

BAY COUNTY RETIREMENT BOARD OF TRUSTEES AGENDA  
TUESDAY, DECEMBER 9, 2014 @ 1:30 P.M.  
**COMMISSIONERS CHAMBERS**  
**515 CENTER AVENUE - 4<sup>TH</sup> FLOOR**  
**BAY CITY, MI 48708**

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TUESDAY, DECEMBER 9, 2014 @ 1:30 P.M.  
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**515 CENTER AVENUE - 4<sup>TH</sup> FLOOR**  
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  - 1. SECURITIES LITIGATION
- VI. ANNOUNCEMENTS
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- VII. UNFINISHED BUSINESS
- VIII. NEW BUSINESS
- IX. MISCELLANEOUS BUSINESS
- X. ADJOURNMENT

**MINUTES** BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM BOARD OF TRUSTEES (BCERS)  
OCTOBER 23, 2014 - MONEY MANAGER PRESENTATIONS

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**NOTE: In addition to these typed minutes, this board meeting was also taped. These tapes are available for review in the Retirement Office**

A meeting of the Board of Trustees was held on October 23, 2014 at 8:30 a.m. in the Commission Chambers, 4th Floor, Bay County Building, 515 Center Avenue, Bay City, Michigan. Roll call taken.

**Trustees Present:** Chairperson Gray, Mr. Brzezinski, Mr. Herek, Mr. Morse, Mr. Pett, Mr. Starkweather, and Ms. Goetz.

**Trustees Absent:** Mr. Coonan and Mr. Gromaski.

**Also Present:**

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

Finance Officer: Crystal Hebert

Retirement Administrator: Rebecca Marsters

Corporation Counsel: Shawna Walraven

Trustee Herek entered the meeting 8:50 a.m.

The meeting was called to order by Chairman, Steve Gray, at 8:35 a.m.

1. Moved, supported and carried to excuse Trustees Coonan and Gromaski.

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

2. Moved, supported and carried to approve the election calendar as presented.

Four money managers were scheduled to present today.

First to present today were Mike Marron and Kevin Ryan from Cornerstone Real Estate, of Stamford, Connecticut to present the performance report. A copy was provided to all Trustees, in advance, via the web.

Mr. Ryan introduced Mike Marron and apologized for Scott and Dave, who sent their apologies for being unable to attend today.

Mr. Ryan gave a summary of the relationship. A total of \$5.3 million invested into the Cornerstone U.S. REIT strategy. As of September 30, 2014, that account is now up to \$12.1 million. Since inception, achieved net of fees 15.6% versus our index of 14.3%. Over 100 basis points of out performance after fees for the Board.

He gave an overview of the company stating really not much has changed. They have been managing since 2008 for the system. As of September 30<sup>th</sup> they have roughly \$45 billion in assets under management. There were no changes on the U.S. team that is managing the portfolio for Bay County. They did have one

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addition to personnel to the Real Estate Research group, Veronica Soriano. She joined less than a month ago and has retail private real estate experience. Lastly, it was announced last week their CEO, Dave Reilly, is going to hand the reins over to Scott Brown, who is the President. They do not anticipate any changes to how they run the business or what they do. The asset handoff will take place in January of 2015. Dave is going to stay very active. He is taking a role in the Board as Vice Chairman. Overall, they do not anticipate any issues or changes with that switch of CEO from Dave Reilly to Scott Brown.

Mike Marron presented the market environment including risks. They see pretty favorable U.S. economy at the moment in relationship to the rest of the world. They are looking for 3% GDP growth next year.

Property fundamentals have been quite strong since the GFC. Almost every property sector has rebounded pretty nicely. Apartments and malls have probably rebounded the best.

He talked about valuation in the U.S. REIT market. They think the REITs are fairly valued. They believe REITs can consistently do 7% earnings growth. He went over the valuation by property sector.

He went over a picture of the (Bay County) portfolio including the weighting of the portfolio and the top ten company holdings. Performance of the trailing 1-year, 3-year, 5-year and since inception shows they have outperformed the index both on a gross and net basis. The year-to-date for 2014 showed they are ahead on a gross basis, but inline with the index on a net basis. They are proud of its performance.

Mr. Marron answered questions on what street retail was versus commercial retail and why they like street retail. He talked about the environment for retail and the challenges.

He answered questions on their 3<sup>rd</sup> quarter earnings. He also answered questions regarding money managers typically having a 5% limit regarding weight percent. Trustee asked about the amount they had invested in Simon Property Group which was weighted at 11.52%. Mr. Marron stated this account was set up with a max of 12%. He stated it had a 2.94% active over weight so just rough max that puts the stock weight around 8.5% range or 8%. He stated he would go back and check the records, but he thought they had a cap of 12% on that stock. He also answered questions regarding health care lease performances.

Mr. Marron and Mr. Ryan answered questions from Trustees, concluded the presentation, and departed.

3. Moved, supported and carried to receive the report from Cornerstone.

Second to present is Mr. Todd Needham, Vice President, Client Portfolio Manager from Loomis Sayles of Boston, Massachusetts to present the performance report. A copy was provided to all Trustees, in advance, via the web.

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Mr. Needham discussed changes at Loomis Sayles. Kevin Charleston, the firm's Chief Financial Officer, was promoted to President of the firm earlier this year. Mr. Needham thinks a better way to look at that is succession planning. There are no plans in the near future for Robert Blanding, the current CEO of 35 years, to step down, but eventually he likely will. It is highly likely that Kevin will become the CEO once Bob Blanding retires. In addition, Carol Gentile, whose previous role was that of a senior credit portfolio strategist and prior to that she did credit research at Loomis Sayles, has now joined Rick Raczkowski and Kurt Wagner as co-portfolio manager on the investment grade corporate team. A new addition to the investment grade team was the product analyst, Dan Conklin. He is a junior analyst now on the portfolio team.

Going over performance results, the year-to-date through September 30<sup>th</sup> showed portfolio gross 6.4% and net of fees 6.1% versus the benchmark return of 5.6%. Either way you look at it, year-to-date they were ahead of benchmark. Gross of fees by 0.75 percentage point and net of fee by .50 basis points.

He spoke about the challenges they have been facing. He explained that while prices are being quoted in the systems and disseminated across investors, it has been very difficult to actually buy bonds. So, few transactions have been taking place which have been driving where bond prices are marked.

Bay County has been a client since the beginning of 1997. If you look at the 1-year, 2-year, 3-year, 5-year periods for return, you can see each of those years were outperforming the index by over one percentage point. He mentioned that because it is part of the policy statement. Looking at performance and exceeding the benchmark by a percentage point over return periods of time. While the 10-year period since inception, that number is a little lower than 1%, the trend has certainly been in the above +1% direction in the last 5 years.

He talked about what drove performance. He talked about the portfolio and investing only in corporate bonds both investment grade and a small allocation of high-yield bonds just below investment grade bonds. Historical characteristics, on page 14, show the average yield of the portfolio yields maturity is 3.3% versus 3.06%. He talked about providing excess yield over benchmark.

He answered questions relative to changes in interest rates and strategy for the portfolio. He also addressed Trustee's question of having 28% of the portfolio in 10+ years. He stated how they are positioned in the portfolio deals a lot with what they think are the opportunities that they invest in; corporate bonds, investment grade and high-yield bonds. From a maturity prospective, they have 28% of the portfolio in bonds that mature in 10 years or longer. Looking at duration, which is more of a measure of interest rate sensitivity, 23% of the portfolio has a duration of over 10 years where the index is 26%.

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Regarding allocation, most all the allocation they have with the exception of about 6% or 7% in treasuries and government related securities in the portfolio is in corporate bond. As of September 30<sup>th</sup>, 83% is in investment grade corporate bonds and just over 6% in high yield securities and 3% in cash.

They are overweight to the credit exposure in the portfolio. Not so much on an absolute percentage wise, but just in the percent to changes in corporate market.

Regarding the outlook, their expectation for growth in the US to continue as it has over the past few years just slow and steady.

With respect to growth rates, they believe the US economy is going to grow on average 2% this year and just over 3% next year. A lot of this will be contingent on continued improvement in employment. With respect to interest rates, they believe that the federal reserve will start to raise the bonds rate in the 3<sup>rd</sup> quarter of next year.

Mr. Needham answered questions of trustees, concluded his presentation and departed.

4. Moved, supported and carried to receive the performance report from Loomis Sayles.

The third to present were Edward Silverstein and Beth Griper of MacKay Shields, Convertible Bond Manager from New York City, New York. A copy of their presentation was provided to trustees, in advance, via the web.

Ms. Griper gave an update of the firm. Things at MacKay are going well. The firm continues to grow, assets continue to grow. From a team perspective, they report no changes.

Trustee questioned how convertible assets were doing. Ms. Griper stated they have slowly increased over the past couple of years. She stated right now they have about \$2.4 billion in convertible assets. A year ago it was \$2.3 billion and the year prior to that it was \$2.2 billion. This is mostly appreciation.

Mr. Silverstein explained what a convertible bond was and how it worked.

The account is worth a little under \$19 million right now. The vast majority of the account is pure convertible bonds almost 80%.

Core performance page 11 showed a similar issue to last year, the convertible market at the investment grade section of the convertible market was very concentrated. Five securities that make up 43% of the convertible benchmark: Intel, Wells Fargo, Chrysler, Priceline, Gilead sciences and LAM research. Those five securities have had a tremendous viewing of performance. Year-to-date the portfolio of Bay County is up 7.63%, which looks poor compared to the benchmark, but if you don't exclude those five securities but think about them more in terms of over weighting you would have in the portfolio, the 7.6% return is actually fairly good given excluding those five securities. The

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benchmark was at less than 4%.

Mr. Pohl asked Mr. Silverstein to provide the Board with perhaps with some performance a little bit more relative in terms of capping some of the commitments. Mr. Silverstein responded the first nine months of this year they were up 7.6%. Cap the others at 5% and the benchmark would be about 6.5%. That is the straight benchmark. If you look at a cap of 5%, we were ahead of benchmark by about 110 basis points for the first nine months. For last year, if you took out Gilead and capped Gilead at 5%, we did better than the benchmark last year.

Mr. Silverstein stated if you look at the long-term numbers with the portfolio, 10-year annualized number and going back 10 years you have sort of a more normal benchmark where you have a larger number of securities. There were not single securities dominating the returns and the benchmark. For the 10-year period, they have been up 6.69% versus the benchmark at 5.19%.

In terms of outlook, they feel that stocks and convertible bonds are still attractive given what the alternatives are particularly in fixed income, when you look at the meager income that is available on bonds and the limited upside for capital appreciation. They believe the traditional reasons for being in convertible still hold true in the next several years which is the ability to participate in the upside of stocks, tension on the downside.

Mr. Silverstein and Ms. Griper answered questions, concluded their presentation and departed.

There was a 5-minute break and the meeting resumed.

5. Moved, supported and carried to receive performance report from MacKay Shields.

Present for the final presentation were Michelle Picard and Nancy McNally of Geneva Capital, Milwaukee, Wisconsin, to present the performance report. A copy of the performance report was provided for all Trustees, in advance, via the web.

Ms. Picard gave her history and introduced Ms. McNally and her role from the Henderson group.

Ms. Picard reviewed the performance. She stated they are eight quarters into a time period when low quality stocks are significantly outperforming higher quality companies. Four of the last six years and half way through this year, have been led by low quality stocks, which is unprecedented. Often times, they find that their performance on a relative basis significantly outperforms the benchmark for a time period. For instance, this account started January of last year, but from May to October, within that five-month time, they gained 500 basis points to the benchmark. That is because the market was starting to anticipate higher interest rates.

Page 5 looked at the relative performance over the credit spreads. As they

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have seen credit spreads continue to narrow, relative performance has deteriorated. In the middle of the chart, May of 2013 through October 2013 during that time period when Bernanke was talking about tapering, that is when they gained 500 basis points to the benchmark.

They have always been a high-quality growth manager so they look for companies that have above average top line and bottom line growth rates. They have achieved those growth rates on a very consistent basis. They have low debt to cap and that is very important.

Looking at pages 8-9, this is a look at the portfolio from a very topdown standpoint. Just looking at characteristics and what this is really showing is we are significantly underweight debt to cap relative to the benchmarks.

They stay long-term focused. Their view is their ability to outperform and has always been standing long-term focused and arbitrage time horizons. One of the other things mentioned about this portfolio is it has very low turnover rates. Typically, between about 25% and 30%. They hold companies for a very long period of time.

Ms. Picard discussed the Henderson acquisition. She explained why Geneva would sell the company. Ms. Picard explained the process of finding Henderson, interviewing with them and other companies and the reasons they decided on Henderson. Their intention in the entire process has been to make sure there is no change from the client's prospective. There really should be no change at all in terms of the service level of the people you talk with. The entire investment team is staying in place. The four portfolio managers have all signed 5-year contracts and in addition to that they have 2-year non-competes after that. A significant portion of the after tax proceeds, north of 30%, has been reinvested back into the investment products that they currently manage in the Geneva mid cap and the Geneva small cap funds that are managed right now. The people that service the accounts will continue to service them and the software system that they use will remain the same.

Ms. McNally and Ms. Picard answered questions, concluded their presentation and departed.

6. Moved, supported and carried to receive the performance report from Geneva Capital.

The meeting broke at 11:45 a.m. for lunch.

Chairman Gray stated after the break for lunch, Northern Trust will go over securities litigation. Mr. Michaud will also speak about securities litigation at the next regular meeting.

The meeting resumed at 1:30

Present were Pat Kull, Vice President & Proxy Department Manager, and Larry Fumarolo, Vice President, Senior Relationship Manager from Northern Trust of Chicago, Illinois to present on Class Action Overview and Review of Services.

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Mr. Fumarolo gave a brief history of Northern Trust and an overview of the services they provide. As of June 30, 2014, they have \$6 trillion in assets under custody. Assets under administration is \$3.7 trillion and assets under management just under \$1 trillion at \$924 billion. They do not do investment banking, retail banking etc.

He went over the services they provide which include: Asset processing, asset reporting, asset enhancement, transition management and service lending.

Northern Trust Profile: Very strong management background. Capital strength \$8 billion in equity. Capital ratios show they are very well capitalized. The common equity tier one calls for 6.5% and they are at 12.7%. They have a very conservative balance sheet and very conservative organization.

The last two years of fiscal performance showed net interest of \$933 million in 2013 and net income of \$731 million. The TPE ratio, the price of earnings ratio, shows they are at the top of our competitors. That is because of the quality of earnings they have. Most if it is from a fee base not interest base revenue sources.

Mr. Fumarolo gave an example of securities lending. He explained borrowing treasuries, the interest rate and collateral, the rate of return, treasuries and negotiated fees.

Mr. Krull gave his history. He manages the class action process. He also manages the proxy teams and the regulatory mailing teams.

He gave an overview on how they function and what they do for clients with regard to securities litigation and their services from a class action perspective. He explained within the U.S. Court system for securities based class action litigations, if you have traded within a given time frame (looking a period of months minimally typically years) within that time frame you are by default included within that particular litigation. Meaning your legal rights are tied up with the legal rights of the class. Even if you were to choose not to participate, you would give up your legal rights for some further action. By default, we are going to file for you unless you specifically, or your external managers as your investment decision makers, instruct us otherwise. We are looking only at those litigations that are settled. Meaning, there is a pot of money or stock that has already been negotiated out between all the attorneys involved and the judge and we are essentially making a claim for you based on your activity during that time frame. There are thousands of litigations that are introduced into the court system especially in the U.S. on a regular basis. By focusing on only those that are settled, we know they are not going to go away. Again, there is a pool of money that has already been negotiated between the plaintiff's, the defendant's attorneys and the judge that we are actually going after on your behalf. You may not like that pool of money. You may think it is too small. One of the rights you have is actually to object to that. You can send a representative before the judge and tell him you think you are getting the short side of the stick but you still want the stick. Or you can exclude yourself meaning completely remove yourself from the case, hire outside counsel and sue the company on your own or with a group of

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other municipalities in a similar situation.

He explained they use vendors to track cases and the process of tracking cases, notification, opting in, opting out and how cases are paid out.

He explained the use of third party law firms and how they work. He stated Northern Trust does not look at pending law suits, only at suits that are already settled. This is where third party law firms want to represent you because they hope you as a plan will participate in a litigation as a leading plaintiff. If a third party law firm were to settle a case for the plan, they would get 25% to 30% of the money. Mr. Krull explained the costs associated with gathering data, maintaining data, reporting, creating and distributing. Not all third party law firms will cover these costs. He also explained the responsibility of the plan's staff to pull some research on trades and the possibility that the staff or Board members could be deposed. The third party law firms want you actively involved.

He went over slide 23 showing the money recouped for Bay County's system in various years. He then explained about reporting and class action activity detail report. Chairman asked that Northern Trust provide Ms. Hebert with reports quarterly per Ms. Hebert's request.

Ms. Walraven asked if they were to engage another company to view or to file these claims on their behalf and they needed to view our holdings, would that be something that they set up through Northern Trust. Mr. Fumarolo responded yes. He explained about the historical databases and he went through the fees associated with those. The first most two recent years they provide to them at no cost. Years three through however many they need going back to 10 years or so, there is a cost. Northern Trust bills the law firm directly.

Mr. Krull answered questions regarding filing class actions outside the U.S. as well as the number of clients that use third party law firms. He also discussed Northern Trust's fees for their services regarding securities litigation and stated as your custodian we are assessing the 2% fee upon the distribution and we cap that at \$1000 U.S. dollars. So, if you get a million dollar distribution only if you get paid, we are going to charge 2% of that and actually \$1000 so plus the 2%.

Mr. Fumarolo and Mr. Krull answered questions, concluded their presentation and departed.

7. Moved, supported and carried to receive the Northern Trust report.

**ANNOUNCEMENTS:**

A. Next regularly scheduled meeting will be Wednesday, November 12, 2014 at 1:30 P.M. in Commissioner's Chambers, 515 Center Avenue - 4<sup>th</sup> Floor, Bay City, MI 48708.

**UNFINISHED BUSINESS:**

Trustee asked Mr. Brown to comment on the presentations made by the fund managers.

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Mr. Brown stated that when it comes to Cornerstone that the only comment he had was that he thought the REIT market was priced either at NAV or above, where at the presentation they said it was below. He stated they have had a great run. He didn't know how much longer they could have double digit type returns especially with the economy struggling and interest rates potentially rising. In the REIT market it is really a game of the lowest cost of finance at the cheapest wins.

With Geneva, the team is in place, although always when you have a change in management that always raises concerns. That is one they will keep an eye on. They are motivated by re-investing in the firm and having five-year contracts and there has not been any significant change. They have seen historically where there is a change in ownership sometimes performance lacks so that is something they would be concerned with.

With Mackay Shields, they like that sector. They like the convertibles. It is something they are going to have to address with their research group explaining that when you have a sector or an asset class and the index is represented by five underlying securities. As a result, our investment policy would be in violation if we tried to benchmark the index. It is just very unique and you can have that with the S&P 500; clearly someone like Exxon represents more than 5% of the S&P. This is a unique issue that they need to raise. He stated while they are disappointed with their recent under performance, they still have a lot of conviction and believe in the firm.

Mr. Brown answered questions of trustees.

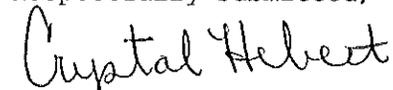
**NEW BUSINESS:** None

**MISCELLANEOUS BUSINESS** None

**ADJOURNMENT:**

8. Moved, supported and carried to adjourn the meeting at 2:31 p.m.

Respectfully submitted,



Crystal Hebert  
Finance Officer/Secretary

Transcribed by: Tracy Cederquist

**MEETING OF THE BCERS BOARD OF TRUSTEES COMMITTEE**  
OCTOBER 23, 2014

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

MEETING CALLED TO ORDER BY: CHAIRPERSON STEVE GRAY AT 8:35 A.M.

TRUSTEE	1	2	3	4	5	6	7	8	9	10
BRZEZINSKI	Y	M-Y	Y	Y	S-Y	Y	Y	Y		
COONAN	E	E	E	E	E	E	E	E		
GRAY	Y	Y	Y	Y	Y	Y	Y	Y		
GROMASKI	E	E	E	E	E	E	E	E		
HEREK	Y	Y	M-Y	Y	Y	Y	M-Y	M-Y		
MORSE	S-Y	Y	S-Y	S-Y	Y	S-Y	S-Y	S-Y		
PETT	M-Y	S-Y	Y	M-Y	M-Y	M-Y	Y	Y		
STARKWEATHER	Y	Y	Y	Y	Y	Y	Y	Y		
GOETZ	Y	Y	Y	Y	Y	Y	Y	Y		

TRUSTEE	11	12	13	14	15	16	17	18	19	20
BRZEZINSKI										
COONAN										
GRAY										
GROMASKI										
HEREK										
MORSE										
PETT										
STARKWEATHER										
GOETZ										

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

**NOTE: In addition to these typed minutes, this board meeting was also taped. These tapes are available for review in the Retirement Office**

A meeting of the Board of Trustees was held on November 12, 2014 at 1:30 p.m. in the Commission Chambers, 4th Floor, Bay County Building, 515 Center Avenue, Bay City, Michigan. Roll call taken.

**Trustees Present:** Mr. Brzezinski, Mr. Gromaski, Mr. Herek, Mr. Morse, Mr. Pett, Mr. Starkweather, and Ms. Goetz.

**Trustees Absent:** Chairperson Gray, Mr. Morse.

**Also Present:**

Consultant: The Bogdahn Group: Peter Brown.  
Finance Officer: Crystal Hebert  
Retirement Administrator: Rebecca Marsters  
Corporation Counsel: Shawna Walraven

The meeting was called to order by Co-chairman, Richard Brzezinski at 1:35 p.m.

1. Moved, supported and carried to excuse Chairman Gray.
2. Moved, supported and carried to excuse Trustee Morse and Herek.

Trustee Herek entered the meeting at 1:42.

3. Moved, supported and carried to approve the minutes, as printed, from the October 9, 2014 regular meeting.

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

Present today is Mr. Peter Brown from The Bogdahn Group of Chicago, Illinois to present the third quarter report for 2014. A copy was provided to all Trustees, in advance, via the web. Mr. Brown refers to page 2 describing the market performance for the third quarter. Large cap blue chip saw positive performance. International markets were negative. Mid caps and small cap stocks underperformed and were negative compared to a year ago where they were returning 20% to 30%. Fixed income was slightly positive. TIPS was down 2%.

The Bay County Portfolio began the quarter with a total market value of \$306,766,00. The quarter ended slightly below \$300 million at \$299,792,000. That was a result equally of net outflows to pay for some benefits, but then also slight negative return on investment. That was a result of our exposure to the domestic markets specifically the mid caps and small caps.

Recapping the physical year to date and one year on a rolling calendar basis. The good news is that we have captured the strong returns that have gone in the

market place. On the fiscal year, for nine months, there were outflows of -\$9 million and positive returns of \$13.6 million for a net gain of roughly \$4.3 million. Similar on a one-year basis, we have had a net gain of a little over \$20.5 million.

We remain within our investment guidelines in terms of asset allocation targets. In terms of where the portfolio stands in regards to asset allocation, for the most part we are pretty close to our targeted allocations with a slight overweight in domestic equities, a slight underweight in international equities. We still have not funded that private U.S. real estate portion to Prudential. That looks like it will be funded probably in March 2015.

In terms of returns, we have had a slight pullback in the quarter. The portfolio is down about 1.2% which is a little bit below median, but ahead of the investment policy, which is down 1.33%. Year-to-date for the nine months, positive returns with 4.6% better than median at 40<sup>th</sup> percentile, but slightly behind our fund policy which was at 4.8%. On a rolling one-year basis, really good news across the board being positive 11.8% being top quartile and also our investment policy which was up 11.6%. The fund is performing as expected. We do not have any major concerns. With regard to the underlying investment managers, for the most part they are performing in line with their benchmarks if not ahead and in general better than median or top quartile.

The international portfolio is down about 6.4% significantly below the benchmark, which is the Morgan Stanley Composite Index for the EAFE which was down 5.9%. Year-to-date, the portfolio was down 2.6% compared to the index being down 1.4%. Barings, which was terminated in August, was down almost 10% for the quarter.

The fixed income portfolio was an average performer within the 51<sup>st</sup> percentile for the quarter up 7% ,but on a year-to-date basis better than median and on a one-year basis also better than median up 6% versus the broad based Barclay aggregate which was 4%.

The real estate allocation, Cornerstone REITs was down 3% which was pretty much in line with the broad based NAREIT index which was down 3.2% and the broad based REIT median which was down 2.6%. On a year-to-date basis they are up roughly 14.5% ahead of their benchmark and on a one-year-basis positive up 15.6%.

Trustee asked if the performance was due to being so heavy in stocks, close to 70%, which is on the high side, so when we have a down market, aren't we kind of riding a little further? Mr. Brown responded yes, that is right. More volatile. Larger public plans tend to be more aggressive closer to that 70/30 if not even 75/25 asset allocation between stocks and bonds. The rolling two, three, and five-year were so good because of the large exposure to stocks and having a great run.

Trustee asked as far as the REIT negative quarter, is it because interest rates

were starting to show some uptake and is that what we should expect if interest rates start to rise? Mr. Brown responded REITs are real estate so over the long term, say rolling eight to ten-year period a full real estate cycle, REITs are going to have returns similar to private real estate. REITs as a publicly traded entity is a very small sector. There are only about 300 publicly traded companies. The entire capitalization of all of those companies together do not even equal Microsoft. So, imagine now you have all these investors looking to get into the market place. As a result, the only way for people such as you and me to get into institutional real estate is through the REIT market so that lends for a lot of retail investors. In the short term, they are going to be volatile. In the long term, you are going to see more steady type returns. We are looking on a long-term basis to add diversity to the portfolio. We are also broadening our real estate exposure now with prudential which we will fund hopefully within the next six months or so. That will add a smoothing component.

Mr. Brown answered questions from Trustees and concluded the presentation.

4. Moved, supported and carried to receive the report from The Bogdahn Group.
5. Moved, supported and carried to receive Portfolio Value from January 1, 2014 to October 31, 2014. The value today is \$306 million. Portfolio reports from Baird, Columbia, Cornerstone, Hotchkis & Wiley, Proxy summary vote Hotchkis & Wiley, Integrity, Loomis Sayles, MFS Heritage Trust, Proxy summary vote MFS Heritage trust, MFS investment, and Mackay Shields all ending September 30, 2014
6. Moved, supported and carried to receive recapture services reports from Abel/Noser and Capis ending September 30, 2014.
7. Moved, supported and carried to receive Refunds/Retirements for the month ending October 31, 2014.
8. Moved, supported and carried to receive BCERS Year-To-Date Budget report ending October 31, 2014.
9. Moved, supported and carried to approve entering into an agreement to authorize delivery of reconciliation data with Mackay Shields.

Discussion: Mr. Brown stated Mackay Shields is retaining a third party service provider to provide return information to all their clients. They have multiple clients, multiple facilities, multiple relationships and somebody has to report the same information over so they are using a service provider. That is essentially a report generator for them. It is common and is something The Bogdahn Group would approve.

Next on the agenda is Ms. Walraven with Corporation Counsel regarding the service retirement procedures. This is a procedure that is supposed to be helpful for members and anyone planning retirement. It lays out the documents they will need and what they can expect when they are preparing for retirement. Motion needed to receive the administrative procedure.

10. Moved, supported and carried to receive the Service Retirement Procedures.

Ms. Walraven answered questions regarding the ordinance language and the 30 to 90-day window before retiring. Trustee asked about health issues during the 30 to 90 days. Ms. Walraven stated these are the guidelines and is unsure of how things have been handled in the past. It is obviously a Board decision. These are procedures, guidelines, and goals. They are also using it as a planning tool.

The next item was an ordinance of the amendment to Bay-Arenac Behavioral Health Authority. This is their proposal to reduce their multiplier, increase their retirement age and increase their vesting period. This item will be in front of the Board of Commissioners for consideration today. Ms. Walraven brought it to the Board's attention as an item to receive.

11. Moved, supported and carried to receive the BABH ordinance change.

Next, Ms. Walraven stated at the last meeting there was a motion to go out for RFQ for actuarial services. A motion is needed to include authorization to enter into the contract for an actuarial firm that is selected by the RFQ committee.

12. Moved, supported and carried to approve giving the Board Chair the authority to enter into a contract for actuarial services with a firm that is selected by the RFQ committee.

The next item on the agenda was a presentation by attorney Thomas Michaud to present education on securities litigation. Mr. Michaud was unable to attend today.

Scanning update: Ms. Marsters stated phase one, which is preparing the files and making copies of any odd shaped or damaged documents and removing staples is about 45% complete. Skipping phase two, we are partially into phase three, which is putting the files in order and finalizing them for scanning. These are for the retirees files and they are the most time consuming because they are, obviously, the thickest files and some of them are over 100 pages. This phase will probably be completed by the end of December or beginning of January. We are looking at having the files all ready for the scanner to come in some time maybe March or April at the latest.

**ANNOUNCEMENTS:**

A. Next regularly scheduled meeting will be Tuesday, December 9, 2014 at 1:30 P.M. in Commissioner's Chambers, 515 Center Avenue - 4<sup>th</sup> Floor, Bay City, MI 48708.

**UNFINISHED BUSINESS:** None

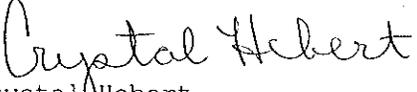
**NEW BUSINESS:** None

**MISCELLANEOUS BUSINESS:** None

**ADJOURNMENT:**

13. Moved, supported and carried to adjourn the meeting at 2:15 p.m.

Respectfully submitted,

  
Crystal Hebert  
Finance Officer/Secretary

Transcribed by: Tracy Cederquist

**MEETING OF THE BCERS BOARD OF TRUSTEES COMMITTEE**  
NOVEMBER 12, 2014

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

MEETING CALLED TO ORDER BY: CO-CHAIR RICHARD BRZEZINSKI AT 1:35 P.M.

TRUSTEE	1	2	3	4	5	6	7	8	9	10
BRZEZINSKI	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
COONAN	Y	S-Y	M-Y	Y	Y	Y	Y	S-Y	Y	Y
GRAY	E	E	E	E	E	E	E	E	E	E
GROMASKI	Y	Y	Y	S-Y	S-Y	S-Y	Y	Y	Y	Y
HEREK	Y	Y	Y	Y	Y	Y	Y	Y	Y	S-Y
MORSE	E	E	E	E	E	E	E	E	E	E
PETT	S-Y	M-Y	S-Y	M-Y	M-Y	M-Y	M-Y	Y	S-Y	Y
STARKWEATHER	M-Y	Y	Y	Y	Y	Y	Y	M-Y	M-Y	M-Y
GOETZ	Y	Y	Y	Y	Y	Y	S-Y	Y	Y	Y

TRUSTEE	11	12	13	14	15	16	17	18	19	20
BRZEZINSKI	Y	Y	Y							
COONAN	Y	S-Y	M-Y							
GRAY	E	E	E							
GROMASKI	S-Y	Y	Y							
HEREK	Y	Y	S-Y							
MORSE	E	E	E							
PETT	M-Y	Y	Y							
STARKWEATHER	Y	M-Y	Y							
GOETZ	Y	Y	Y							

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

**CASH COLLATERAL ADDENDUM TO  
SECURITIES LENDING AUTHORIZATION AGREEMENT**

between the \_\_\_\_\_,  
and THE NORTHERN TRUST COMPANY

This Addendum (the “**Addendum**”) is entered into by and between \_\_\_\_\_ (the “**Lender**”) and The Northern Trust Company (the “**Agent**”), with effect as of \_\_\_\_\_, 2015. The Addendum shall govern the terms by which Cash Collateral is accepted by Agent and invested by Agent or its affiliates, all on behalf of Lender and in connection with Loans entered into pursuant to the terms of that certain Securities Lending Authorization Agreement entered into by Lender and Agent, dated of \_\_\_\_\_ and as amended from time to time (the “**Agreement**”).

**WHEREAS**, pursuant to the Agreement, Lender directed Agent to accept Collateral for Loans entered into by Agent on behalf of Lender and invest such Collateral in Lender’s preferred Collateral Section;

**WHEREAS**, Agent will no longer offer the Collateral Section selected by Lender pursuant to the Agreement;

**WHEREAS**, Lender desires that Agent would continue to accept Cash Collateral for Loans entered into by Agent on behalf of Lender and invest such Cash Collateral on behalf of Lender in certain permitted investments in accordance with guidelines approved by Lender; and

**WHEREAS**, Agent and Lender desire to modify certain terms of the Agreement to set forth terms governing Agent’s acceptance of Cash Collateral and investment of such Cash Collateral on behalf of Lender;

**NOW THEREFORE**, in consideration of the mutual agreements herein contained, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Cash Collateral.** The following provisions shall govern the acceptance of Cash Collateral and the investment of such Cash Collateral. All other general provisions of the Agreement (including, without limitations, provisions related generally to Collateral and specifically to Non-Cash Collateral) shall continue in full force and effect.

1.1 *Cash Collateral.* If Agent is to accept and invest Cash Collateral on behalf of Lender pursuant to this Section 3, Lender shall direct Agent to accept and invest Cash Collateral in the Collateral Fund selected by Lender on Exhibit I (Collateral Authorization Form). By directing Agent to accept and invest Cash Collateral in the selected Collateral Fund, Lender thereby authorizes Agent, in Agent’s discretion, (a) to accept in exchange for Borrowed Securities, Cash Collateral having an initial Market Value of not less than (i) 102% of the Market Value of the Borrowed Securities or (ii) 105% of the Market Value of the Borrowed Securities, if the Borrowed Securities and the Collateral are denominated in different currencies, (b) to invest any Cash Collateral for such Loans in any of the types of eligible investments described in the applicable Collateral Fund and

(c) otherwise to act with respect to Cash Collateral in compliance with the applicable Collateral Fund.

1.2 *Authorization to Invest in Collateral Fund.* (a) Lender hereby authorizes Agent to take all actions necessary and appropriate to cause Cash Collateral related to Lender's Loans to be invested in the Collateral Fund designated by Lender on Exhibit I (Collateral Authorization Form) attached hereto, including without limitation, to convert (in cash or in-kind) Lender's interest in its applicable Collateral Section into an interest in the Collateral Fund designated by Lender on Exhibit I (Collateral Authorization Form) attached hereto, provided that in so doing Agent shall give due regard to any operational requirements and the best interests of the participants taken as a whole in each Collateral Section and Collateral Fund.

(b) Lender may change the designation of a particular Collateral Fund at any time by completing and signing a new Collateral Authorization Form (or other appropriate amendment) and returning it to Agent. Lender hereby authorizes Agent to take all actions necessary and appropriate to give effect to any such amendment, including without limitation, conversion (in cash or in-kind) of Lender's interest in its applicable Collateral Fund into an interest in the new Collateral Fund designated by Lender pursuant to any such amendment, provided that in so doing Agent shall give due regard to any operational requirements and the best interests of the participants taken as a whole in each applicable Collateral Fund.

(c) The designation by Lender of a Collateral Fund pursuant to this Addendum shall prevail over any contrary provisions of any other instrument between the parties concerning investment of Cash Collateral related to Lender's Loans.

(d) Any action taken by Agent pursuant to this Section 1.2 shall be taken as promptly as possible after Agent's receipt of a properly executed Collateral Authorization Form (or other appropriate amendment) from Lender, giving due regard to any operational requirements and the best interests of the participants taken as a whole in each applicable Collateral Section or Collateral Fund.

1.3 *Collateral Deficiency.* Any loss arising from a Collateral Deficiency shall be allocated pro rata among all the Participating Lenders within a Collateral Fund as of the date the Collateral Deficiency occurs, based on each Participating Lender's interest in the Collateral Fund on such date.

1.4 *Confidentiality.* In addition to the confidentiality provisions set forth in the Agreement, Lender authorizes Agent to disclose, to any Borrower, broker-dealer or collateral reinvestment counter-party who at any time so requests, any information Agent reasonably believes is necessary to effectuate Loans and accept Collateral related thereto and invest Cash Collateral in accordance with Exhibit I, including without limitation, the names of the Collateral Fund in which Lender invests its Cash Collateral. Before disclosing any information described herein to a Borrower, counter-party or broker-

dealer, as applicable, who has requested it, Agent shall obtain from such Borrower, counter-party or broker-dealer as applicable, as a condition for such disclosure, a written agreement (which may be the Borrowing Agreement) requiring that such information be held in confidence.

**2. Definitions.** For the purposes of this Addendum and except as otherwise set forth herein, the following definitions shall apply. Notwithstanding the foregoing, capitalized terms used but not defined herein shall have the meanings set forth in the Agreement.

2.1 "Cash Collateral" shall include cash in the form of US Dollars and all other currencies agreed to by Agent and Lender as set forth on Exhibit I (Collateral Authorization Form).

2.2 "Collateral Deficiency" shall mean, with respect to any Collateral Fund, (i) any loss of principal value of a specific investment of Cash Collateral held in such Collateral Fund or (ii) any decline in the net asset value of a Collateral Fund, each as determined by Agent's applicable governance committee in its discretion.

2.3 "Collateral Fund" shall mean a vehicle formed by or at the direction of Agent or its affiliates for the purpose of making certain permitted investments with the Cash Collateral received by the Agent for the benefit of Participating Lenders (including Lender) that accept Cash Collateral for Loans, all subject to and in accordance with this Addendum, the Agreement and the governing documents of such Collateral Fund (as amended from time to time) describing (i) the types of permitted investments of Cash Collateral within a particular Collateral Fund, (ii) the investment guidelines and characteristics of the Collateral Fund; and (iii) any other applicable information concerning the Collateral Fund (and shall include, without limitation, Northern Trust Collective SL Core Short Term Investment Fund and Northern Trust Institutional Liquid Assets Portfolio). For the avoidance of doubt, all references to "Collateral Section" under the Agreement shall be references to the "Collateral Fund" except to the extent "Collateral Section" refers to Non-Cash Collateral, which is governed by terms and conditions not within the scope of this Addendum.

**3. ERISA and Other Eligibility Matters for Collective Collateral Fund.**

3.1 *Certain Acknowledgments, Representations and Warranties.* (a) The Authorizing Fiduciary hereby acknowledges that, in order to invest and participate in Northern Trust Collective SL Core Short Term Investment Fund, a collective fund maintained by Northern Trust Investments, Inc., an affiliate of The Northern Trust Company, (the "Collective Collateral Fund"), Lender must satisfy all applicable requirements for participation as set forth in the declaration of trust under which the Collective Collateral Fund is maintained (the "Trust Declaration"), the federal securities law exemptions applicable to collective trust funds maintained by a bank, and any applicable rules, regulations or other determinations of the U.S. Internal Revenue Service (including, without limitation, any applicable Treasury Regulations or Revenue Rulings promulgated under the U.S. Internal Revenue Code of 1986, as amended from time to time (the "Code")) or the U.S. Securities and Exchange Commission, as amended from time to

time, regarding participation in a collective trust fund maintained by a bank or trust company in the form of a "group trust." Therefore, the Authorizing Fiduciary, on behalf of Lender and in respect of Lender's investment of Cash Collateral in the Collective Collateral Fund, makes each of the foregoing acknowledgments, representations and warranties to Agent:

- (i) To the extent required by applicable law, the Trust Declaration is hereby incorporated by reference in, and adopted as a part of, the Lender's applicable plan, trust and other governing documents.
- (ii) If Lender is a "Qualified Plan" as defined in and subject to ERISA:
  - (A) Lender is qualified under Code Section 401(a) and satisfies, among other applicable requirements, Treasury Regulation §1.401(a)-2, as amended (exclusive benefit requirement),
  - (B) Lender is subject to the fiduciary responsibility standards of Part 4 of Subtitle B of Title I of ERISA,
  - (C) Lender is funded by a trust which is exempt from United States federal income taxation under Code Section 501(a),
  - (D) Lender does not cover any self-employed individuals within the meaning of Code Section 401(c)(1), and
  - (E) Lender is maintained pursuant to a plan or trust instrument which authorizes it to participate in a common, collective, or commingled trust fund, including the Collective Collateral Fund.
- (iii) If Lender is a "Puerto Rican Plan" as defined in and subject to ERISA:
  - (A) Lender makes each of the representations and warranties set forth in Section 3.1(a)(ii)(B), (D), and (E) hereof, and
  - (B) Lender is described in and satisfies applicable requirements of ERISA Section 1022(i)(1), and Revenue Ruling 2011-1, as modified by Revenue Ruling 2014-24.
- (iv) If Lender is a "Governmental Plan" as defined in Code Section 414(d):
  - (A) Lender is established and maintained for its employees by the U.S. Government, by the government of a State or political subdivision thereof, or by an agency or instrumentality of the foregoing, within the meaning of Code Section 414(d),

(B) Lender is either (A) qualified under Code Section 401(a) and satisfies, among other applicable requirements, Treasury Regulation §1.401(a)-2, as amended (exclusive benefit requirement); (B) an eligible deferred compensation plan within the meaning of Code Section 457(b) that is established and maintained by an eligible governmental employer described in Code Section 457(e)(1)(A), and satisfies, among other applicable requirements, Treasury Regulation §1.457-8(a)(2)(i), as amended (exclusive benefit requirement); or (C) a governmental plan other than a plan described in the preceding boxes, but described in Code Section 401(a)(24),

(C) Lender is not subject to Federal income taxation,

(D) Lender has been established by a governmental employer for the exclusive benefit of its employees or their beneficiaries for the purpose of distributing to such employees or their beneficiaries the corpus and income, if any, of the funds accumulated under Lender,

(E) The governing instrument or legislation providing for establishment of Lender expressly provides that it is impossible for any part of the corpus or income of Lender to be used for, or diverted to, purposes other than the exclusive benefit of employees or their beneficiaries, prior to the satisfaction of all liabilities of Lender with respect to such employees or their beneficiaries, and

(F) Lender is not funded by an annuity contract described in Code Section 403(b).

(v) If Lender is a "Commingled Fund":

(A) Lender is a tax-exempt group trust that meets the requirements for participation as set forth in the Trust Declaration and Authorizing Fiduciary has received or has requested a favorable determination letter from the U.S. Internal Revenue Service confirming Lender's status as a tax-exempt "group trust,"

(B) Lender consists solely of assets of (1) benefit plans as described in Sections 3.1(a)(ii)-(iv) hereof that have each provided representations and warranties to the Authorizing Fiduciary comparable to those set forth in Sections 3.1(a)(ii)-(iv) hereof, (2) other tax-exempt group trusts that meet the requirements of this Section 3.1, and (3) Insurance Company Separate Accounts described in Section 3.1(a)(vi) hereof, and

(C) Lender is maintained pursuant to a governing instrument that authorizes Lender to participate in a common, collective, or commingled trust fund, including the Collective Collateral Fund.

(vi) If Lender is an "Insurance Company Separate Account":

(A) Lender is an Insurance Company Separate Account as defined in Investment Company Act Section 2(a)(17), and

(B) Lender funds a contract offered to and held solely by plans described in Sections 3.1(a)(ii)-(iv) hereof that each have provided representations and warranties to the Authorizing Fiduciary comparable to those set forth in Sections 3.1(a)(ii)-(iv) hereof.

(b) In accordance with the foregoing Section 3.1(a), the Authorizing Fiduciary hereby agrees to notify Agent promptly in the event that Lender no longer meets the conditions for eligibility specified in Section 3.1(a) or is for any other reason disqualified from continuing to participate in the Collective Collateral Fund. Accordingly, the Authorizing Fiduciary further agrees to furnish such other information or assurances as Agent may request in order to determine or confirm Lender's continued eligibility to participate in the Collective Collateral Fund. Such information or assurances may include written representations regarding Lender's tax status and other information (including, for example, an opinion of counsel or a copy of a U.S. Internal Revenue Service determination letter), and such other assurances as Agent may deem necessary or advisable.

4. **Governing Law.** This Addendum will be governed by, and construed in accordance with laws governing the Agreement.
5. **Entire Agreement.** With respect to the subject matter contained herein, this Addendum prevails over any contrary provisions of any other securities lending agreement (whether written or oral) between the parties and except as specifically amended hereby, the Agreement shall remain in full force and effect. The invalidity or unenforceability of any provision of this Addendum shall not affect the validity and enforceability of any other provision hereof.
6. **Counterparts.** This Addendum may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute only one instrument.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto, by their respective duly authorized officers, have executed this Addendum to the Agreement intending it to be effective as of the day and year set forth above.

[LENDER], executed on behalf of Lender by \_\_\_\_\_, its Authorizing Fiduciary

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

AGREED TO AND ACCEPTED BY:  
THE NORTHERN TRUST COMPANY

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT I**  
**COLLATERAL AUTHORIZATION FORM**

**CASH COLLATERAL**

**Permitted Cash Collateral**

Lender hereby authorizes Agent to accept in respect of Loans permitted under the Agreement the types of Cash Collateral set forth below.

- US Dollars**

**Authorized Collateral Fund**

With respect to each of the Accounts participating in Securities Lending Program and for any additional Accounts to be added to the Securities Lending Program in the future, Lender hereby authorizes Agent to invest, on behalf of Lender, such Cash Collateral in the Collateral Fund indicated below.

- Northern Trust Collective SL Core Short Term Investment Fund (SL Core STIF)**

By signing this Collateral Authorization Form, Lender acknowledges that it has read and agrees to be bound by the terms of the applicable Collateral Fund. The authorizations contained herein supersede any prior instruction or direction furnished in any form by Lender to Agent with respect to Collateral for Loans and any prior agreement concerning types of permitted Collateral for Loans. This Exhibit I may be amended from time to time by the parties in writing as set forth in the Agreement.

[LENDER], executed on behalf of Lender by \_\_\_\_\_, its Authorizing Fiduciary

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**SCHEDULES TO EXHIBIT I**  
***COLLATERAL AUTHORIZATION FORM***

See attached:

- Declaration of Trust of Northern Trust Collective SL Core Short Term Investment Fund, a collective fund maintained by Northern Trust Investments, Inc., an affiliate of The Northern Trust Company
  
- Fund Declaration of Northern Trust Collective SL Core Short Term Investment Fund

RET. 2014	BAIRD	BARINGS	CORNERSTONE	DENVER	EAGLE (RJFN)	GENEVA	HOTCHKIS & WILEY	LOOMIS SAYLES	MACKAY SHIELDS	MFS	MFS INTER-NATIONAL	INTEGRITY	SCHRODER	COLUMBIA	VANGUARD	WENTWORTH	CASH	TOTAL
VENDOR #	03641	1539	484	29624	2880	4298	87457	30123	8932	4024	20587E	9210Q	8533Z	44897	58141	58141		
JAN	24,483,170.06	15,810,418.52	10,882,785.38	15,638.55	10,845,477.78	23,653,580.81	11,083,088.76	33,704,722.73	17,312,317.81	42,185,860.33	25,341,799.15	17,897,891.90	42,025,846.40	12,827,293.37	1,556.12	2,315,529.80	290,378,576.53	
FEB	24,551,115.13	18,435,350.37	11,477,164.87	15,637.07	11,354,968.12	23,128,136.82	11,626,222.96	34,155,815.39	17,895,799.78	44,594,775.30	25,781,007.32	19,007,323.01	43,808,087.15	13,413,634.59	1,556.12	4,108,385.47	301,343,859.57	
MARCH	24,451,455.29	16,112,044.83	11,576,083.43	15,637.73	10,980,878.81	22,732,376.59	11,880,593.12	34,155,505.52	17,888,065.57	43,121,006.00	28,219,742.82	19,186,246.07	44,725,223.10	13,525,599.80	1,556.12	2,878,706.83	298,471,581.63	
APRIL	24,633,385.70	16,163,335.27	11,988,963.90	15,638.20	10,525,312.54	22,013,618.56	11,824,986.92	34,828,838.78	17,928,503.41	42,446,606.11	24,484,435.08	19,081,951.23	44,652,815.17	13,624,871.35	1,556.12	1,904,860.39	297,365,108.79	
MAY	24,915,613.38	16,285,688.70	12,255,489.81	68.90	10,420,897.19	22,038,229.20	11,146,285.86	35,135,493.30	18,321,580.87	43,984,227.36	25,309,477.75	19,283,222.79	45,859,847.45	13,944,380.59	0.00	4,112,797.10	302,207,316.74	
JUNE	24,691,343.86	16,884,004.48	12,423,450.85	68.55	11,211,134.08	22,793,475.88	11,587,020.17	35,265,278.33	18,656,218.19	44,498,394.79	22,450,888.87	18,677,929.77	46,273,668.13	14,232,341.81	0.00	2,827,143.13	306,715,910.23	
JULY	24,899,118.41	16,387,025.77	12,427,115.98	0.00	10,702,518.89	22,942,844.27	10,102,456.71	35,165,719.09	18,459,015.63	44,224,655.02	22,858,543.97	18,133,369.02	48,252,228.01	14,035,890.87	0.00	4,732,800.57	301,081,336.79	
AUG	25,084,048.76	51,884.16	12,770,916.37	0.00	11,251,820.17	23,151,757.08	10,563,782.74	35,768,383.85	18,958,511.30	45,889,478.84	22,352,255.86	18,263,483.13	47,238,273.09	14,596,745.53	0.00	2,547,573.95	300,438,298.23	
SEPT	24,983,486.88	49,735.31	12,086,555.53	19.33	10,782,998.87	22,825,467.17	9,892,893.60	35,253,903.22	18,824,601.56	45,034,121.49	20,774,102.95	16,987,822.04	42,739,371.88	13,688,917.56	1,751.33	4,387,545.24	287,800,735.11	
OCT	25,237,186.65	48,908.51	12,382,054.54	149.60	10,108,898.01	20,453,513.88	9,854,744.88	35,725,861.30	17,878,115.00	42,374,446.73	15,584,345.23	17,705,880.73	46,483,958.47	15,140,282.38	4,238.31	3,628,958.80	308,083,933.88	
NOV	25,438,432.77	48,168.82	13,673,224.22	323.35	11,418,581.83	23,183,708.37	10,653,505.44	35,852,148.88	19,224,812.55	47,779,878.09	15,574,301.34	23,291,452.55	110,833.21	188,584.68	0.00	0.00	3,320,172.31	
DEC																		3,238,782.28
2014 YTD	19,338.59	89,402.10	35,982.87	0.00	70,218.20	127,786.00	83,181.12	80,423.18	87,456.10	188,821.52	18,178.37	149,731.00	110,833.21	188,584.68	0.00	0.00	3,320,172.31	3,238,782.28

**INVESTMENT MANAGER FEES ARE PAID FROM: 73127400 30100 (Professional Services)**

- BAIRD GOVERNMENTAL FIXED INCOME MANAGER
- BARING LARGE CAP GROWTH INTERNATIONAL EQUITY MANAGER
- COLUMBIA LARGE CAP DEEP VALUE MANAGER
- CORNERSTONE REAL ESTATE REAL ESTATE INVESTMENT TRUST MANAGER
- EAGLE SMALL-CAP GROWTH MANAGER
- GENEVA MID-CAP GROWTH MANAGER
- HOTCHKIS & WILEY SMALL CAP VALUE MANAGER
- INTEGRITY MID-CAP VALUE MANAGER
- LOOMIS SAYLES CORPORATE BOND MANAGER
- MACKAY SHIELDS CONVERTIBLE BOND MANAGER
- MFS LARGE CAP GROWTH EQUITY MANAGER
- SCHRODER INTERNATIONAL SMALL/MID CAP EQUITY MANAGER
- WENTWORTH LARGE CAP CORE MANAGER

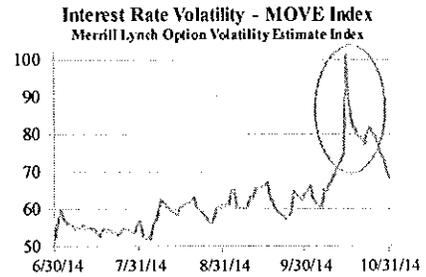
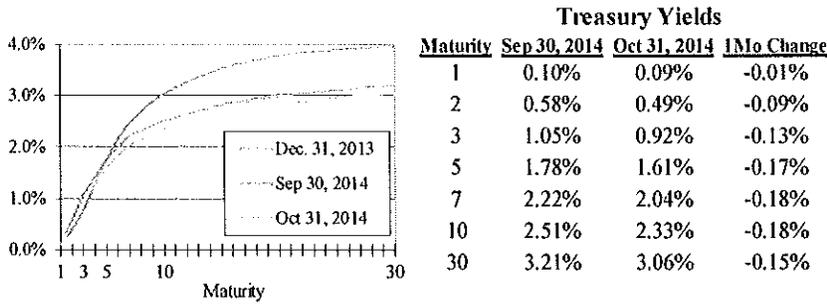
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**Baird Advisors**  
**Fixed Income Market Comments**  
**October 2014**

**Volatility Increases and Yields Fall Further**

The yield on the 10-year Treasury ended October 18 bps lower at 2.33% after ranging from 2.51% to 1.86% during the month. Interest rate volatility picked up significantly by mid-month (see MOVE volatility chart below right), driven by concerns over continued economic weakness outside the U.S., especially the Eurozone, and the sharp drop in both global equity and commodity markets. Uncertainty over the Fed's exit plan – now shifting from the end of QE to the first hike in rates some time in 2015 – also contributed to the increase in volatility. Market expectations for the first rate hike by the Fed have shifted from mid-year 2015 to 3Q 2015 given continued weak growth outside the U.S. and the recent turmoil in the global equity and commodity markets.



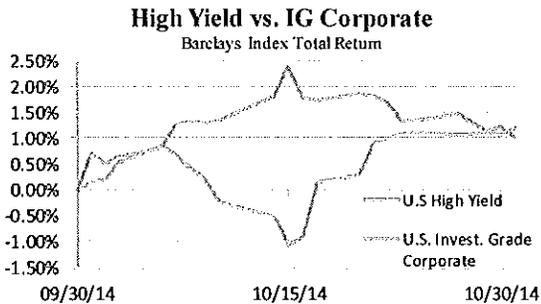
**Yield Spreads Mixed to End the Month**

Yield spreads generally widened as volatility picked up in the middle of the month. However, many sectors recovered to end the month tighter. High Yield spreads were the most volatile, starting at 424 bps, widening to 490 bps by mid-month and then tightening to 415 bps by month end. Accommodative policy comments from normally "hawkish" St. Louis Fed President James Bullard on the 16<sup>th</sup> appear to have helped ease some of the market concerns. Investment grade corporates ended the month marginally wider as investors favored high quality Treasuries; but high quality MBS, CMBS, and ABS spreads actually tightened slightly.

**Option-Adjusted Spreads (in bps)**

	12/31/13	9/30/14	10/31/14	1Mo Change	YTD Change
U.S. Aggregate Index	45	43	44	1	-1
U.S. Agency (non-mortgage)	17	16	16	0	-1
Mortgage and ABS Sectors					
U.S. Agency Pass-throughs	34	30	27	-3	-7
Asset-Backed Securities	55	56	55	-1	0
CMBS	126	99	97	-2	-29
Corporate Sectors					
U.S. Investment Grade	114	112	118	6	4
Industrial	114	115	122	7	8
Utility	125	106	109	3	-16
Financial Institutions	109	107	112	5	3
U.S. High Yield	382	424	415	-9	33

Source: Barclays



**High Yield Recovers from Volatile Drop**

Declining yields contributed to solid monthly returns across the fixed income market. After falling by as much as -1.06% intra-month (see chart at left), Corporate High Yield managed to end the month with the strongest sector returns (+1.19%). Investment Grade Corporates (+1.02%) came in a close second after leading most of the month.

**Total Returns of Selected Barclays Indices and Subsectors**

Barclays Index/Sector	October	YTD
U.S. Aggregate Index	0.98%	5.12%
U.S. Gov't/Credit Index	0.99%	5.15%
U.S. Intermediate Gov't/Credit Index	0.70%	2.94%
U.S. 1-3 Yr. Gov't/Credit Index	0.28%	0.88%
U.S. Treasury	0.97%	4.07%
U.S. Agency	0.63%	3.04%
MBS (Mortgage Backed Securities)	0.97%	5.23%
CMBS (Commercial Mortgage Backed Securities)	0.92%	3.32%
ABS (Asset Backed Securities)	0.51%	1.84%
U.S. Corporate - Investment Grade	1.02%	6.68%
Corporate High Yield	1.19%	4.72%
Municipal Bond Index	0.69%	8.32%
TIPS (Treasury Inflation Protected Securities)	0.85%	4.55%

## Disclosures

This is not a complete analysis of every material fact regarding any company, industry or security. The information has been obtained from sources we consider to be reliable, but we cannot guarantee the accuracy.

Fixed income is generally considered to be a more conservative investment than stocks, but bonds and other fixed income investments still carry a variety of risks such as interest rate risk, credit risk, inflation risk, and liquidity risk. In a rising interest rate environment, the value of fixed-income securities generally decline and conversely, in a falling interest rate environment, the value of fixed-income securities generally increase. High yield securities may be subject to heightened market, interest rate or credit risk and should not be purchased solely because of the stated yield.

Indices are unmanaged, and are not available for direct investment. *Past performance is not a guarantee of future results.*

The Barclays Aggregate Bond Index is an index comprised of approximately 6000 publicly traded bonds including U.S. Government, mortgage backed, corporate, and Yankee bonds with an average maturity of approximately 10 years.

The Barclays Government/Credit Index is a combination of the Government Index which measures government-bond general and Treasury funds, and the Credit Bond Index, which is a market value-weighted index which tracks the returns of all publicly issued, fixed-rate, nonconvertible, dollar-denominated, SEC registered, investment grade Corporate Debt.

The Barclays Intermediate Government/Credit Index is a combination of the Government Index which measures government-bond general and Treasury funds, and the Credit Bond Index, which is a market value-weighted index which tracks the returns of all publicly issued, fixed-rate, nonconvertible, dollar-denominated, SEC registered, investment grade Corporate Debt with maturities between one and ten years.

The Barclays Government/Credit Intermediate Index (1 – 3 yr.) is a combination of the Government Index which measures government-bond general and Treasury funds, and the Credit Bond Index, which is a market value-weighted index which tracks the returns of all publicly issued, fixed-rate, nonconvertible, dollar-denominated, SEC registered, investment grade Corporate Debt with maturities between zero and three years.

The Barclays U.S. Treasury Index includes public obligations of the U.S. Treasury. Treasury bills are excluded by the maturity constraint of at least one year but are part of a separate Short Treasury Index. In addition, certain special issues, such as state and local government series bonds (SLGs), as well as U.S. Treasury TIPS, are excluded. STRIPS are excluded from the index because their inclusion would result in double-counting. Securities in the Index roll up to the U.S. Aggregate, U.S. Universal, and Global Aggregate Indices. The U.S. Treasury Index was launched on January 1, 1973.

U.S. Agency: This index is the U.S. Agency component of the U.S. Government/Credit index. Publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government (such as USAID securities). The largest issues are Fannie Mae, Freddie Mac, and the Federal Home Loan Bank System (FHLB). The index includes both callable and non-callable agency securities.

U.S. Corporate – Investment Grade: This index is the Corporate component of the U.S. Credit index. It includes publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered.

CMBS (Commercial Mortgage Backed Securities): This index is the CMBS component of the U.S. Aggregate index. The Barclays CMBS ERISA-Eligible Index is the ERISA-eligible component of the Barclays CMBS Index. This index, which includes investment grade securities that are ERISA eligible under the underwriter's exemption, is the only CMBS sector that is included in the U.S. Aggregate Index.

MBS (Mortgage Backed Securities): This index is the U.S. MBS component of the U.S. Aggregate index. The MBS Index covers the mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The MBS Index is formed by grouping the universe of over 600,000 individual fixed rate MBS pools into approximately 3,500 generic aggregates.

ABS (Asset Backed Securities): This index is the ABS component of the U.S. Aggregate index. The ABS index has three subsectors: credit and charge cards, autos, and utility. The index includes pass-through, bullet, and controlled amortization structures. The ABS Index includes only the senior class of each ABS issue and the ERISA-eligible B and C tranche. The Manufactured Housing sector was removed as of January 1, 2008, and the Home Equity Loan sector was removed as of October 1, 2009.

Corporate High Yield: The Barclays U.S. High Yield Index covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, 144-As and pay-in-kind bonds (PIKs, as of October 1, 2009) are also included.

The Barclays Municipal Bond Index is a broad-based, total-return index. The bonds are all investment-grade, tax-exempt, and fixed-rate securities with long-term maturities (greater than 2 years). They are selected from issues larger than \$50 million.

The Barclays TIPS Index consists of Treasury Inflation Protected Securities (TIPS). TIPS are securities whose principal is tied to the Consumer Price Index. TIPS pay interest semi-annually, based on the fixed rate applied to the adjusted principal.



**PERFORMANCE HISTORY**  
**Bay County Employees' Retirement System**

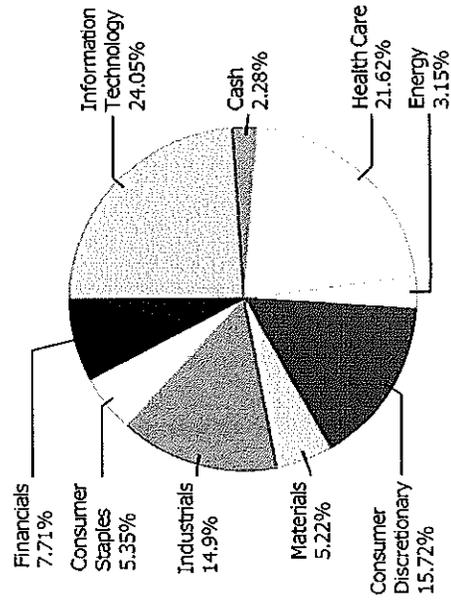
Time Period	10/31/2014	Percent Return Per Period		
		Portfolio Gross	Net	FTSE/NAREIT Equity REIT Index
1 Month		11.24%	11.19%	9.94%
YTD		27.34%	26.73%	25.29%
1 Year		22.58%	21.86%	19.06%
3 Year		16.38%	15.70%	15.14%
5 Year		20.41%	19.70%	19.19%
Inception (October 21, 2008)		18.08%	17.38%	15.88%

**Bay County Employees Retirement System (EAGLE)**  
 Portfolio Style: Small-Cap Growth Equity

**Portfolio Summary**

	Month To Date	Year To Date
Beginning Market Value	10,792,995.08	11,026,120.85
Contributions	0.00	0.00
Withdrawals	-22,975.45	-93,882.63
Dividend and Interest Income	3,267.28	37,392.44
Change in Market Value	505,625.18	309,281.43
Ending Market Value	11,278,912.09	11,278,912.09

**Industry Weightings**



**Performance Summary**

	MTD	QTD	YTD	1 Year	3 Years	5 Years	Annualized Since Inception
Gross	4.50	4.50	2.29	7.16	17.08	18.79	
Net	4.27	4.27	1.41	6.23	16.02	17.81	
RJ20GRTR <sup>1</sup>	6.20	6.20	1.90	8.26	18.42	20.46	

<sup>1</sup> Russell 2000 Growth Index

Performance is based on fiscal year end of portfolio

**Top Ten Holdings**

Security Description	Total Market Value	% of Market Value
NATUS MEDICAL INC	337,722.00	2.99%
UNIVERSAL ELECTRONICS INC	287,237.61	2.55%
MULTIMEDIA GAMES HOLDING CO	264,262.80	2.34%
QUAKER CHEMICAL CORP	241,889.76	2.14%
MARTIN MARIETTA MATERIALS	239,335.24	2.12%
PANTRY INC	232,368.09	2.06%
GENESCO INC	230,683.52	2.05%
IMPERVA INC	229,759.76	2.04%
CENTENE CORP	205,264.05	1.82%
BELMOND LTD-CLASS A	186,156.24	1.65%

Geneva Capital Management Ltd.  
**PORTFOLIO APPRAISAL**  
*Bay County Employees' Retirement System XXXX9057 (bcers)*  
 October 31, 2014

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Yield
<b>COMMON STOCK</b>							
2,304	AFFILIATED MANAGERS GRP COM	122.37	281,938	199.79	460,316	2.0	0.0
6,518	ALIGN TECHNOLOGY INC COM	30.60	199,481	52.62	342,977	1.5	0.0
10,618	AMPHENOL CORP NEW CL A	33.96	360,568	50.58	537,058	2.4	1.0
4,922	ANSYS INC COM	72.76	358,126	78.56	386,672	1.7	0.0
2,075	BARD C R INC COM	115.63	239,936	163.97	340,238	1.5	0.5
5,861	BEACON ROOFING SUPPLY INC COM	41.37	242,448	27.67	162,174	0.7	0.0
8,848	BROWN & BROWN INC COM	31.12	275,308	31.86	281,897	1.3	1.4
3,217	CARTER INC COM	80.52	259,043	78.13	251,344	1.1	1.0
6,554	CATAMARAN CORP COM	51.13	335,087	47.67	312,429	1.4	0.0
8,140	CERNER CORP COM	40.92	333,079	63.34	515,588	2.3	0.0
692	CHIPOTLE MEXICAN GRILL INC COM	321.38	222,395	638.00	441,496	2.0	0.0
5,324	CHURCH & DWIGHT INC COM	55.87	297,459	72.41	385,511	1.7	1.7
8,621	COGNIZANT TECHNOLOGY SOLUTIONS CL A	39.08	336,944	48.85	421,136	1.9	0.0
3,111	CONCHO RES INC COM	91.71	285,297	109.03	339,192	1.5	0.0
2,026	COOPER COS INC COM NEW	158.56	321,246	163.90	332,061	1.5	0.0
11,403	COPART INC COM	32.80	374,030	33.44	381,316	1.7	0.0
1,834	COSTAR GROUP INC COM	135.61	248,703	161.09	295,439	1.3	0.0
8,869	DSW INC CL A	41.75	370,305	29.65	262,966	1.2	2.5
12,240	EAST WEST BANCORP INC COM	23.16	283,452	36.76	449,942	2.0	2.0
5,482	FASTENAL CO COM	46.65	255,720	44.04	241,427	1.1	2.3
7,808	FISERV INC COM	41.39	323,175	69.48	542,500	2.4	0.0
2,832	GARTNER INC COM	76.23	215,890	80.71	228,571	1.0	0.0
4,061	GENESEE & WYO INC CL A	86.29	350,425	96.20	390,668	1.7	0.0
4,688	HAIN CELESTIAL GROUP INC COM	86.66	406,256	108.25	507,476	2.3	0.0
3,311	HUNT J B TRANS SVCS INC COM	69.32	229,523	79.77	264,118	1.2	1.0
5,241	IDEX CORP COM	52.85	276,968	74.91	392,603	1.7	1.5
2,526	IDEX LABS INC COM	129.82	327,920	141.67	357,858	1.6	0.0
3,414	IHS INC CL A	102.21	348,938	131.03	447,336	2.0	0.0
2,037	INTERCONTINENTAL EXCHANGE INC COM	127.72	260,162	208.29	424,287	1.9	1.2
5,432	INTUIT COM	62.44	339,180	88.01	478,070	2.1	1.1
18,630	LKQ CORP COM	23.35	435,048	28.57	532,259	2.4	0.0
10,096	MANHATTAN ASSOCS INC COM	34.43	347,567	40.11	404,951	1.8	0.0

Geneva Capital Management Ltd.  
**PORTFOLIO APPRAISAL**  
*Bay County Employees' Retirement System XXXX9057 (bcers)*  
*October 31, 2014*

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Yield
4,806	MIDDLEBY CORP COM	73.83	354,839	88.50	425,331	1.9	0.0
3,941	O REILLY AUTOMOTIVE INC NEW COM	87.69	345,573	175.88	693,143	3.1	0.0
4,697	OCEANEERING INTL INC COM	70.43	330,830	70.27	330,058	1.5	1.5
3,186	PALL CORP COM	69.15	220,313	91.42	291,264	1.3	1.3
1,777	PANERA BREAD CO CL A	161.26	286,555	161.64	287,234	1.3	0.0
6,441	PAREXEL INTL CORP COM	33.14	213,435	54.31	349,811	1.6	0.0
2,995	PERRIGO CO PLC SHS	152.20	455,854	161.45	483,543	2.2	0.3
3,273	POLARIS INDS INC COM	83.79	274,260	150.86	493,765	2.2	1.3
4,020	RANGE RES CORP COM	67.17	270,030	68.40	274,968	1.2	0.2
4,951	RAYMOND JAMES FINANCIAL INC COM	51.90	256,959	56.13	277,900	1.2	1.1
6,982	RED HAT INC COM	51.33	358,363	58.92	411,379	1.8	0.0
2,224	ROPER INDS INC NEW COM	125.96	280,144	158.30	352,059	1.6	0.5
3,548	SIGNATURE BK NEW YORK N Y COM	72.85	258,466	121.13	429,769	1.9	0.0
4,546	SIRONA DENTAL SYSTEMS INC COM	71.43	324,720	78.55	357,088	1.6	0.0
2,495	SM ENERGY CO COM	84.09	209,800	56.30	140,468	0.6	0.2
3,153	SMUCKER J M CO COM NEW	93.37	294,401	104.00	327,912	1.5	2.5
2,823	STERICYCLE INC COM	95.08	268,412	126.00	355,698	1.6	0.0
2,572	TIFFANY & CO NEW COM	94.92	244,124	96.12	247,221	1.1	1.6
7,967	TRACTOR SUPPLY CO COM	46.82	372,999	73.22	583,344	2.6	0.9
12,120	TRIMBLE NAVIGATION LTD COM	30.97	375,369	26.86	325,543	1.4	0.0
3,584	TYLER TECHNOLOGIES INC COM	83.39	298,874	111.92	401,121	1.8	0.0
1,724	ULTIMATE SOFTWARE GROUP INC COM	144.94	249,876	150.51	259,479	1.2	0.0
6,555	UNDER ARMOUR INC CL A	26.12	171,242	65.58	429,877	1.9	0.0
4,465	VARIAN MED SYS INC COM	74.77	333,855	84.12	375,596	1.7	0.0
4,945	VERISK ANALYTICS INC CL A	62.64	309,753	62.35	308,321	1.4	0.0
5,210	WABTEC CORP COM	47.44	247,140	86.30	449,623	2.0	0.3
			17,347,802		21,773,395	96.9	0.5
<b>CASH AND EQUIVALENTS</b>							
	ACCRUED DIVIDENDS		5,643		5,643	0.0	0.0

Geneva Capital Management Ltd.  
**PORTFOLIO APPRAISAL**  
*Bay County Employees' Retirement System XXXX9057 (bcers)*  
 October 31, 2014

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Yield
	CASH ACCOUNT		686,349		686,349	3.1	0.0
			691,993		691,993	3.1	0.0
<b>TOTAL PORTFOLIO</b>			<b>18,039,794</b>		<b>22,465,388</b>	<b>100.0</b>	<b>0.4</b>

Please compare the information in Geneva's client reports with the information provided by the independent custodian of your account(s).

The market value on Geneva's report may differ from the value on the statement provided by your custodian due to cut off date, unsupervised assets (if applicable), pricing, or deposits/withdrawals. For tax purposes, refer to custodian records and consult with your tax adviser for advice. Geneva's reports should not be relied upon for tax purposes. Cost basis data is provided for informational purposes only and may differ from custodian records. Please reference your custodial statement for the current yield on money market fund(s). If you are not receiving periodic statements directly from your custodian, please contact Geneva immediately at 414-224-6002. Thank you.

Geneva Capital Management Ltd.  
**PERFORMANCE HISTORY**  
**NET OF FEES**  
*Bay County Employees' Retirement System*  
*XXXX9057 (bcers)*

*From 12-31-2013 to 10-31-2014*

Time Period	Percent Return Per Period		
	Total Account	Equities	Russell Midcap Growth Index
12-31-2013 to 01-31-2014	-3.61	-3.48	-2.17
01-31-2014 to 02-28-2014	4.24	4.45	6.28
02-28-2014 to 03-31-2014	-1.71	-1.74	-1.85
03-31-2014 to 04-30-2014	-3.35	-3.21	-1.47
04-30-2014 to 05-31-2014	0.10	0.10	2.72
05-31-2014 to 06-30-2014	3.44	3.58	3.13
06-30-2014 to 07-31-2014	-2.16	-2.05	-2.99
07-31-2014 to 08-31-2014	3.62	3.75	5.39
08-31-2014 to 09-30-2014	-2.27	-2.34	-2.90
09-30-2014 to 10-31-2014	3.68	4.04	2.76
<b>Inception to Date</b>			
01-17-2013 to 10-31-2014	27.02	29.51	41.21

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Geneva Capital Management Ltd.  
**PERFORMANCE HISTORY**  
**NET OF FEES**  
*Bay County Employees' Retirement System*  
*XXXX9057 (bcers)*

*From 01-17-2013 to 10-31-2014*

Time Period	Percent Return Per Period		
	Total Account	Equities	Russell Midcap Growth Index
01-17-2013 to 12-31-2013	25.11	26.17	29.97
12-31-2013 to 10-31-2014	1.53	2.65	8.65
<b>Date to Date</b>			
01-17-2013 to 10-31-2014	27.02	29.51	41.21
Annualized	14.33	15.58	21.31

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The market value on Geneva's report may differ from the value on the statement provided by your custodian due to cut off date, unsupervised assets (if applicable), pricing, or deposits/withdrawals. For tax purposes, refer to custodian records and consult with your tax adviser for advice. Geneva's reports should not be relied upon for tax purposes. Cost basis data is provided for informational purposes only and may differ from custodian records. Please reference your custodial statement for the current yield on money market fund(s). If you are not receiving periodic statements directly from your custodian, please contact Geneva immediately at 414-224-6002. Thank you.

# BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

Small Cap Value      Total Market Value: \$10,403,978      (2.6% Cash)      Month Ended October 31, 2014

	MTD	QTD	YTD	Since Incept.	Projected P/E Ratio (FY2)	Rus 2000 V	Rus 2000
Portfolio - Total Return	4.11 %	4.11 %	7.82 %	10.78 %		14.7x	17.1x
Portfolio - Equity Only	4.21	4.21	8.25	10.78	Price / Cash Flow Ratio	6.4x	10.4x
Russell 2000 Value Index	6.99	6.99	1.92	8.40	Price / Book Ratio	1.3x	2.2x
Russell 2000 Index	6.59	6.59	1.90	8.66	Dividend Yield	1.1%	2.0%
S&P 500 Index	2.44	2.44	10.99	8.29	Market Capitalization (mm)	\$2,194	\$1,684
<i>Commencement of portfolio: 12/1/03. Periods over one year are average annualized returns.</i>							
<b>Top 10 Holdings</b>							

	End Wgt	TH Ret.	Contr.	Major Buy(Sell)	*New buy /ma/sell	+/-	End Wgt
Matson Inc.	3.73 %	13.82 %	0.48 %	Popular Inc.		1.0%	4.9 %
Hanger Inc.	2.78	16.62	0.40	Rowan Companies PLC		1.0%	4.2
Invacare Corp.	1.48	33.02	0.39	KBR Inc.		0.5% *	3.9
WellCare Health Plans Inc.	3.20	12.48	0.37	Kosmos Energy Ltd.		0.5% *	3.9
Great Plains Energy Inc.	3.13	11.42	0.34	Hanger Inc.		0.5%	3.7
First Niagara Fin'l Grp Inc.	1.37 %	-10.08 %	-0.15 %	(Synovus Financial Corp.)		-0.5%	3.2
ON Semiconductor Corp.	2.35	-7.27	-0.21	(Kaiser Aluminum Corp.)		-0.7%	3.1
McDermott Int'l Inc.	0.52	-32.87	-0.27	(Masonite Int'l Corp.)		-0.8%	3.1
Kaiser Aluminum Corp.	3.08	-8.30	-0.32	(Geo Group Inc.)		-1.0%	3.1
Con-Way Inc.	3.92	-8.69	-0.40	(Rent-A-Center Inc.)		-2.1%	3.0

	Portfolio		Russell 2000 Value		Allocation		End Wgt
	Avg Wgt	Equ. Ret.	Avg Wgt	Equ. Ret.	Sector	Stock	Total
Energy	2.27 %	-18.77 %	5.66 %	-10.08 %	Insurance	-0.15	0.60
Health Care	11.21	11.77	5.07	10.42	Banks	0.16	0.36
Consumer Discretionary	10.63	8.48	11.18	6.06	Health Care Prov. & Svcs	0.28	0.29
Telecommunication Services	0.00	0.00	0.75	1.72	Metals & Mining	0.00	0.04
Consumer Staples	0.00	0.00	2.63	5.48	Machinery	0.00	0.04
Information Technology	9.08	2.26	9.93	6.26	Building Products	-0.33	-0.30
Utilities	5.38	5.83	6.63	13.08	Household Durables	-0.39	-0.45
Materials	6.51	-5.50	4.49	3.41	Real Estate Inv. Trusts	-0.61	-0.69
Financials	30.60	5.29	40.65	8.96	Semicond/Semicond Equip.	-1.12	-1.29
Industrials	24.31	1.95	13.03	8.28	Road & Rail	-1.53	-1.39
						-3.68	-2.78

Returns are calculated using daily holding information, gross of fees, within Bloomberg. Returns calculated using this buy-and-hold methodology can differ from actual portfolio returns due to intraday trades, cash flows, accrued/miscellaneous income, corporate actions, and trade price and closing price difference of any given security. Russell Investment Group is the source and owner of the Russell Index data contained herein (and all trademarks related thereto), which may not be redistributed. The information herein is not approved by Russell. H&W and Russell sectors are based on the Global Industry Classification Standard by MSCI and Standard and Poor's.

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# performance review

october 2014

## PERFORMANCE (%)

	ACCOUNT(GROSS)	BENCHMARK
Oct 14	1.13	1.02
YTD	7.55	6.68
1 Year Trailing	7.41	6.29
3 Year Trailing	6.43	4.88
5 Year Trailing	7.92	6.33
1/31/97 - 10/31/14 Annualized	7.11	6.42

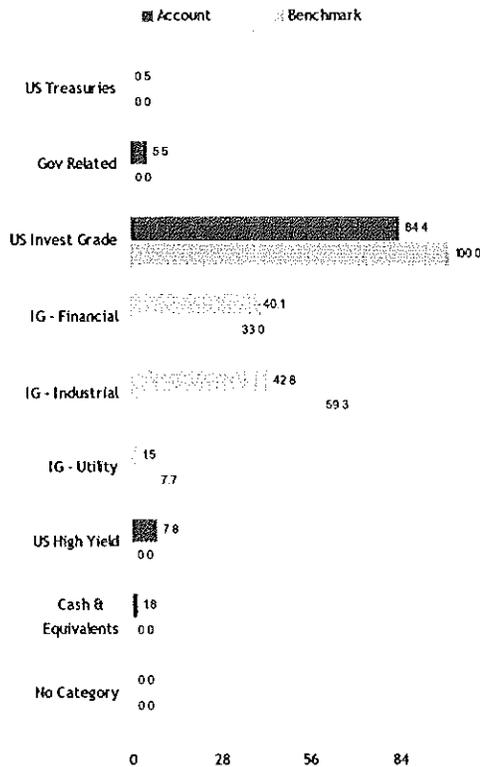
## MARKET VALUE

\$35,650,176

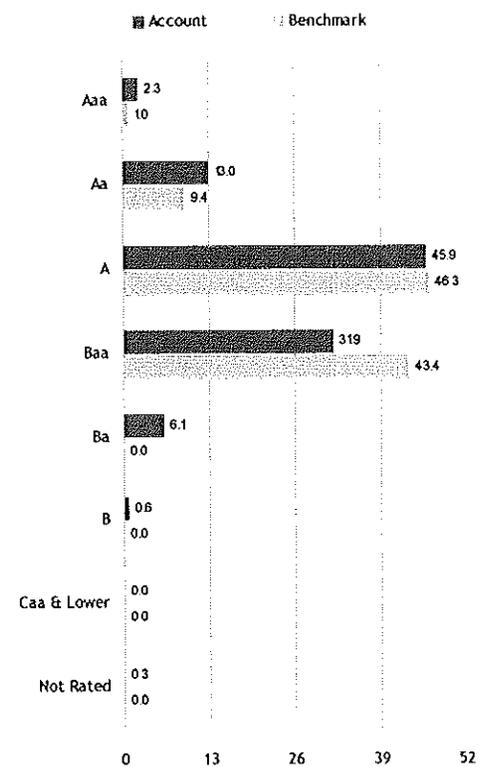
## CHARACTERISTICS

Effective Duration	7.22 years	7.09 years
Average Maturity	10.56 years	10.41 years
Yield	3.29%	2.99%
Average Quality	Baa1	A3

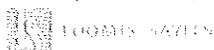
## SEC (OR ANALYSIS) AT OCTOBER 31, 2014 (%)



## QUALITY ANALYSIS AT OCTOBER 31, 2014 (%)



The current benchmark is Barclays U.S. Corporate Investment Grade. (1) Citigroup Broad Inv-Grade (BIC) from 1/31/1997 to 6/30/1999; Barclays Credit from 6/30/1999 to 2/29/2012; and Barclays U.S. Corporate Investment Grade from 2/29/2012 to 10/31/2014. For split rated securities in the quality distribution, the higher of Moody and S&P is used. The account's split rating treatment is based on client guidelines. The benchmark follows the vendor's methodology. Equity securities are deemed to have a duration and maturity value of zero. Yield is Yield to Effective Maturity. Data Source: Barclays Capital, Bloomberg. This report is a service provided to customers of Loomis Sayles for informational purposes and is not a recommendation to purchase or sell securities. Unless otherwise noted, the performance shown is gross of management fees. Past performance is not a guarantee of future results. Loomis Sayles believes the information contained in this report is reliable but we do not guarantee its accuracy.



Bay County Employees Ret System

# performance review

october 2014

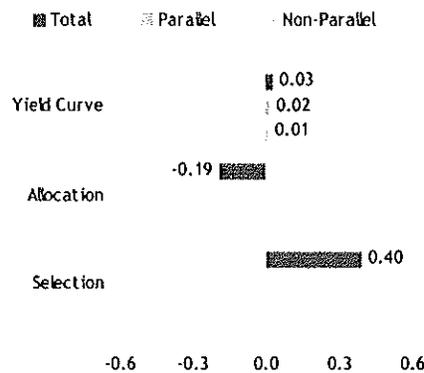
CUMULATIVE MONTHLY TOTAL RETURNS (%)

Account Return	1.13
Benchmark Return	1.02
Excess Return	0.10

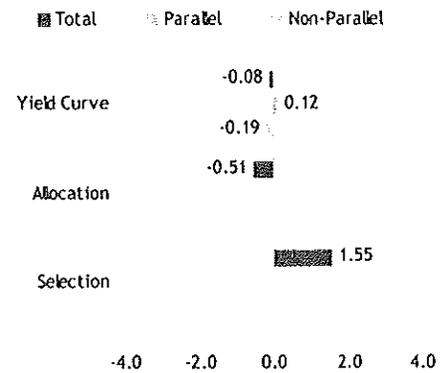
TRAILING YEAR TOTAL RETURNS (%)

Account Return	7.41
Benchmark Return	6.29
Excess Return	1.11

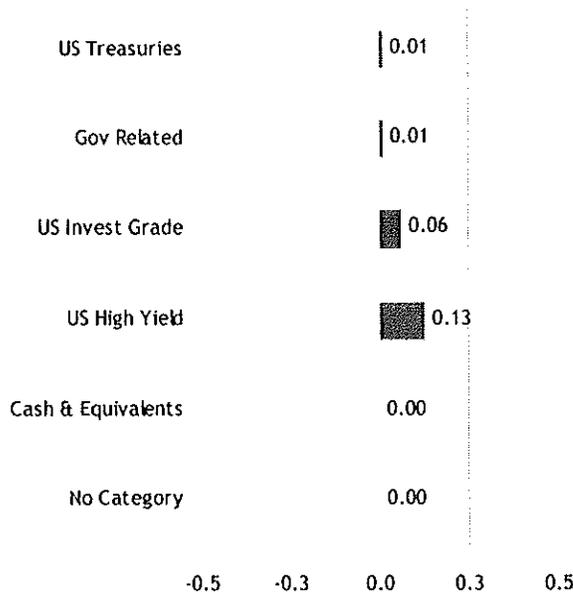
CUMULATIVE MONTHLY EXCESS RETURNS ATTRIBUTION (%)



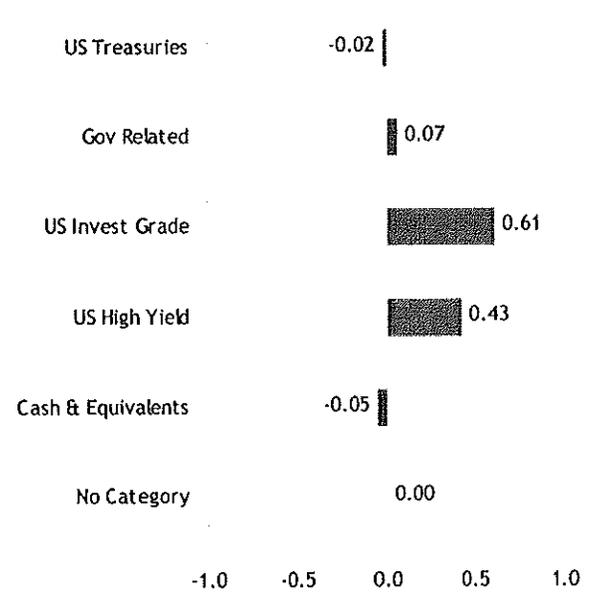
TRAILING YEAR EXCESS RETURNS ATTRIBUTION (%)



EXCESS RETURNS ATTRIBUTION BY SECTOR (%)



EXCESS RETURNS ATTRIBUTION BY SECTOR (%)



The Attribution benchmark is Barclays U.S. Corporate Investment Grade. Figures on bar charts may not add up to total excess return as they exclude impact of trading and pricing differences. Attribution account returns are gross of fees. Excess Return by sector excludes yield curve impact. Data Source: Barclays Capital

**MFS HERITAGE TRUST COMPANY**

Account Statement  
08/01/2014 - 08/31/2014  
Page 1 of 2



**Registration:** BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM  
(BCERS)  
**Account Number:** 193

PETER BROWN  
C/O THE BOGDahn GROUP  
5000 ROCKSIDE RD, STE 320  
INDEPENDENCE, OH 44131

**Account Summary - Period**

Fund Name	08/31/2014 NAV	Beginning Market Value	Period Purchases	Period Redemptions	Ending Units	Ending Market Value
MFS INTERNATIONAL GROWTH FUND CL 1	\$129.28	\$0.00	\$16,013,777.36	(\$0.00)	125,543.573	\$16,230,919.52
Account Total						\$16,230,919.52

**Account Summary - YTD**

Fund Name	YTD Purchases	YTD Redemptions	Account Inception
MFS INTERNATIONAL GROWTH FUND CL 1	\$16,013,777.36	(\$0.00)	08/06/14

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MFS HERITAGE TRUST COMPANY, INC.  
111 Huntington Avenue, Boston, Massachusetts 02199

**MFS HERITAGE TRUST COMPANY**

Account Statement  
08/01/2014 - 08/31/2014  
Page 2 of 2

**Transaction History**

Trade Date	Transaction Type	Gross Amount	Net Amount	NAV	Transaction Units	Total Units
<b>MFS INTERNATIONAL GROWTH FUND CL 1</b>						
08/06/2014	PURCHASE BY WIRE	\$15,700,000.00	\$15,700,000.00	\$127.57	123,069.687	123,069.687
08/07/2014	PURCHASE BY WIRE	\$313,777.36	\$313,777.36	\$126.58	2,473.886	125,548.573

**Message**

Please contact your MFS relationship team for any questions regarding your account statement or transaction confirm.

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**MFS HERITAGE TRUST COMPANY**

Account Statement  
09/01/2014 - 09/30/2014  
Page 1 of 2



**Registration:** BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM  
(BCERS)  
**Account Number:** 193

PETER BROWN  
C/O THE BOGDahn GROUP  
5000 ROCKSIDE RD, STE 320  
INDEPENDENCE, OH 44131

**Account Summary - Period**

Fund Name	09/30/2014 NAV	Beginning Market Value	Period Purchases	Period Redemptions	Ending Units	Ending Market Value
MFS INTERNATIONAL GROWTH FUND CL 1	\$124.13	\$16,230,919.52	\$0.00	(\$0.00)	125,543,573	\$15,584,344.37
<b>Account Total</b>						\$15,584,344.37

**Account Summary - YTD**

Fund Name	YTD Purchases	YTD Redemptions	Account Inception
MFS INTERNATIONAL GROWTH FUND CL 1	\$16,013,777.36	(\$0.00)	08/06/14



MFS HERITAGE TRUST COMPANY<sup>SM</sup>  
 111 Huntington Avenue, Boston, Massachusetts 02199

**MFS HERITAGE TRUST COMPANY**

Account Statement  
 09/01/2014 - 09/30/2014  
 Page 2 of 2

**Transaction History**

Trade Date	Transaction Type	Gross Amount	Net Amount	NAV	Transaction Units	Total Units
<b>MFS INTERNATIONAL GROWTH FUND CL 1</b>						
— There are no transactions for this section —						

**Message**

Please contact your MFS relationship team for any questions regarding your account statement or transaction confirm.

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**Registration:** BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM  
 (BCERS)  
**Account Number:** 193

PETER BROWN  
 C/O THE BOGDahn GROUP  
 5000 ROCKSIDE RD, STE 320  
 INDEPENDENCE, OH 44131

**Account Summary - Period**

Fund Name	10/31/2014 NAV	Beginning Market Value	Period Purchases	Period Redemptions	Ending Units	Ending Market Value
MFS INTERNATIONAL GROWTH FUND CL 1	\$124.05	\$15,584,344.37	\$0.00	(\$0.00)	125,548.573	\$15,574,300.48
<b>Account Total</b>						<b>\$15,574,300.48</b>

**Account Summary - YTD**

Fund Name	YTD Purchases	YTD Redemptions	Account Inception
MFS INTERNATIONAL GROWTH FUND CL 1	\$16,013,777.36	(\$0.00)	08/06/14



MFS HERITAGE TRUST COMPANY, INC.  
111 Huntington Avenue, Boston, Massachusetts 02119

MFS HERITAGE TRUST COMPANY

Account Statement  
10/01/2014 - 10/31/2014  
Page 2 of 2

Transaction History

Trade Date	Transaction Type	Gross Amount	Net Amount	NAV	Transaction Units	Total Units
MFS INTERNATIONAL GROWTH FUND CL 1						
— There are no transactions for this section —						

Message

Please contact your MFS relationship team for any questions regarding your account statement or transaction confirm.

1/2/14

# Bay County Employees' Retirement System

Heritage Trust Company, a subsidiary of MFS Investment Management Group, Inc.

October 31, 2014



31 October 2014

Performance results (%) class 01 shares net of expenses (USD)	Portfolio	Benchmark <sup>A</sup>	Excess returns
October 2014	-0.06	-0.35	0.29
Since client inception (06-Aug-14)	-2.76	-2.30	-0.45

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.**

For periods prior to the inception date of a unit class, performance information shown for such class is based on the performance of an older class of units that dates back to the Fund's inception, as adjusted to reflect differences in fees paid and expenses incurred by the newer class.

Net of expenses does not include management fees.

<sup>A</sup> MSCI All Country World (ex-US) Growth Index (net div)

Performance results reflect any applicable expense subsidies and waivers in effect during the periods shown. Without such subsidies and waivers the fund's performance results would be less favorable. All results are historical and assume the reinvestment of dividends and capital gains.

## Asset summary (USD)

Beginning value as of 30-Sep-14	15,584,344
Contributions	0
Withdrawals	0
Change in market value	-10,044
Ending value as of 31-Oct-14	15,574,300

Characteristics	Portfolio	Benchmark <sup>AA</sup>
IBES long-term EPS growth <sup>1</sup>	9.0%	11.0%
- weighted median		
Price/earnings (12 months forward)	16.8x	17.1x
- weighted median		
Return on equity (3-year average)	16.7%	15.1%
- weighted median		
Return on invested capital	11.7%	10.5%
- weighted median		
Market capitalization (USD) <sup>2</sup>	34.2 bn	28.8 bn
Number of holdings	95	1,066
Trailing 1 year turnover <sup>3</sup>	22%	-
Barra predicted tracking error <sup>4</sup>	2.53%	-

<sup>1</sup> Source: Thomson Reuters

<sup>2</sup> Weighted median.

<sup>3</sup> (Lesser of Purchase or Sales)/Average Month End Market Value

<sup>4</sup> Source: Barra

**No forecasts can be guaranteed.**

## Top ten holdings

Top ten holdings	Sector
NESTLE SA	Consumer Staples
DANONE	Consumer Staples
BAYER AG	Health Care
LVMH MOET HENNESSY	Retailing
COMPASS GROUP EQUITY	Special Products & Services
CANADIAN NATIONAL RAILWAY CO	Transportation
TAIWAN SEMICONDUCTOR	Technology
MANUFACTURING COMPANY LIMITED	
PERNOD-RICARD	Consumer Staples
ACCENTURE PLC	Special Products & Services
JAPAN TOBACCO INC	Consumer Staples

## Sectors (%)

Sectors (%)	Portfolio	Benchmark <sup>AA</sup>
Consumer Staples	19.3	12.9
Financial Services	13.3	16.3
Health Care	9.2	12.0
Technology	9.0	10.3
Special Products & Services	8.8	4.3
Retailing	8.4	6.9
Industrial Goods & Services	7.4	7.6
Basic Materials	7.1	6.5
Transportation	4.6	3.7
Energy	4.1	3.6
Autos & Housing	3.6	6.1
Leisure	3.5	4.3
Utilities & Communications	0.9	5.7

## Regions (%)

Regions (%)	Portfolio	Benchmark <sup>AA</sup>
Europe ex-U.K.	42.6	33.0
United Kingdom	19.0	13.1
Emerging Markets	14.2	22.2
Japan	11.1	15.0
North America	7.2	7.5
Asia/Pacific ex-Japan	4.1	8.7
Developed - Middle East/Africa	1.1	0.4

0.8% cash and other assets less liabilities.

FOR EXISTING INSTITUTIONAL CLIENT USE ONLY.

MFS Heritage Trust Company

<sup>AA</sup> MSCI All Country World (ex-US) Growth Index

## FOR MORE INFORMATION CONTACT

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Email: khyland@mfs.com

PSR-HTG-31-Oct-14

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Phone: +1 617 954 7492 | Cell: +1 857 208 5297

Email: tshanley@mfs.com

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Bay County Employees' Retirement System  
Growth Equity

Report as of 31 October 2014

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

Period	Portfolio gross	Portfolio net	Benchmark <sup>A</sup>	Excess <sup>AA</sup>
October	2.78	2.73	2.64	0.09
3Q 2014	1.25	1.09	1.49	-0.40
2Q 2014	3.15	3.00	5.13	-2.13
1Q 2014	-0.06	-0.21	1.12	-1.33
2014 YTD	7.27	6.74	10.73	-3.99
1 year	14.59	13.90	17.11	-3.21
Since client inception (04-Sep-12)	22.20	21.46	20.18	1.28

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.

<sup>A</sup> Russell 1000 Growth Index

<sup>AA</sup> Excess return net vs benchmark

FOR EXISTING INSTITUTIONAL CLIENT USE ONLY.

MFS Institutional Advisors, Inc.

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**Bay County Employees' Retirement System - Growth Equity**

**BCS**

Valuation Summary by Country 31-Oct-14 Portfolio Currency: USD

Issuer Country	Cost	Market Value	Accrued Income	Total Value	Total Value
<b>CASH</b>					
United States	644,153.58	644,153.58	0.00	644,153.58	1.39%
	644,153.58	644,153.58	0.00	644,153.58	1.39%
<b>COMMON STOCK</b>					
Canada	172,062.49	273,131.12	0.00	273,131.12	0.59%
United States	33,437,586.39	44,604,697.07	18,640.16	44,623,337.23	96.41%
	33,609,648.88	44,877,828.19	18,640.16	44,896,468.35	97.00%
<b>ADR</b>					
China	38,442.17	40,820.40	0.00	40,820.40	0.09%
France	648,668.33	634,739.20	0.00	634,739.20	1.37%
United Kingdom	67,117.40	69,602.30	0.00	69,602.30	0.15%
	754,227.90	745,161.90	0.00	745,161.90	1.61%
<b>Portfolio Totals:</b>	<b>35,008,030.36</b>	<b>46,267,143.67</b>	<b>18,640.16</b>	<b>46,285,783.83</b>	<b>100.00%</b>
<b>Accrued Income:</b>		<b>18,640.16</b>			
<b>Total Value:</b>		<b>46,285,783.83</b>			

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.

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**BAY COUNTY EMPLOYEES RETIREMENT SYSTEM**  
Monthly Report

.....  
October 31, 2014  
.....



November, 2014

Fall has barely begun and New York City is getting ready for the holiday season! There are ice skaters at Rockefeller Center already and storefronts are shifting to wintry scenes. Way too soon for most, but we do, after all, throw an incredible Thanksgiving Day Parade and have the Rockettes!

For your use and review, enclosed please find your portfolio's October, 2014 Investment Summary report. Should you have any questions or comments about this report, your portfolio, or the markets in general, please do not hesitate to call.

When you have a minute, please visit our website at [www.mackayshields.com](http://www.mackayshields.com) for updated materials about our firm, our mission and our investment strategies. We would also like to remind you that you can easily access your reports through the "Secure Site" section of our Website. If you need assistance establishing password access, just let us know.

Mackay Shields is grateful for the continuing opportunity to be of service.

Kind regards,

Virginia Rose

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### MARKET OVERVIEW

The U.S. convertible market, as measured by the BofA Merrill Lynch All Convertible Index, rose 1.49% in October, 2014, while underlying equities climbed 2.53%. During the quarter, investment-grade convertibles, as measured by the BofA Merrill Lynch Investment Grade Convertible Index, rose 2.85%, while speculative-grade convertibles increased 0.62%. Year-to-date, the All Convertible Index is up 9.30%.

During the month, the Standard & Poor 500 Index rose nearly 2.50% while the broader Russell 2000 Index gained more than 6.50%, bouncing back from a decline that saw the index down more than eight percent for the year at mid-October. Convertible securities also rebounded during the second half of October following a sharp selloff earlier in the month. There was no logical explanation for the stock and convertible market's decline and sharp reversal. Conflicts in Ukraine and the Middle East have been ongoing for most of the year, weakness in Europe has persisted for years, and the potential economic impact of the Ebola scare had never realistically been seen as meaningful. Yet, the market sold off sharply and rebounded as forcefully on little new news.

Despite the recent volatility, we believe that equity markets will be higher in the coming twelve to eighteen months as economic growth in the U.S. continues at a slow pace, while Europe's stagnant economies begin to expand in fits and starts. The Federal Reserve is likely to continue a monetary policy of low interest rates, which should foster a healthy climate for stocks and equity-linked securities, such as convertibles. The most important result from the recent volatility is the sharp decline in crude oil prices, which are more than 20 percent below where they were just a few months ago. Crude oil is a cost component of nearly every good produced and consumed in the world. Although energy producers and industries that serve them will feel the pinch of lower oil prices, the majority of manufacturers and consumers will benefit from lower fuel costs. We see this as a larger positive for the economy than most analysts predict.

We continue to believe that equities, and equity-linked securities such as convertibles, are attractively valued, particularly when compared to the yields on pure fixed income securities, specifically U.S. Treasury and investment-grade bonds. We maintain that in a slow growth environment, at current valuations, convertible bonds and stocks are attractive and should continue to perform well.

Sectors results were mixed during the month, with most hard asset sectors such as Energy, Materials and Industrials posting declines. Conversely, the Transportation, Healthcare, Utilities and Consumer related sectors outperformed the broader market.

Issuance in October slowed dramatically, with \$2.6 billion in new convertibles coming to market during the month. Year-to-date, approximately \$36.8 billion in new issuance has come into the U.S. convertible market, while approximately \$33.6 has been redeemed through redemptions and maturities. Although the issuer base has been well diversified across market-cap range and sector, the vast majority of issuance year-to-date continues to be non-rated. As previously noted, we expect new issuance from investment-grade companies to remain depressed until yields on the ten-year Treasury exceed 3.5%.

### PERFORMANCE<sup>1</sup>

The convertibles bonds of Danaher, Xilinx and Wellpoint were among the top contributors during the quarter. Danaher Corp. rose after the company reported decent third quarter earnings and announced that it would be selling its non-core communications equipment business for \$2.6 billion. The equity sensitive convertible bonds of semiconductor chip designer, Xilinx, rose after the company reported third quarter earnings that allayed investor fears about an inventory glut in the semiconductor industry. Earlier in the month, Microchip Technology, an industry bellwether, announced that near-term earnings would be negatively impacted by excess inventory that needed to be worked off. Investors sold the stocks and convertible bonds of similarly situated companies such as Xilinx. However, when Xilinx reported results later in the month, investors concluded that Microchip's troubles did not extend to most other companies. Health insurer,

# OCTOBER 2014

## OVERVIEW OF MONTHLY PERFORMANCE

MACKAY

Wellpoint, also performed well, largely in sympathy with the broader market. The company did report solid third quarter earnings and gave positive forward guidance, but the rally in the company's shares and convertible bonds began before the earnings announcement of late October.

Conversely, exposure to the convertible bonds of Citrix and Spansion, and synthetic convertible bonds of Schlumberger, weighed on performance during the quarter. Citrix Systems declined after the company reported third quarter revenue that was slightly weaker than expectations. The revenue miss came from sales shortfalls in Japan, China, and Russia, and soft sales of virtualization software. Other segments of Citrix's business were strong and management expects the virtualization results to improve in 2015. Spansion Inc. declined in October following the disappointing earnings announcement from Microchip Technology, which spooked investors in most semiconductor-related companies. Many semiconductor companies saw their share prices recover after reporting earnings results that were able to allay investor fears. Spansion, however, did not report earnings until the very end of October and, while their results sent the company's convertible bonds sharply higher, it was not enough to fully offset the decline from earlier in the month. Last, the synthetic convertibles of Schlumberger declined despite reporting third quarter earnings that were better than analyst estimates. During October, investors sold the securities of most energy-related companies due to fears that lower crude oil prices will lead to reduced demand for equipment and services offered by companies such as Schlumberger. For now, Schlumberger's management sees no negative impact to demand for its products due to reduced oil prices.

### OUTLOOK

2013 was an outstanding year for the convertible market, and the first ten months of 2014 have gone reasonably well. The past two years have marked the resurrection of a vibrant market for new convertible issuance, which has continued in 2014 following last year's nearly \$50 billion of new issuance. This surge in new issuance was largely due to the simultaneous rise in stock prices and interest rates. With the rise in rates, issuing companies could once again realize a significant interest savings by issuing a convertible bond instead of a non-convertible high-yield security. For most investment-grade companies, however, rates remain so low in absolute terms that the benefits of a convertible offering remain relatively muted. As such, the preponderance of new issuance in 2013 and 2014 has been from non-investment grade companies. In addition, following the stock market decline of 2008, companies were reluctant to issue equity-linked securities as they believed that doing so would dilute existing equity holders at prices that they believed under-valued their companies. However, with stocks at near-record levels, companies are no longer reluctant to issue a security linked to their equity.

The asset class's strong two-year returns are testimony to the notion that convertible bonds will outperform in a rising rate environment and, unlike nearly all other classes of fixed income instruments, have almost no correlation to the movement in interest rates. We believe that this trend will continue as long as the economy remains in recovery mode.

We remain convinced that convertible bonds and equities are attractively valued in the current slow growth environment. Given the slowly improving macro economy, and the relatively low rates of interest and inflation, stocks appear inexpensive based on various measures such as price to earnings, price to cash flow or price to free cash flow. As such, we expect convertible bond and stock prices to be higher in the coming twelve to eighteen months.

Convertible bonds remain an excellent vehicle through which to participate in further equity advances. At current valuations, convertible bonds should participate in the majority of the stock market's advances, but less than half of any decline in the event that our outlook for equities is wrong.

*†Please note that security specific disclosures are representative and may not be included in your portfolio.*

*This material contains the opinions of the Convertibles team of Mackay Shields LLC but not necessarily those of Mackay Shields LLC. The opinions expressed herein are subject to change without notice. This material is distributed for informational purposes only. Forecasts, estimates, and certain information contained herein are based upon proprietary research and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. No part of this document may be reproduced in any form, or referred to in any other publication, without express written permission of Mackay Shields LLC. ©2014, Mackay Shields LLC.*

# BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

MACKAY

## Portfolio Composition and Performance — Account 1256 October 31, 2014

Composition	Market Value	Percent of Total
Fixed Income	15,563,016	81.84
Equity	3,158,448	16.61
Cash & Equivalents	295,911	1.56
<b>Total Portfolio</b>	<b>\$19,017,376</b>	<b>100.00%</b>

Performance	Latest Month	Latest 3 Months	Year To Date	Latest 12 Months	3 Years Annualized	5 Years Annualized	Since 10/1/2003	Annualized Since 10/1/2003
Total Fund (Gross of fees)	1.91%	2.94%	9.68%	11.56%	11.10%	9.49%	108.81%	6.86%
ML CVT ALL INV GRADE	2.85%	3.55%	14.34%	16.75%	14.93%	11.12%	84.88%	5.70%
ML CVT ALL IG 5% CAP	3.11%	3.06%	11.94%	14.19%	N/A	N/A	N/A	N/A

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# BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

MACKAY

Summary Report — Account 1256  
 October 31, 2014

	Total Cost	Percent at Cost	Yield at Cost	Market Value	Percent of Assets	Yield at Market	Annual Income
Bonds	12,710,362	82.47	1.47	15,509,227	81.55	1.20	186,865
Stocks	2,701,572	17.53	3.25	3,141,754	16.52	2.79	87,762
Cash & Equivalents	0	0.00		295,911	1.56	0.09	266
Accrued Income				70,476	0.37		
Accrual Adjustment for Unsettled Trades				7	0.00		
	<u>\$15,411,934</u>	<u>100.00%</u>	<u>1.78</u>	<u>\$19,017,376</u>	<u>100.00%</u>	<u>1.45</u>	<u>\$274,893</u>

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# BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

MACKAY

## Holdings Report – Account 1256 October 31, 2014

Shares or Par Value	Security	Unit Cost	Total Cost	Current Price	Market Value	Percent of Assets	Yield	Annual Income	S & P
346,000	AIRTRAN HOLDINGS INC CONV BOND 5.250 11/01/2016	161.63	559,228	251.81	871,271	4.58	2.08	18,165	BBB
690,000	ALZA CORP CONV BOND 07/28/2020	81.14	559,876	148.44	1,024,219	5.39	0.00	0	AAA
47,000	AOL INC 144A 0.750 09/01/2019	100.00	47,000	103.63	48,704	0.26	0.72	353	NR
303,000	APOLLO INVESTMENT CORP REG CONV BOND 5.750 01/15/2016	100.49	304,499	103.50	313,605	1.65	5.56	17,423	BBB
150,000	ARES CAPITAL CORP 4.750 01/15/2018	106.75	160,125	104.38	156,563	0.82	4.55	7,125	BBB
32,000	BROADSOFT INC 1.500 07/01/2018	96.88	31,000	99.06	31,700	0.17	1.51	480	NR
169,000	CHART INDUSTRIES INC 2.000 08/01/2018	135.55	229,072	107.13	181,041	0.95	1.87	3,380	BB-
521,000	CITRIX SYSTEMS INC 144A 0.500 04/15/2019	105.65	550,429	104.56	544,771	2.86	0.48	2,605	BBB
142,000	CORNERSTONE ONDEMAND INC REG 1.500 07/01/2018	115.85	164,501	99.94	141,911	0.75	1.50	2,130	NR
109,000	CUBIST PHARMACEUTICALS 1.125 09/01/2018	100.00	109,000	114.75	125,078	0.66	0.98	1,226	NR
142,000	CUBIST PHARMACEUTICALS 1.875 09/01/2020	101.16	142,000	117.00	166,140	0.87	1.60	2,663	NR
419,000	DANAHER CORP CONV BOND 01/22/2021	194.00	423,870	283.44	978,103	5.14	0.00	0	A+
188,000	FORD MOTOR COMPANY CONV BOND REG 4.250 11/15/2016	317.73	364,720	165.19	310,553	1.63	2.57	7,990	BBB-
127,000	GILEAD SCIENCES INC 1.625 05/01/2016	122.89	403,512	492.06	624,920	3.29	0.33	2,064	A-
241,000	HELIX ENERGY SOLUTIONS CONV BOND REG 3.250 03/15/2032	151.81	296,155	127.00	306,070	1.61	2.56	7,833	NR
235,000	HOST HOTELS & RESORTS LP CONV BOND 144A 2.500 10/15/2029	105.13	356,786	179.44	421,678	2.22	1.39	5,875	BBB
349,000	ILLUMINA INC 144A 06/15/2019	132.11	366,894	110.88	386,954	2.03	0.00	0	BBB-
79,000	INCYTE CORP LTD CONV BOND 144A 0.375 11/15/2018	100.00	104,364	143.25	113,168	0.60	0.26	296	NR
59,000	INSULET CORPORATION REG 2.000 06/15/2019	100.57	59,000	114.88	67,776	0.36	1.74	1,180	NR
443,000	INTEL CORP CONV BOND REG 2.950 12/15/2035	125.25	445,514	128.13	567,594	2.98	2.30	13,069	A-
493,000	INTEL CORP CONV BOND 3.250 08/01/2039	99.24	617,485	166.06	818,691	4.30	1.96	16,023	A-
83,000	INVENSENSE INC 144A 1.750 11/01/2018	104.79	82,366	95.06	78,902	0.41	1.84	1,453	NR
118,000	KB HOME REG 1.375 02/01/2019	103.61	123,655	96.94	114,386	0.60	1.42	1,623	B
218,000	LIVE NATION ENTERTAINMEN 144A 2.500 05/15/2019	100.00	225,860	104.63	228,083	1.20	2.39	5,450	NR
68,000	MACQUARIE INFRASTRUCTURE REG 2.875 07/15/2019	136.31	68,000	113.25	77,010	0.40	2.54	1,955	BBB-
82,000	MICROCHIP TECHNOLOGY CONV BOND REG 2.125 12/15/2037	121.45	111,773	170.44	139,759	0.73	1.25	1,743	NR
291,000	NEWMONT MINING CONV BOND REG 1.625 07/15/2017	106.17	353,418	101.00	293,910	1.55	1.61	4,729	BBB
48,000	NUANCE COMMUNICATIONS CONV BOND REG 2.750 11/01/2031	100.00	50,962	98.06	47,070	0.25	2.80	1,320	BB-
368,000	RED HAT INC 144A 0.250 10/01/2019	121.14	368,000	108.31	398,590	2.10	0.23	920	BBB
450,000	RPW INTERNATIONAL INC REG 2.250 12/15/2020	103.90	545,151	110.69	498,094	2.62	2.03	10,125	BBB-
149,000	RTI INTERNATIONAL METALS REG 1.625 10/15/2019	111.38	154,805	96.19	143,319	0.75	1.69	2,421	NR
331,000	SALESFORCE.COM INC 0.250 04/01/2018	136.47	368,651	118.31	391,614	2.06	0.21	828	NR
556,000	SCHLUMBERGER 05/05/2015	136.47	758,773	173.18	962,881	5.06	0.00	0	NR

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# BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

MACKAY

Holdings Report — Account 1256  
October 31, 2014

Shares or Par Value	Security	Unit Cost	Total Cost	Current Price	Market Value	Percent of Assets	Yield	Annual Income	S & P
Bonds (Continued)									
113,000	SHUTTERFLY INC 0.250 05/15/2018	106.89	120,788	96.94	109,539	0.58	0.26	283	NR
36,000	SOLARCITY CORP 144A 1.625 11/01/2019	100.00	36,000	97.50	35,100	0.18	1.67	585	NR
111,000	SPANSION LLC 2.000 09/01/2020	168.50	187,035	160.63	178,294	0.94	1.25	2,220	NR
180,000	TELEFLEX INC CONV BOND REG 3.875 08/01/2017	101.42	182,550	187.75	337,950	1.78	2.06	6,975	B+
597,000	TEVA PHARMACEUTICALS CONV BOND 0.250 02/01/2026	112.35	670,730	133.75	798,488	4.20	0.19	1,493	A-
553,000	THE PRICELINE GROUP INC CONV BOND REG 1.000 03/15/2018	113.18	625,877	138.88	767,979	4.04	0.72	5,530	BBB+
72,000	TIVO INC 144A 2.000 10/01/2021	100.00	72,000	98.44	70,875	0.37	2.03	1,440	NR
72,000	TWITTER INC 144A 0.250 09/15/2019	100.00	72,000	91.94	66,195	0.35	0.27	180	NR
200,000	VERINT SYSTEMS INC 1.500 06/01/2021	104.18	208,365	112.06	224,125	1.18	1.34	3,000	B+
72,000	WABASH NATIONAL CORP CONV BOND 3.375 05/01/2018	121.62	87,568	113.50	81,720	0.43	2.97	2,430	NR
480,000	WELLPOINT INC 2.750 10/15/2042	120.21	576,990	175.13	840,600	4.42	1.57	13,200	A-
270,000	XILINX INC 2.625 06/15/2017	134.83	364,047	157.13	424,238	2.23	1.67	7,088	A-
			12,710,362		15,509,227	81.55	1.20	186,865	BB+
Stocks									
1,800	ALCOA INC	50.00	90,000	52.10	93,780	0.49	0.00	0	BB
500	AMERICAN TOWER CORP REG	100.00	50,000	107.13	53,563	0.28	1.24	663	NR
499	BANK OF AMERICA 7.250%	1,124.73	561,238	1,143.21	570,462	3.00	6.34	36,178	BB
3,600	CROWN CASTLE INTL CORP REG	102.26	368,139	101.61	365,796	1.92	1.11	4,050	NR
1,000	HEALTH CARE RETT 6.500 CNV PFD	50.00	50,000	62.50	62,500	0.33	5.20	3,250	BB+
1,000	MAIDEN HOLDINGS CNV PFD	50.00	50,000	46.73	46,730	0.25	0.00	0	NR
900	POST HOLDINGS INC 144A	100.00	90,000	89.88	80,892	0.43	0.00	0	NR
5,200	STANLEY BLACK & DECKER I CONV PFD UNITS	108.87	566,110	135.88	706,550	3.72	3.94	27,872	NR
2,700	TYSON FOODS INC REG	50.00	135,000	50.54	136,458	0.72	0.00	0	NR
6,200	UNITED TECHNOLOGIES CORP CONV PFD	64.11	397,485	58.52	362,824	1.91	3.20	11,625	BBB+
550	WELLS FARGO & COMPANY 7.500%	624.73	343,600	1,204.00	662,200	3.48	0.62	4,125	BBB
			2,701,572		3,141,754	16.52	2.79	87,762	B-
Cash & Equivalents									
	UNITED STATES DOLLAR 0.0900	0.00	295,911	1.00	295,911	1.56	0.09	266	AAA
			295,911		295,911	1.56	0.09	266	AAA
	Accrued Income				70,476				0.37

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# BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

MACKAY

Holdings Report — Account 1256  
 October 31, 2014

Shares or Par Value	Security	Unit Cost	Total Cost	Current Price	Market Value	Percent of Assets	Yield	Annual Income	S & P
		7				0.00			
			<u>\$15,707.845</u>		<u>\$19,017,376</u>	<u>100.00%</u>	<u>1.45</u>	<u>\$274,893</u>	<u>BB</u>
Total Portfolio									

Accrual Adjustment for Unsettled Trades

# BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

MACKAY

## Purchases Report — Account 1256 Month Ending October 31, 2014

Trade Date	Quantity (Units)	Security Description	Average Cost	Total Cost
Purchases				
10/29/14	70,000	INVENSENSE INC 144A 1.750 11/1/2018	96.31	67,416.09
10/02/14	368,000	RED HAT INC 144A 0.250 10/1/2019	100.00	368,000.00
10/13/14	123,000	XILINX INC 2.625 6/15/2017	135.05	166,111.50
<b>Total Purchases</b>				<b>\$601,527.59</b>

# BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

MACKAY

## Sales Report — Account 1256

Month Ending October 31, 2014

Trade Date	Quantity (Units)	Security Description	Unit Cost	Total Proceeds	Realized Gain/Loss
Sell Long 10/01/14 - 10/15/14	46,000	INVENSENSE INC 144A 1.750 11/1/2018	1.15.00	50,708.24	-2,191.76
<b>Total Sales</b>				<b>\$50,708.24</b>	<b>-\$2,191.76</b>

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Schroder Capital Management Collective Trust  
 C/O US Bancorp Fund Services, LLC  
 PO Box 701  
 Milwaukee, WI 53201-0701

**Account Statement** Page 1 of 1  
 for the period of: October 1, 2014 - October 31, 2014

BAY COUNTY EMPLOYEES' RETIREMENT SY  
 ATTN JANIE TRACEY  
 515 CENTER AVE  
 BAY CITY MI 48708-5941



If you have any questions or comments regarding this statement, please contact your Client Service team at Schroders, New York at clientservicenyc@us.schroders.com.

**Positions Held**

	Fund Number	Account Number	Total Shares	Share Price	Fund Value	% of Holdings
SCHRODER INTERNATIONAL SMALL CO'S FUND	3179	50306	1,901.702	\$9,373.1547	\$17,824,947.04	100.00%
TOTAL VALUE					\$17,824,947.04	100.00%

**Account Year-to-Date Summary**

	Fund Number	Account Number	Investments	Redemptions	Dividends	Capital Gains
SCHRODER INTERNATIONAL SMALL CO'S FUND	3179	50306	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL VALUE			\$0.00	\$0.00	\$0.00	\$0.00

**Transaction Detail**

Trade Date	Transaction	Dollar Amount	Price	Shares	Total Shares
SCHRODER INTERNATIONAL SMALL CO'S FUND FUND/ACCOUNT NUMBER: 3179-50306					
	BALANCE FORWARD				1,901.702
	ENDING BALANCE	\$17,824,947.04	\$9,373.1547		1,901.702

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Ms. Crystal Herbert  
 Bay County Financial Officer  
 Bay County Retirement System  
 515 Center Avenue  
 Suite 701  
 Bay City, MO 48708

Date 11/12/2014  
 Page 1 of 2

Commission Program Review  
 Rep: MARY DAVIDSON

**Month Summary: BAY COUNTY EMPLOYEES RETIREMENT SYSTEM**

*Period: October 1, 2014 To October 31, 2014*

	<u>October 2014</u>	<u>Year To Date</u>
Opening Balance:	\$0.00	\$0.00*
Commission:	\$88.00	\$186.00
Credit:	\$2.00	\$3.00
Payments:	\$0.00	\$0.00
Adjustments:	\$0.00	\$1.00 <sup>db</sup>
Ending Balance:	\$2.00 <sup>cr</sup>	\$2.00 <sup>cr</sup>

\*Previous Year's closing balance

**Manager Commission Summary**

	<u>October 2014 Commission</u>	<u>October 2014 Credit</u>	<u>Year to Date Commission</u>	<u>Year to Date Credit</u>
HOTCHIKIS & WILEY	\$88.00	\$2.00	\$186.00	\$3.00
Total:	\$88.00	\$2.00	\$186.00	\$3.00

**Adjustments Summary**

	<u>October 2014</u>	<u>Year to Date</u>
TO ADJUST BALANCE	\$0.00	-\$1.00 <sup>db</sup>
Total:	\$0.00	-\$1.00 <sup>db</sup>

***Are you considering making a portfolio change soon? Contact your Abel Noser representative or Transitions@abelnoser.com for information about our Transition Service which was rated #1 in the 'Overall Service' category in the 2013 aiCIO Global TM Survey.***

*In order to comply with ERISA; It is our understanding that the monies disbursed from your commission recapture account are for the exclusive benefit of the plan's participants and their beneficiaries. Please contact us if you see there are any exceptions to this compliance.*

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Date 11/12/2014

Page 2 of 2

Commission Program Review

Rep: MARY DAVIDSON

**Trade Details: BAY COUNTY EMPLOYEES RETIREMENT SYSTEM**

*Period: October 1, 2014 To October 31, 2014*

**Account: 1122-BAY COUNTY EMPL RET SYSTEM/ HOTCHKIS EAN71916**

<u>trade date</u>	<u>side</u>	<u>ticker</u>	<u>security description</u>	<u>share</u>	<u>commission</u>	<u>credit</u>	<u>cumulation</u> <u>credit</u>
10/02/14	S	ERJ	EMBRAER S A	1,000	\$10.00	\$0.00	\$0.00
10/02/14	S	KALU	KAISER ALUMINUM CORP COM PA	200	\$2.00	\$0.00	\$0.00
10/02/14	S	SNV	SYNOVUS FINL CORP COM NE	600	\$6.00	\$0.00	\$0.00
10/02/14	S	SNV	SYNOVUS FINL CORP COM NE	1,400	\$7.00	\$0.00	\$0.00
10/06/14	B	HGR	HANGER INC COM NE	100	\$1.00	\$0.00	\$0.00
10/07/14	B	HGR	HANGER INC COM NE	100	\$1.00	\$0.00	\$0.00
10/08/14	B	HGR	HANGER INC COM NE	100	\$1.00	\$0.00	\$0.00
10/09/14	B	HGR	HANGER INC COM NE	200	\$2.00	\$0.00	\$0.00
10/10/14	B	HGR	HANGER INC COM NE	300	\$3.00	\$0.00	\$0.00
10/10/14	S	RUSHA	RUSH ENTERPRISES INC CL A	100	\$1.00	\$0.00	\$0.00
10/13/14	B	HGR	HANGER INC COM NE	100	\$1.00	\$0.00	\$0.00
10/13/14	S	RUSHA	RUSH ENTERPRISES INC CL A	100	\$1.00	\$0.00	\$0.00
10/14/14	B	RDC	ROWAN COMPANIES PLC SHS CL	200	\$2.00	\$0.00	\$0.00
10/14/14	S	RUSHA	RUSH ENTERPRISES INC CL A	200	\$2.00	\$0.00	\$0.00
10/15/14	B	KOS	KOSMOS ENERGY LTD SHS	500	\$5.00	\$0.00	\$0.00
10/15/14	S	RUSHA	RUSH ENTERPRISES INC CL A	100	\$1.00	\$0.00	\$0.00
10/16/14	B	KOS	KOSMOS ENERGY LTD SHS	200	\$2.00	\$0.00	\$0.00
10/16/14	S	RUSHA	RUSH ENTERPRISES INC CL A	100	\$1.00	\$0.00	\$0.00
10/21/14	B	SAH	SONIC AUTOMOTIVE INC CL A	400	\$4.00	\$0.00	\$0.00
10/22/14	B	SAH	SONIC AUTOMOTIVE INC CL A	200	\$2.00	\$0.00	\$0.00
10/23/14	S	FHN	FIRST HORIZON NATL CORP COM	800	\$8.00	\$0.00	\$0.00
10/23/14	S	RCII	RENT A CTR INC NEW COM	700	\$7.00	\$0.00	\$0.00
10/24/14	S	FHN	FIRST HORIZON NATL CORP COM	400	\$4.00	\$0.00	\$0.00
10/24/14	S	RCH	RENT A CTR INC NEW COM	200	\$4.00	\$2.00	\$2.00
10/24/14	S	RCII	RENT A CTR INC NEW COM	200	\$2.00	\$0.00	\$2.00
10/24/14	B	SAH	SONIC AUTOMOTIVE INC CL A	300	\$3.00	\$0.00	\$2.00
10/27/14	S	FHN	FIRST HORIZON NATL CORP COM	200	\$2.00	\$0.00	\$2.00
10/27/14	S	RCII	RENT A CTR INC NEW COM	300	\$3.00	\$0.00	\$2.00
Account Total:				9,300	\$88.00	\$2.00	
Grand Total:				9,300	\$88.00	\$2.00	

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**Bay County Employees' Ret. Sys.**  
 CAPIs Account: 10263  
 Settlement Month Ending: 10/31/2014

**TOTAL COMMISSION**

**COMMISSION ALLOCATION**

	TOTAL COMMISSION		COMMISSION ALLOCATION	
	October	YTD	Execution	Recapture
	October	YTD	October	YTD
Beginning Balance				
U.S. Equity	345.18	773.63	132.48	\$212.45
International Equity	-	-	-	212.70
Fixed Income	-	-	-	-
International Fixed Income	-	-	-	-
New Issues	-	-	-	-
Options	-	-	-	-
Futures	-	-	-	-
Foreign Currency	-	-	-	-
Syndicates	-	-	-	-
U.S. Correspondent Equity	75.21	686.72	35.10	40.11
<b>Recapture Subtotals</b>	<b>\$ 420.39</b>	<b>\$ 1,460.35</b>	<b>\$ 167.58</b>	<b>\$ 252.81</b>
Execution				
Directed	\$ 99.87	\$ 130.21	307.94	378.78
Correspondent Broker/Dealer	\$ 0.00	\$ 0.00	-	-
<b>Total</b>	<b>\$ 520.26</b>	<b>\$ 1,590.56</b>	<b>\$ 638.37</b>	<b>\$ 821.98</b>

Total Earned	\$ 252.81	\$ 821.98
Total Redeemed	\$ 212.45	\$ 569.17
<b>Balance as of 10/31/2014</b>	<b>\$ 252.81</b>	<b>\$ 252.81</b>

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**CAPITAL  
INSTITUTIONAL  
SERVICES, INC.**

1601 Elm Street, Suite 3900  
Dallas, Texas 75201

214.720.0055  
800.247.6729

Founded 1977  
Member NYSE, FINRA, NFA, SIPC

**Bay County Employees' Ret. Sys.**

CAPIS Account: 10263

Settlement Month Ending: 10/31/2014

**Summary of Segregated Account Detail**

	October	YTD
Payment from Segregated Account	\$ 212.45	\$ 569.17
	\$ 212.45	\$ 569.17

**Segregated Account Detail**

Service Period	Comments/Notes	Vendor Invoice #	Date Paid	October	Prior Months	YTD	Mixed Use %
August 2014	Commission Recapture	296555Bay Count	09/15/2014		\$ 356.72		
September 2014	Commission Recapture	297163Bay Count	10/14/2014	\$ 212.45		\$ 212.45	
	Payment from Segregated Account Total			\$ 212.45	\$ 356.72	\$ 569.17	
	Grand Total			\$ 212.45	\$ 356.72	\$ 569.17	

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**CAPITAL  
INSTITUTIONAL  
SERVICES, INC.**

1601 Elm Street, Suite 3900  
Dallas, Texas 75201

214.720.0055  
800.247.6729

Founded 1977  
Member NYSE, FINRA, NFA, SIPC

**Bay County Employees' Ret. Sys.**  
CAPIS Account: 10263

Settlement Month Ending: 10/31/2014

**Summary of Execution by Security Type**

Security Type	October	YTD
U.S. Equity	\$99.87	\$130.21
	\$ 99.87	\$ 130.21

**Execution Trade Blotter**

Trade Date	Stim Date	Post Date	Side	Shares	Ticker	Security Description	Brokerage Account Number	Brokerage Account Name	Price	Commission
10/23/2014	10/28/2014	10/24/2014	S	4,834	BDBD	BOULDER BRANDS INC	3PF07W51	05231100 BAY CITY EMP RET	9.0024	48.34
10/23/2014	10/28/2014	10/24/2014	S	5,153	BDBD	BOULDER BRANDS INC	3PF07W51	05231100 BAY CITY EMP RET	9.0069	51.53
<b>Total for U.S. Equity</b>										<b>\$ 99.87</b>
<b>Execution Total</b>										<b>\$ 99.87</b>

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**CAPITAL  
INSTITUTIONAL  
SERVICES, INC.**

1601 Elm Street, Suite 3900  
Dallas, Texas 75201

214.720.0055  
800.247.6729

Founded 1977  
Member NYSE, FINRA, NFA, SIPC

**Bay County Employees' Ret. Sys.**

CAPIS Account: 10263

Settlement Month Ending: 10/31/2014

**Summary of Directed Commission by Manager**

	Shares	Commission		Recapture Allocation	
		October	YTD	October	YTD
Columbia Management Advisors	2,507	\$75.21	\$579.75	\$40.11	\$309.20
Eagle Asset Management	13,248	345.18	728.31	212.70	409.21
Geneva Capital Management LLC	0	0.00	45.32	0.00	33.99
MFS Investment Management	0	0.00	106.97	0.00	69.58
	<b>15,755</b>	<b>\$ 420.39</b>	<b>\$ 1,460.35</b>	<b>\$ 252.81</b>	<b>\$ 821.98</b>

**Recapture Commission Activity**

Trade Date	Submit Date	Post Date	Side	Shares	Ticker	Security Description	Brokerage Account Number	Brokerage Account Name	Ex Brkr	Price	Commission	Recapture Allocation
09/11/2014	09/16/2014	10/21/2014	B	2,507	TSN	TYSON FOODS INC CL A	3MB01C57	E53D BAY COUNTY	WEEDEN	38.5902	75.21	40.11
<b>Total for Columbia Management Advisors</b>												
				<b>2,507</b>							<b>\$ 75.21</b>	<b>\$ 40.11</b>
<b>Eagle Asset Management</b>												
09/30/2014	10/03/2014	10/01/2014	B	1,345	JBLU	JETBLUE AIRWAYS CORP DEL	3PF07W51	05231100 BAY CITY	CAPIS	10.6472	40.35	26.90
10/03/2014	10/08/2014	10/04/2014	S	6,677	ELGX	ENDOLOGIX INC	3PF07W51	05231100 BAY CITY	CAPIS	11.3140	200.31	133.54
10/27/2014	10/30/2014	10/28/2014	B	2,120	AKBA	AKERBIA THERAPEUTICS INC	3PF07W51	05231100 BAY CITY	CAPIS	13.8457	42.40	21.20
10/27/2014	10/30/2014	10/28/2014	S	1,105	INVN	INVENSENSE INC USD0.001	3PF07W51	05231100 BAY CITY	CAPIS	19.8927	22.10	11.05
10/27/2014	10/30/2014	10/28/2014	S	927	TEN	TENNECO INC DEL	3PF07W51	05231100 BAY CITY	CAPIS	49.7983	18.54	9.27
10/28/2014	10/31/2014	10/29/2014	S	1,074	INVN	INVENSENSE INC USD0.001	3PF07W51	05231100 BAY CITY	CAPIS	20.4577	21.48	10.74
<b>Total for Eagle Asset Management</b>												
				<b>13,248</b>							<b>\$ 345.18</b>	<b>\$ 212.70</b>
<b>Recapture Trade Total</b>												
				<b>15,755</b>							<b>\$ 420.39</b>	<b>\$ 252.81</b>

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ALAN... CAPITAL INSTITUTIONAL SERVICES, INC. 1601 Elm Street, Suite 3900 Dallas, Texas 75201 214.720.0055 800.247.6729 FOUNDED 1977 MEMBER NYSE, FINRA, NFA, SIPC



1601 Elm Street, Suite 3900  
Dallas, Texas 75201

214.720.0055  
800.247.6729

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**Bay County Employees' Ret. Sys.**

CAPIS Account: 10263

Settlement Month Ending: 10/31/2014

**Summary of Activity by Month**

	Commission		Recapture Allocation		Redeemed Recapture		Balance
	Month	YTD	Month	YTD	Month	YTD	
Beginning Balance							
January	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
February	.00	.00	.00	.00	.00	.00	.00
March	.00	.00	.00	.00	.00	.00	.00
April	.00	.00	.00	.00	.00	.00	.00
May	.00	.00	.00	.00	.00	.00	.00
June	.00	.00	.00	.00	.00	.00	.00
July	94.07	94.07	64.99	64.99	.00	.00	64.99
August	549.82	643.89	291.73	356.72	.00	.00	356.72
September	426.41	1,070.30	212.45	569.17	356.72	356.72	212.45
October	520.26	1,590.56	252.81	821.98	212.45	569.17	252.81

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

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



**CAPITAL  
INSTITUTIONAL  
SERVICES, INC.**

1601 Elm Street, Suite 3900  
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**Bay County Employees' Ret. Sys.**

**CAPIS Account: 10263**

**Settlement Month Ending: 10/31/2014**

**Explanation of Your Statement**

Total Commission is a summary of brokerage transactions by security type. The Commission Allocation is the amount applicable to Execution and Research/Receipture for both the month and the year-to-date.

Research Payment Detail reports by vendor the payments made from the Commission Allocation for Research including service period covered, any comments or notes, vendor invoice number, date paid, and the per-seq tags allocated for mixed-use payments during the current month.

Payment from Segregated Account summarizes the year-to-date disbursements made based on the Commission Allocation for Research.

Trade Blotter shows the monthly detail of all brokerage transactions based on trade or settlement date and the corresponding Commission and Research/Receipture Allocation.

Execution Only Trade Blotter shows the monthly detail of all brokerage transactions based on Trade or Settlement date.

Directed Commission Reports show all prices executed for or by CAPIS at the direction of a plan sponsor. The manager's statement is a listing by each plan sponsor providing direction. The plan sponsor's statement provides a listing for each manager who has directed trades for the period.

Transition Statement will only be included if a change is made in reporting from Trade Date to Settlement Date or the reverse. This report is a summary of any transactions transferred into the transition period between the Trade Date and Settlement Date and vice versa.

Research Commission Allocation  
The Commission Allocation for Research is not a contractual liability of CAPIS and is not redeemable in cash. CAPIS provides discretionary research and brokerage services to clients for commission generated through transactions. CAPIS reserves the right to refuse payment of any invoice.

The Commission Allocation for Research and Receipture is calculated on settlement date. If your statement is based on trade date data, your Commission Allocation balance could be higher or lower depending upon account activity between month end and final settlement date.

**Statement Online**

This statement may be viewed online by logging into the Concourse portal at [www.capis.com](http://www.capis.com). If you do not have a login ID or password, one can be obtained from your CAPIS Account Executive.

Our current financial statement is available online at [www.capis.com](http://www.capis.com). Additionally, this statement is available for your personal inspection at our offices or a copy will be mailed upon your written request.

Also available online or upon written request are our policies regarding the following programs: Customer Identification Program, Privacy Policy, Reg NMS, SEC Record, SPO Notification, Payment for Order Flow Practices, and Extended Hours Trading.

Please advise CAPIS promptly of any inaccuracies or discrepancies in your account statement in order to protect your rights, including those under the Securities Investor's Protection Act (SIPA), all oral communications regarding discrepancies must be re-confirmed in writing to the following address:

Capital Institutional Services Inc.  
Attention: Compliance  
1601 Elm Street, Suite 3900  
Dallas, TX 75201

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# Securities Lending Summary Earnings Report for MR

2618668,2608694,2663296,2639956,2695063,2622536,26

From Oct 1, 2014 To Oct 31, 2014

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
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ACCOUNT NUMBER : 2608694

ACCOUNT NAME : \*BAYCO - COLUMBIA MANAGEMENT

CURRENCY : USD

OPEN CASH	0.00	1,572.76	0.00	0.00	1,572.76
TERM CASH	0.00	162.61	0.00	0.00	162.61
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,735.37	0.00	0.00	1,735.37
TOTAL REBATES	0.00	-131.41	0.00	0.00	-131.41
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,866.78	0.00	0.00	1,866.78
BANK FEES	0.00	746.07	0.00	0.00	746.07
NET INCOME	0.00	1,120.71	0.00	0.00	1,120.71

ACCOUNT NUMBER : 2618668

ACCOUNT NAME : \*BAYCO - BAIRD -SL

CURRENCY : USD

OPEN CASH	1,647.55	0.00	0.00	0.00	1,647.55
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	1,647.55	0.00	0.00	0.00	1,647.55
TOTAL REBATES	841.99	0.00	0.00	0.00	841.99
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	805.56	0.00	0.00	0.00	805.56
BANK FEES	322.04	0.00	0.00	0.00	322.04
NET INCOME	483.52	0.00	0.00	0.00	483.52

# Securities Lending

## Summary Earnings Report for MR

### 2618668,2608694,2663296,2639956,2695063,2622536,26

From Oct 1, 2014 To Oct 31, 2014

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUMBER : 2622490					
ACCOUNT NAME : *BAYCO - MACKAY SHIELDS -SL					
CURRENCY : USD					
OPEN CASH	1,120.80	106.02	0.00	7.72	1,234.54
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	203.03	0.00	0.00	0.00	203.03
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	1,323.83	106.02	0.00	7.72	1,437.57
TOTAL REBATES	-991.27	-10.19	0.00	-0.74	-1,002.20
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	2,315.10	116.21	0.00	8.46	2,439.77
BANK FEES	925.37	46.37	0.00	3.36	975.10
NET INCOME	1,389.73	69.84	0.00	5.10	1,464.67
ACCOUNT NUMBER : 2622536					
ACCOUNT NAME : *BAYCO - HOTCHKIS & WILEY -SL					
CURRENCY : USD					
OPEN CASH	0.00	987.61	0.00	317.52	1,305.13
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	21.22	0.00	0.00	21.22
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,008.83	0.00	317.52	1,326.35
TOTAL REBATES	0.00	-89.96	0.00	-30.57	-120.53
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,098.79	0.00	348.09	1,446.88
BANK FEES	0.00	436.93	0.00	138.29	575.22
NET INCOME	0.00	661.86	0.00	209.80	871.66

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# Securities Lending

## Summary Earnings Report for MR

### 2618668,2608694,2663296,2639956,2695063,2622536,26

From Oct 1, 2014 To Oct 31, 2014

Page 3 of 6

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUMBER : 2641401					
ACCOUNT NAME : *BAYCO - LOOMIS SAYLES -SL					
CURRENCY : USD					
OPEN CASH	1,042.69	0.00	504.72	0.00	1,547.41
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	24.34	0.00	0.00	0.00	24.34
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	1,067.03	0.00	504.72	0.00	1,571.75
TOTAL REBATES	-98.28	0.00	-159.55	0.00	-257.83
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	1,165.31	0.00	664.27	0.00	1,829.58
BANK FEES	465.42	0.00	265.40	0.00	730.82
NET INCOME	699.89	0.00	398.87	0.00	1,098.76
ACCOUNT NUMBER : 2649057					
ACCOUNT NAME : *BAYCO GENEVA CAPITAL MGMT -SL					
CURRENCY : USD					
OPEN CASH	0.00	1,648.97	0.00	116.93	1,765.90
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,648.97	0.00	116.93	1,765.90
TOTAL REBATES	0.00	-161.54	0.00	-11.46	-173.00
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,810.51	0.00	128.39	1,938.90
BANK FEES	0.00	723.34	0.00	51.31	774.65
NET INCOME	0.00	1,087.17	0.00	77.08	1,164.25

# Securities Lending

## Summary Earnings Report for MR

2618668,2608694,2663296,2639956,2695063,2622536,26

From Oct 1, 2014 To Oct 31, 2014

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
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ACCOUNT NUMBER : 2653308

ACCOUNT NAME : \*BAYCO - INTEGRITY -SL

CURRENCY : USD

OPEN CASH	0.00	1,557.96	0.00	142.52	1,700.48
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	2.96	0.00	0.04	3.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,560.92	0.00	142.56	1,703.48
TOTAL REBATES	0.00	-237.19	0.00	-25.40	-262.59
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,798.11	0.00	167.96	1,966.07
BANK FEES	0.00	717.58	0.00	67.03	784.61
NET INCOME	0.00	1,080.53	0.00	100.93	1,181.46

ACCOUNT NUMBER : 2663296

ACCOUNT NAME : \*BAYCO - CORNERSTONE REALES-SL

CURRENCY : USD

OPEN CASH	0.00	1,225.58	0.00	0.00	1,225.58
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,225.58	0.00	0.00	1,225.58
TOTAL REBATES	0.00	-128.42	0.00	0.00	-128.42
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,354.00	0.00	0.00	1,354.00
BANK FEES	0.00	540.25	0.00	0.00	540.25
NET INCOME	0.00	813.75	0.00	0.00	813.75

# Securities Lending

## Summary Earnings Report for MR

### 2618668,2608694,2663296,2639956,2695063,2622536,26

From Oct 1, 2014 To Oct 31, 2014

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUMBER : 2683854					
ACCOUNT NAME : *BAYCO - MFS INVESTMENTS -SL					
CURRENCY : USD					
OPEN CASH	0.00	1,756.74	0.00	75.55	1,832.29
TERM CASH	0.00	16.10	0.00	0.00	16.10
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,772.84	0.00	75.55	1,848.39
TOTAL REBATES	0.00	-192.55	0.00	-13.59	-206.14
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,965.39	0.00	89.14	2,054.53
BANK FEES	0.00	785.40	0.00	35.57	820.97
NET INCOME	0.00	1,179.99	0.00	53.57	1,233.56
ACCOUNT NUMBER : 2695063					
ACCOUNT NAME : *BAYCO - EAGLE ASSET -SL					
CURRENCY : USD					
OPEN CASH	0.00	1,468.54	0.00	51.12	1,519.66
TERM CASH	0.00	27.61	0.00	0.00	27.61
NON CASH	0.00	209.06	0.00	10.92	219.98
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,705.21	0.00	62.04	1,767.25
TOTAL REBATES	0.00	-2,651.71	0.00	-45.52	-2,697.23
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	4,356.92	0.00	107.56	4,464.48
BANK FEES	0.00	1,739.32	0.00	42.84	1,782.16
NET INCOME	0.00	2,617.60	0.00	64.72	2,682.32

# Securities Lending Summary Earnings Report for MR

2618668,2608694,2663296,2639956,2695063,2622536,26

From Oct 1, 2014 To Oct 31, 2014

Page 6 of 6

GRAND TOTAL CURRENCY : USD	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
OPEN CASH	3,811.04	10,324.18	504.72	711.36	15,351.30
TERM CASH	0.00	206.32	0.00	0.00	206.32
NON CASH	227.37	233.24	0.00	10.96	471.57
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	4,038.41	10,763.74	504.72	722.32	16,029.19
TOTAL REBATES	-247.56	-3,602.97	-159.55	-127.28	-4,137.36
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	4,285.97	14,366.71	664.27	849.60	20,166.55
BANK FEES	1,712.83	5,735.26	265.40	338.40	8,051.89
NET INCOME	2,573.14	8,631.45	398.87	511.20	12,114.66

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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.

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REFUNDS: FOR THE MONTH ENDED:

November 30, 2014

EMPLOYEE/BENEFICIARY	CONTRIBUTIONS	PROCESSED	DEPARTMENT	TERMINATION
DZIURKA, MARGARET	12,035.68	11/21/14	BMC	10/31/14
MARSHALL, JAKE	2,298.27	11/25/14	BABH	4/11/14

TOTAL REFUNDS: 14,333.95

NEW RETIREE	CONTRIBUTIONS TRANSFERRED	RETIREMENT GROUP/ COUNTY DEPT	EFFECTIVE DATE
MAJESKE, TIMOTHY	84,671.89	ROAD	11/15/2014

DECEASED EMPLOYEE/ RETIREE	BENEFICIARY	REFUND/ PENSION	DATE OF DEATH	DIVISION/ DEPARTMENT
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NO REFUNDS EMPLOYEE NAME	ACCUMULATED CONTRIBUTIONS	UNION GROUP	DATE TERMINATED
BHELLE, NHUJALA	362.99	BMC GEN UNIT	11/2/2014
HALL, PASHAN BRITTANY	101.22	BMC NON-UNION	10/30/2014
PARKER, KASSIE	476.73	BMC USW	11/1/2014

577.95

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# Bay County Michigan

12/03/2014 10:03  
KFriessnitz

BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

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glytdbud

FOR 2014 11

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
<b>7310 RETIREMENT SYSTEM FUND</b>							
<b>73127400 RETIREMENT BOARD</b>							
<b>RA FUND BALANCE, NET AS</b>							
73127400 40001 FUND BALANCE	0	0	.00	.00	.00	.00	.0%
73127400 40003 FUND BALANCE-RESRVS	16,176	16,176	.00	.00	.00	16,176.00	.0%
73127400 40004 NET ASSETS - RESERV	3,763,344	3,755,344	.00	.00	.00	3,755,344.00	.0%
<b>TOTAL FUND BALANCE, NET AS</b>	<b>3,779,520</b>	<b>3,771,520</b>	<b>.00</b>	<b>.00</b>	<b>.00</b>	<b>3,771,520.00</b>	<b>.0%</b>
<b>RJ LOCAL UNIT CONTRIBUT</b>							
73127400 59401 ER CONTR-BEHAVE HEA	-1,300,000	-1,300,000	-672,696.98	-949.54	.00	-627,303.02	51.78*
73127400 59402 ER CONTR-MCSQUITO C	-13,000	-13,000	-11,163.31	-4,360.93	.00	-1,836.69	85.9%*
73127400 59403 ER CONTR-HEALTH FUN	-57,000	-57,000	-48,701.46	.00	.00	-8,298.54	85.4%*
73127400 59404 ER CONTR-ROAD COMM	-520,000	-520,000	-393,399.41	.00	.00	-126,600.59	75.7%*
73127400 59406 ER CONTR-LIBRARY	-130,000	-130,000	-127,184.07	.00	.00	-2,815.93	97.8%*
73127400 59407 ER CONTR-GOLF COURS	-6,000	-6,000	-3,360.70	-295.86	.00	-2,639.30	56.0%*
73127400 59408 ER CONTR-GENERAL FU	-375,000	-375,000	-329,139.36	-29,022.57	.00	-45,860.64	87.8%*
73127400 59409 ER CONTR-DWS	-250,000	-250,000	-267,370.75	.00	.00	17,370.75	106.9%
73127400 59410 ER CONTR-911 SERVIC	-45,000	-45,000	-36,980.42	-3,211.21	.00	-8,019.58	82.2%*
73127400 59411 ER CONTR-CHILD CARE	-40,000	-40,000	-34,854.66	-3,057.54	.00	-5,145.34	87.1%*
73127400 59412 ER CONTR-DIV ON AGI	-43,000	-43,000	-33,865.60	-3,356.05	.00	-9,134.40	78.8%*
73127400 59413 ER CONTR-RETIRE SYS	-1,800	-1,800	-1,606.24	-188.13	.00	-193.76	89.2%*
73127400 59414 ER CONTR-HOMELAND S	-3,500	-3,500	.00	.00	.00	-3,500.00	.0%*
73127400 59415 ER CONTR-GYPSY MOTH	-2,000	-2,000	-5,004.88	-154.53	.00	3,004.88	250.2%
73127400 59416 ER CONTR-HOME REHAB	-180	-180	-183.38	-1.80	.00	3.38	101.9%
73127400 59418 ER CONTR-100% TAX P	-3,200	-3,200	-2,778.05	-223.02	.00	-421.95	86.8%*
73127400 59419 ER CONTR-MED CARE F	-700,000	-700,000	-517,778.32	-27,59	.00	-182,221.68	74.0%*
73127400 59424 ER CONTR-SELF INSUR	-500	-500	-411.65	-27.59	.00	-88.35	82.3%*
73127400 59427 ER CONTR-COMM CORRE	-3,100	-3,100	-1,366.85	-118.66	.00	-1,733.15	44.1%*
73127400 59429 ER CONTR-F.O.C. FUN	-2,100	-2,100	-2,135.99	-186.44	.00	-35.99	101.7%
73127400 59430 ER CONTR-HOUSING FU	-6,800	-6,800	-4,923.28	-406.39	.00	-1,876.72	72.4%*
73127400 59434 ER CONTR-LOCAL CFO	0	0	-216.16	-64.06	.00	216.16	100.0%
73127400 59499 ER CONTR-SHERIFF DE	0	0	-19,142.74	-1,666.16	.00	19,142.74	100.0%
73127400 59501 EE CONTR-BEHAVE HEA	-580,000	-580,000	-324,732.37	.00	.00	-255,267.63	56.0%*

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# Bay County Michigan

12/03/2014 10:03  
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BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

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FOR 2014 11

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73127400 59502 EE CONTR-MOSQUITO_C	-12,500	-12,500	-11,163.31	-949.54	.00	-1,336.69	89.3%
73127400 59503 EE CONTR-HEALTH FUN	-60,000	-60,000	-48,701.46	-4,360.93	.00	-11,298.54	81.2%
73127400 59504 EE CONTR-ROAD COMM	-130,000	-130,000	-91,761.27	.00	.00	-38,238.73	70.6%
73127400 59506 EE CONTR-LIBRARY	-75,000	-75,000	-36,043.71	.00	.00	-38,956.29	48.1%
73127400 59507 EE CONTR-GOLF COUR	-4,800	-4,800	-3,360.71	-295.86	.00	-1,439.29	70.0%
73127400 59508 EE CONTR-GENERAL_FU	-500,000	-500,000	-375,058.74	-29,655.50	.00	-124,941.26	75.0%
73127400 59509 EE CONTR-DWS	-85,000	-85,000	-67,903.69	.00	.00	-17,096.31	79.9%
73127400 59510 EE CONTR-911_SERVIC	-62,000	-62,000	-53,101.48	-4,481.13	.00	-8,898.52	85.6%
73127400 59511 EE CONTR-CHILD CARE	-40,000	-40,000	-34,746.74	-3,057.54	.00	-5,253.26	86.9%
73127400 59512 EE CONTR-DIV ON AGI	-43,000	-43,000	-37,155.08	-3,356.05	.00	-5,344.92	86.4%
73127400 59513 EE CONTR-RETIRE SYS	-1,800	-1,800	-1,606.24	-188.13	.00	-193.76	89.2%
73127400 59514 EE CONTR-HOMELAND S	0	0	.00	.00	.00	-184.61	90.3%
73127400 59515 EE CONTR-GYPSY MOTH	-180	-180	-183.38	-1.80	.00	3.38	101.9%
73127400 59516 EE CONTR-HOME REHAB	-3,000	-3,000	-2,778.05	-223.02	.00	-221.95	92.6%
73127400 59518 EE CONTR-100% TAX P	-380,000	-380,000	-286,857.68	.00	.00	-93,142.32	75.5%
73127400 59519 EE CONTR-MED CARE F	-400	-400	-411.66	-27.59	.00	11.66	102.9%
73127400 59524 EE CONTR-SELF INSUR	-3,100	-3,100	-1,365.85	-118.66	.00	-1,733.15	44.1%
73127400 59527 EE CONTR-COMM CORRE	-2,100	-2,100	-2,135.99	-186.44	.00	35.99	101.7%
73127400 59529 EE CONTR-F.O.C. FUN	-6,800	-6,800	-4,923.29	-406.39	.00	-1,876.71	72.4%
73127400 59530 EE CONTR-HOUSING FU	0	0	-216.15	-64.06	.00	216.15	100.0%
73127400 59534 EE CONTR-LOCAL CFO	-245,000	-245,000	-201,698.16	-15,859.90	.00	-43,301.84	82.3%
73127400 59539 EE CONTR-SHERIFF DE	-5,738,760	-5,738,760	-4,101,885.66	-110,677.55	.00	-1,636,874.34	71.5%
TOTAL LOCAL UNIT CONTRIBUT							
RP INTEREST & RENTALS							
73127400 66400 INVESTMENT INTEREST	-5,000,000	-5,000,000	-3,333,313.77	.00	.00	-1,666,686.23	66.7%
73127400 66500 GAIN ON SALE OF INV	-15,000,000	-15,000,000	-18,693,965.12	.00	.00	3,693,965.12	124.6%
73127400 66501 UNREALIZED GAIN ON	-3,000,000	-3,000,000	.00	.00	.00	-3,000,000.00	.0%
73127400 66502 GAIN ON FOREIGN CUR	-40,000	-40,000	-75,419.41	.00	.00	35,419.41	188.5%
73127400 66600 SECURITIES LENDING	-300,000	-300,000	-156,910.53	.00	.00	-143,089.47	52.3%
TOTAL INTEREST & RENTALS	-23,340,000	-23,340,000	-22,259,608.83	.00	.00	-1,080,391.17	95.4%
RR OTHER REVENUE							
73127400 67104 MISCELLANEOUS REVENU	0	0	.00	.00	.00	.00	.0%
73127400 67600 REIMBURSEMENTS	0	0	.00	.00	.00	.00	.0%
73127400 67601 REIMBURSEMENT - IND	0	0	.00	.00	.00	.00	.0%

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# Bay County Michigan

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BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

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FOR 2014 11

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73127400 68900 TRADE-IN ALLOWANCE	0	0	.00	3,297.46	.00	.00	.0%
73127400 69000 COMMISSION RECAPTUR	-25,000	-25,000	-6,403.68	480.71	.00	-18,596.32	25.6%*
73127400 69200 CLAIMS/SETTLEMENTS/	-150,000	-150,000	-121,565.91	767.79	.00	-28,434.09	81.0%*
TOTAL OTHER REVENUE	-175,000	-175,000	-127,969.59		.00	-47,030.41	73.1%
<b>XE WAGES &amp; SALARIES</b>							
73127400 70300 SALARIES-ELECTED OR	57,460	57,460	32,226.73	3,297.46	.00	25,233.27	56.1%
73127400 70500 TEMPORARY HELP	12,740	12,740	10,083.76	480.71	.00	2,656.24	79.2%
73127400 70501 PART TIME WAGES	7,349	7,349	8,288.89	767.79	.00	-939.89	112.8%*
73127400 70600 OVERTIME	2,809	2,809	363.94	.00	.00	2,445.06	13.0%
73127400 70800 HOLIDAY PAY	0	0	1,223.90	185.12	.00	-1,223.90	100.0%*
73127400 71000 PER DIEM	3,420	3,420	2,025.00	360.00	.00	1,395.00	59.2%*
73127400 71200 VACATION PAY	0	0	1,894.91	219.83	.00	-1,894.91	100.0%*
73127400 71202 SICK PAY	0	0	.00	.00	.00	.00	0%
73127400 71203 TERMINATION SICK PA	0	0	.00	.00	.00	.00	0%
73127400 71204 TERMINATION VACATION	0	0	160.84	.00	.00	-160.84	100.0%*
TOTAL WAGES & SALARIES	83,778	83,778	56,267.97	5,310.91	.00	27,510.03	67.2%
<b>XF FRINGES</b>							
73127400 71500 SOCIAL SECURITY	4,740	4,740	3,939.64	343.71	.00	800.36	83.1%
73127400 71600 HEALTH INSURANCE	17,592	17,592	9,991.40	894.76	.00	7,600.60	56.8%
73127400 71603 RETIREE HEALTH CARE	0	0	.00	.00	.00	.00	0%
73127400 71632 EMPLOYEE INCENTIVE	219	219	.00	.00	.00	219.00	0%
73127400 71700 LIFE INSURANCE	131	131	61.20	7.20	.00	69.80	46.7%
73127400 71800 RETIREMENT	4,598	4,598	3,400.50	376.26	.00	1,197.50	74.0%
73127400 71900 OTHER FRINGE BENEFIT	652	652	.00	.00	.00	652.00	0%
73127400 72001 SIF ADMINISTRATION	111	111	92.19	8.42	.00	18.81	83.1%
73127400 72100 WORKERS' COMPENSATI	163	163	135.66	12.38	.00	27.34	83.2%
73127400 72200 SICK AND ACCIDENT I	391	391	243.21	25.18	.00	147.79	62.2%
73127400 72500 UNEMPLOYMENT COMPEN	358	358	298.30	27.22	.00	59.70	83.3%
TOTAL FRINGES	28,955	28,955	18,162.10	1,695.13	.00	10,792.90	62.7%
<b>XI SUPPLIES</b>							
73127400 72700 OFFICE SUPPLIES	2,000	2,000	677.78	.00	.00	1,322.22	33.9%

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BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

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FOR 2014 11

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73127400 72702 BOOK SUPPLIES	0	0	.00	.00	.00	.00	0%
73127400 72800 PRINTING AND BINDIN	1,000	1,000	169.13	.00	.00	830.87	16.9%
73127400 72900 POSTAGE	300	300	365.67	.00	.00	-65.67	121.9%*
73127400 73000 MAGAZINES AND PERIO	600	600	.00	.00	.00	600.00	0%
73127400 73301 COPIER / FAX SUPPLI	500	500	.00	.00	.00	500.00	0%
73127400 74200 FOOD SUPPLIES	150	150	21.75	.00	.00	128.25	14.5%
73127400 74700 PHOTO & MICROFILM/F	0	0	.00	.00	.00	.00	0%
73127400 75100 COMPUTER SUPPLIES	1,500	1,500	121.26	.00	.00	1,378.74	8.1%
<b>TOTAL SUPPLIES</b>	<b>6,050</b>	<b>6,050</b>	<b>1,355.59</b>	<b>.00</b>	<b>.00</b>	<b>4,694.41</b>	<b>22.4%</b>

XL OTHER SERVICES AND C

73127400 80100 PROFESSIONAL SERVIC	1,500,000	1,500,000	1,298,254.50	267,828.36	.00	201,745.50	86.6%
73127400 80101 ACTUARIAL SERVICES	40,000	40,000	45,975.00	.00	.00	-5,975.00	114.9%*
73127400 80200 CONTRACTUAL SERVICE	0	0	.00	.00	.00	.00	0%
73127400 81200 MEDICAL SERVICES	1,000	1,000	.00	.00	.00	1,000.00	0%
73127400 81400 INVESTMENT/BANK_SER	230,000	230,000	198,464.37	.00	.00	31,535.63	86.3%
73127400 81700 LEGAL FEES	7,500	7,500	2,898.00	.00	.00	4,602.00	38.6%
73127400 81900 CONSULTANTS	125,000	125,000	35,000.00	.00	.00	90,000.00	28.0%
73127400 82000 MEMBERSHIPS AND DUE	550	550	225.00	.00	.00	325.00	40.9%
73127400 82900 FILING FEES	250	250	85.00	.00	.00	165.00	34.0%
73127400 83500 HEALTH SERVICES	0	0	.00	.00	.00	.00	0%
73127400 85200 TELEPHONE	420	420	97.24	6.72	.00	322.76	23.2%
73127400 86100 CONFERENCE FEES & E	15,000	15,000	11,528.40	.00	24.11	3,447.49	77.0%
73127400 86500 STATE TRAVEL MILEAG	2,000	2,000	2,285.75	.00	156.80	-442.55	122.1%*
73127400 86600 LOCAL TRAVEL MILEAG	300	300	168.94	26.53	.00	131.06	56.3%
73127400 87500 PENSION PAYMENTS	13,000,000	13,000,000	11,613,964.14	.00	.00	1,386,035.86	89.3%
73127400 90000 PRINTING/PUBLISHING	500	500	.00	.00	.00	500.00	0%
73127400 90100 LEGAL NOTICES	1,000	1,000	.00	.00	.00	1,000.00	0%
73127400 93100 EQUIPMENT REPAIR &	0	0	1,200.00	.00	.00	-1,200.00	100.0%*
73127400 93700 HARD/SOFTWARE REPAI	5,000	5,000	402.51	.00	.00	500.00	0%
73127400 94601 EQUIPMENT RENTAL_CO	500	500	25.00	.00	.00	475.00	5.0%
73127400 95500 MISCELLANEOUS	95,437	95,437	87,483.92	7,953.09	.00	7,953.08	91.7%
73127400 95600 INDIRECT COST EXPE	1,500	1,500	270.00	.00	.00	1,230.00	18.0%
73127400 96000 EDUCATION AND TRAI	10,000,000	10,000,000	2,571,711.55	.00	.00	7,428,288.45	25.7%
73127400 96200 LOSS ON DISPOSAL OF	0	0	.00	.00	.00	.00	0%
73127400 96201 UNREALIZED LOSS ON	0	0	.00	.00	.00	.00	0%
73127400 96203 LOSS ON FOREIGN CUR	100,000	100,000	65,129.51	.00	.00	34,870.49	65.1%
73127400 96401 CONTRIB REFUND-GENE	60,000	60,000	71,419.94	.00	.00	-11,419.94	119.0%*
73127400 96402 CONTRIB REFUND-SHER	5,000	5,000	481.14	.00	.00	4,518.86	9.6%
73127400 96403 CONTRIB REFUND-ROAD	5,000	5,000	13,344.39	.00	.00	-8,344.39	266.9%*

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BAY COUNTY, MI  
 YEAR-TO-DATE BUDGET REPORT

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FOR 2014 11

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73127400 96404 CONTRIB REFUND-MED	40,000	40,000	55,696.30	.00	.00	-15,696.30	139.28%
73127400 96405 CONTRIB REFUND-B.A.	50,000	50,000	170,947.17	.00	.00	-120,947.17	341.99%
73127400 96406 CONTRIB REFUND-D.W.	5,000	5,000	.00	.00	.00	5,000.00	.0%
73127400 96407 CONTRIB REFUND-LPR	5,000	5,000	.00	.00	.00	5,000.00	.0%
73127400 96500 INSURANCE AND BONDS	22,000	22,000	21,238.57	.00	.00	761.43	96.58%
73127400 96730 MACHINERY & EQUIPME	2,000	2,000	.00	.00	.00	2,000.00	.0%
73127400 96740 OFFICE EQUIP. & FURN	1,000	1,000	.00	.00	160.99	1,000.00	100.00%
73127400 96741 COMPUTER HARDWARE E	0	0	.00	.00	.00	-160.99	.0%
73127400 96742 COMPUTER SOFTWARE E	0	0	.00	.00	.00	.00	.0%
73127400 96770 BOOK EXPENSE	0	0	.00	.00	.00	.00	.0%
73127400 96999 BUDGET REDUCTION_TA	0	0	.00	.00	.00	.00	.0%
TOTAL OTHER SERVICES AND C	25,321,457	25,321,457	16,268,296.34	275,814.70	341.90	9,052,818.76	64.2%
<b>XQ CAPITAL OUTLAY</b>							
73127400 98001 COMPUTER SOFTWARE	34,000	42,000	8,000.00	.00	34,000.00	.00	100.00%
TOTAL CAPITAL OUTLAY	34,000	42,000	8,000.00	.00	34,000.00	.00	100.0%
TOTAL RETIREMENT BOARD	0	0	-10,137,382.08	172,143.19	34,341.90	10,103,040.18	100.0%
TOTAL RETIREMENT SYSTEM FUND	0	0	-10,137,382.08	172,143.19	34,341.90	10,103,040.18	100.0%
TOTAL REVENUES	-25,474,240	-25,482,240	-26,489,464.08	-110,677.55	.00	1,007,224.08	
TOTAL EXPENSES	25,474,240	25,482,240	16,352,082.00	282,820.74	34,341.90	9,095,816.10	
GRAND TOTAL	0	0	-10,137,382.08	172,143.19	34,341.90	10,103,040.18	100.0%

\*\* END OF REPORT - Generated by Kim Priessnitz \*\*

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NOTICE OF PUBLIC MEETINGS

THE BOARD OF TRUSTEES OF THE BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM, 515 CENTER AVENUE, 3rd FLOOR, BAY CITY, MICHIGAN 48708, PHONE NUMBER (989) 895-4030, HAS SCHEDULED REGULAR MEETINGS FOR 2015. ALL MEETINGS WILL BE HELD AT 1:30 P.M. (\*except as noted) IN THE **BOARD OF COMMISSIONERS CHAMBERS**, LOCATED IN THE BAY COUNTY BUILDING, 515 CENTER AVENUE, **4TH FLOOR**, BAY CITY, MI 48708.

JANUARY 13, 2015  
FEBRUARY 10, 2015  
MARCH 10, 2015  
APRIL 14, 2015  
\* APRIL 23, 2015 - 8:30 A.M.  
MAY 12, 2015  
JUNE 9, 2015  
JULY 14, 2015  
AUGUST 11, 2015  
SEPTEMBER 8, 2015  
OCTOBER 13, 2015  
\* OCTOBER 22, 2015 - 8:30 A.M.  
NOVEMBER 10, 2015  
DECEMBER 8, 2015

\_\_\_\_\_  
Date

\_\_\_\_\_  
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 at 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: Timothy Quinn, ADA Coordinator, Office of Corporation Counsel, 515 Center Avenue, Suite 402, Bay City, MI 48708, (989) 895-4096 or (989) 895-4049. TDD



BAY COUNTY RETIREMENT BOARD OF TRUSTEES AGENDA  
WEDNESDAY NOVEMBER 12, 2014 @ 1:30 P.M.  
**COMMISSIONERS CHAMBERS**  
**515 CENTER AVENUE - 4<sup>TH</sup> FLOOR**  
**BAY CITY, MI 48708**

***SAMPLE AGENDA WITH RESOLUTIONS***

PAGE	I.	CALL TO ORDER
	II.	ROLL CALL
	III.	MINUTES
1 - 9 .....	A.	OCTOBER 14, 2014 REGULAR MEETING
	IV.	PUBLIC INPUT
	V.	PETITIONS & COMMUNICATIONS
	A.	THE BOGDAHN GROUP - PETER BROWN
	1.	2014 THIRD QUARTER REPORT
10 .....	B.	MONTHLY REPORTS - No. 2014-1
	1.	PORTFOLIO VALUE - 1/1/14 - 10/31/2014
	2.	MONEY MANAGER REPORTS
	a.	BAIRD - ENDING 9/30/2014
	b.	COLUMBIA - ENDING 9/30/2014
	c.	CORNERSTONE - ENDING 9/30/2014
11 - 80 .....	d.	HOTCHKIS & WILEY - ENDING 9/30/2014; PROXY VOTE SUMMARY REPORT - ENDING 9/30/2014
	e.	INTEGRITY - ENDING 9/30/2014
	g.	LOOMIS SAYLES - ENDING 9/30/2014
	h.	MFS HERITAGE TRUST - ENDING 9/30/2014, 10/31/2014; PROXY VOTE SUMMARY REPORT -ENDING 9/30/2014
	i.	MFS INVESTMENT - ENDING 9/30/2014
	j.	MACKAY SHIELDS - ENDING 9/30/2014
	3.	RECAPTURES SERVICES
	a.	ABEL/NOSER - SUMMARY ENDING 9/30/2014
	b.	CAPIS - SUMMARY ENDING 9/30/2014
	4.	REFUNDS/RETIREMENTS -ENDING 10/31/2014
	5.	BCERS YTD BUDGET REPORT - ENDING 10/31/2014
95 - 99 .....	C.	CORRESPONDENCE MACKAY SHIELDS - No. 2014-2
	1.	AUTHORIZATION FOR DELIVERY OF RECONCILIATION DATA

BAY COUNTY RETIREMENT BOARD OF TRUSTEES AGENDA  
WEDNESDAY NOVEMBER 12, 2014 @ 1:30 P.M.  
**COMMISSIONERS CHAMBERS**  
**515 CENTER AVENUE - 4<sup>TH</sup> FLOOR**  
**BAY CITY, MI 48708**

- 100 - 105 .....
- D. CORPORATION COUNSEL - SHAWNA WALRAVEN
    - 1. SERVICE RETIREMENT PROCEDURES - No. 2014-3
    - 2. BABHA ORDINANCE CHANGE - No. 2014-4
    - 3. RFQ ACTUARIAL SERVICES - No 2014-5
      - A. AMEND MOTION TO ENGAGE ACTUARIAL SERVICES
  - E. ATTORNEY THOMAS MICHAUD
    - 1. SECURITIES LITIGATION.
  - F. SCANNING UPDATE
  - VI. ANNOUNCEMENTS
    - A. NEXT REGULAR MEETING - DECEMBER 9, 2014 AT 1:30 P.M., COMMISSIONERS CHAMBERS, 515 CENTER AVENUE 4<sup>TH</sup> FLOOR, BAY CITY, MI 48708
  - VII. UNFINISHED BUSINESS
  - VIII. NEW BUSINESS
  - IX. MISCELLANEOUS BUSINESS
  - X. ADJOURNMENT

**BAY COUNTY  
DEPARTMENT OF CORPORATION COUNSEL**



**SHAWNA S. WALRAVEN**  
Assistant Corporation Counsel

**THOMAS L. HICKNER**  
Bay County Executive

**TO:** STEVE GRAY, CHAIR, BAY COUNTY EMPLOYEES  
RETIREMENT SYSTEM

**FROM:** SHAWNA WALRAVEN, ASSISTANT CORPORATION  
COUNSEL *(SW)*

**RE:** BCERS SERVICE RETIREMENT PROCEDURES

**DATE:** OCTOBER 14, 2014

**Background:**

This policy was suggested by outside counsel, Mr. Thomas Michaud, as a best practice.

This Service Retirement Procedures seeks to memorialize our current procedures when a member is preparing for retirement. This Procedure provides guidance for the member and allows them adequate notice to plan. Among many of its functions, it lists the forms that are required to submit with a member's application to retire. This procedure also sets out a timeline for the member.

**RECOMMENDATION:** THAT THIS BOARD RECEIVE THIS POLICY AT THE  
MEETING SCHEDULED ON NOVEMBER 12, 2014.

**BAY COUNTY RETIREMENT BOARD**

11/12/2014

**RESOLUTION**

BY: BAY COUNTY RETIREMENT BOARD

WHEREAS, This policy was suggested by outside counsel, Mr. Thomas Michaud, as best practice.

WHEREAS, This Service Retirement procedures seeks to memorialize our current procedures when a member is preparing for retirement.

WHEREAS, This procedure provides guidance for the member and allows them adequate notice to plan. Among many of its functions, it lists the forms that are required to submit with a member's application to retire.

WHEREAS, This procedure also sets out a time line for the member.

RESOLVED The Board receive this policy.

STEVE GRAY, CHAIR  
AND BOARD

SERVICE RETIREMENT PROCEDURES - 11-12-2014

MOVED BY TRUSTEE \_\_\_\_\_

SUPPORTED BY TRUSTEE

TRUSTEE	Y	N	E	TRUSTEE	Y	N	E	TRUSTEE	Y	N	E
Steve Gray				Matthew Pett				Thomas Herek			
Richard Brzezinski				Jon Morse				Richard Gromaski			
Kim Coonan				Thomas Starkweather				Kristal Goetz			

Vote Totals:

Roll Call: Yeas \_\_\_\_\_ Nays \_\_\_\_\_ Excused \_\_\_\_\_  
Voice: Yeas \_\_\_\_\_ Nays \_\_\_\_\_ Excused \_\_\_\_\_

Disposition: Adopted \_\_\_\_\_ Defeated \_\_\_\_\_ Withdrawn \_\_\_\_\_  
Amended \_\_\_\_\_ Corrected \_\_\_\_\_ Referred \_\_\_\_\_

## BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

### SERVICE RETIREMENT PROCEDURES

1. Upon meeting voluntary retirement age, a member may retire upon submission of a written application to the Retirement Board delivered to the Retirement Administrator located in the Personnel Department, with a copy to his/her Department Head, setting forth at what date he/she desires to be retired. Application must be received by Retirement Administrator not less than thirty days nor more than ninety days prior to the desired retirement date. A copy of the retirement procedures, application and other applicable documents may be obtained from the Bay County Retirement Administrator.
2. Applicant completes and submits to the Retirement Administrator:
  - Application for Service Retirement
  - Election of Retirement Allowance Option
  - Tax Form W-4P
  - MI (or other state) Tax Form W-4P
  - Electronic Deposit Authorization Form
  - Birth certificate for self and spouse (if applicable)
  - Marriage license (if applicable)The Retirement Administrator will review pension benefit information and the "Option Election Form" with the member.
3. Retirement Administrator shall verify the member's eligibility for retirement and shall notify the Personnel Department or applicable agency of the member's application for retirement.
4. After applicant's last day on the payroll and upon receipt of final payroll information from the Personnel Department or applicable agency, the Retirement Administrator will compute the member's final average compensation and forward the data sheet to the Board's actuary.
6. Actuary completes benefit report and forwards data to Retirement Administrator who reviews same.
7. Subject to all requirements being met, the Board of Trustees shall receive at its next meeting the retiree's name, retirement date, department/benefit group and employee contribution amount.
8. Pension checks are processed on a monthly basis. A retiree should anticipate that benefit payments will likely commence within four to six weeks after the member's effective date of retirement. Any retroactive benefits will be included with their first pension check. Direct deposit occurs on the first banking business day of the month.
9. Effective on a retiree's retirement date, a retiree may no longer change his/her retirement elections, except through a court order.



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

BAY COUNTY BUILDING  
515 CENTER AVENUE  
BAY CITY, MICHIGAN 48708-5128

Thomas L. Hickner  
Bay County Executive

Crystal Hebert  
Finance Officer/Secretary

BOARD OF TRUSTEES  
Steven Gray, Chairperson  
Richard Brzezinski  
Kim Coonan  
Richard Gromaski  
Tom Herek  
Jon Morse  
Matthew Pett  
Thomas Starkweather  
Kristal Goetz

***SAMPLE BOARD ACTION REPORT***

ADMINISTRATIVE STAFF  
Tiffany Jerry  
Rebecca Marsters  
(989) 895-4043  
TDD (989) 895-4049  
FAX (989) 895-4039

To: Steve Gray, Chairperson  
From: Tracy Cederquist, Clerk/Typist II  
Subject: Action Taken: Retirement Board Meeting: 11/12/2014  
Date: 11/25/2014

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The following action was taken at the meeting referenced above:

**A. Retirement Board 11/12/2014**

**1. Resolutions adopted:**

- a. No. 2014-1 - Portfolio Value, Money Managers Reports, Recapture Services Summaries, Refunds/Retirements, BCERS YTD Budget Report.
- b. No. 2014-2 - Authorize data collection.
- c. No. 2014-3 - Service Retirement procedures.

**2. Motions:**

- a. No. 1 - Approved Board Minutes of 10/14/2014
- b. No. 2 - Received presentation Third Quarter Report The Bogdahn Group

cc: Richard Brzezinski                      Shawna Walraven  
Kim Coonan                                      Amber Johnson  
Matthew Pett                                    Tim Quinn  
Jon Morse                                        Rebecca Marsters  
Thomas Starkweather                        Crystal Hebert  
Thomas Herek                                   Howard Pohl  
Richard Gromaski                             Peter Brown  
Kristal Goetz                                    Thomas Michaud

**BAY COUNTY EMPLOYEES RETIREMENT SYSTEM**

**P O L I C Y   R E S O L U T I O N**

**Re:    Advisor and Consultant Reviews**

**Adopted:**

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**WHEREAS**, the Board of Trustees ("Retirement Board") is vested with the general administration, management and operation of the Retirement System and for making effective the provisions thereof, and

**WHEREAS**, in carrying out the administration, management and operation of the Retirement System, the Retirement Board retains certain advisors and consultants, and

**WHEREAS**, the Retirement Board deems it prudent to periodically review the costs and services offered by each of its advisors, and

**WHEREAS**, the Retirement Board further deems it prudent to periodically compare the costs and services offered by each of its advisors to those of other comparable advisors and consultants not retained by the Retirement Board, and

**WHEREAS**, the Retirement Board recognizes that by reviewing, analyzing, and comparing both existing and prospective advisors by methods including, but not limited to, comparing formal proposals, assessing the effectiveness of returns, determining level of service, prior performance, market conditions, etc., the Retirement Board may best carry out its advisor review function, and

**WHEREAS**, the Retirement Board desires to formalize its advisor review procedures by developing a regular five-year review schedule so that at least one advisor is reviewed annually, now therefore be it

**RESOLVED**, that the Retirement Board shall annually undertake to review the costs and services offered by advisors, and further

**RESOLVED**, that the Retirement Board's investment consultant shall monitor the performance, services and costs of the Retirement System's investment managers and provide periodic reports to the Retirement Board, and further

**RESOLVED**, that consistent with the foregoing, the Retirement Board shall undertake periodic advisor reviews and that such reviews shall include, but is not limited to: (1) actuary; (2) investment consultant; (3) medical director; (4) outside counsel; and (5) custodian bank, and further

**RESOLVED**, that in the event that the Retirement Board has, for reasons other than the regularly scheduled review, recently reviewed the services of an advisor that is scheduled for regular review, the Retirement Board may, in its sole discretion, forego the review of a particular advisor until the next regularly scheduled review, or alternatively may modify the foregoing order in which the reviews are completed, and further

**RESOLVED**, that in addition to regularly scheduled reviews, the Retirement Board, in its sole discretion, may at any time undertake to complete an immediate review of any advisor, and further

**RESOLVED**, that a copy of this resolution be forwarded to the Retirement Board's: (1) actuary; (2) investment consultant; (3) medical director; (4) outside counsel; and (5) custodian bank so that each may act consistent herewith.