

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION

AGENDA

TUESDAY, JULY 9, 2013

(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 - 3	I.	JUNE 11, 2013 - REGULAR MEETING
		IV.	PUBLIC INPUT
		V.	PETITIONS & COMMUNICATIONS
4 - 5	A.	PORTFOLIO VALUE 1/31/12 - 7/1/13
6 - 8	B.	2014 VEBA FUND BUDGET
		VI.	ANNOUNCEMENTS
		A.	NEXT REGULAR MEETING - TUESDAY, AUGUST 13, 2013 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
		VII.	UNFINISHED BUSINESS
		VIII.	NEW BUSINESS
		IX.	MISCELLANEOUS BUSINESS
		X.	ADJOURNMENT

MINUTES BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)

JUNE 11, 2013

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The meeting, held in the Bay County Commission Chambers, 4th Floor, Bay County Building, 515 Center Avenue, Bay City, Michigan, was called to order by Chairman, Steve Gray at 2:45 p.m. Roll call was taken. All trustees are present.

1. Moved, supported and carried to approve the minutes, as printed, from the May 14, 2013 regular meeting.

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

Present today is Jeff Black from Becker, Burke Associates to present the first quarter performance evaluation. A copy was provided to all Trustees via the website.

During the first quarter we were just coming off the 2012 end of year fiscal cliff discussions. There was uncertainty as to what would happen in the market environment and what the impact of the sequestering would be. Equities rallied exceptionally well for all three months. There were big rises for double digit gains for U.S. Equity markets. Things went down in International Equities. The policies they have chosen to enact have resulted in lower growth and the stock market has not responded as well so we see lower returns for the MSCI-EAFE fund. The Fixed Income had challenges as well as rates crept up a little causing Total Returns for the Bond market on the aggregate to be negative.

This fund started the quarter at \$31 million with some external contributions. The investments returned just over \$2 million with the vast majority coming from market value appreciation of the securities. The quarter ended with total fund assets of \$34 million.

About 5-6 quarters ago the Fund was small with two Balance Fund Managers but we had no control over it. When the Board made the decision to bring control to the Board level where we could decide how much to allocate, things have gone quite well. For the first quarter of 2013 the total fund performance is 6.4% ranking in the 11th percentile, which is tremendous. From roughly 1,000 institutional funds, the Bay County VEBA is in the top decile of performers. We beat the policy number and for April and June we are probably up between 3-3.5% additionally.

We now have three Equity managers in place and for the first quarter we have a 12% return which is above the Policy Index and ranking near the top fifth of the universe. For the one year we are in the top quartile ranking above the Policy Index with a 16.3% return. That is more than we would expect in a typical year, so the managers have done great work.

Dodge & Cox, a Large Cap Value manager had a good run. This Board had the fortitude to stick with them and this Fund has been rewarded with a good out performance by this manager. Atalanta Sosnoff, a Large Cap Growth manager had a rough performance two years ago, but this Board stuck with them and they have come through. With a 9.6% top third return in the Large Cap Growth universe for the quarter.

The Small/Mid Cap U.S. Equity manager, Lord Abbett & Company the returns are not screaming on a relative basis even though the one quarter return was great at 14.3% with 13% percentile well above the Russell 2000. Looking back at the one year they are above median.

The Bond manager, C.S. McKee, had a positive return performing just under median. For the year they had a 4.4% return beating the Index.

Becker Burke is satisfied with everything that is occurring in the VEBA and have no structural recommendations at this time.

MINUTES BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION **(VEBA)**
JUNE 11, 2013
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2. Moved, supported and carried to approve the first quarter report for 2013 as presented by Becker, Burke Associates.
3. Moved, supported and carried to receive the Portfolio Value from 1/1/12 - 6/5/13. Today's value is \$35 million.

Trustee Starkweather inquired as to what percentage the VEBA is funded and requested if this information could be provided at the next meeting.

ANNOUNCEMENTS:

- A. Next regularly scheduled meeting will be Tuesday, July 9, 2013 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:

Trustee Starkweather inquired if we have a policy of when we examine our allocations in the VEBA, i.e. what percentage of money we are putting into what group. How often is that discussed? Becker, Burke responds that they constantly monitor the Fund and once a year they do a formal Allocation Study to confirm that the expected rate of return matches what we are trying to achieve with the Fund.

Discussion regarding the present value of the 2011 Actuarial Report, over funding and how/if the money can be moved from one Fund to another. Usually, once money is in the Trust it cannot be taken out for some other purpose.

NEW BUSINESS:

- A. Becker, Burke Associates - Asset Allocation

Jeff Black provided two exhibits regarding the VEBA Asset Allocation vs. Policy. The exhibit indicates the Investment Policy targets adopted as of March 12, 2013. Large Cap is below the minimum and Mid/Small Cap is slightly over the maximum. To remedy this from a fiduciary standpoint they have taken some action since the policy dictates that we would like to have them back in the ranges. To accomplish that, they are adding about \$2 million to Large Cap. The intent was to pull from the Mid/Small Cap manager, however, the Plan Administrator suggested there was some cash that could be used instead. Mr. Black is revising his recommendation to incorporate this suggestion. On Page 2 of his exhibit, he is revising his proposal. Rather than taking \$1.5 million from Lord Abbett, they will take only \$1 million and then take \$1 million from Cash. That is their recommendation today to restore the allocation of the Plan to within the approved Target ranges.

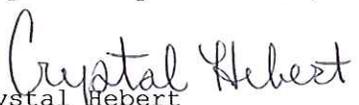
4. Moved, supported and carried to approve the recommendations as presented by Becker, Burke Associates regarding asset re-balancing.

MISCELLANEOUS BUSINESS: None

ADJOURNMENT:

5. Moved, supported and carried to adjourn the meeting at 3:15 p.m.

Respectfully submitted,


Crystal Hebert
Finance Officer/Secretary

MEETING OF THE V.E.B.A. BOARD OF TRUSTEES COMMITTEE
JUNE 11, 2013

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

MEETING CALLED TO ORDER BY: CHAIR STEVE GRAY AT 2:45 P.M.

OTHERS PRESENT: JEFF BLACK, HOWARD POHL, DANEAN WRIGHT, CRYSTAL HEBERT

TRUSTEE	1	2	3	4	5	6	7	8	9	10
BRZEZINSKI	S	Y	Y	M	Y					
CARPENTER	Y	Y	S	Y	Y					
COONAN	Y	M	Y	Y	S					
GRAY	Y	Y	Y	Y	Y					
HEREK	Y	Y	Y	Y	Y					
MORSE	Y	Y	Y	Y	Y					
PELTIER	Y	Y	Y	Y	Y					
PETT	Y	S	M	S	Y					
STARKWEATHER	M	Y	Y	Y	M					

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

VEBA PORTFOLIO VALUE

	<u>DODGE & COX</u>	<u>CASH</u>	<u>ATALANTA SOSNOFF</u>	<u>LORD ABBETT</u>	<u>CS MCKEE</u>	<u>TOTAL</u>
2012						
JAN	4,744,381.74	23,341.91	4,774,929.28	5,782,203.49	13,556,991.23	28,881,847.65
FEB	4,957,686.81	141,703.43	5,003,798.19	5,958,731.82	13,575,896.75	29,637,817.00
MARCH	5,085,201.22	156,067.52	5,169,110.21	6,012,771.11	13,509,994.85	29,933,144.91
APRIL	5,991,155.39	186,068.57	5,127,801.08	5,023,538.22	13,645,204.77	29,973,768.03
MAY	4,670,417.74	207,434.25	4,752,087.80	5,468,775.64	13,750,484.96	28,849,200.39
JUNE	4,944,848.31	218,278.51	4,926,255.06	5,620,085.64	13,816,486.70	29,525,954.22
JULY	5,023,826.66	237,546.65	4,973,210.73	5,558,841.11	13,958,821.07	29,752,246.22
AUG	5,169,289.62	240,122.51	5,109,739.12	5,738,972.06	13,987,861.42	30,245,984.73
SEPT	5,324,980.74	262,359.53	5,263,322.60	5,850,653.25	14,149,694.74	30,851,010.86
OCT	5,292,298.41	293,624.23	5,171,534.01	5,847,050.63	14,060,815.46	30,665,322.74
NOV	5,332,143.99	318,414.45	5,929,910.87	5,216,474.90	14,100,074.44	30,897,018.65
DEC	5,476,853.70	336,925.05	5,268,580.73	6,070,413.01	14,078,467.83	31,231,240.32
	<u>DODGE & COX</u>	<u>CASH</u>	<u>ATALANTA SOSNOFF</u>	<u>LORD ABBETT</u>	<u>CS MCKEE</u>	<u>TOTAL</u>
2013						
JAN	5,813,821.72	973,027.66	5,521,741.71	6,531,548.24	14,006,372.20	32,846,511.53
FEB	5,856,055.05	1,003,898.82	5,584,735.85	6,636,024.19	14,078,939.69	33,159,653.60
MARCH	6,119,927.66	1,080,486.88	5,772,645.27	6,924,233.71	14,094,198.97	33,991,492.49
APRIL	6,238,139.18	1,125,133.85	5,870,711.43	6,924,233.71	14,215,079.35	34,373,297.52
MAY	6,433,955.21	1,110,182.75	6,143,603.47	7,165,609.19	14,009,748.48	34,863,099.10
JUNE	6,438,123.75	1,154,912.16	6,009,232.04	7,068,338.47	13,781,061.60	34,451,668.02
JULY						0.00
AUG						0.00
SEPT						0.00
OCT						0.00
NOV						0.00
DEC						0.00

Favorites

01 JUL 13

◆ **Mgr Mix VEBA**

Account number BCVEBA

BAY COUNTY VEBA CONSOLIDATED

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Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total market value/ % of consolidation
BAYCO-VEBA CASH 2611831	0.00 0.00%	1,154,912.16 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	1,154,912.16 3.34%
BAYCO - VEBA DODGE & COX BAL 2613001	0.00 0.00%	0.07 0.00%	6,475,285.88 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	6,475,285.95 18.72%
BAYCO-VEBA CS MCKEE 2643882	0.00 0.00%	319,957.43 2.32%	0.00 0.00%	13,467,059.86 97.74%	0.00 0.00%	-8,992.60 -0.07%	13,778,024.69 39.83%
BAYCO VEBA LORD ABBOTT FD 2643890	0.00 0.00%	0.00 0.00%	7,136,788.23 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	7,136,788.23 20.63%
BAYCO - VEBA ATALANTA SOSNOFF 2646670	0.00 0.00%	191,518.58 3.17%	5,911,707.29 97.72%	0.00 0.00%	0.00 0.00%	-59,821.94 -0.89%	6,049,403.93 17.49%
Total for consolidation	0.00	1,666,388.24	19,523,781.40	13,467,059.86	0.00	-62,814.54	34,594,414.96
% for consolidation	0.00%	4.82%	56.44%	38.93%	0.00%	-0.18%	100.00%

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Bay County Michigan

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BAY COUNTY, MI
NEXT YEAR / CURRENT YEAR BUDGET ANALYSIS

PG 1
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PROJECTION: 2014 2014 BUDGET PROJECTION

FOR PERIOD 99

ACCOUNTS FOR:	2012 ACTUAL	2013 ORIG BUD	2013 REVISED BUD	2013 ACTUAL	2013 PROJECTION	2014 DEPARTMENT COMMENT
PUBLIC EMPLOYEE HEALTH CARE						
73627401 VOL.EMPLOYEE BENEF.ASSOC.BOARD						
RA FUND BALANCE, NET AS						
73627401 40001 FUNDBALANCE	.00	13,535.00	13,535.00	.00	13,535.00	13,535.00
73627401 40004 NETASTSRSV	.00	-99,400.00	-99,400.00	.00	-99,400.00	-99,400.00
TOTAL FUND BALANCE, NET AS	.00	-85,865.00	-85,865.00	.00	-85,865.00	-85,865.00
RJ LOCAL UNIT CONTRIBUT						
73627401 59401 EMRONEABH	.00	.00	.00	.00	.00	.00
73627401 59402 EMPLRCONMC	.00	.00	.00	.00	.00	.00
73627401 59403 EMPLRCONHF	.00	.00	.00	.00	.00	.00
73627401 59404 EMPLRCONRC	.00	.00	.00	.00	.00	.00
73627401 59406 EMPLRCONLB	.00	.00	.00	.00	.00	.00
73627401 59407 EMPLRCONGC	.00	.00	.00	.00	.00	.00
73627401 59408 EMPLRCONGF	.00	.00	.00	.00	.00	.00
73627401 59409 EMPRCONDWS	-145,694.97	.00	.00	.00	.00	.00
73627401 59410 EMPRCON911	.00	.00	.00	.00	.00	.00
73627401 59411 EMPRCONCCF	.00	.00	.00	.00	.00	.00
73627401 59412 EMPRCONDOA	.00	.00	.00	.00	.00	.00
73627401 59413 EMPRCONRET	.00	.00	.00	.00	.00	.00
73627401 59415 EMPRCONGMF	.00	.00	.00	.00	.00	.00
73627401 59416 EMPRCONHRF	.00	.00	.00	.00	.00	.00
73627401 59418 EMRCON100%	.00	.00	.00	.00	.00	.00

Bay County Michigan

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BAY COUNTY, MI
NEXT YEAR /

CURRENT YEAR BUDGET ANALYSIS

PG 2
bgnyrpts

PROJECTION: 2014 2014 BUDGET PROJECTION

FOR PERIOD 99

ACCOUNTS FOR:

PUBLIC EMPLOYEE HEALTH CARE	2012 ACTUAL	2013 ORIG BUD	2013 REVISED BUD	2013 ACTUAL	2013 PROJECTION	2014 DEPARTMENT COMMENT
73627401 59419 EMPRCONMCF	-695,073.97	.00	.00	.00	.00	.00
73627401 59424 EMPRCONSIF	.00	.00	.00	.00	.00	.00
73627401 59427 EMRCNCMCOOR	.00	.00	.00	.00	.00	.00
73627401 59429 EMPRCONFOC	.00	.00	.00	.00	.00	.00
73627401 59430 EMPRCONHSG	.00	.00	.00	.00	.00	.00
73627401 59433 EMPRCONSLD	.00	.00	.00	.00	.00	.00
73627401 59499 EMRCONBCSD	-141,008.80	.00	.00	.00	.00	.00
TOTAL LOCAL UNIT CONTRIBUT	-981,777.74	.00	.00	.00	.00	.00
RR INTEREST & RENTALS						
73627401 66400 INVINTRDIV	-531,679.78	.00	.00	.00	.00	.00
73627401 66500 INVTSLGAIN	-1,072,714.72	.00	.00	.00	.00	.00
73627401 66501 UNRLZDGAIN	-1,945,996.88	.00	.00	.00	.00	.00
TOTAL INTEREST & RENTALS	-3,550,391.38	.00	.00	.00	.00	.00
RR OTHER REVENUE						
73627401 67104 MISC REV	.00	.00	.00	.00	.00	.00
TOTAL OTHER REVENUE	.00	.00	.00	.00	.00	.00
XE WAGES & SALARIES						
73627401 71000 PER DIEM	.00	360.00	360.00	.00	360.00	360.00
TOTAL WAGES & SALARIES	.00	360.00	360.00	.00	360.00	360.00
XI SUPPLIES						
73627401 72700 OFFICE SUP	.00	50.00	50.00	.00	50.00	50.00

Bay County Michigan

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BAY COUNTY, MI
NEXT YEAR / CURRENT YEAR BUDGET ANALYSIS

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bgnyrpts

PROJECTION: 2014 2014 BUDGET PROJECTION

FOR PERIOD 99

ACCOUNTS FOR:

PUBLIC EMPLOYEE HEALTH CARE	2012 ACTUAL	2013 ORIG BUD	2013 REVISED BUD	2013 ACTUAL	2013 PROJECTION	2014 DEPARTMENT COMMENT
73627401 72800 PRT&BIND	.00	150.00	150.00	.00	150.00	150.00
73627401 72900 POSTAGE	22.40	100.00	100.00	.92	100.00	100.00
73627401 75100 COMPSUPLY	.00	50.00	50.00	.00	50.00	50.00
TOTAL SUPPLIES	22.40	350.00	350.00	.92	350.00	350.00
XL OTHER SERVICES AND C						
73627401 80100 PROFESSNL	77,882.20	.00	.00	20,448.80	.00	.00
73627401 80101 ACTUARIAL	.00	40,000.00	40,000.00	35,000.00	40,000.00	40,000.00
73627401 81400 INVST/BANK	25,330.85	6,000.00	6,000.00	.00	6,000.00	6,000.00
73627401 81700 LEGAL FEES	.00	7,500.00	7,500.00	.00	7,500.00	7,500.00
73627401 81900 CONSULTANT	14,500.00	30,000.00	30,000.00	9,250.00	30,000.00	30,000.00
73627401 86600 LCLTRVMILE	.00	.00	.00	.00	.00	.00
73627401 94601 EQPNTCOPY	3.42	55.00	55.00	.00	55.00	55.00
73627401 95600 IDC EXP	.00	.00	.00	.00	.00	.00
73627401 96200 ASSETDISLS	263,299.62	.00	.00	.00	.00	.00
73627401 96201 URZDLSSINV	.00	.00	.00	.00	.00	.00
73627401 96500 INS/BONDS	2,420.13	1,600.00	1,600.00	.00	1,600.00	1,600.00
TOTAL OTHER SERVICES AND C	383,436.22	85,155.00	85,155.00	64,698.80	85,155.00	85,155.00
TOTAL VOL.EMPLOYEE BENEF.ASS	-4,148,710.50	.00	.00	64,699.72	.00	.00
TOTAL PUBLIC EMPLOYEE HEALTH	-4,148,710.50	.00	.00	64,699.72	.00	.00
GRAND TOTAL	-4,148,710.50	.00	.00	64,699.72	.00	.00

** END OF REPORT - Generated by Danean Wright **

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