

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION

AGENDA

TUESDAY, FEBRUARY 14, 2012

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

FINANCE DEPARTMENT LARGE CONFERENCE ROOM

515 CENTER AVENUE - 7TH FLOOR

BAY CITY, MI 48708

PAGE	I.	CALL TO ORDER
	II.	ROLL CALL
	III.	MINUTES
1 - 5	1.	DECEMBER 13, 2011
6 - 8	2.	JANUARY 10, 2012
	IV.	PUBLIC INPUT
9 - 10	A.	PORTFOLIO VALUE 1/1/12 - 2/7/12
	B.	BECKER BURKE - 4 TH QUARTER 2011
	1.	RICK POTTER TO PRESENT
11 - 16	C.	ATALANTA SOSNOFF - PORTFOLIO ENDING 12/31/11
	D.	NOTICE OF PUBLIC MEETING (receive)
17	1.	2012 MEETING SCHEDULE - AMENDED
	V.	ANNOUNCEMENTS
	A.	NEXT REGULAR MEETING - TUESDAY, MARCH 13, 2012 IMMEDIATELY FOLLOWING THE RETIREMENT BOARD OF TRUSTEES MEETING @ APPROX. 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

December 13, 2011

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The meeting, held in the Bay County Commissioners Chambers, 4th Floor, Bay County Building, 515 Center Avenue, Bay City, Michigan was called to order by Chairman Gray at 3:15 P.M. Roll call was taken, all Trustees are present, except Ms. Peltier.

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

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

3. Moved, supported and carried to receive the Portfolio Value January 1, 2010 through December 7, 2011. As of today it is \$27.2 million.

Presenting via conference call is Matthew Beck, from Dodge & Cox, a Balanced Fund, Core to Value Stock manager.

All Trustees were provided a copy of the performance report in advance. Mr. Beck states that since the last report to the Board they had a fairly good 2009 and 2010. The trailing 4-5 month has been poor, and he acknowledged that. The year to date number and the five year number are not attractive, and he said he would discuss why they are positioned that way. As of October 31, 2011 the Bay County Employees' Retirement System Balanced Fund account value is \$16.4 million. The total net assets are \$11.8 billion.

In terms of how they are organizing or approaching both the equity strategy and the fixed income strategy, both are unchanged since 2002 when we hired them. On the Equity side they are still a long term manager, looking at what they think the company can do in terms of earnings and cash flow vs. what the market believes. They are conscious about price and so they are a value oriented manager. They don't want to pay a whole lot for growth in the strategy. They want growth in the company but don't want to pay out a lot for it. Finally, they have low turnover, and expect a 15-20% turnover in this portfolio annually.

On the Bond side, nothing has changed as to how they are approaching things. They try to out yield the benchmark, so 2/3 of our value added over time is by adding incremental yields over what the Barclay's Aggregate will offer.

Mr. Beck discussed the Performance Results on Page 2 of the report from year to date, 1 year, 3 year, and 5 year. Most of the under performance was concentrated in the last several months, since June 30th. Since inception (July 31, 2002 to October 31, 2011), Balanced Fund Annualized Total Return is 5.8% vs. 5.9% Combined Index.

Mr. Beck states that when they think of the performance of a balanced fund, there are three legs to the stool. The stock performance, the bond performance, and the asset allocation. Those elements have all worked very well for 2009 and 2010 and the first half of 2011. However, all three of

MINUTES BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION

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those elements have been detrimental to the portfolio since June 30th, 2011. He discussed what happened to the Stock Fund on Page 3 of his report, and listed key detractors from relative results, which are weak returns from Information Technology, weak returns in Telecommunication Services, and the third detractor was lower average weighting in Consumer Staples. He also listed key contributors such as a higher average weighting in Consumer Discretionary, and he named several individual contributors as well.

Question asked by Mr. Potter about financials causing a problem in 2008 and again currently, and Mr. Beck responded and explained what they are doing differently at this time. Despite that he is speaking to financials as a cause of short term under performance, there has been no one that has been permanently impaired in this environment, and they expect that these names, being a safer and sounder institution than they were in 2008, will come back and that value will be realized there. Prices will come back when the market stabilizes, and in the meantime, we are earning about 7.5% more in income than is the market.

They believe that interest rates will go up over the long term. It is hard to say what will happen over the next 12-18 months since the Fed is signaling they will keep them low. Mr. Beck discussed their asset allocation between stocks and bonds. They currently have 73% in Stocks vs. 27% Fixed Income. Their benchmark is 60/40, which is 60% Stock in the S&P 500, and 40% in Barclay's Aggregate. When they have a period like the last four to five months, where stocks have been poor, and Fixed Income has been flat, the Asset Allocation has been detrimental to the overall performance. However, that being said, they still have a lot of confidence in stocks over bonds for the long term, and are being a patient investor. That is why they are invested heavily into stock over bonds currently in the portfolio.

Mr. Beck concludes his presentation. There are no questions from the Trustees, the conference call is concluded.

4. Moved, supported and carried to receive the report from Dodge & Cox.

Also present today are Rick Potter and Jeff Black from Becker Burke Associates to present the third quarter report for 2011.

Since we are now into December, Mr. Potter prepared an analysis of investment through the end of November 2011. A copy was provided to everyone. In looking at Atalanta Sosnoff in the regular quarterly report, which was passed out at the last meeting, their performance, in relation to investment manager style, was poor. They are in the right place right now, in Large Capitalization Stocks, they have made some mistakes on stock selection. Becker Burke had several meetings with them to try to get a handle on what they are doing. It comes down to can they improve their stock selection. When the transition is completed to the new manager, they will be an equity only manager.

Dodge and Cox are below average when you look at results in relation to

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their style. They have a history of rebounding and have produced overall decent results over a long term basis. It sounds like they have not lost their ability to sit with their convictions. Mr. Potter believes that if their stock selection disciplines are good, which they think they are, we would expect to see a turn around.

This Fund has seen dramatic manager turnarounds in the past. Manager performance is very cyclical. He expects better things from Dodge and Dox. He thinks Atalanta Sosnoff is more of a question mark. Jeff Black concurs with Mr. Potter and states that Dodge & Cox's process seems more evolved in terms of the way they execute, whereas questions may be raised regarding Atalanta Sosnoff. Mr. Potter states that Atalanta Sosnoff's long term performance is very good also, but we have not had them for a very long time.

The Plan is in the midst of restructuring. The Bond manager contract should be completed sometime in the next few months. When it is completed the funds will then be divided into specialized pieces, and that will enable us to hone in on what is happening. Dodge & Cox is going to be converted to Equity only. Atalanta Sosnoff will also be Equity only. We are adding C.S. McKee, a Bond manager and adding Lord Abbett who will be managing Small/Mid Cap.

5. Moved, supported and carried to receive the third quarter report from Becker Burke Associates.
6. Moved, supported and carried to approve the Notice of Public Meetings for 2012.
7. Moved, supported and carried to approve renewal of contract with Becker Burke for the year 2012.

Announcements:

The next regular meeting is scheduled for Tuesday, January 10, 2012 immediately following the Retirement Board of Trustees Meeting at approximately 2:30 p.m. in the Commissioners' Chambers, 515 Center Avenue, 4th Floor, Bay City, Michigan 48708.

Unfinished Business:

Trustee requested that information regarding the MAPERS Spring and Fall Conferences be sent to Trustees via email when it becomes available.

Trustee requested status update regarding the money manager contracts. Chairman responds that one has been submitted to Attorney Chuck Hewitt for review, and the other one is still being worked on by Corporation Counsel. Chairman Gray advised that he will be calling Ms. Fitzhugh regarding other matters, and that he will convey the Board's request to have these

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December 13, 2011

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contracts completed as soon as possible.

New Business: None

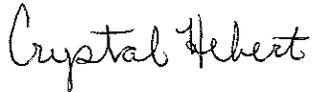
Miscellaneous Business: None

Adjournment:

8. Moved, supported and carried to adjourn.

Meeting adjourns at 3:53 p.m.

Respectfully submitted,



Crystal Hebert
Finance Officer/Secretary

Transcribed by: Naomi Wallace

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

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

MEETING CALLED TO ORDER BY: CHAIR STEVE GRAY AT 3:15 P.M.

OTHER PRESENT: RICK POTTER, JEFF BLACK, DANEAN WRIGHT

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

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

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

MINUTES BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION

January 10, 2012

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The meeting was held in the Bay County Commission Chambers, 4th Floor, Bay County Building, 515 Center Avenue, Bay City, Michigan. As Secretary of the Retirement Board, Ms. Crystal Hebert is responsible for conducting the election of officers. Chairman Gray turned the meeting over to Ms. Hebert, Finance Officer/Secretary. The meeting was called to order by Ms. Hebert at 2:35 P.M. Roll call was taken. All trustees are present.

Ms. Hebert opens the floor to nominations for Chairman.

1. Moved and supported to nominate Steve Gray for the position of Chairman of the VEBA.

Mr. Gray accepts.

2. Moved, supported and carried to close the nominations and cast a unanimous ballot for Steve Gray to be Chairman of the Voluntary Employees' Beneficiary Association (VEBA) Board in 2012.

Ms. Hebert asks for nominations for the position of Vice Chairman.

3. Moved and supported to nominate Richard Brzezinski for the position of Vice-Chairman.

Mr. Brzezinski accepts.

4. Moved, supported and carried to close the nominations and cast a unanimous ballot for Richard Brzezinski to be Vice-Chairman of the Voluntary Employees' Beneficiary Association (VEBA) Board in 2012.

Ms. Hebert turns the meeting over to Chairman Gray.

The minutes from the December 13, 2011 meeting are not yet available.

5. Moved, supported and carried to defer the December 2011 minutes to the February meeting.

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

6. Moved, supported and carried to receive the Portfolio Value from 1/1/12 - 1/4/12. Today's value is \$28 million.

There is a conflict with the scheduled meeting date of September 11th as the MAPERS Conference is scheduled for the same date. Trustees agree to move the date to September 18, 2012.

7. Moved, supported and carried to receive the 2012 Notice of Public Meeting of the Bay County Retirement Board of Trustees, with the change of the September meeting to the 18th.

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January 10, 2012

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8. Moved, supported and carried to approve proposed fees from Gabriel Roeder Smith and Company for the actuarial valuation for 2011. The proposed fees are \$21,100 - \$28,800.

ANNOUNCEMENTS:

- A. Next regularly scheduled meeting will be Tuesday, February 14, 2012 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 asked for an update on the time frame to bring in the new money managers. Ms. Wright responds that she will have to contact a representative at C.S. McKee and hopes to have the funding take place within the next couple of weeks. Mr. Gray added that he just signed some necessary documents today and returned them to Corporation Counsel, so, it should not be much longer.

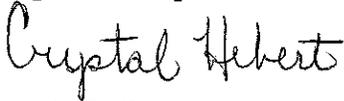
NEW BUSINESS: None

MISCELLANEOUS BUSINESS: None

ADJOURNMENT:

9. Moved, supported and carried to adjourn the meeting at 2:40 p.m.

Respectfully submitted,



Crystal Hebert
Finance Officer/Secretary

MEETING OF THE V.E.B.A. BOARD OF TRUSTEES COMMITTEE
JANUARY 10, 2012

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

MEETING CALLED TO ORDER BY: SECRETARY, CRYSTAL HEBERT AT 2:35 P.M.

OTHER PRESENT: RICK POTTER, JEFF BLACK, DANEAN WRIGHT

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

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

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

◆ Mgr Mix VEBA

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total market value/ % of consolidation
BAYCO-VEBA CASH 2611831	0.00 0.00%	23,341.91 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	23,341.91 0.08%
BAYCO - VEBA DODGE & COX BAL 2613001	0.00 0.00%	0.07 0.00%	4,909,549.57 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	4,909,549.64 16.74%
BAYCO-VEBA CS MCKEE 2643882	0.00 0.00%	6,092,243.79 45.03%	0.00 0.00%	9,137,414.27 67.53%	0.00 0.00%	-1,699,507.11 -12.56%	13,530,150.95 46.13%
BAYCO VEBA LORD ABBOTT FD 2643890	0.00 0.00%	0.00 0.00%	5,965,937.06 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	5,965,937.06 20.34%
BAYCO - VEBA ATALANTA SOSNOFF 2646670	0.00 0.00%	147,933.96 3.02%	4,744,321.08 96.79%	0.00 0.00%	0.00 0.00%	9,251.47 0.19%	4,901,506.51 16.71%
Total for consolidation	0.00	6,263,519.73	15,619,807.71	9,137,414.27	0.00	-1,690,255.64	29,330,486.07
% for consolidation	0.00%	21.35%	53.25%	31.15%	0.00%	-5.76%	100.00%

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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>
2011						
JAN	15,922,942.49	300,739.41	11,793,776.01	0.00	0.00	28,017,457.91
FEB	16,667,670.02	581,913.36	11,986,233.04	0.00	0.00	29,235,816.42
MARCH	17,123,304.53	121,095.35	12,011,362.73	0.00	0.00	29,255,762.61
APRIL	17,675,739.11	98,063.83	12,154,202.79	0.00	0.00	29,928,005.73
MAY	17,726,476.07	212,246.98	12,036,752.17	0.00	0.00	29,975,475.22
JUNE	17,547,728.26	1,485.83	11,875,396.11	0.00	0.00	29,424,610.20
JULY	17,060,888.70	70,134.43	11,801,134.06	0.00	0.00	28,932,157.19
AUG	16,187,340.87	43,385.81	11,169,054.28	0.00	0.00	27,399,780.96
SEPT	15,063,812.72	61,454.03	10,496,973.57	0.00	0.00	25,622,240.32
OCT	16,399,592.83	89,000.37	11,196,449.88	0.00	0.00	27,685,043.08
NOV	16,237,039.28	40,026.86	11,097,347.05	0.00	0.00	27,374,413.19
DEC	16,409,981.39	65,446.74	11,130,235.36	0.00	0.00	27,605,663.49

	<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				0.00		
MARCH				0.00		
APRIL				0.00		
MAY				0.00		
JUNE				0.00		
JULY				0.00		
AUG				0.00		
SEPT				0.00		
OCT				0.00		
NOV				0.00		
DEC				0.00		

Atalanta Sosnoff

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January 3, 2012

Mrs. Danean Wright
Retirement Accountant
Bay County Voluntary Employees' Beneficiary Association
Bay County Building
515 Center Ave., Suite 706
Bay City, MI 48708-5128

Dear Mrs. Wright:

Financial markets in the western world rallied broadly during the fourth quarter. The impetus was belief that the major players in euroland namely Germany, France and Italy were moving closer to wrapping their arms around the problems of refinancing national debt, ensuring the liquidity of the euro banking sector and tightening fiscal policy in weak sister countries like Greece and Italy.

Economists are now running Spain and Italy. Politicians, like Berlusconi, had to depart if Italy were to qualify for European Central Bank assistance. Last month, all the central banks, inclusive of China, initiated a change in emphasis in credit markets. Liquidity was injected into their banking systems at lower rates of interest.

Draconian interest rates in Italy and Spain came down almost 100 basis points on 10-year debt financings but still remain near 7 percent for Italy. This is the equivalent of a B credit in our high yield bond market. The snap back in the financials reached 8 percent overnight for major banks like Citigroup and JPMorgan (which we own) as well as brokerage houses and insurance underwriters. We remain comfortable with our full market weighting in the financial sector, finally starting off the new year buoyantly.

Federal Reserve Board Policy emphasis is explicit. Money market rates hold near zero the next couple of years. A QE-3 bond buying program is under consideration, and could drive 10-year and 30-year Treasury bonds to even lower historic rates near term. Inflation remains dormant, particularly in labor markets while corrections in the industrial and agricultural commodities sector reflect slower GDP momentum, even in China. Euroland is at a near zero rate of growth while we remain in a fragile setting near term but more go than stop.

Most economists, including the Federal Reserve Board, started off the year projecting a near normalized setting of 3 to 3.5 percent. By midyear forecasters had drawn in their GDP numbers closer to 2 percent and projected even slower momentum in the back half of the year.

Actually, the economy surprised in the third quarter with a 1.7 percent showing. Despite somber employment statistics and low readings on consumer sentiment, personal consumption expenditures waxed unexpectedly strong. Individuals drew down their savings rate from approximately 6 percent to under 4 percent. New car sales stayed buoyant and most retailers reported good numbers. The quality of the third quarter GDP showing was notable for the decline in inventories and a pickup in capital spending which had been a drag on GDP for many successive quarters.

Our point of view has evolved based on these more favorable readings. Fourth quarter GDP could come in above 3 percent. Unemployment statistics and home prices no longer remain a drag on consumer sentiment and GDP. Interest rates are so low that it looks like a driver for consumer spending as well as a capital goods recovery. December statistics on industrial production, new orders and employment all looked surprisingly strong.

Considering our near dysfunctional Congress, there is no resolution in sight for major tax restructuring and deficit reduction that makes sense. Ten-year Treasury bonds yielding under 2 percent and 30-year paper below 3 percent is the crowning irony for our financial markets this year, with no change in sight. We now are the repository of last resort for all the hot and worried capital, worldwide.

The market has largely discounted all the world's bad macros, but it must focus now on the earnings micros of American corporations. Businesses face a weakening euro, soon penalized by currency translation of offshore earnings. We worry more about the spread between actual earnings currently and normalized earnings. It's not so high as in 2006, but still far above trend. The difference between S&P 500 earnings of \$90 a share vs. the consensus expectation of \$100 could be 100 points on the index in the new year or close to 10 percent.

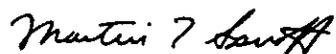
Our portfolio construct continues to evolve. We are no longer fearful of industrials and financials and are adding to the consumer discretionary sector with promising results in Nike and Home Depot. Technology remains a major overweighted sector and is working for us, particularly Apple and Google. We have taken a major new position in General Electric which represents the best of two trends, namely industrial and financial services recovery as well as above average dividend paying capacity.

We are comfortable in our almost fully invested portfolio construct. The market at approximately 1,270 on the S&P 500 Index is a reasonable working valuation, taking the major variables of corporate earnings, inflation, interest rates and euroland's deep-seated issues needing near term attention.

A word about portfolio performance. Our long term record is far above average, but we did sustain a dismal year in 2011. Entering the year, our expectations for economic expansion proved too optimistic. This led to underperformance in our cyclical growth overweights. Additionally, we were underweight two of the best performing sectors. Consumer staples and utilities outperformed due to their defensive characteristics rather than earnings acceleration. Hopefully, we have corrected sector concentration mistakes and our stock selection prowess reasserts itself.

The new year finds us moving in the right direction – up.

With all good wishes,



Martin T. Sosnoff



Craig B. Steinberg

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION

PERFORMANCE STATISTICS

**Inception
June 9, 2009
to Dec. 31, 2011**

	<u>Three Months Ended Dec. 31, 2011</u>	<u>Twelve Months Ended Dec. 31, 2011</u>	<u>Total Return</u>	<u>Annualized Rate of Return</u>
TOTAL	+6.06%	-4.35%	+17.16%	+6.38%
Composite Index (1)	+7.31%	+4.73%	+37.70%	+13.30%
EQUITY	+9.36%	-8.39%	+18.57%	+6.88%
Russell 1000 Growth Index	+10.60%	+2.63%	+44.93%	+15.59%
FIXED	+1.29%	+1.62%	+14.64%	+5.48%
Barclays Capital Aggregate Bond Index + 1.00 %	+1.35%	+8.84%	+24.92%	+9.07%

(1) 65% RUSSELL 1000 GROWTH / 35% BC AGGREGATE BOND

**ACCOUNT 49766 BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY
ASSOCIATION**

December 31, 2011

MAXIMUM EQUITY: 70% STANDARD EQUITY: 65%

PM: 65% RUSSELL 1000 GROWTH/35% BC AGGREGATE BOND + 1%

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The portfolio above should be compared to your custodial statement.

Atalanta Sosnoff

SUMMARY OF INVESTMENTS

	<u>COST</u>	<u>MARKET VALUE</u>	<u>% OF PORT.</u>	<u>EST. ANNUAL INCOME</u>	<u>CURRENT YIELD</u>
CASH AND EQUIVALENTS	184,219	184,219	1.7	351	0.19
GOVERNMENT AGENCY BONDS	1,418,304	1,449,196	13.0	61,325	4.30
CORPORATE BONDS	2,572,013	2,584,457	23.2	162,319	6.37
COMMON STOCK	6,316,232	6,912,368	62.1	115,090	1.66
TOTAL PORTFOLIO	10,490,768	11,130,240	100.0	339,085	3.06

INDUSTRY ANALYSIS OF EQUITIES

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	<u>MARKET VALUE</u>	<u>% OF EQUITY</u>	<u>EST. ANNUAL INCOME</u>	<u>CURRENT YIELD</u>
MATERIALS	147,896	2.1	3,988	2.70
INDUSTRIALS	944,237	13.7	22,912	2.43
CONSUMER DISCRETIONARY	1,237,605	17.9	17,774	1.44
CONSUMER STAPLES	526,748	7.6	14,259	2.71
HEALTH CARE	763,160	11.0	15,167	1.99
FINANCIALS	591,877	8.6	8,929	1.51
INFORMATION TECHNOLOGY	2,010,747	29.1	20,665	1.03
TELECOM SERVICES	90,015	1.3	0	0.00
ENERGY	600,083	8.7	11,396	1.90
TOTAL EQUITIES	6,912,368	100.0	115,090	1.66

The portfolio above should be compared to your custodial statement.

NOTICE OF PUBLIC MEETINGS

AMENDED*

THE BOARD OF TRUSTEES OF THE BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (**V.E.B.A.**), 515 CENTER AVENUE, 7TH FLOOR, BAY CITY, MICHIGAN 48708, PHONE NUMBER (989) 895-4030, HAS SCHEDULED REGULAR MEETINGS FOR **2012**. ALL MEETINGS WILL BE HELD AT APPROXIMATELY **2:30 P.M.**, FOLLOWING THE BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM MEETING, IN THE **BOARD OF COMMISSIONERS CHAMBERS**, LOCATED IN THE BAY COUNTY BUILDING, 515 CENTER AVENUE, **4TH FLOOR**, BAY CITY, MI 48708.

JANUARY 10, 2012
FEBRUARY 14, 2012
MARCH 13, 2012
APRIL 10, 2012
MAY 8, 2012
JUNE 12, 2012
JULY 10, 2012
AUGUST 14, 2012
SEPTEMBER 18, 2012*
OCTOBER 9, 2012
NOVEMBER 13, 2012
DECEMBER 11, 2012

1/25/2012
Date

Crystal Hebert
Crystal Hebert
Finance Officer/Secretary
Bay County Employees' Retirement System,
Board of Trustees

The County of Bay will provide reasonable and necessary auxiliary aids and services, such as signers for the hearing impaired and audio tapes of printed materials being considered the meeting, to individuals with disabilities at the meeting/hearing upon ten days notice to the County of Bay. Individuals with disabilities requiring auxiliary aids or services should contact the County of Bay by calling or writing: Michael Gray, Executive Assistant, Office of the Bay County Executive, 515 Center Avenue, Bay City, MI 48708, (989) 895-4130 or (989) 895-4049. TDD