

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION

AGENDA

TUESDAY, MARCH 13, 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 - 3	1.	FEBRUARY 14, 2012
	IV.	PUBLIC INPUT
4 - 5	A.	PORTFOLIO VALUE 1/1/12 - 3/7/12
	V.	ANNOUNCEMENTS
	A.	NEXT REGULAR MEETING - TUESDAY, APRIL 10, 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

February 14, 2012

PAGE 1

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 2:52 P.M. Roll call was taken. All trustees are present except Ms. Carpenter, Ms. Peltier, and Mr. Pett, all asked to be excused from today's meeting.

1. Moved supported and carried to excuse Trustees Carpenter, Peltier, and Pett.
2. Moved and supported and carried to approve the minutes, as printed, from December 13, 2011.
3. Moved and supported and carried to approve the minutes, as printed, from January 10, 2012.

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

4. Moved, supported and carried to receive Portfolio Value from January 1, 2012 to February 7, 2012. The value today is \$29.3 million.

Present today is Mr. Richard Potter, Becker, Burke Associates to present the fourth quarter report ending December 31, 2011. A copy of the fourth quarter report for 2011 was provided to all Trustees.

We currently have two balanced fund managers (stocks and bonds) in this Fund, Atalanta Sosnoff and Dodge & Cox. At inception we started with \$879 thousand, added \$21,703 million, and earned \$5.0 million from investments. The ending market value is \$27,606 million. Our new structure will include an Fixed Income Manager and an Equity Manager.

Total Fund Performance (page 6): The one year total performance was -2.5, which was at the bottom of the universe. The performance for the quarter is 7.5, which is at the top of the universe. We are heavily committed to equities here because Dodge & Cox has a high equity commitment, which helped in the current quarter. On a one year basis that high commitment did not help, and we had under performance in equities with both managers. Going forward, Dodge & Cox will be an equities only manager and will be watched carefully.

Atalanta Sosnoff has had two poor years and Becker Burke has had several meetings with them. They have made some mistakes with stock selections and are a very large cap which should work in their favor. Becker Burke will continue to monitor their performance. Despite the ups and downs the VEBA is pretty close to the median performance.

We have a policy in place where we have selected the overall equity commitment for the VEBA so we won't have the variability of results that we have on a total fund basis when we have Balanced Funds.

5. Moved, supported and carried to receive the fourth quarter report ending 12/31/11 from Becker, Burke Associates.

MINUTES BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION

February 14, 2012

PAGE 2

- 6. Moved, supported and carried to receive the portfolio report from Atalanta Sosnoff ending 12/31/11.
- 7. Moved, supported and carried to approve the Amended Notice of Public Meeting Schedule for 2012.

ANNOUNCEMENTS:

- A. Next regularly scheduled meeting will be Tuesday, March 13, 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: None

NEW BUSINESS: None

Trustee Starkweather gave an update on what is happening with the Bay Medical Care Facility VEBA Fund. Staff from BMCF and their attorneys are meeting today to examine their position with the Federal government and the State of Michigan regarding VEBA funding. The State of Michigan will not reimburse BMCF for VEBA funding because they have ruled it is not an expense, but a reserve. BMCF must go through the State appeal process before they can take it to the Federal level. Depending on the final outcome, the BMCF Board may request to take the BMCF money it has contributed to VEBA and move it over to the pension fund.

MISCELLANEOUS BUSINESS: None

ADJOURNMENT:

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

Respectfully submitted,



Crystal Hebert
Finance Officer/Secretary

MEETING OF THE V.E.B.A. BOARD OF TRUSTEES COMMITTEE
February 14, 2012

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 2:52 P.M.

OTHER PRESENT: RICK POTTER, DANEAN WRIGHT

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

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	4,957,686.81	141,703.43	5,003,798.19	5,958,731.82	13,575,896.75	29,637,817.00
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 LARGE CAP EQUITY

CS MCKEE FIXED INCOME

DODGE & COX LARGE CAP EQUITY

LORD ABBETT SMALL MID CAP EQUITY

4

◆ 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 2611631	0.00 0.00%	141,703.71 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	141,703.71 0.48%
BAYCO - VEBA DODGE & COX BAL 2613001	0.00 0.00%	0.07 0.00%	4,879,077.41 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	4,879,077.48 16.59%
BAYCO-VEBA CS MCKEE 2649882	0.00 0.00%	681,602.54 5.02%	0.00 0.00%	13,093,095.01 96.42%	0.00 0.00%	-195,505.23 -1.44%	13,579,192.32 46.18%
BAYCO VEBA LORD ABBOTT FD 2649890	0.00 0.00%	0.00 0.00%	5,857,858.48 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	5,857,858.48 19.92%
BAYCO - VEBA ATALANTA SOSNOFF 2646670	0.00 0.00%	75,005.98 1.52%	4,861,208.81 98.28%	0.00 0.00%	0.00 0.00%	9,863.32 0.20%	4,946,073.11 16.82%
Total for consolidation	0.00	898,312.30	15,598,139.71	13,093,095.01	0.00	-185,541.91	29,403,905.11
% for consolidation	0.00%	3.06%	53.06%	44.53%	0.00%	-0.63%	100.00%

5