	3.74	3.70	4.15	-0.46
January	4.38	4.33	3.37	0.96
2017 YTD	8.29	8.19	7.66	0.52
1 year	19.19	18.51	22.15	-3.64
Since client inception (30-Dec-15)	7.83	7.22	11.25	-4.03

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 (%)

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MFS Institutional Advisors, Inc.

31016

Bay County Voluntary Employees' Beneficiary Association Trust

Growth Equity

28 February 2017

Performance results (%) gross and net of fees (USD)	Portfolio			Excess returns
	Gross of fees	Net of fees	Benchmark^	Net vs benchmark
February 2017	3.74	3.70	4.15	-0.45
2017 YTD	8.29	8.19	7.66	0.53
1 year	19.19	18.51	22.15	-3.64
Since client inception (30-Dec-15)	7.83	7.22	11.25	-4.03

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	Portfolio	Benchmark^^
Fundamentals - weighted average		
IBES long-term EPS growth [1]	16.9%	13.2%
Price/earnings (12 months forward ex-negative earnings)	23.4x	20.0x
Market capitalization		
Market capitalization (USD) [2]	156.2 bn	169.7 bn
Diversification		
Top ten holdings	33%	27%
Number of holdings	91	610
Turnover		
Trailing 1 year turnover [3]	26%	–
Risk profile (current)		
Barra predicted tracking error [4]	2.53%	–

[1] Source: Thomson Reuters

[2] Weighted average.

[3] (Lesser of Purchase or Sales)/Average Month End Market Value

[4] 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.

^^ Russell 1000® Growth Index

Asset summary (USD)	
Beginning value as of 31-Jan-17	8,824,389
Contributions	0
Withdrawals	0
Change in market value	+330,121
Ending value as of 28-Feb-17	9,154,510

Top 10 issuers	Sector	% of Portfolio
ALPHABET INC	Technology	6.5
FACEBOOK INC	Technology	4.8
AMAZON.COM INC	Retailing	4.3
VISA INC	Financial Services	3.9
MICROSOFT CORP	Technology	3.6
ADOBE SYSTEMS INC	Technology	2.7
MASTERCARD INC (EQ)	Financial Services	2.6
THERMO FISHER SCIENTIFIC INC	Health Care	2.3
DANAHER CORP	Health Care	2.0
APPLE INC	Technology	1.9

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FOR MORE INFORMATION CONTACT

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Phone: +1 617 954 5575
Email: khyland@mfs.com

Thomas Shanley, Client Service Manager
Phone: +1 617 954 7492
Email: tshanley@mfs.com

Sectors (%)	Portfolio	Benchmark^^
Technology	25.7	25.5
Health Care	14.1	16.0
Retailing	11.4	10.6
Financial Services	10.7	6.4
Leisure	8.7	10.8
Special Products & Services	8.3	5.4
Consumer Staples	5.0	7.5
Industrial Goods & Services	4.3	7.0
Autos & Housing	3.2	2.3
Transportation	1.9	2.2
Utilities & Communications	1.8	2.0
Basic Materials	1.3	3.9
Energy	1.1	0.4

2.7% Cash & cash equivalents

^^ Russell 1000® Growth Index

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

FOR MORE INFORMATION CONTACT

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Email: tshanley@mfs.com

Bay County Voluntary Employees' Beneficiary Association Trust - Growth Equity *BYS*

Valuation Summary **28-Feb-17** **Portfolio Currency: USD**

	Cost	Market Value	Accrued Income	Total Value	Total Value
CASH	237,603.94	237,603.94	0.00	237,603.94	2.60 %
COMMON STOCK	7,921,592.71	8,855,481.75	6,471.76	8,861,953.51	96.80 %
ADR	56,421.50	54,952.31	0.00	54,952.31	.60 %
	8,215,618.15	**9,148,038.00**	**6,471.76**	**9,154,509.76**	**100.00 %**

Accrued Income:	**6,471.76**
Total Value:	**9,154,509.76**

This report contains trade date position values, calculated by MFS. This is not the official book of record for the account. Cash is a net cash balance comprised of cash on deposit, and payables and receivables that have not settled.

CAPITAL INSTITUTIONAL SERVICES, INC.

1700 Pacific Avenue, Suite 1100
Dallas, Texas 75201

214.720.0055
800.247.6729

Member NYSE, FINRA, NFA, SIPC
WBENC Certified Women-Owned

Founded 1977

Bay County Employees' VEBA

CAPIS Account: 10250

Settlement Month Ending: 2/28/2017

	TOTAL COMMISSION		COMMISSION ALLOCATION			
			Execution		Recapture	
	February	YTD	February	YTD	February	YTD
Beginning Balance					$0.00	$0.00
U.S. Equity	-	-	-	-	-	-
International Equity	-	-	-	-	-	-
Fixed Income	-	-	-	-	-	-
International Fixed Income	-	-	-	-	-	-
New Issues	-	-	-	-	-	-
Options	-	-	-	-	-	-
Futures	-	-	-	-	-	-
Foreign Currency	-	-	-	-	-	-
Syndicates	-	-	-	-	-	-
Recapture Subtotals	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**
Execution	**$ 0.00**	**$ 0.00**				
Directed	**$ 0.00**	**$ 0.00**				
Correspondent Broker/Dealer	**$ 0.00**	**$ 0.00**				
Total	**$ 0.00**	**$ 0.00**				

Total Earned	**$ 0.00**	**$ 0.00**
Total Redeemed	**$ 0.00**	**$ 0.00**
Balance as of 2/28/2017	**$ 0.00**	**$ 0.00**

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

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

VEBA 2017 YTD BUDGET REPORT

ACCOUNT DESCRIPTION	ORIGINAL APPROP	TRANFRS/ADJSMTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	% USED
FUND BALANCE	-	-	-	-	-	-	**0.00%**
NET ASSETS - RESERVES	1,740,320.00	-	1,740,320.00	-	-	1,740,320.00	**0.00%**
Total RA FUND BALANCE, NET AS	**1,740,320.00**	**-**	**1,740,320.00**	**-**	**-**	**1,740,320.00**	**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)	-	-	(48,000.00)	**0.00%**
ER CONTR-GOLF COURSE	-	-	-	-	-	-	**0.00%**
ER CONTR-GENERAL FUND	-	-	-	-	-	-	**0.00%**
ER CONTR-DWS	(32,000.00)	-	(32,000.00)	(15,555.71)	-	(16,444.29)	**48.60%**
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)	(18,559.78)	-	(231,440.22)	**7.40%**
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)**	**(34,115.49)**	**-**	**(545,884.51)**	**5.90%**
INVESTMENT INTEREST/DIVIDENDS	(500,000.00)	-	(500,000.00)	(51.64)	-	(499,948.36)	**0.00%**
GAIN ON SALE OF INVESTMENTS	(1,200,000.00)	-	(1,200,000.00)	-	-	(1,200,000.00)	**0.00%**
UNREALIZED GAIN ON INVESTMENTS	-	-	-	-	-	-	**0.00%**
SECURITIES LENDING EARNINGS	-	-	-	(573.38)	-	573.38	**100.00%**
Total RP INTEREST & RENTALS	**(1,700,000.00)**	**-**	**(1,700,000.00)**	**(625.02)**	**-**	**(1,699,374.98)**	**0.00%**
MISCELLANOUS REVENUES	-	-	-	-	-	-	**0.00%**
COMMISSION RECAPTURE	(6,900.00)	-	(6,900.00)	-	-	(6,900.00)	**0.00%**
Total RR OTHER REVENUE	**(6,900.00)**	**-**	**(6,900.00)**	**-**	**-**	**(6,900.00)**	**0.00%**
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%**

VEBA 2017 YTD BUDGET REPORT

ACCOUNT DESCRIPTION	ORIGINAL APPROP	TRANFRS/ADJSMTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	% USED
PRINTING AND BINDING	150.00	-	150.00	-	-	150.00	**0.00%**
POSTAGE	100.00	-	100.00	1.85	-	98.15	**1.90%**
COMPUTER SUPPLIES	50.00	-	50.00	-	-	50.00	**0.00%**
Total XI SUPPLIES	**400.00**	**-**	**400.00**	**1.85**	**-**	**398.15**	**0.50%**
PROFESSIONAL SERVICES	130,000.00	-	130,000.00	12,139.81	-	117,860.19	**9.30%**
ACTUARIAL SERVICES	-	-	-	41,000.00	-	(41,000.00)	**100.00%**
INVESTMENT/BANK SERVICE CHARGE	30,000.00	-	30,000.00	-	-	30,000.00	**0.00%**
LEGAL FEES	-	-	-	-	-	-	**0.00%**
CONSULTANTS	30,000.00	-	30,000.00	4,000.00	-	26,000.00	**13.30%**
LOCAL TRAVEL MILEAGE	-	-	-	-	-	-	**0.00%**
EQUIPMENT RENTAL-COPY MACHINES	55.00	-	55.00	-	-	55.00	**0.00%**
INDIRECT COST EXPENSE	1,765.00	-	1,765.00	441.24	-	1,323.76	**25.00%**
LOSS ON DISPOSAL OF ASSET	350,000.00	-	350,000.00	-	-	350,000.00	**0.00%**
UNREALIZED LOSS ON INVESTMENTS	-	-	-	-	-	-	**0.00%**
INSURANCE AND BONDS	4,000.00	-	4,000.00	-	-	4,000.00	**0.00%**
Total XL OTHER SERVICES AND C	**545,820.00**	**-**	**545,820.00**	**57,581.05**	**-**	**488,238.95**	**10.50%**
Total 73627401 VOL.EMPLOYEE BENEF.A	-	-	-	22,842.39	-	(22,842.39)	**100.00%**
Total 7360 PUBLIC EMPLOYEE HEALTH C	-	-	-	22,842.39	-	(22,842.39)	**100.00%**
Revenue Total	**(546,580.00)**	**-**	**(546,580.00)**	**(34,740.51)**	**-**	**(511,839.49)**	**6.40%**
Expense Total	**546,580.00**	**-**	**546,580.00**	**57,582.90**	**-**	**488,997.10**	**10.50%**
Grand Total	**-**	**-**	**-**	**22,842.39**	**-**	**(22,842.39)**	**100.00%**

VEBA **Invoices Approved:** **Mar-17**

Invoice Date	Vendor	Amount	Description
1/31/2017	MFS INSTITUTIONAL ADVISORS	$ 12,139.81	4Q 2016 MONEY MANAGER FEE

NORTHERN TRUST

March 9, 2017

Board of Trustees of Bay County Employees' Retirement System &
Board of Trustees of Bay County Voluntary Employees' Beneficiary Association
515 Center Avenue
Bay City, MI 48708

Re: New Proposed Custody Fee Schedule

Dear Board of Trustees:

This letter is to inform you of a proposed new custody fee schedule that we would like to implement effective April 1, 2017 for both the Bay County Employees' Retirement System and Bay County Voluntary Employees' Beneficiary Association plans.

Should you have any questions on this new fee schedule, please do not hesitate to contact me directly at (312) 444-3947.

If you are in agreement with the new custody fee schedule, please sign and date this letter below and return it to my attention and this new schedule will go into effect April 1, 2017.

On behalf of Northern Trust, I would like to thank you for our long standing partnership and am pleased to be able to offer to you this new custody fee schedule.

Sincerely,

Lawrence A. Fumarolo
Vice President

Acceptance of New Custody Fee Schedule:

_____

Dated:

Attachment: Proposed Custody Fee Schedule

The Northern Trust Company
50 South La Salle Street
Chicago, Illinois 60603
312-630-6000

FEE SCHEDULE

BAY COUNTY VOLUNTARY EMPLOYEES BENEFICIARY ASSOCIATION

EFFECTIVE JULY 1, 2005 TO DECEMBER 31, 2008

TABLE OF CONTENTS

TERMS OF FEE SCHEDULE 2

GLOBAL CUSTODY SERVICES 3

SINGLE-LINE ASSET U.S. ACCOUNT SCHEDULE 3

CASH ACCOUNT SCHEDULE 4

FEE SCHEDULE

Northern will charge fees quarterly in March, June, September and December. Northern will debit fees directly from the Cash Accounts 26-11831 on the last business day of the billing period. Northern will deliver a copy of the fee notice in advance of the debit to Danean Wright. In the event of a disputed invoice, contact Julie Gonsch 312 557-0908. If an error is discovered after Northern debits the fees, an appropriate adjustment will be made to the fee in the following quarter.

Northern will charge Market Value fees for the current billing period, with calculations based on the relevant Market Value as of the end of the prior billing period.

Northern will charge Transaction and Benefit Payment fees at the end of the billing period following the billing period in which the activity occurred. For example, transactions and benefit payments processed in the first quarter are invoiced in the second quarter. All other fees are for services provided in the current billing period.

Special Assignment Services & Fees - In addition to the specific services and fees identified in this schedule, Northern may charge for additional services associated with special events the client, its investment managers or other service providers initiate, to the extent those events are not specifically described by the fees detailed in this Fee Schedule. Special assignments include such activities as manager terminations, account restructures, mergers, spin-offs, fund conversions, etc. There will be service and transaction fees associated with each event. In addition, Northern may pass through to the client legal, evaluation and/or consulting fees necessitated by an event. Northern will discuss charges related to an event with the client in advance.

The Fee Schedule reflects the accounts established at the time this schedule was prepared. The Schedule will be applicable to all accounts that may be added from time to time and without modification of the Schedule, unless warranted by the nature of the new accounts.

The client and Northern Trust established this Fee Schedule with the assumption that there will be no substantive changes in the account structure, composition of assets, reporting requirements or in the mix of services delivered by Northern Trust. Further, the Schedule is predicated on the expectation the client will use the products & services anticipated during its negotiation. Should there be any significant changes or the client elects not to use one of the anticipated products or services, Northern reserves the right to reevaluate the fees.

NORTHERN TRUST

A Fee Schedule for:

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

Effective Date: April 1, 2017

CONTACT DETAILS

Larry Fumarolo

Relationship Manager

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Email LF19@ntrs.com

The Northern Trust Company

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www.northerntrust.com

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Global Custody

Northern Trust has four components to its custody fee structure: account based fees, asset based fees, holdings based fees and transaction based fees. Details of each are as follows:

ACCOUNT BASED FEES (ANNUAL, UNLESS OTHERWISE NOTED)

Separately Managed Account	$1,500 per account Currently $ 3,000
Cash / Clearing Account	$1,000 per account
Single Line Asset Account	$1,500 per account

ASSET BASED FEES – SEPARATELY MANAGED ACCOUNTS (SMAS)

COUNTRY TIERING (ASSET BASED AND TRANSACTION FEES COVERING US AND NON-US ACCOUNTS)

Tier	Country	Asset-Based Fees (p.a.)	Transaction Fees (for Buys/Sells)
		Safekeeping Fee	Transaction Fee
I	Bahamas, Canada - NT, Canada - RBC, Cayman Islands, Clearstream, Euroclear, Ireland, United Kingdom, United States	1.00	$ 10 Currently $15
II	Australia, Austria, Belgium, Denmark, Finland, France, Germany, Italy, Japan, Luxembourg, Netherlands, Norway, Spain, Sweden, Switzerland	2.50	15
III	Hong Kong, Iceland, Malaysia, New Zealand, Portugal, Singapore, Thailand	7.00	20
IV	Argentina, Brazil, China A Shares, China B Shares, Czech Republic, Egypt, Estonia, Greece, Hungary, India, Indonesia, Israel, Mexico, Philippines, Poland, South Africa, South Korea, Sri Lanka, Taiwan, Turkey	18.00	30
V	Bulgaria, Chile, Croatia, Kazakhstan, Latvia, Lithuania, Morocco, Namibia, Nigeria, Pakistan, Peru, Romania, Russia, Slovak Republic, Slovenia, Swaziland, Trinidad, Tunisia, Uruguay, Venezuela, Vietnam,	35.00	45
VI	Bahrain, Bangladesh, Benin, Bermuda, Bosnia/Herzegovina, Botswana, Burkina Faso, Colombia, Cyprus, Ghana, Guinea-Bissau, Ivory Coast, Jordan, Kenya, Kuwait, Lebanon, Mali, Malta, Mauritius, Niger, Oman, Palestine, Panama, Qatar, Saudi Arabia, Senegal, Serbia, Tanzania, Togo, Uganda, Ukraine, United Arab Emirates, Zambia, Zimbabwe	50.00	60

Not Currently Used

HOLDINGS BASED FEES – SINGLE LINE ASSETS – (No Changes)

Type	Per asset p.a.
Commingled Fund	$1,500 per asset p.a.
Mutual Fund	$1,500 per asset p.a.
Private Equity Limited Partnership	$1,500 per asset p.a.
Hedge Fund	$1,500 per asset p.a.
Real Estate Property	$1,500 per asset p.a.
Insurance Contract (Guaranteed Insurance Contracts)	$1,500 per asset p.a.
Bank Loans	$1,500 per asset p.a.
Mortgage Notes	$1,500 per asset p.a.
Unit Trust	$1,500 per asset p.a.
Sundry Asset	$1,500 per asset p.a.

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TRANSACTION BASED FEES (No Changes)

The transaction charges detailed below will apply to all transactions that occur for the transaction category, including transactions associated with Special Assignments.

Type	Per Trans Fee
Commingled Funds / Mutual Funds	$50
Hedge Funds	$50
Private Equity and Real Estate	$50
Insurance Contracts	$50
Pay-downs	$5
Wire Fees (outgoing only) / ACH Transfers	$30
3rd Party Foreign Exchange (FX)	$50
3rd Party Fixed or Term Deposits	$70
Repos	$20 per open and $20 per close
Pass Through	$25
Security Delivery	$10

Not Currently Used

Capital Call Execution	The Capital Call Execution service allows clients investing in private equity the option to give authority to Northern Trust to pay capital calls as they are received from the General Partner, or alternatively, clients may opt for Northern Trust to set up calls for client approval on Trade Order Entry. > Minimum charge of 20 Partnerships.	Per Partnership Annually	$250

ONLINE TRANSACTION APPLICATIONS - New if want to use.

- Trade Order Entry (TOE) and Web Cash Movement (WCM) are default methods of automated communication for trade initiation and cash movement provided to our clients at no additional cost. Should a client choose manual transaction processing, the following fee schedule will apply.

These transaction counts are reset annually.

Transaction Count	Annual Fee
<20	$1,000
21-50	$2,500
51-100	$5,000
101-200	$10,000
201-400	$15,000
401-700	$27,500
>700	$35,000

Global Custody fees include:

• Safekeeping of assets	• Corporate action processing
• Settlement of direct trades	• Proxy voting
• Collection of income	• Consolidated monthly investment accounting and portfolio valuations delivered via Passport®
• Tax reclamation and relief at source services	• Daily and intraday information delivered via web portal, Passport®
• For ERISA clients, one annual 5500 Supplemental Report	

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An account that receives proceeds from securities class actions in US dollars will be assessed a charge of 2% of the proceeds up to $1000 per distribution (per account) with a minimum charge of $5. Proceeds in other currencies are subject to higher charges – 2% of the proceeds up to approximately $2000 per distribution (per account) with a minimum charge of approximately $10. These charges, which may change over time in response to market conditions or processing complexity, will be deducted from the class action proceeds in the same currency as the proceeds are paid. All charges are reported in your statement of account. If payments for a closed account are sent to another bank via wire or check, an additional $25 processing charge will be deducted from US dollar payments and a processing charge of approximately $50 will be deducted for other currencies.

Derivatives Processing and Collateral Margin Movements

DERIVATIVES SERVICES - Future Option - none currently

1. Transaction Processing (applies to ETD & OTC)

Type	Per Trans Fee
For ETD derivatives a charge applies to both buy and sell transactions	
◦ All instruments	$20
For OTC derivatives a charge applies to both buy and sell transactions	
◦ Simple	$60
◦ Moderate	$75
◦ Exotic	Fees based on product complexity and agreed on a case by case basis.

- This includes initial trade capture, set up and settlement of initial cash movement.

2. Position Maintenance (applies to OTC only)

Type	Per Trans Fee
◦ Simple	$250 per position per annum
◦ Moderate	$400 per position per annum
◦ Exotic	Fees based on product complexity and agreed on a case by case basis.

Where prices are supplied by the manager, the charge is $200 per position per annum regardless of instrument.

- Daily independent valuations
- Periodic position reconciliations
- Lifecycle events, such as processing rate resets
- Standard accounting and reporting

3. Collateral

Type	Per Movement
◦ Passive Collateral Processing or ETD margin / OTC collateral movement	$15 per movement

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4. Active Collateral Management (outsourced service will not show up on invoices)

Active Collateral Management is an outsourcing activity where our client or their asset manager provides their credit agreements (between client and counterparty) and Northern Trust provides the following services.

Type	Annual Fee
◦ Outsourcing activity	Approximately $15,000 - $20,000 per credit support agreement per annum

COLLATERAL CALLS

- Daily Collateral Calls are recorded and processed through the Collateral Dashboard
- Respond to collateral demands made by counterparties
- Instruct custodian to move funds (undisputed amount) or to expect to receive funds
- Resolve disputes through reconciliations and valuation challenges

RECONCILIATIONS

- Proactive reconciliations with counterparty
- Periodic reconciliations with custodian

CORPORATE ACTIONS

- Corporate Action tool enables us to monitor and substitute Collateral before the Corporate Action takes place
- Interest calculations on cash collateral

REPORTING

- Provide access to clients to view web-based collateral management system
- Access to view live collateral management decision making activity
- Northern Trust to provide daily/intra-day collateral reporting from Colline
- Reports can be sent in Excel, PDF, and Text formats

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Cash Sweep Services

BAY COUNTY EMPLOYEES'RETIREMENT SYSTEM: (No Changes)

Sweep Services – Collective STIF @ 15 basis points p.a.

Sweep Services consist of the custodial services that support movement of available cash balances from a client account to a STIF on a daily basis, as well as the investment management of the assets in the STIF. Fees for Sweep Services are accrued daily and charged monthly.

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION:

Sweep Services: Northern Institutional Government Assets Portfolio

Please refer to the Fund Prospectus for fee-related information:
http://www.northerninstitutionalfunds.com/pws/jsp/display2.jsp?XML=http://web-xp2d-pws:80/xml/performance_funds.xml&TYPE=performance.xsl&fundtype=mm

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Benefit Payment Services

(No Changes) - Rates have gone up, but they will keep ours the same.

Prior Trustee File Conversion	$6.00 per participant (manual set up) $5.00 per participant (automated set up)
Plan Structure	
Payment Group (periodic plan/lump sum plan)	$50.00 per payment group annually
Periodic Payments – Includes tax deposits and vendor payments	
Checks	$10.50 annually + postage
Electronic Fund Transfers	$11.70 annually
with EFT advice statement	$ .87 per advice + postage
Set-up and Maintenance of each New Scheduled Payment	
Electronic Input	$6.00 per payment
Manual Form Processing	$18.00 per payment
Non-Periodic Payments *(lump sum/retroactive payments)*	
Lump Sum - Checks	$7.00 per payment + current postage
Lump Sum – EFT	$5.00 per payment
1st Retro Payment	$0.975 per payment
Delivery	
Via U.S. Mail to Domestic Address	Current postage rate (including all tax forms)
Via U.S. Mail to Foreign Address	Current international postage rate
Via worldwide courier or via messenger in Chicagoland Area	Charged by weight and distance
Participant Servicing – Includes phone inquiries and data maintenance (applicable if participants call Northern Trust with inquiries)	
Using Local 312 Number	
Per Active Payment Recipient	$0.30 per participant annually
Per EFT Recipient without Advice Statement	$1.50 per participant annually
Using Toll Free Number	
Per Active Payment Recipient	$0.60 per participant annually
Per EFT Recipient without Advice Statement	$2.20 per participant annually
Benefit Payment Participant Web Passport	
In combination with Participant Servicing (above)	$0.10 per participant annually
If not subscribing to Participant Servicing	$0.30 per participant annually
Additional Services	
Deduction Payments	$1.345 per deduction
Ad hoc report production	$75 per report per run
Tax Forms(including duplicates/corrections)	No Charge
Stop Payments/	No Charge
Stale Dating	No Charge
International wires	No Charge
U.S. wires	No Charge
Paid Check Images	No Charge
Photocopies of Paid Checks	No Charge
Electronic Copy of Master File	No Charge
Custom report design	No Charge
Processing of Garnishments, Levies, NRA forms	No Charge
Client Logo on payments	No Charge
Check message	No Charge
Check Inserts/Letters	No Charge
Personal Check Redeposits	No Charge
ACH Recall Requests	No Charge
Same Day Payment Request	No Charge

Services Provided at No Additional Charge

- Changes or updates to existing participant records
- Annual Death Search **(.15 per participant off cycle)**
- Federal, state, local tax services *(tax filings occur under the Northern Trust Universal EIN)*
- Annual US Postal Service address review
- Standard reporting package
- Sanctions Screening

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Other Fees and Expenses (No Changes)

Where applicable, indicative fees will be disclosed prior to providing a service.

Additional charges may be applied for:

- Services or special procedures required in respect of any directly held property or venture capital/private equity portfolios will be evaluated and priced on a case by case business, according to the level of work involved.
- Services associated with special events the client, its investment managers, or other service providers initiate, to the extent those events are not specifically described by the fees detailed in the Transition Related Fee Schedule
- Customized services including, but not limited to, reporting for non-custodied assets, developing custom downloads, custom programming, special accounting or project work for any client or third party organization, class action filing services with prior custodial records, client specific data requirements
- Demand account services to support pension payment or collection activities
- Fund subscriptions and redemptions
- Services to support in-house managed accounts
- Manager fee payments
- Custom Cash Fund Services, which could include cash consolidation (sweep), fund accounting, investor reporting and a portfolio management fee.
- Supporting/facilitating on-site visits by your auditors
- Processing trades through a clearing bank

If you maintain deposits with Northern Trust in markets for which prevailing money market rates fall to a level at or below zero, Northern Trust may, in its discretion, charge a fee on such balances. The amount of the fee, which may vary by market and circumstance and may change over time, will be the spread in excess of the prevailing over night or central bank rate in an affected market and will not exceed 100 basis points. In order to determine the interest rates you are receiving, you can review your report from Institutional Investor Passport (IIP) entitled: "Positions/Accrued Income/Interest Rates", where all such rates are disclosed.

OVERDRAFT DISCLOSURE

Northern Trust generally covers overdrafts as a service to its institutional trust and custody clients in order to assist in the timely processing of transactions. It is Northern Trust's policy to discourage the incidence of overdrafts and to prohibit their excessive use. Northern Trust promptly notifies clients or their investment managers of all overdrafts that occur in client accounts, and the associated fees are reflected in client cash statements. Northern Trust monitors accounts for any pattern or practice or routine overdraft use, and takes active steps to address any perceived abuse of overdraft privileges. Thus, this service is an accommodation granted entirely at the discretion of Northern Trust and can be discontinued at any time.

Northern Trust's charge for U.S. dollar overdrafts is the Northern Trust Prime Rate of interest. Northern Trust intends to assess overdraft fees on all overdrawn accounts, including separately managed and commingled funds managed by Northern Trust and its affiliates, except in cases where it is determined that Northern Trust or its affiliate was at fault in causing the overdraft. Unless otherwise agreed, overdraft charges will be determined on a daily basis and assessed monthly against client accounts.

For non-U.S. dollar overdrafts, Northern Trust assesses overdraft recovery charges based upon prevailing local market rates.

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Expenses to be passed through to clients include, but are not limited to:

- Commissions and placement or surrender fees.
- Execution attributable to settlement and associated activities in specific markets, including but not limited to market opening charges, stamp duty, securities re-registration fees, ADR/GDR agent pass through charges (including tax relief assistance), transfer agent pass through charges, proxy voting physical representation/ad hoc expenses, Legal Entity Identifier registration charges, Deposit/Withdrawal at Custodian (DWAC) charges (Such charges will be passed through to the account where applicable.)
- Out of pocket expenses including, but not limited to, fees for external legal and tax advice and legal document processing will be passed through to the client.
- Other security-related charges passed through by depositories.
- Vendor charges which are passed through to clients and are dictated by markets or other third parties are subject to change without notice.

Note: all fees are subject to direct debit. Fees are due upon receipt of invoice. Northern Trust reserves the right to modify any client fee schedule should there be a meaningful change in the account structure or services provided. In such event, a revised fee schedule will be provided to the client.

BILLING / INVOICING

Market value based fees are based on prior period values, prorated for the current invoice period. For example, the 1Q invoice will use 4Q closing market values.

Transaction based fees are charged a period in arrears. For example, transactions from 4Q will be charged on the 1Q invoice.

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

Jan Histed
Secretary

BOARD OF TRUSTEES
Steven Gray, Chairperson
Richard Brzezinski
Kristal Gonzales
Richard Gromaski
Thomas M. Herek
Jon Morse
Matthew Pett
Tom Ryder
Thomas Starkweather

ADMINISTRATIVE STAFF
Katie Meeth
Tracy Cederquist
(989) 895-4043
TDD (989) 895-4049
FAX (989) 895-4039

MEMO

TO: Steve Gray, Chairman Bay County Employees' Retirement System

FROM: Jan Histed, Secretary

DATE: April 3, 2017

RE: Northern Trust – Proposed Revisions to the Retirement / VEBA Fee Schedule

Background:

Based on an account review, Northern Trust noted that the Fee Schedules for the Bay County Employees' Retirement System (BCERS) and the Bay County Voluntary Employees' Beneficiary Association (VEBA), have not been updated and date back to 2005. They have proposed a new Fee Schedule that is estimated to have a combined savings of $106,000 per year. The proposed changes are the Custody Fees - Account Based Fee for the Separately Managed Accounts would reduce from $3,000 per account to $1,500 per account. And the Custody Fee – Asset Based Transaction Fee for the Tier 1 Countries would reduce from $15 per transaction to $10 per transaction.

Per Northern Trust, the proposed fee schedule would be effective April 1, 2017, upon the Board of Trustees approval.

Recommendation:

It is my recommendation to approve the proposed fee schedule from Northern Trust, as attached, with the effective date of April 1, 2017.

Jmh

No. 2017 - 7

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
04/11/2017
RESOLUTION

BY: ADMINISTRATION

WHEREAS, Based on an account review, Northern Trust noted that the Fee Schedules for the Bay County Employees' Retirement System (BCERS) and the Bay County Voluntary Employees' Beneficiary Association (VEBA) have not been updated and date back to 2005.

WHEREAS, Northern Trust has proposed a new Fee Schedule that is estimated to have a combined savings of $106,000 per year.

WHEREAS, The proposed changes are the Custody Fees – Account Based Fee for the Separately Managed Accounts would reduce from $3,000 per account to $1,500 per account. And the Custody Fee – Asset Based Transaction Fee for the Tier 1 Countries would reduce from $15 per transaction to $10 per transaction.

WHEREAS, Per Northern Trust, the proposed fee schedule would be effective April 1, 2017, upon the Board of Trustees Approval. Therefore, Be It

RESOLVED That this Board approve the proposed fee schedule from Northern Trust, as attached, with the effective date of April 1, 2017. Further Be It

RESOLVED That the Chairman of the Board is authorized to execute the agreement with Northern Trust following review by Corporation Counsel.

STEVE GRAY, CHAIR
AND BOARD

RESOLUTION – NORTHERN TRUST FEE REVISION

MOVED BY TRUSTEE _____
SUPPORTED BY TRUSTEE _____

TRUSTEE	Y	N	E	TRUSTEE	Y	N	E	TRUSTEE	Y	N	E
Richard Brzezinski				Richard Gromaski				Matthew Pett			
Kristal Gonzales				Thomas Herek				Thomas Ryder			
Steve Gray				Jon Morse				Thomas Starkweather			

Vote Totals:
Roll Call: Yeas_____ Nays_____ Excused _____
Voice: Yeas_____ Nays_____ Excused _____

Disposition: Adopted_____ Defeated_____ Withdrawn_____
Amended_____ Corrected_____ Referred _____