

BAY COUNTY RETIREMENT BOARD OF TRUSTEES AGENDA  
**TUESDAY, APRIL 12, 2011 @ 1:30 P.M.**  
 COMMISSIONERS CHAMBERS  
 515 CENTER AVENUE - 4<sup>TH</sup> FLOOR  
 BAY CITY, MI 48708

PAGE	I.	CALL TO ORDER
	II.	ROLL CALL
	III.	MINUTES
1 - 6 .....	A.	MARCH 8, 2011
	IV.	PUBLIC INPUT
	V.	PETITIONS & COMMUNICATIONS
7 - 10 .....	A.	PORTFOLIO VALUE 1/1/10 THROUGH 4/6/11
	B.	<b>MONEY MANAGERS ON WATCH/EFFECTIVE DATE</b>
11 - 13 .....	1.	DENVER INVESTMENTS - 12/15/09 PORTFOLIO ENDING 2/28/11
14 .....	2.	HOTCHKIS & WILEY - 12/15/09 PORTFOLIO ENDING 2/28/11
15 .....	3.	LOOMIS & SAYLES - 12/15/09 PORTFOLIO ENDING 2/28/11
16 - 17 .....	4.	MARVIN PALMER - 6/1/2010 PORTFOLIO ENDING 2/28/11
	5.	WENTWORTH HAUSER & VIOLICH - 9/14/10 (NO REPORT)
	C.	MONEY MANAGER REPORTS
18 .....	1.	CORNERSTONE - ENDING 2/28/11
19 .....	2.	EAGLE ASSET MGMT - ENDING 2/28/11
	D.	RECAPTURE SERVICES
20 - 21 .....	1.	BNY CONVERGEX GROUP - ENDING 2/28/11
	E.	NORTHERN TRUST
22 - 26 .....	1.	SUMMARY EARNINGS 2/28/11
	F.	REFUNDS/RETIREMENTS
27 .....	1.	MARCH 2011
	G.	AMENDED NOTICE OF PUBLIC MEETINGS
28 .....	1.	BCERS

BAY COUNTY RETIREMENT BOARD OF TRUSTEES AGENDA  
**TUESDAY, APRIL 12, 2011 @ 1:30 P.M.**  
COMMISSIONERS CHAMBERS  
515 CENTER AVENUE - 4<sup>TH</sup> FLOOR  
BAY CITY, MI 48708

- 29 ..... H. REQUEST FOR PURCHASE OF MILITARY TIME
  - 1. ROBERT BISEL - TO BE COMPLETED BY DECEMBER 21, 2011 OR PRIOR TO RETIREMENT
  
- 30 - 31 ..... I. CORRESPONDENCE FROM TIMOTHY E. MAJESKE, SR.
  - 1. FOIA REQUEST FOR RETIRED EMPLOYEES OF BAY COUNTY ROAD COMMISSION
  
- 32 - 33 ..... J. CORRESPONDENCE FROM ROAD COMMISSION
  - 1. REQUEST TO APPROVE COMBINATION OF SUPERVISORY AND ADMINISTRATIVE PERSONNEL GROUPS FROM CLASS I AND CLASS II INTO CLASS I
  
- 34 - 36 ..... K. CORRESPONDENCE FROM NORTHERN TRUST
  - 1. SERVICE CHARGE FOR CLASS ACTIONS
  
- VI. ANNOUNCEMENTS
  - A. NEXT REGULAR MEETING - TUESDAY, MAY 10, 2011 @ 1:30 P.M. - **COMMISSIONERS CHAMBERS, 515 CENTER AVENUE - 4<sup>TH</sup> FLOOR, BAY CITY, MI 48708**
  
- VII. UNFINISHED BUSINESS
  - A. RETIREMENT SYSTEM INVESTMENT POLICY
    - 1. LIST OF RECOMMENDATIONS FROM BECKER BURKE AND ASSOCIATES
    - 2. ASSET ALLOCATION STUDY PREPARED BY BECKER BURKE AND ASSOCIATES
  
- VIII. NEW BUSINESS
  
- IX. MISCELLANEOUS BUSINESS
  
- X. ADJOURNMENT

MEETING OF THE RETIREMENT BOARD OF TRUSTEES ON :

March 8, 2011

IN THE FINANCE DEPT CONFERENCE ROOM, LOCATED AT 515 CENTER AVENUE,  
7TH FLOOR, BAY CITY, MI 48708

MEETING CALLED TO ORDER BY: Chair Steve Gray at 1:30 p.m.

OTHERS PRESENT: RICK POTTER, DANEAN WRIGHT, JEFF BLACK, BETH GRIPER, EDWARD SILVERSTEIN  
CRYSTAL HEBERT, TODD NEEDHAM,

TRUSTEES

PRESENT:	1	2	3	4	5	6	7	8	9	10	11	12
BRZEZINSKI	Y	Y	S	Y	Y	S	M	Y	Y	S	S	M
CARPENTER	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
COONAN	M	Y	Y	M	M	Y	Y	M	M	Y	Y	Y
DEATON	S	S	M	Y	Y	M	S	S	S	M	M	S
GRAY	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
PELTIER	E	E	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
PETT	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
RYDER	Y	M	S	S	Y	Y	Y	Y	Y	Y	Y	Y
STARKWEATHER	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

CODE:

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

TRUSTEES

PRESENT:	13	14	15	16	17	18	19	20	21	22	23	24
BRZEZINSKI	Y	Y	Y									
CARPENTER	Y	Y	Y									
COONAN	M	Y	S									
DEATON	S	Y	Y									
GRAY	Y	Y	Y									
PELTIER	Y	Y	Y									
PETT	Y	Y	Y									
RYDER	Y	S	Y	M								
STARKWEATHER	Y	M	Y									

CODE:

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

TRUSTEES

PRESENT:	25	26	27	28	29	30	31	32	33	34	35	36
BRZEZINSKI												
CARPENTER												
COONAN												
DEATON												
GRAY												
PELTIER												
PETT												
RYDER												
STARKWEATHER												

CODE:

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

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MINUTES BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM BOARD OF TRUSTEES

March 8, 2011

PAGE 1

AMENDED

The meeting, held in the Bay County Finance Department, 7th Floor, Bay County Building, 515 Center Avenue, Bay City, Michigan, was called to order by Chairman, Steve Gray at 1:30 P.M. Roll call was taken. All trustees are present except Ms. Peltier, she arrives at 1:35 p.m.

1. Moved and supported to approve the minutes from the training meeting held on February 8, 2011.
2. Moved and supported to approve the minutes from the regular meeting on February 8, 2011.

Mr. Gray called for public input. Seeing as there is none, he moved on to petitions and communications:

Present today is Beth Griper and Edward Silverstein from MacKay Shields, New York City, New York. They are a Fixed Income Convertible Bonds money manager. They provided a handout to all trustees.

For the benefit of new trustees, they gave a quick overview of the company outlining its objectives, philosophy and discipline. They discussed how bonds work, and the specific mandate set by Bay County on what they can and cannot do. Mr. Silverstein discussed what they look for when buying bonds, i.e. good fundamental business without a lot of debt; credit worthiness; that the valuation makes sense.

Page nine indicates the account value as of January 31, 2011 is \$20.2 million. Page ten indicates the performance for 2010. They use Merrill Lynch Convertible Investment Grade Bonds Index, and they beat that benchmark last year. For January of 2011 they were slightly below the benchmark, however February was up, so they feel they are in line with the index.

They conclude their presentation at 2:00 p.m. and depart.

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

Also present today is Todd Needham, Loomis Sayles, Boston, Massachusetts. Loomis Sayles is a Fixed Income Corporate Bond money manager. They have been on watch status since December 15, 2009.

Mr. Needham gives a quick overview of the company, explaining different strategies they use. They have hired three new investment managers. On page seven he discusses their performance for 2009 and 2010. They use Barclays Credit as the benchmark. It was pointed out that the benchmark should include +1%. He acknowledged their "on watch" status and that they are being scrutinized. He states that everything is still being driven by the 2008 economy. They have not changed their investment philosophy, they are just trying to weather the bad markets.

He states that in 2008 fear in the markets spread quickly. High quality assets were flooding the markets so their value kept dropping. It has since corrected itself. He states that Loomis & Sayles is trending upward. He discussed the sector distribution and where they are underweight and overweight. Some discussion regarding the Federal Reserve and interest rates and the impact on the economy. Going forward it is reasonable to expect that returns will not be in the ten percent range, but closer to mid or slightly above mid single digit returns.

He concludes his presentation at 2:35 p.m. and departs.

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

Some discussion regarding their performance and Mr. Needham's comment about "adding risk", is that a concern? Mr. Potter responds that Loomis & Sayles has always been an above average risk type of bond manager because they invest in corporate credits. They are a good manager, they are just trying to recover from 2008. It may look like they are taking more risk, but because they research the bond market so carefully, it is more like bargains than risky bonds. He is not concerned about them and states that Loomis & Sayles is a very good experienced manager. However, that does bring up the matter of when and how managers come off the watch list. That has never been explicitly spelled out in the policy so, it could be part of the new investment policy.

Mr. Potter states that Becker Burke has reviewed the Bay County Investment Policy and have some suggestions. Chairman Gray states that we have no speakers scheduled for the April meeting, and that meeting will be used to discuss the investment policy and what changes need to be made.

Mr. Potter states that they will pass out their outline of things to consider and everyone can compare them to the policy. The handout they have prepared is passed out to all trustees. Mr. Jeff Black does a quick review of the recommended areas to be considered for revision.

5. Moved, supported and carried to receive the Portfolio Value January 1, 2010 through February 2, 2011

The value as of yesterday was \$242 million.

New format on the agenda will separate managers that are "on watch" from managers that are performing well.

**Money managers on watch:**

The chairman opened it up for comments and discussion.

The discussion centers around Marvin and Palmer. Mr. Potter states that looking at their one year they are in the top quarter in terms of

**MINUTES** BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM BOARD OF TRUSTEES

March 8, 2011

PAGE 3

AMENDED

investment performance. We give them at least one year on watch, and the letter to Marvin and Palmer went out in June of 2010. One of the problems you will always have with a manager on watch is when they have a couple of poor years, it throws off the five year record. It will take more than one year to see a recovery. We would probably recommend looking at the manager year by year. If a manager has two good years in a row, they could come off the watch even though their five year cumulative is still below the standard. We will have to fine tune that. As Jeff pointed out, the same set of rules should apply for any type of manager that you have. The way the policy is written now is each type of manager has their own set of rules. Mr. Potter states that Marvin and Palmer may not turn around fast enough to get off the watch list, but thinks they should be given a little more time.

6. Moved, supported and carried to receive the portfolio performance from Marvin & Palmer.

More discussion: Is there anyone ready to come off the watch list? Mr. Potter feels that Hotchkis & Wiley could potentially come off, but he would like to get the rules decided on before they take formal action.

**All other money managers:**

7. Moved, supported and carried to receive performance reports from the following managers: BNY ConvergeEx, Baring, Cornerstone, Denver Investments, Eagle Asset, Hotchkis and Wiley.
8. Moved, supported and carried to receive Northern Trust Summary Earnings as of January 31, 2011.
9. Moved, supported and carried to receive Refunds and Retirements for February 2011.
10. Moved, supported and carried to receive a copy of the letter sent to Marvin and Palmer Associates regarding their "watch list" status.

Going back to Item G, there is some discussion regarding retirements and refunds.

11. Moved, supported and carried to approve a non-duty disability retirement for Keith Reinhardt, to be effective April 28, 2011.
12. Moved, supported and carried to approve a non-duty disability retirement for Lisa Lauria to be effective March 10, 2011.

Discussion: for the benefit of new trustees, the process of non-duty disability retirements is explained.

13. Moved, supported and carried to receive the report of actuarial valuations completed by Gabriel, Roeder and Smith and Company regarding the retirement incentive.

Announcements:

The next regular meeting is scheduled for Tuesday, April 12, 2011 at 1:30 P.M., Board of Commissioners Chambers, 4<sup>th</sup> Floor.

Unfinished Business:

- A. Discussion as to whether the location of these meetings will be changed. Most agree the Finance Department Conference Room is too crowded. The other options are the Personnel Conference Room on the Ground Floor, which could have scheduling conflicts with Personnel Department, or the 3<sup>rd</sup> Floor conference.

The 4<sup>th</sup> Floor Board of Commissioner's conference room was suggested because they are already set up with recording equipment and meetings could potentially be available to the public through Bay3TV. Other trustees state that they feel it would be a good idea to have these meetings available to the public via Bay3TV. It is stated that there would be no additional costs involved for the taping by Bay3TV. Trustees state they the 4<sup>th</sup> Floor location but would like more discussion as to whether or not the meetings will be video taped.

14. Moved, supported and carried to approve changing the location of Retirement Board meetings to the 4<sup>th</sup> Floor Commissioners Chambers.

Roll call vote:

Mr. Brzezinski: Yes  
Ms. Carpenter: Yes  
Mr. Coonan: Yes  
Mr. Deaton: Yes  
Mr. Gray: Yes  
Ms. Peltier: Yes  
Mr. Pett: Yes  
Mr. Ryder: Yes  
Mr. Starkweather: Yes

It is agreed that the next regular meeting scheduled for April 12 will be used to review the investment policy.

New Business:

None

Miscellaneous Business:

- A. Ms. Wright submitted a request for new recording equipment. Given the above discussion about meeting in the Commissioner's Chambers, there is no discussion on this item.

B. MAPER Conference - scheduled for May 2011.

Adjournment:

15. Moved, supported and carried to adjourn.

Respectfully submitted,

Tim Quinn  
Secretary

Transcribed by: Naomi Wallace

◆ **Mgr Mix w/ Accruals**

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total market value/ % of consolidation
*BAYCO - COLUMBIA MANAGEMENT 2608684	-57,247.78 -0.21%	57,247.78 0.21%	26,655,635.04 99.79%	0.00 0.00%	0.00 0.00%	0.00 0.00%	26,712,862.82 10.82%
*BAYCO - BAIRD -SL 2618668	-561,990.72 -2.77%	561,990.72 2.77%	0.00 0.00%	19,717,995.09 97.23%	0.00 0.00%	0.00 0.00%	20,279,985.81 8.21%
BAYCO - SCHROEDERS 2618669	-217.18 0.00%	217.18 0.00%	10,233,559.00 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	10,233,776.18 4.14%
*BAYCO - MARVIN & PALMER -SL 2620611	-465,688.99 -1.75%	465,688.99 1.75%	26,268,458.50 98.72%	0.00 0.00%	0.00 0.00%	-125,481.26 -0.47%	26,608,666.23 10.77%
*BAYCO - MACKAY SHIELDS -SL 2622480	-1,427,218.92 -6.93%	1,427,218.92 6.93%	2,761,875.12 13.41%	16,480,994.64 79.99%	0.00 0.00%	-67,498.99 -0.33%	20,602,589.69 8.34%
*BAYCO - HOTCHKIS & WILEY -SL 2622536	-240,532.11 -1.75%	240,532.11 1.75%	13,577,963.96 98.53%	0.00 0.00%	0.00 0.00%	-36,012.02 -0.28%	13,760,484.05 5.56%
*BAYCO - WENTWORTH -SL 2624483	-151,581.24 -0.52%	151,581.24 0.52%	29,178,407.00 99.48%	0.00 0.00%	0.00 0.00%	0.00 0.00%	29,329,988.24 11.86%
BAYCO -CASH 2639853	-528,667.43 -100.00%	528,667.43 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	528,667.43 0.21%
*BAYCO - DENVER INV ADV -SL 2639856	-274,627.13 -1.28%	274,627.13 1.28%	20,765,980.92 97.15%	0.00 0.00%	0.00 0.00%	335,031.86 1.57%	21,375,640.01 8.66%
*BAYCO - LOOMIS SAYLES -SL 2641401	-771,196.78 -3.03%	771,196.78 3.03%	0.00 0.00%	24,636,532.17 96.90%	0.00 0.00%	15,839.68 0.06%	25,423,568.63 10.29%
*BAYCO - INTEGRITY -SL 2653308	-378,375.07 -1.96%	378,375.07 1.96%	18,951,738.43 98.04%	0.00 0.00%	0.00 0.00%	0.00 0.00%	19,330,113.50 7.83%
*BAYCO - CORNERSTONE REALES-SL 2663296	-125,091.23 -1.53%	125,091.23 1.53%	8,113,468.75 99.24%	0.00 0.00%	0.00 0.00%	-63,295.24 -0.77%	8,175,264.74 3.31%
*BAYCO - EAGLE ASSET -SL 2695063	-141,058.08 -1.35%	141,058.08 1.35%	10,352,239.31 98.71%	0.00 0.00%	0.00 0.00%	-6,213.91 -0.08%	10,467,063.48 4.25%
BAYCO- BARINGS BYC03	146,307.11 1.04%	0.00 0.00%	13,844,089.31 98.15%	0.00 0.00%	83,977.57 0.60%	30,186.87 0.21%	14,104,560.66 5.71%

**Favorites**

06 APR 11

Account number 8765

FAMILY CODE FAM8765

◆ **Mgr Mix w/ Accruals**

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Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total market value/ % of consolidation
<b>Total for consolidation</b>	<b>-4,977,185.55</b>	<b>5,123,492.66</b>	<b>180,703,415.34</b>	<b>60,835,521.90</b>	<b>83,977.57</b>	<b>80,566.89</b>	<b>245,973,271.47</b>
<b>% for consolidation</b>	<b>-2.02%</b>	<b>2.07%</b>	<b>73.17%</b>	<b>24.63%</b>	<b>0.03%</b>	<b>0.03%</b>	<b>100.00%</b>

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PORTFOLIO VALUE

2010	BAIRD	BARINGS	BATTERYMARCH	CORNERSTONE	DENVER	EAGLE	HOTCHKIS & WILEY	INVESCO	LOOMIS SAYLES	MACKAY SHIELDS	MARVIN PALMER	INTEGRITY SCHRODER	COLUMBIA	WENTWORTH	CASH	TOTAL	
JAN	20,941,600.46	11,517,174.70	7,138,642.20	5,139,221.13	14,135,705.71	0.00	8,504,163.11	64,668.73	25,794,488.48	18,129,276.35	20,738,711.95	13,735,034.07	7,815,979.82	20,120,927.06	24,178,102.21	2,199,419.81	200,153,136.84
FEB	20,975,025.75	11,542,165.92	7,452,085.43	5,448,857.61	15,047,045.81	0.00	9,056,364.71	61,762.76	25,966,541.18	18,438,262.22	21,629,948.33	14,355,393.21	7,747,987.07	21,126,452.08	25,222,849.42	1,623,868.39	205,596,473.89
MARCH	20,960,877.88	12,179,926.86	8,002,863.13	5,991,787.18	16,022,981.87	0.00	10,087,525.97	60,014.63	25,100,468.49	18,874,992.76	22,405,811.99	15,550,810.14	8,238,893.80	22,228,929.14	26,222,547.54	3,288,065.43	215,216,346.81
APRIL	21,150,647.80	12,016,995.29	8,342,901.57	6,423,631.84	16,577,168.09	0.00	10,766,750.38	56,877.03	25,616,998.06	19,167,022.67	22,494,481.34	16,264,920.75	8,308,813.65	22,564,690.25	25,864,974.60	2,812,406.69	218,490,280.01
MAY	21,436,452.56	11,047,220.44	7,862,108.79	6,092,224.37	15,574,364.31	0.00	10,200,726.13	55,929.30	25,336,148.81	18,425,572.47	20,970,866.27	14,991,127.09	7,371,618.23	20,785,803.34	23,653,575.26	2,228,844.46	208,032,601.85
JUNE	21,698,100.76	11,107,433.46	7,384,246.85	5,763,060.50	14,600,551.63	0.00	9,279,300.83	56,715.03	25,853,276.90	17,996,639.28	19,856,137.62	13,893,860.87	7,413,132.67	19,394,682.88	22,149,358.42	1,485,274.76	197,933,793.44
JULY	20,799,211.32	11,957,064.09	7,831,183.36	6,846,816.13	15,671,404.63	0.00	10,392,787.38	0.00	25,527,395.21	18,431,586.29	20,332,324.01	14,906,494.26	8,028,920.52	20,759,474.90	23,972,615.43	2,785,298.91	208,242,576.44
AUG	21,077,627.97	11,752,463.23	7,153,533.75	6,748,275.07	15,056,740.48	0.00	9,478,820.70	0.00	25,860,984.86	18,237,834.97	19,707,511.65	14,095,542.78	7,817,768.24	19,716,256.51	22,683,540.20	2,433,150.55	201,820,000.96
SEPT	21,042,740.36	12,761,997.19	46.03	7,049,630.49	16,947,384.30	8,069,377.51	10,700,121.28	0.00	26,379,266.09	19,152,735.83	21,942,085.33	15,537,000.80	8,799,738.40	21,445,768.58	25,136,628.73	1,591,998.78	216,545,989.70
OCT	20,594,633.65	13,112,421.26	0.00	7,348,149.26	17,723,851.16	8,420,875.28	11,042,108.61	0.00	25,575,545.18	19,027,546.57	22,813,022.32	16,297,208.80	9,102,490.35	22,286,742.42	26,299,057.29	2,868,333.43	222,460,987.38
NOV	20,548,167.72	12,491,970.94	0.00	7,220,322.23	18,490,700.25	8,850,187.71	11,677,827.77	0.00	25,275,578.73	19,102,832.05	23,415,804.52	16,566,724.87	8,847,124.39	22,331,135.90	26,766,348.07	2,724,855.78	224,299,379.93
DEC	20,311,726.81	13,406,367.64	0.00	7,601,110.84	19,443,479.71	9,511,901.34	13,193,408.82	0.00	25,062,142.88	19,815,351.61	24,782,428.62	17,907,044.51	9,753,327.77	24,098,128.28	28,872,348.65	1,594,377.47	235,343,144.55
2011	BAIRD	BARINGS	BATTERYMARCH	CORNERSTONE	DENVER	EAGLE	HOTCHKIS & WILEY	INVESCO	LOOMIS SAYLES	MACKAY SHIELDS	MARVIN PALMER	INTEGRITY SCHRODER	COLUMBIA	WENTWORTH	CASH	TOTAL	
JAN	20,282,960.21	13,469,271.01	0.00	7,855,559.51	18,762,481.35	9,645,338.48	12,667,242.55	0.00	25,230,006.97	20,108,917.03	24,994,751.61	18,109,791.23	9,929,904.74	24,607,813.78	28,277,844.81	2,673,640.73	237,616,624.01
FEB	20,333,087.66	13,922,984.92	0.00	8,264,845.83	20,614,660.78	#####	13,401,835.32	0.00	25,485,286.67	20,555,524.39	25,880,455.91	18,791,456.29	10,024,545.75	26,272,034.16	29,133,677.99	1,842,702.27	244,557,842.36
MARCH	20,338,046.29	13,791,629.18	0.00	8,180,328.04	21,041,574.54	#####	13,740,768.82	0.00	25,441,342.42	20,589,76.19	26,017,933.98	19,175,651.26	10,133,968.96	26,547,672.38	29,369,026.18	1,460,447.93	246,195,952.77
APRIL																0.00	0.00
MAY																0.00	0.00
JUNE																0.00	0.00
JULY																0.00	0.00
AUG																0.00	0.00
SEPT																0.00	0.00
OCT																0.00	0.00
NOV																0.00	0.00
DEC																0.00	0.00

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2011

1ST QTR	BAIRD	BARINGS	BATTERYMARCH	CORNERSTONE	DENVER	EAGLE	HOTCHKIS & WILEY	INVESCO	LOOMIS SAYLES	MACKAY SHIELDS	MARVIN PALMER	INTEGRITY	SCHRODER	COLUMBIA	WENTWORTH	CASH	TOTAL
2ND QTR																	
3RD QTR																	
4TH QTR																	

2009 Y-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
---------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------

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

INVESTMENT MANAGER FEE SCHEDULES

BAIRD	.30% - FIRST \$25 MILLION
	.25% - NEXT \$25 MILLION
	.20% - NEXT \$0 MILLION
	.15% - THEREAFTER
BARING	.95% - ON ASSETS UNDER MANAGEMENT
COLUMBIA	.40% - ABOVE \$100 MILLION
	.40% - NEXT \$60 MILLION
CORNERSTONE	.60% - OF THE FAIR MARKET VALUE OF ASSETS
DENVER	.65% - OF THE FAIR MARKET VALUE OF ASSETS
EAGLE	.85% - ON ASSETS UNDER MANAGEMENT
HOTCHKIS & WILEY	1.00% - ON ASSETS UNDER MANAGEMENT
INTEGRITY	.85% - FIRST \$15 MILLION
	.75% - NEXT \$25 MILLION
LOOMIS SAYLES	.35% - FIRST \$20 MILLION
	.25% - NEXT \$80 MILLION
	.20% - OVER \$100 MILLION
MACKAY SHIELDS	.50% - UP TO \$100 MILLION
	.40% - ABOVE \$100 MILLION
MARVIN PALMER	.75% - ON ALL ASSETS UNDER MANAGEMENT
SCHRODER	.75% - UP TO \$10 MILLION
	.50% - UP TO \$100 MILLION
WENTWORTH	.80% - FIRST \$2 MILLION
	.60% - NEXT \$8 MILLION
	.50% - NEXT \$10 MILLION
	.40% - NEXT \$10 MILLION
	.30% - OVER \$30 MILLION

**PERFORMANCE COVER SHEET (STATEMENT OF CHANGES)**

Denver Investments  
**375 - BAY COUNTY MI EMP RET SY**  
 World

As of: February 28, 2011

Statement of Changes	
	Current Month
Beginning Market Value	19,761,930
Net Additions/Withdrawals	0
Income Received	4,283
Change in Accrued Income	5,776
Change in Unrealized Gain/Loss	348,788
Realized Gain/Loss	492,802
Ending Market Value	20,613,578

Portfolio Composition		
	Market Value	% of Total
Total Fund	20,613,578	100.00
Equity and Related	20,229,481	98.14
Cash and Equivalents	384,097	1.86

Performance Summary						
	Calendar Year To		3 Year	5 Year	Inception	
	Quarter to Date	Date			12 Months	Annualized
Total Fund	6.03	6.03	7.56	6.48	9.40	9.40
Equity and Related	6.14	6.14	8.45	7.13	9.55	9.55
Cash and Equivalents	0.02	0.02	1.15	3.28	3.62	3.62

Benchmark Indices						
	Calendar Year To		3 Year	5 Year	Inception	
	Quarter to Date	Date			12 Months	Annualized
Russell Midcap Growth W/Inc	6.12	6.12	6.41	5.17	7.41	7.41
S&P Midcap 400 W/Income	6.75	6.75	8.74	6.08	11.33	11.33
Nasdaq Composite	4.88	4.88	6.99	4.05	5.61	5.61
S&P 500 W/Inc	5.88	5.88	2.19	2.87	6.63	6.63
Russell Midcap W/Inc	6.01	6.01	6.19	4.86	9.68	9.68

\*Inception Date: May 31, 1996

**APPRAISAL SUMMARY**  
**375 - BAY COUNTY MI EMP RET SY**  
 February 28, 2011

	Total		Unrealized		Indicated		Current		Yield To	
	Cost Value	Market Value	Gain/Loss	Annual Income	%PF	Yield	Worst			
Equity	15,582,591.00	20,220,240.50	4,637,649.50	120,479.45	98.09%	0.60				
Cash	384,096.62	384,096.62	0.00	38.41	1.86%	0.01				0.01
<b>Total Investments:</b>	<b>15,966,687.62</b>	<b>20,604,337.12</b>	<b>4,637,649.50</b>	<b>120,517.86</b>	<b>99.96%</b>	<b>0.59</b>				
<b>Accrued Income:</b>		<b>9,240.50</b>			<b>0.04%</b>					
<b>Total Account:</b>	<b>15,966,687.62</b>	<b>20,613,577.62</b>	<b>4,637,649.50</b>	<b>120,517.86</b>	<b>100.00%</b>	<b>0.59</b>				

**PERFORMANCE COVER SHEET (STATEMENT OF CHANGES)**

Denver Investments  
**375 - BAY COUNTY MI EMP RET SY**  
 World

As of: February 28, 2011

**Statement of Changes**

	Current Month	Current Quarter	Fiscal Year to Date	Inception to Date
Beginning Market Value	19,761,930	18,489,013	19,441,728	10,000,000
Net Additions/Withdrawals	0	0	0	(10,939,167)
Income Received	4,283	53,726	11,872	1,607,778
Change in Accrued Income	5,776	2,460	1,720	9,241
Change in Unrealized Gain/Loss	348,788	464,813	(186,510)	3,344,095
Realized Gain/Loss	492,802	1,603,566	1,344,767	16,591,632
Ending Market Value	20,613,578	20,613,578	20,613,578	20,613,578

**Portfolio Composition**

	Market Value	% of Total
Total Fund	20,613,578	100.00
Equity and Related	20,229,481	98.14
Cash and Equivalents	384,097	1.86

**Performance Summary**

	Current Month	Quarter to Date	3 Months	Calendar Year To Date	Fiscal Year to Date	Inception Annualized
Total Fund	4.31	6.03	11.49	6.03	6.03	9.40
Equity and Related	4.40	6.14	11.83	6.14	6.14	9.55
Cash and Equivalents	0.01	0.02	0.03	0.02	0.02	3.62

**Benchmark Indices**

	Current Month	Quarter to Date	3 Months	Calendar Year To Date	Fiscal Year to Date	Inception Annualized
Russell Midcap Growth W/Inc	4.05	6.12	12.74	6.12	6.12	7.41
S&P Midcap 400 W/Income	4.65	6.75	13.74	6.75	6.75	11.33
Nasdaq Composite	3.04	4.88	11.37	4.88	4.88	5.61
S&P 500 W/Inc	3.43	5.88	12.95	5.88	5.88	6.63
Russell Midcap W/Inc	3.80	6.01	13.34	6.01	6.01	9.68

\*Inception Date: May 31, 1996

Returns greater than one year are annualized  
 Report printed on: 3/7/2011 @ 7:29 AM

# BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

Small Cap Value

Total Market Value: \$13,401,827 (0.3% Cash)

Month Ended February 28, 2011

	Performance Returns - Gross of Fees			Weighted Average Portfolio Characteristics			
	MTD	QID	YTD	Since Incept.	Portfolio	Rus 2000 V	Rus 2000
Portfolio - Total Return	5.80 %	5.63 %	5.63 %	8.23 %	11.0x	13.1x	14.4x
Portfolio - Equity Only	5.83	5.60	5.60	7.96	5.2x	7.7x	9.3x
Russell 2000 Value Index	5.08	5.13	5.13	7.22	1.3x	1.4x	1.9x
Russell 2000 Index	5.48	5.21	5.21	7.18	0.9%	1.8%	1.1%
S&P 500 Index	3.43	5.88	5.88	5.28	\$1,780	\$1,202	\$1,370
<i>Commencement of portfolio: 12/1/03. Periods over one year are average annualized returns.</i>							
					54	/ 70%	

	Top and Bottom Five Contributors to Performance			Trading Data			Top Ten Stocks - Total Portfolio
	End Wgt	1Y Ret.	Contr.	Major Buy(Sell)	*New buy/final sell	+/-	
Stone Energy Corp.	4.41 %	30.24 %	1.07 %	Alliant Techsystems Inc.		2.0%	Valassis Communications
Hudson Highland Group	4.00	21.56	0.73	Circo International Inc.		0.6%	Con-Way Inc.
Goodyear Tire & Rubber Co.	2.61	19.36	0.50	LifePoint Hospitals Inc.		0.5%	Great Plains Energy Inc.
Global Indemnity PLC	3.22	11.98	0.36	(Interpublic Group of Cos.)		-0.9%	Stone Energy Corp.
Interpublic Group of Cos.	1.09	23.48	0.35	(Terex Corp)		-1.0%	Noranda Aluminum Hldg
Great Plains Energy Inc.	4.46 %	-1.38 %	-0.06 %				Symetra Financial Corp.
Quiksilver Inc.	1.57	-3.58	-0.07				Hudson Highland Group
Alliant Techsystems Inc.	3.98	-4.47	-0.09				Alliant Techsystems Inc.
Con-Way Inc.	4.54	-4.00	-0.18				Miller Industries Inc.
Valassis Communications	4.86	-6.99	-0.33				MI Developments Inc.

	Performance Attribution			Allocation			End Wgt
	Portfolio	Equ. Ret.	Russell 2000 Value	Sector	Stock	Total	
Financials	26.38 %	6.22 %	37.00 %	0.15	0.66	0.81	11.7 %
Energy	6.63	21.68	7.96	-0.03	0.80	0.77	8.2
Telecommunication Services	0.00	0.00	0.52	0.01	0.00	0.01	6.9
Industrials	21.65	4.88	14.40	-0.03	0.03	0.00	6.9
Materials	5.55	6.91	6.25	-0.02	0.00	-0.02	6.1
Consumer Discretionary	17.76	4.26	9.52	-0.02	-0.01	-0.03	6.0
Consumer Staples	2.03	4.87	2.94	-0.01	-0.02	-0.03	6.0
Utilities	8.48	0.89	6.18	-0.06	-0.16	-0.21	5.3
Information Technology	7.46	2.05	9.63	0.01	-0.23	-0.23	4.9
Health Care	4.06	7.10	5.60	-0.09	-0.15	-0.24	4.7
				-0.08	0.91	0.82	

Data source: FactSet daily buy-and-hold, gross of fees. Returns calculated using this buy-and-hold methodology could differ from actual portfolio returns when there is a significant difference between the trade price and the closing price of any given security (e.g., IPOs, corporate transactions or closing price conventions). 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. HWC/M and Russell sectors are based on the Global Industry Classification Standard by MSCI and Standard and Poor's.

**Portfolio Summary**

Bay County Employees Ret System  
4407N1

Date Run: 03/10/2011  
Period Covered: 01/31/2011 to 02/28/2011

**Portfolio Composition as of 02/28/2011**

	Total Market Value	% of Total
Bonds	24,205,794	95.07%
Cash and Equivalents	888,766	3.49%
Accrued Income	367,170	1.44%
<b>Total</b>	<b>25,461,730</b>	<b>100.00%</b>

**Statement of Changes**

Total Market Value at 01/31/2011	25,226,680
Net Additions/Withdrawals	0
Income Earned	113,928
Portfolio Appreciation/Depreciation	121,122
<b>Total Market Value at 02/28/2011</b>	<b>25,461,730</b>

**Performance Returns (Supervised Assets)**

	1Mth	3Mths	YTD	1 YR	3 YRS*	5 YRS*
Total Portfolio	0.93	0.73	1.58	10.04	8.37	6.74
Barclays Credit ^	0.72	-0.09	0.93	7.37	6.75	6.12

\* - Returns are annualized

^Barclays Credit from 6/30/1999 thru 2/28/2011  
Citigroup Broad Inv-Grade (BIG) from 01/31/1997 thru 6/30/1999

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This report is a service provided to customers of Loomis Sayles. It is for informational purposes only. It is not a recommendation to buy or sell securities. Past performance is not a guarantee of future results. Loomis Sayles believes information contained here in is reliable but we do not guarantee its accuracy.



**LOOMIS | SAYLES**



**MARVIN & PALMER®**  
**ASSOCIATES, INC.**  
 GLOBAL EQUITY MANAGEMENT

March 21, 2011

Danean Wright  
 Retirement Accountant  
 Bay County Employees' Retirement System  
 Bay County Building  
 515 Center Avenue, Suite 706  
 Bay City, Michigan 48708-5128

Dear Danean:

Your portfolio gained 3.5% during February while the Russell 1000 Growth Index rose 3.3%.

The market continued to move higher in February, led by the energy, financials, consumer discretionary and healthcare sectors. The materials, information technology and industrials sectors turned in the worst performance for the month.

The overriding concern, which developed during February, was the uncertainty of energy prices due to the upheaval in the Middle East. There are differing opinions as to whether these uncertainties could be more like 1979 or 1989. As you recall, 1979 led to the overthrow of the Shah of Iran and substantial dislocation in the political direction of the Middle East. On the other hand, 1989 was highlighted by the fall of the Berlin Wall and the demise of the old Soviet Union. This led to a major opportunity for the world to incorporate new economies and political systems in a globalized march towards growth.

Our portfolio has been emphasizing cyclical sensitivity focused on materials, energy and industrial stocks. Our technology exposure is neutral and focused on the types of companies that enable data mobility. These areas should continue to lead if energy prices do not substantially upset the global economy. At this point we are willing to maintain our exposure to cyclical sensitivity.

Your portfolio and performance since inception are attached for your interest.

Sincerely,

Jay F. Middleton  
 Portfolio Manager – Principal

JFM/jam

Attachment

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**PRINCIPALS**  
 David F. Marvin  
 Stanley Palmer  
 Karen T. Buckley  
 Raymond J. Deschenes  
 Jon A. Stiklorius  
 Terry B. Mason  
 Jay F. Middleton  
 Todd D. Marvin  
 David L. Schaen  
 Christopher A. Luft  
 James W. Ryerson  
 Jonathan T. Friedman  
 Stephen D. Marvin  
 Douglas D. Sanna  
 Jennifer A. Mattes  
 Stephen J. Gannon  
 Gilbert Hahn  
 Thomas B. McAvoy  
 Lisa H. Capretto  
 Peter Crivelli  
 Lorraine H. Berends  
 Scott D. Palmer  
 C. Porter Schutt  
 S. Richard Siple  
 Mary L. Moglioni  
 Brian D. Marvin  
 Joyce A. Nolan  
 Ezekiel R. Maki  
 George R. B. Trimble, Jr.  
 Lars R. Harrison  
 Bobbie V. Davies  
 Jane M. Motley  
 Adam T. Taylor  
 Shuoqi (Joyce) Li

**ADVISORY BOARD**  
 Irving S. Shapiro  
*In Memoriam 1986-2001*

The Rt. Hon. Lord Moore, P.C.  
 Prof. Dr.-Ing. Klaus G. Lederer  
 Dr. Pedro Aspe  
 Alan D. Schwartz  
 Madelyn Smith  
 The Hon. Sam Nunn  
 The Hon. James A. Kelly  
 James J. McNulty

# PERFORMANCE SUMMARY

## Bay County Employees' Retirement System

Portfolio Value on February 28, 2011: 25,875,076

Benchmark: Russell 1000 Growth Index with Gross Dividends  
 Reporting Currency: US Dollars  
 Inception Date: May 19, 2006

Period	RETURN %			Value Added
	M&P Gross	M&P Net	Benchmark	
February 2011	3.52	3.52	3.27	0.25
Quarter to Date	4.41	4.41	5.90	-1.49
2010	20.23	19.32	16.71	3.52
2009	18.10	17.23	37.21	-19.11
2008	-45.96	-46.37	-38.44	-7.52
2007	25.87	24.94	11.81	14.07
Inception Year	4.61	4.13	10.02	-5.41

Period	ANNUALIZED RETURN %			Value Added
	M&P Gross	M&P Net	Benchmark	
1 Year	28.24	27.28	24.94	3.30
3 Years	-1.31	-2.05	4.93	-6.24
Since Inception	1.13	0.40	5.37	-4.24

Note 1: Performance is compared to the Russell 1000 Growth Index for reporting purposes. The actual benchmark is the Russell 1000 Growth Index plus 1%.

Note 2: The Russell 1000 Growth® Index is a trademark/service mark of the Russell Company. Russell® is a trademark of the Russell Company.





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

Time Period	Percent Return Per Period		
	Gross	Portfolio Net	FTSE/NAREIT Equity Index
1/31/2011 to 2/28/2011	5.28%	5.23%	4.62%
12/31/2010 to 2/28/2011	8.73%	8.62%	8.02%

Bay County Employees' Retirement System  
 05231100/  
 SmallCap Growth Equity

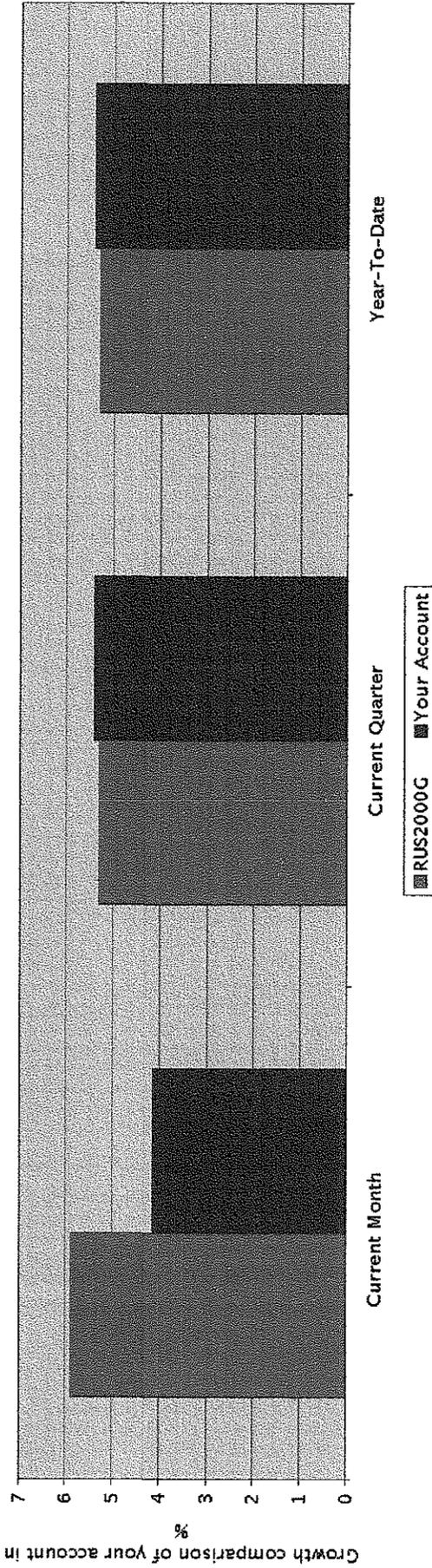
PORTFOLIO VALUATION AND STATEMENTS

CURRENT PERIOD STARTED ON: 02/01/2011  
 CURRENT QUARTER STARTED ON: 01/01/2011  
 YEAR-TO-DATE STARTED ON: 01/01/2011  
 INCEPTION DATE: 09/03/2010

AS OF 02/28/2011

ANALYSIS OF RATES OF RETURN

	CURRENT MONTH	CURRENT QUARTER	YEAR-TO-DATE	PAST 12 MONTHS	ANNUALIZED THREE-YEARS	ANNUALIZED FIVE-YEARS	ANNUALIZED SINCE INCEPTION
TOTAL MANAGED ASSETS	4.14%	5.41%	5.41%	N/A	N/A	N/A	N/A
Russell 2000 Growth Index	5.88%	5.29%	5.29%	N/A	N/A	N/A	N/A





Recapture Services

Bay County Employees Retirement System  
 Plan Trading Summary (US Dollars)  
 January 01, 2011 - February 28, 2011

Ref#: 23803

Execution Solutions

Manager	Current Month Commissions	Current Month Credits	Year-To-Date Commissions	Year-To-Date Credits
<b>Revenue Type: Equity</b>				
Batterymarch Financial Management	0.00	0.00	0.00	0.00
Columbia Management Advisors, LLC	702.00	491.40	1,282.50	897.75
Denver Invmt Advisors	2,306.00	1,614.20	2,534.00	1,773.80
Eagle Asset Management	21.45	15.02	79.95	55.97
Eagle Asset Management	287.36	0.00	338.20	0.00
Hotchkis & Wiley	0.00	0.00	0.00	0.00
Marvin & Palmer Associates, Inc.	1,986.75	1,390.73	2,736.75	1,915.73
Wentworth, Hauser & Violich, Inc.	328.00	229.60	1,144.00	800.80
<b>Totals for Equity</b>	<b>5,631.56</b>	<b>3,740.94</b>	<b>8,115.40</b>	<b>5,444.04</b>
<b>Revenue Type: Correspondent Equity</b>				
Integrity Asset Management	369.68	258.78	735.94	515.16
Integrity Asset Management	168.04	0.00	351.14	0.00
<b>Totals for Correspondent Equity</b>	<b>537.72</b>	<b>258.78</b>	<b>1,087.08</b>	<b>515.16</b>
<b>Grand Totals</b>	<b>6,169.28</b>	<b>3,999.72</b>	<b>9,202.48</b>	<b>5,959.20</b>

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Commission Recapture Sales : Kimberly Doran, 212.468.7701, kdoran@convergex.com

Commission Recapture Client Services : 800-992-7526, csrclientservices@convergex.com

Transition Management Sales : Joyce B. McCabe, 1.617.722.7141, jbmccabe@convergex.com

This statement represents trades through Posted Date February 28, 2011 for all US transactions and upon information provided to us to date from our Global Correspondent Network for all non-US transactions



Execution Solutions

Recapture Services  
 Bay County Employees Retirement System  
 Plan Activity Summary and Balance  
 January 01, 2011 - February 28, 2011

Ref#: 23803

Summary by Revenue Type

Revenue Type	Month to Date		Year to Date	
	Commissions	Credits	Commissions	Credits
Equity	5,631.56	3,740.94	8,115.40	5,444.04
Correspondent Equity	369.68	258.78	735.94	515.16
Correspondent Broker Fees	168.04	0.00	351.14	0.00
International Correspondent	0.00	0.00	0.00	0.00
Correspondent Broker Fees	0.00	0.00	0.00	0.00
Fixed Income	0.00	0.00	0.00	0.00
12B-1 fees	0.00	0.00	0.00	0.00
Transitions	0.00	0.00	0.00	0.00
Adjustments	0.00	0.00	0.00	0.00
No Credit	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>6,169.28</b>	<b>3,999.72</b>	<b>9,202.48</b>	<b>5,959.20</b>

Account Balance

Month	Commissions	Credits	Adjustments	Payments	Month Ending
Prior Year CR or DB	0.00	0.00			2,899.22
January 2011	3,033.20	1,959.48	0.00	2,899.22	1,959.48
February 2011	6,169.28	3,999.72	0.00	0.00	5,959.20
March 2011	0.00	0.00			
April 2011	0.00	0.00			
May 2011	0.00	0.00			
June 2011	0.00	0.00			
July 2011	0.00	0.00			
August 2011	0.00	0.00			
September 2011	0.00	0.00			
October 2011	0.00	0.00			
November 2011	0.00	0.00			
December 2011	0.00	0.00			
<b>TOTAL</b>	<b>9,202.48</b>	<b>5,959.20</b>	<b>0.00</b>	<b>2,899.22</b>	<b>5,959.20</b>
<b>Current Balance</b>					<b>5,959.20</b>

Commission Recapture Sales : Kimberly Doran, 212.468.7701, kdoran@convergex.com

Transition Management Sales : Joyce B. McCabe, 1.617.722.7141, jbmccabe@convergex.com

Commission Recapture Client Services : 800-992-7526, csclientservices@convergex.com

This statement represents trades through Posted Date February 28, 2011 for all US transactions and upon information provided to us to date from our Global Correspondent Network for all non-US transactions

THE NORTHERN TRUST COMPANY  
 801 S. CANAL  
 CHICAGO, IL. 60675  
 SECURITIES LENDING DIVISION C-1S

010000237 BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM SUMMARY EARNINGS STATEMENT CURRENCY: USD PAGE 1

BILLING DATE: 03/10/2011  
 BILLING PERIOD: 02/01/2011 - 02/28/2011

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUM.: BYC03					
ACCOUNT NAME: BAYCO- BARINGS					
OPEN CASH	0.00	0.00	0.00	138.73	138.73
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	29.92	29.92
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	0.00	0.00	168.65	168.65
TOTAL REBATES	0.00	0.00	0.00	149.95-	149.95-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	0.00	0.00	318.60	318.60
BANK FEES	0.00	0.00	0.00	127.41	127.41
NET INCOME	0.00	0.00	0.00	191.19	191.19

ACCOUNT NUM.: 1799220					
ACCOUNT NAME: *TNT-IDN-BYCO3-BAYCO-BARING-SL					
OPEN CASH	0.00	0.00	0.00	125.54	125.54
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
GROSS EARNINGS	0.00	0.00	0.00	125.54	125.54
TOTAL REBATES	0.00	0.00	0.00	29.67	29.67
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	0.00	0.00	95.87	95.87
BANK FEES	0.00	0.00	0.00	38.29	38.29
NET INCOME	0.00	0.00	0.00	57.58	57.58

ACCOUNT NUM.: 2608694					
ACCOUNT NAME: *BAYCO - COLUMBIA MANAGEMENT					
OPEN CASH	0.00	1,025.50	0.00	0.00	1,025.50
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
GROSS EARNINGS	0.00	1,025.50	0.00	0.00	1,025.50
TOTAL REBATES	0.00	235.37	0.00	0.00	235.37
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	790.13	0.00	0.00	790.13
BANK FEES	0.00	315.82	0.00	0.00	315.82
NET INCOME	0.00	474.31	0.00	0.00	474.31

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THE NORTHERN TRUST COMPANY

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUM.: 2618668					
ACCOUNT NAME: *BAYCO -- BAIRD	-SL				
OPEN CASH	1,460.47	0.00	0.00	0.00	1,460.47
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
GROSS EARNINGS	1,460.47	0.00	0.00	0.00	1,460.47
TOTAL REBATES	831.90	0.00	0.00	0.00	831.90
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	628.57	0.00	0.00	0.00	628.57
BANK FEES	251.37	0.00	0.00	0.00	251.37
NET INCOME	377.20	0.00	0.00	0.00	377.20

ACCOUNT NUM.: 2620611					
ACCOUNT NAME: *BAYCO -- MARVIN & PALMER	-SL				
OPEN CASH	0.00	1,035.03	0.00	80.63	1,115.66
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
GROSS EARNINGS	0.00	1,035.03	0.00	80.63	1,115.66
TOTAL REBATES	0.00	252.09	0.00	17.89	269.98
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	782.94	0.00	62.74	845.68
BANK FEES	0.00	312.91	0.00	25.06	337.97
NET INCOME	0.00	470.03	0.00	37.68	507.71

ACCOUNT NUM.: 2622490					
ACCOUNT NAME: *BAYCO -- MACKAY SHIELDS	-SL				
OPEN CASH	1,149.87	155.73	160.59	0.00	1,466.19
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
GROSS EARNINGS	1,149.87	155.73	160.59	0.00	1,466.19
TOTAL REBATES	1,396.71	37.84	39.17	0.00	1,319.70
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	2,546.58	117.89	121.42	0.00	2,785.89
BANK FEES	1,018.32	47.09	48.55	0.00	1,113.96
NET INCOME	1,528.26	70.80	72.87	0.00	1,671.93

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THE NORTHERN TRUST COMPANY

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUM.: 2622536					
ACCOUNT NAME: *BAYCO - HOTCHKIS & WILEY -SL					
OPEN CASH	0.00	1,708.84	0.00	0.00	1,708.84
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
GROSS EARNINGS	0.00	1,708.84	0.00	0.00	1,708.84
TOTAL REBATES	0.00	435.96	0.00	0.00	435.96
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,272.88	0.00	0.00	1,272.88
BANK FEES	0.00	507.32	0.00	0.00	507.32
NET INCOME	0.00	765.56	0.00	0.00	765.56

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUM.: 2624493					
ACCOUNT NAME: *BAYCO - WENTWORTH -SL					
OPEN CASH	0.00	688.97	0.00	401.99	1,090.96
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	5.38	0.00	60.00	65.38
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	694.35	0.00	461.99	1,156.34
TOTAL REBATES	0.00	160.85	0.00	83.14	243.99
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	533.50	0.00	378.85	912.35
BANK FEES	0.00	213.29	0.00	151.48	364.77
NET INCOME	0.00	320.21	0.00	227.37	547.58

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUM.: 2639956					
ACCOUNT NAME: *BAYCO - DENVER INV ADV -SL					
OPEN CASH	0.00	1,650.52	0.00	110.52	1,761.04
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
GROSS EARNINGS	0.00	1,650.52	0.00	110.52	1,761.04
TOTAL REBATES	0.00	382.60	0.00	24.09	406.69
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,267.92	0.00	86.43	1,354.35
BANK FEES	0.00	506.44	0.00	34.44	540.88
NET INCOME	0.00	761.48	0.00	51.99	813.47

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THE NORTHERN TRUST COMPANY

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUM.: 2641401					
ACCOUNT NAME: *BAYCO - LOOMIS SAYLES -SL					
OPEN CASH	0.00	0.00	280.49	0.00	1,313.15
TERM CASH	1,032.66	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
GROSS EARNINGS	1,032.66	0.00	280.49	0.00	1,313.15
TOTAL REBATES	267.13	0.00	68.77	0.00	335.90
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	765.53	0.00	211.72	0.00	977.25
BANK FEES	305.74	0.00	84.56	0.00	390.30
NET INCOME	459.79	0.00	127.16	0.00	586.95

ACCOUNT NUM.: 2653308					
ACCOUNT NAME: *BAYCO - INTEGRITY -SL					
OPEN CASH	0.00	1,756.06	0.00	1.86	1,757.92
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
GROSS EARNINGS	0.00	1,756.06	0.00	1.86	1,757.92
TOTAL REBATES	0.00	440.50	0.00	0.46	440.96
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,315.56	0.00	1.40	1,316.96
BANK FEES	0.00	524.97	0.00	0.56	525.53
NET INCOME	0.00	790.59	0.00	0.84	791.43

ACCOUNT NUM.: 2663296					
ACCOUNT NAME: *BAYCO - CORNERSTONE REALES-SL					
OPEN CASH	0.00	1,385.18	0.00	0.00	1,385.18
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
GROSS EARNINGS	0.00	1,385.18	0.00	0.00	1,385.18
TOTAL REBATES	0.00	230.76	0.00	0.00	230.76
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,154.42	0.00	0.00	1,154.42
BANK FEES	0.00	460.14	0.00	0.00	460.14
NET INCOME	0.00	694.28	0.00	0.00	694.28

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THE NORTHERN TRUST COMPANY

	US FIXED	-SL	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUM.: 2695063						
ACCOUNT NAME: *BAYCO - EAGLE ASSET						
OPEN CASH	0.00		1,618.47	0.00	51.28	1,669.75
TERM CASH	0.00		0.00	0.00	0.00	0.00
NON CASH	0.00		0.00	0.00	15.04	15.04
DEAL STOCKS	0.00		0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00		1,618.47	0.00	66.32	1,684.79
TOTAL REBATES	0.00		117.37--	0.00	11.49	105.88-
COMMISSIONS	0.00		0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00		1,735.84	0.00	54.83	1,790.67
BANK FEES	0.00		692.23	0.00	21.87	714.10
NET INCOME	0.00		1,043.61	0.00	32.96	1,076.57
GRAND TOTAL						
OPEN CASH	3,643.00		11,024.30	441.08	910.55	16,018.93
TERM CASH	0.00		0.00	0.00	0.00	0.00
NON CASH	0.00		5.38	0.00	104.96	110.34
DEAL STOCKS	0.00		0.00	0.00	0.00	0.00
GROSS EARNINGS	3,643.00		11,029.68	441.08	1,015.51	16,129.27
TOTAL REBATES	297.68-		2,058.60	107.94	16.79	1,885.65
COMMISSIONS	0.00		0.00	0.00	0.00	0.00
CLIENT EARNINGS	3,940.68		8,971.08	333.14	998.72	14,243.62
BANK FEES	1,575.43		3,580.21	133.11	399.11	5,687.86
NET INCOME	2,365.25		5,390.87	200.03	599.61	8,555.76

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4/5/2011

REFUNDS: FOR THE MONTH ENDING MARCH 31, 2011

EMPLOYEE/BENEFICIAR	CONTRIBUTIONS REFUNDED	PROCESSED ON	DEPARTMENT TERMINATED	TERMINATION DATE
Barnes, Jennifer	3,425.95	03/07/11	Defense Attorney	10/01/09
TOTAL REFUNDS:	3,425.95			

RETIREE	CONTRIBUTIONS TRANSFERRED	DEPARTMENT	EFFECTIVE DATE
Rogers, Nancy	16,043.30	BABH	03/01/11
Lamont, Kenneth	20,425.39	Library	02/26/11
Rundell, Margaret	36,217.97	BMCF	02/24/11
Stothard, Diane	17,011.73	BMCF	02/19/11

**AMENDED**  
**NOTICE OF PUBLIC MEETINGS**

THE BOARD OF TRUSTEES OF THE BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM, 515 CENTER AVENUE, 7TH FLOOR, BAY CITY, MICHIGAN 48708, PHONE NUMBER (989) 895-4030, HAS SCHEDULED REGULAR MEETINGS FOR 2011. ALL MEETINGS WILL BE HELD AT 1:30 P.M. IN THE BOARD OF COMMISSIONERS CHAMBERS, LOCATED IN THE BAY COUNTY BUILDING, 515 CENTER AVENUE, 4TH FLOOR,\* BAY CITY, MI 48708.

JANUARY 11, 2011  
FEBRUARY 8, 2011  
MARCH 8, 2011  
APRIL 12, 2011  
MAY 10, 2011  
JUNE 14, 2011  
JULY 12, 2011  
AUGUST 9, 2011  
SEPTEMBER 13, 2011  
OCTOBER 11, 2011  
NOVEMBER 8, 2011  
DECEMBER 13, 2011

3-31-2011

Date



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Tim Quinn  
Finance Officer/Secretary  
Bay County Employees' Retirement System,  
Board of Trustees

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

\*original notice indicated Finance Department, 7<sup>th</sup> Floor

## PURCHASE OF MILITARY SERVICE CREDIT

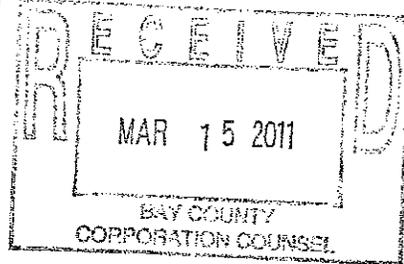
EMPLOYEE NAME: Robert Bisel

DEPARTMENT	Buildings and Grounds
JOB TITLE	Maintenance
DATE APPROVED BY PERSONNEL COMMITTEE	December 21, 2010
RESOLUTION NUMBER	3
TIME BEING PURCHASED	3 years
ACTIVE MILITARY SERVICE:	FROM: May 26, 1971 TO: May 25, 1974
CERTIFIED COPY OF FORM DD214 ON FILE?	Yes
DOES APPLICANT HAVE MINIMUM OF 8 YEARS SERVICE CREDIT IN BAY COUNTY EMPLOYEE RETIREMENT SYSTEM?	YES
AFFIDAVIT ON FILE DECLARING INELIGIBILITY TO DRAW MILITARY PENSION?	Yes
GROSS EARNINGS ON DATE OF APPROVAL:	
ADJUSTMENTS TO GROSS EARNINGS FOR THIS CALCULATION: OVERTIME:	
ESTIMATED GROSS ANNUAL COMPENSATION	\$40,742.00
5% OF GROSS ANNUAL COMPENSATION	\$2,037.10
YEARS & MONTHS OF MILITARY SERVICE BEING PURCHASED	three
AMOUNT DUE RETIREMENT SYSTEM	\$6,111.30
PAYMENT MUST BE COMPLETED BY:	December 21, 2011 or prior to your retirement date, whichever is earlier.

Prepared by: Danean Wright, Retirement Administrator/Accountant

Timothy E. Majeske, Sr.

30 Grove St.  
Munger, MI 48747  
(989) 450-3130



March 13, 2011

Ms. Marty Fitzhugh  
515 Center Avenue  
Bay City, MI 48708

Dear Ms. Fitzhugh:

I am requesting the following information through the Freedom of Information Act, a list of the names, date of retirement, along with the monthly pension being paid on each Bay County Road Commission employee retiring from the year 2000 to the present.

Please contact me regarding the cost of this request.

If you have any other questions, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Timothy E. Majeske Sr.".

Timothy E. Majeske, Sr.

*xlue: 3/22/11*

## BAY COUNTY ROAD COMMISSION RETIREES FROM 2000 TO PRESENT

LAST	FIRST	RETIREMENT DATE	MONTHLY BENEFIT	
Anderson	R. J.	April 17, 2004	2,264.88	
Ball	A.Z.	January 1, 2002	1,945.49	
Ballor	Troy	April 18, 2009	3,081.97	
Bell	T. L.	March 30, 2004	2,646.06	
Bishop	Richard	June 12, 2004	2,802.69	
Botzau	J.	November 15, 2006	2,926.43	
Bouckaert	Kenneth	May 10, 2005	1,058.57	
Bowker	Julie	April 25, 2009	4,450.26	
Edmands	John	June 1, 2007	2,437.79	
Foco	Clarke	August 1, 2004	3,112.63	
Fritz	G.	September 21, 2002	2,844.72	
Fudge	Robert	July 6, 2004	695.67	
Gatza	D.R.	April 23, 2004	2,681.97	
Gotfried	Richard	August 14, 2010	1,654.79	
Heil	Timothy	May 28, 2010	2,426.92	
Knochel	M.E.	October 1, 2003	3,655.40	
Kocks	Thomas	July 15, 2009	1,074.10	
Krzyminski	Daniel	December 30, 2006	3,057.79	
Kurzer	A.	April 17, 2006	883.77	
Lambert	John	November 20, 2009	4,069.98	
Lather	R	January 9, 2001	493.97	
Leinberger	John	April 14, 2009	2,376.45	
Lewandowski	Robert	January 1, 2009	414.23	
Lucke	Paul	January 14, 2009	3,372.39	
Niedzinski	Robert	May 29, 2010	3,321.35	
Pake	Gary	December 31, 2010	2,922.47	
Pawlicki	D E	March 29, 2003	2,615.80	
Phillips	Mark	February 21, 2009	2,216.63	
Shurlow	Bruce	December 30, 2006	2,495.48	
Sommerfield	M.A.	October 13, 2003	4,332.13	
Stender	F.T.	July 28, 2008	1,653.93	
Streich	John	October 14, 2006	3,028.93	
Studders	Andrea	January 1, 2007	1,340.20	(Michael)
Swinson	Roberta	June 12, 2003	1,214.37	
Thormeier	Craig	April 20, 2004	4,138.57	
Walczak	Dennis	May 30, 2009	4,618.00	
Witucki	R.J.	March 4, 2006	3,339.70	
Yenior	K W	July 30, 2004	2,315.82	
Prepared: March 22, 2011				
G Drive Retirement Folder				

COMMISSIONERS  
RICHARD S. GROMASKI  
Chairman  
EDWARD L. RIVET  
Vice-Chairman  
MICHAEL G. RIVARD  
Commissioner

Board of County Road Commissioners  
County of Bay

2600 EAST BEAVER ROAD, KAWKAWLIN, MICHIGAN 48631  
TELEPHONE (989) 686-4610 FAX (989) 686-4620 TTY (800) 649-3777  
WEB SITE [www.baycountyorad.org](http://www.baycountyorad.org)  
JAMES C. LILLO, P.E., ENGINEER-MANAGER



SAFETY and SERVICE

March 9, 2011

Ms. Danean Wright  
Bay County Finance Department  
515 Center Avenue, Suite 701  
Bay City, MI 48708

RE: Group Definitions

Dear Ms. Wright:

The Board at their meeting of March 9, 2011 passed a resolution, copy of which is attached, requesting that the Supervisory and Administrative employees be combined into one group. A request was made to form two groups in 2002 but there are no longer any employees in the Class II group.

Please place this on your agenda for the necessary approvals. We understand that you will forward this to the County Board of Commissioners after the Retirement Board has acted upon it.

Please feel free to contact us at (989) 686-4610 with any questions you may have.

Sincerely,

BAY COUNTY ROAD COMMISSION

Jackie McCarthy  
Finance Director

Enclosure

cc: Jim Lillo  
Cathy Nagy

Board of County Road Commissioners  
County of Bay

COMMISSIONERS

RICHARD S. GROMASKI  
Chairman

EDWARD L. RIVET  
Vice-Chairman

MICHAEL G. RIVARD  
Commissioner

2600 EAST BEAVER ROAD, KAWKAWLIN, MICHIGAN 48631  
TELEPHONE (989) 686-4610 FAX (989) 686-4620 TTY (800) 649-3777  
WEB SITE [www.baycoroad.org](http://www.baycoroad.org)  
JAMES C. LILLO, P.E., ENGINEER-MANAGER



SAFETY and SERVICE

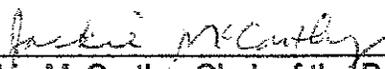
RESOLUTION – BAY COUNTY RETIREMENT SYSTEM- ROAD COMMISSION  
GROUP CLASSIFICATIONS

Commissioner Gromaski moved to request that the Bay County Retirement System allow the Road Commission to combine the current Supervisory and Administrative Personnel groups from Class I and Class II into Class I. Class II does not contain any employees. Motion was adopted on a roll call vote:

Yeas: Rivard, Gromaski  
Excused: Rivet

CERTIFICATION:

I hereby certify that the foregoing is a true and correct copy of a resolution made and adopted at a regular meeting of the Board of County Road Commissioners, County of Bay, Michigan on the 9<sup>th</sup> day of March, 2011.

  
\_\_\_\_\_  
Jackie McCarthy, Clerk of the Board



Northern Trust

50 South LaSalle Street  
Chicago, IL 60675  
USA  
(312) 630-6000

### CLASS ACTION SERVICE CHARGE BEING INTRODUCED IN 2011

In early 2011 Northern Trust will begin collecting a service charge for filing and processing securities class actions.

Northern Trust performs three primary functions for securities litigation that have settled through the U.S. courts (where claim administration is being handled by U.S. claim administrators):

- Tracking of settled lawsuits and client notification
- Filing of claims
- Posting of subsequent disbursements to client portfolios

Northern Trust will collect a service charge when an account receives proceeds from securities class actions. The charge will be 2% of the proceeds with a maximum charge of \$250, subject to a minimum service charge of \$5, but will in no event exceed the amount of the proceeds paid to your account.

Though service charges are only collected when class action proceeds are paid, Northern Trust is continually monitoring settled class actions on behalf of the client, with no regular fees associated with this service.

Please see the attached pages for additional details about this service charge. I would be happy to provide additional information on the value of our class action service and answer any questions that you may have. Please feel free to contact me for more detailed information.

Kind regards,

*Nancy Giraldi*

Nancy Giraldi  
312-444-5124

IRS CIRCULAR 230 NOTICE: To the extent that this message or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law. For more information about this notice, see <http://www.northerntrust.com/circular230>

## Background

### *Why is Northern Trust adding a service charge for class actions filing?*

Class actions have grown in volume and complexity as securities litigation has become more prevalent in the industry. Consequently, third party agents are now offering to perform this service separate from custody services and some clients have chosen to unbundle class action filing services. In recognition of the volume and complexity increases and the flexibility sought in unbundling this process from custody services, Northern Trust is now collecting a separate service charge for class action proceeds.

Note that Northern Trust's global custody competitors have enacted similar service charges over the last few years – these charges are now the norm in the global custody industry.

### *Why should I continue to have Northern Trust handle my class action processing?*

Relative to firms specializing in class action filing, we believe that:

- The custodian is best placed to perform this service because of their access to the data.
- Custodians can perform this service more accurately and more efficiently than any third party vendor.
- Northern Trust's service charges are lower than any third party vendor.
- Northern Trust has a superior class action filing service that provides excellent value in relation to the service charges.

### *What is the structure of the service charge?*

- The service charge collected for processing securities class action payment is 2% of the class action proceeds, with a maximum charge of \$250.
- There is a minimum service charge of \$5.00 that applies unless the class action proceeds are less than that amount, in which case Northern Trust will charge the full amount of the class action proceeds. The amount of the service charge will therefore never exceed the amount of the class action proceeds.
- The service charge is assessed per account, per class action distribution.

### *Will this cover class actions filed before the charge came into effect?*

Yes. The charge will cover all payments made after the live date in early 2011, including any filings that have occurred prior to this time. Clients will not begin to see service charges until such time that proceeds are paid to your accounts.

### *When is the service charge applied?*

The service charge is applied when the proceeds of the class action are paid into a client account. Note that an account can never be overdrawn by a service charge, as the class action proceeds will always cover the service charge.

Though service charges are only collected when class action proceeds are paid, Northern Trust is continually monitoring settled class actions on behalf of the client, with no monthly fees associated with this service.

***How does the service charge appear on client reports?***

The service charge will appear as a separate expense to the clients account with a narrative indicating the class action the service charge applies to.

***Are new reports being created?***

Northern Trust continues to create industry-leading reports that give clients detailed information on class action activity. We have created new reports offering flexibility in date range, and detailing both the net proceeds to client portfolios, as well as the service charges. The new reports are:

- Class Action Proceeds by Account – detailing proceeds per class action event, with subtotals per account over a flexible date range
- Class Action Proceeds by Class – displaying proceeds by class action event, with a total per class

***Are service charges collected when an account is closed?***

- Yes. The charge will be collected from the final account(s) receiving proceeds. If a class action payment is transferred to multiple trust accounts in accordance with standing instructions, then the service charge will be prorated to the accounts in proportion to the proceeds.
- If payments for a closed account are sent to another bank on a wire or check, an additional \$25 processing charge will be applied. Northern Trust will deduct the charges from the proceeds and send the net amount on the wire or check.

***Will this apply to non-US class action events as well as US class action events?***

At this time, Northern Trust does not file class actions outside of the US market due to legal and market constraints. Northern Trust is reviewing developments in market rules and we intend to extend our service to other markets in the future. Service charges for non-US class action events will be communicated when we begin offering that service.

***Are securities distributions covered by the charge?***

No. Securities distributions are not covered by the class action service charge. Charges will only apply to class actions that are paid in cash.

***Will the service charge appear on Northern Trust's Fee Invoices?***

No, the service charges will not appear on the Fee Invoice. The service charge will be applied to the account on the same day the proceeds from the class action are credited to the account.

# Bay County ERS - 2011 Investment Policy Statement Review

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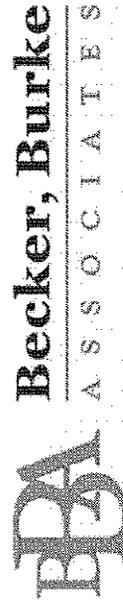
## ***Recommended areas to be considered for revision:***

- Section 2: Consider explicitly stating a funding goal for the plan.  
*i.e. The overall investment goal is to maximize the probability of meeting the Plan's liabilities.*
- Section 2: Consider reducing the current target return of 4% over inflation to reflect lower future return expectations.
- Section 3: Determine acceptable allocation ranges for the policy allocation guidelines.
- Section 3: Consider adding convertibles and removing international fixed income from the policy allocation to better reflect the current allocation.
- Section 4: Verify that the fixed income duration and quality restrictions are applicable.
- Section 4: Modify the Liquidity section to stress greater importance. Liquidity is needed now that the plan is more mature.
- Section 5: Consider reducing the target return of 4% over inflation to reflect lower future return expectations.
- Section 5: Consolidate individual asset class guidelines into a master manager guideline.
- Section 5: Additional guidance is needed detailing the actions to be taken when the plan or an individual manager does not achieve the performance hurdles.  
*i.e. If an investment manager fails to meet or exceed their performance expectations, first the manager is notified and placed on the "watchlist". Judgment will be used to determine the next course of action. Etc.*
- Section 6: Enhance this section to better describe the process used in monitoring and reviewing manager performance.
- Section 7: Change the statement in the Directed Brokerage section to include all managers where applicable.



**BAY COUNTY RETIREMENT SYSTEM**  
Asset Allocation Study Results Discussion

Presentation to the Board of Trustees - April 12, 2011



Becker, Burke Associates Incorporated  
225 W Wacker Dr. Suite 400  
Chicago, IL 60606

**Objectives**

1. Review the current position of the fund relative to the investment policy
2. Present the optimal portfolio allocation recommended by Becker, Burke Associates
3. Obtain Trustee's input, apply revisions, and incorporate into Investment Policy Statement revisions for 2011

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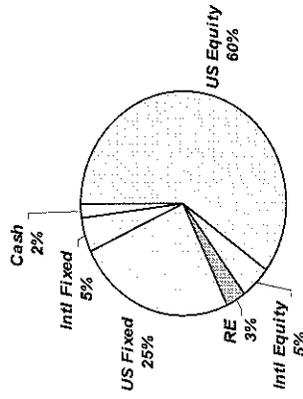
# BAY COUNTY RETIREMENT SYSTEM

Asset Allocation Study Results Discussion

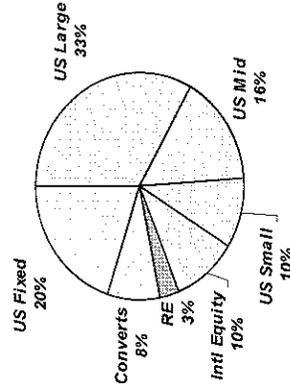
April 12, 2011

- The investment policy target allocation requires the addition of sub-asset classifications.

Investment Policy Target



12/31/2010 Allocation



- Both allocations are well diversified. They incorporate multiple asset classes with various risk/return profiles.

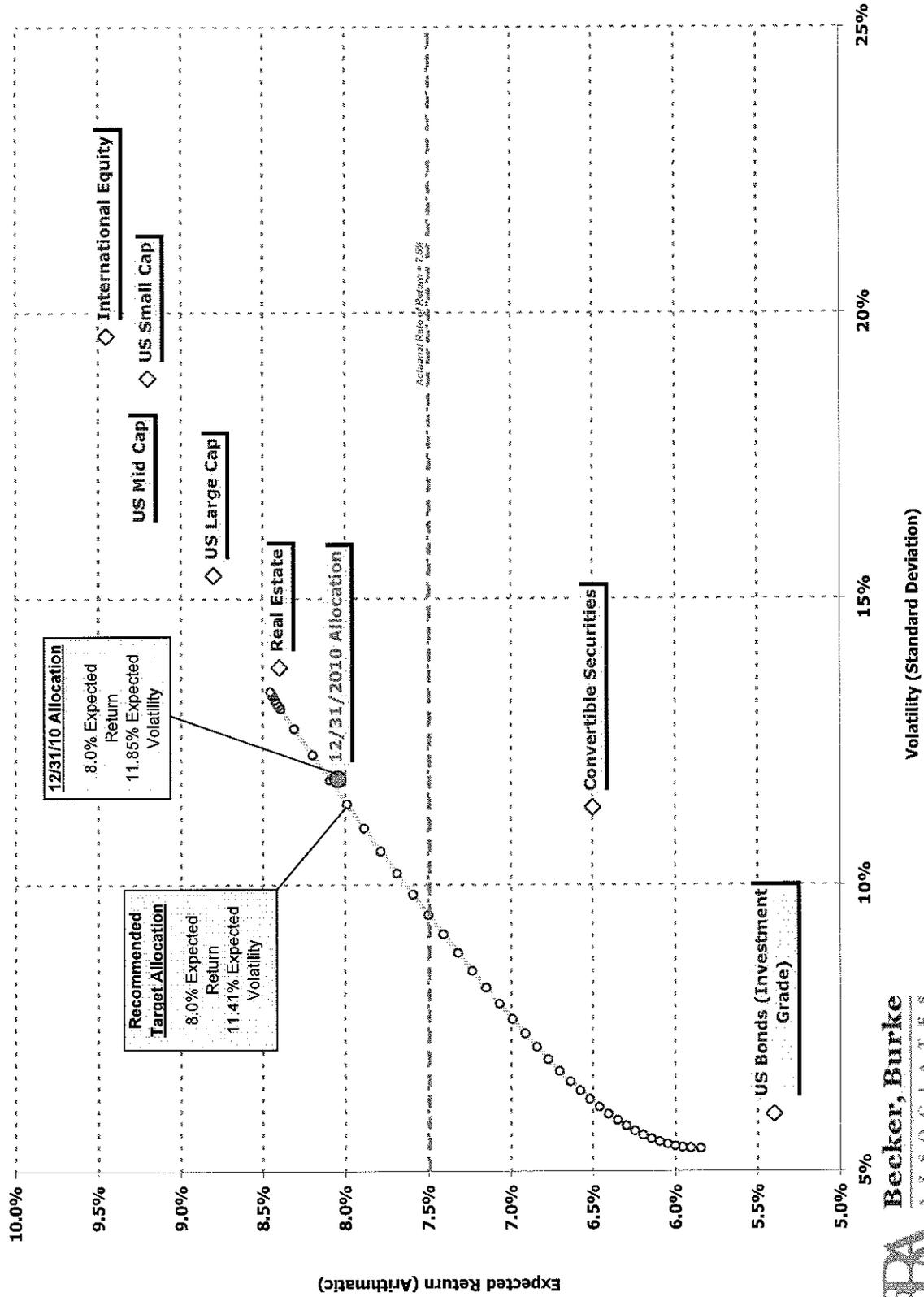
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# BAY COUNTY RETIREMENT SYSTEM

Asset Allocation Study Results Discussion

April 12, 2011

Bay County Retirement System - Optimized Portfolios (Constrained Model)



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# BAY COUNTY RETIREMENT SYSTEM

Asset Allocation Study Results Discussion

April 12, 2011

Bay County Retirement System  
Fund Allocation 12/31/2010      Becker, Burke Associates  
Optimized Allocation

Expected Return	8.0%	8.0%
Risk (Volatility)	11.74%	11.41%

US Large Cap Equity	33%	31%
US Mid Cap Equity	16%	15%
US Small Cap Equity	10%	6%
International Equity	10%	14%
Real Estate	3%	3%
Convertible Securities	10%	5%
US Bonds	20%	26%

Total Equity Commitment      68%      66%

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# BAY COUNTY RETIREMENT SYSTEM

Asset Allocation Study Results Discussion

April 12, 2011

## Recommended Min/Max Allocation Thresholds

	Minimum	Optimized Allocation	Maximum
US Large Cap Equity	26%	31%	36%
US Mid Cap Equity	12%	15%	18%
US Small Cap Equity	3%	6%	9%
International Equity	11%	14%	17%
Real Estate	1%	3%	5%
Convertible Securities	3%	5%	7%
US Bonds	21%	26%	31%
<hr/>			
Total Equity	62%	66%	70%

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**BAY COUNTY RETIREMENT SYSTEM**  
**ASSET ALLOCATION STUDY RESULTS – APRIL 2011**

**PURPOSE**

This Asset Allocation Study will form the basis of discussion in ultimately determining the target portfolio allocation, a component of the Bay County Retirement System Investment Policy Statement. The purpose of this report is to set forth the various design features presented to the Trustees. This report is intended to communicate the process followed in constituting the portfolio recommendations.

**DESIGN OF ASSET ALLOCATION TARGETS AND COMMITMENT RANGES**

The foundation of the Asset Allocation Study was conducted in five steps. At its conclusion, the Study aims to provide the Trustees with the single most "optimal" asset allocation guideline which will result in the lowest expected level of risk for a given rate of return.

To accomplish this objective, the Study first carefully evaluated and established the required rate of return and risk suitable to achieve the Plan's stated objectives. As part of this process, the Study considered all appropriate investment opportunities within applicable legal and fund guidelines, projected the future range of financial results from such opportunities (individually and in combination), and reviewed the expected results of future contributions and distributions as detailed in the Actuary's report.

**Step One: Gather Facts & Consider Desired Outcome**

The stated objective of the Bay County Retirement System is to establish and receive contributions, expressed as a percentage of active member payroll, which will remain approximately level from year to year and will not have to be increased for future generations of citizens.

From the 2009 actuarial report, the fund's current return assumption is 7.5% and uses a liability growth factor of 4% per year. The current ratio of fund assets to unfunded liabilities is approximately 109%. The over-funded status allows maximum flexibility to be used by the Trustees in structuring and allocating the portfolio. The expected return on the portfolio from the most recently approved investment policy is set at 4% over the US Consumer Price Index smoothed over 5 years. A variable benchmark such as this would seem to be the ideal way to remove the effect of broad economic swings, it is more difficult to monitor than a fixed return target. Since the benchmark's purpose is to help identify underperformance in an easy way, then leading to additional analysis, we suggest adopting a fixed return target. **We recommend establishing a target return for the portfolio at 8%.**

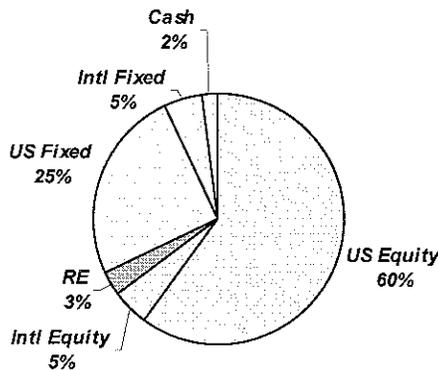
We also considered that cash flow is needed by the fund to pay current liabilities. However, income generation is of less concern than maximizing the total return of the portfolio. Historically, this has led the fund to be positioned with a high equity commitment, upwards of 65% of the assets. This stance suggests that the fund is more tolerant of risk than the average public DB pension plan. This combined with the over-funded status influenced the recommendation to establish a return expectation of 8%,

which is above the actuarial return assumption of 7.5%. The fund's time horizon is very long with liabilities continuing out beyond 30 years into the future.

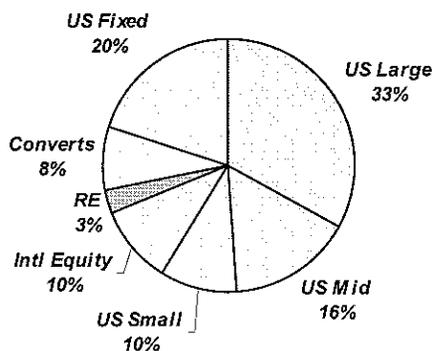
As a governance tool the policy target allocation should be reflected in the actual allocation of the fund. Currently, this is not the case. While the broad guidelines set in the policy regarding equity and fixed income commitment are generally followed, the more specific allocations to areas such as International Fixed Income have never been adhered to. More closely matching these allocations is a goal of the Study.

Below, the current investment policy target allocation and the allocation of the fund as of 12/31/2010.

**Investment Policy Target**



**12/31/2010 Allocation**



**Step Two: Establish Portfolio Modeling Assumptions**

The long term risk and return assumptions for the various asset classes utilized in the portfolio were developed in this step. Model inputs for seven such asset classes including large, mid and small capitalization domestic stocks, foreign stocks, core investment grade bonds, convertible securities, and real estate were developed. These are the same seven asset classes currently held in the portfolio. Statutory restrictions regarding the range of permitted investments were considered in this step when thinking about areas of additional diversification. The seven asset classes selected represent a broad range of risk and potential return and were implemented prudently over many years. At this time, there are no new asset class diversification recommendations. Should it be determined that additional asset classes are needed to achieve the desired portfolio diversification, this study should be re-run inclusive of the new asset classes.

Assumptions on risk and return were crafted in the context of historical performance data for each asset class in addition to the historical inter-relationships of the capital markets and current projections for interest rates and inflation. The results were further refined to reflect fundamental factors such as valuations, growth, liquidity, tax implications, regulatory factors, etc. As a result, each assumption reflects the combined experience and perspective of all Becker, Burke’s investment professionals.

<b>Base Assumptions</b>		
Asset Class	Expected Return	Volatility (Std Dev)
<b>1. US Large Cap</b>	8.8%	15.4%
<b>2. US Mid Cap</b>	9.3%	17.7%
<b>3. US Small Cap</b>	9.2%	18.9%
<b>4. US Core Bonds</b>	5.4%	6.0%
<b>5. Intl Equity</b>	9.5%	19.6%
<b>6. Real Estate</b>	8.4%	13.8%
<b>7. Convertibles</b>	6.5%	11.3%

*\* See Appendix A for a complete listing of the modeling input assumptions used in this study.*

Further, we compared our assumptions to those offered to institutional investors by other consultants and investment management firms. This was done in an attempt to ensure that the results of our analysis were consistent and reasonable relative to the assumptions underlying the allocation models of other public pension funds.

**Step Three: Determine Range of Allocation Configurations**

In the next step, we determined the complete range of "efficient" asset allocation mixes. The selected asset classes were combined with the assumptions generated in step one and input into a computerized optimization process which determined the set of efficient portfolios. Each allocation configuration was "efficient" in terms of having the lowest level of risk for a given level of return.

All legal restrictions governing the fund's allocation were considered and incorporated into this step. Additionally, prudent constraints to the maximum or minimum allocations of certain asset classes were applied. This was done to prevent over allocation to investments exhibiting favorable risk/return that also contain other external risks not explicitly reflected in the input data. These constraints are listed below for the various asset classes:

<b>Optimizer Allocation Constraints</b>		
<b>Asset Class</b>	<b>Min Allocation</b>	<b>Max Allocation</b>
<b>1. US Large Cap</b>	0%	40%
<b>2. US Mid Cap</b>	0%	15%
<b>3. US Small Cap</b>	0%	15%
<b>4. US Core Bonds</b>	15%	100%
<b>5. Intl Equity</b>	0%	25%
<b>6. Real Estate</b>	0%	3%
<b>7. Convertibles</b>	5%	15%

**Step Four: Selecting the Optimal Portfolio**

Using the assumptions generated in step two, simulations were run on the current portfolio providing a hypothetical rate of return and volatility metrics.

BCRS 12/31/2010 - 68% Equity Allocation						
US Large	US Mid	US Small	Intl Equity	RE	Converts	US Bonds
33%	16%	10%	10%	3%	8%	20%

Our model expects that the current portfolio shown above should generate on average **8.0% return** with a **standard deviation of 11.74%**. The optimized portfolio below suggests that a similar return can be achieved with lower risk. This allocation also expects an **8.0% rate of return** but achieves this with a **lower expected volatility of 11.41%**

Optimized Allocation - 66% Equity Allocation						
US Large	US Mid	US Small	Intl Equity	RE	Converts	US Bonds
31%	15%	6%	14%	3%	5%	26%

*\* See Appendix B for a additional allocation output detailing additional portfolios of various risk/return.*

The total equity commitment of the optimized portfolio is close to, but slightly lower than the current allocation (68% vs 66% equity). This is also an increase of 1% over the current investment policy target allocation. Overall this is a small change to the risk/return profile of the portfolio.

In the various asset classes, the recommended 31% allocation to US large cap is slightly lower than the current allocation of 33%. The same is true for US mid and small cap allocations.

One of the most significant changes is to the international equity allocation. The optimized portfolio calls for an increased commitment, up to 14% from 5% in the policy and 10% in the portfolio currently. This change is justified by the broader opportunity and liquidity now available in global equities markets, relative to when the targets were initially established.

The fixed income allocation recommendation also varies somewhat from the policy and current allocation. The optimized portfolio reflects a reduction from 8% currently to 5% in convertible securities. US core fixed income is increased from 20% currently to 26% of the portfolio.

**Step Five: Setting the Allocation Ranges**

Below is a summary of the recommended optimized portfolio and suggested rebalancing ranges. As a particular asset class allocation nears or breaches the limit, cash should be moved from managers in over allocated asset classes to those underweighted to return the allocation to target.

<b>Target Allocation and Rebalancing Ranges</b>			
<b>Asset Class</b>	<b>Minimum Limit</b>	<b>Target Allocation</b>	<b>Maximum Limit</b>
<b>1. US Large Cap</b>	26%	<b>31%</b>	36%
<b>2. US Mid Cap</b>	11%	<b>15%</b>	19%
<b>3. US Small Cap</b>	3%	<b>6%</b>	9%
<b>4. US Core Bonds</b>	20%	<b>26%</b>	32%
<b>5. Intl Equity</b>	10%	<b>14%</b>	18%
<b>6. Real Estate</b>	1%	<b>3%</b>	5%
<b>7. Convertibles</b>	3%	<b>5%</b>	7%

## Appendix A - Becker, Burke Associates 2011 Optimization Model Input Data

Risk/Return Assumptions		
Asset Class	Expected Return	Volatility (Std Dev)
1. US Large Cap	8.8%	15.4%
2. US Mid Cap	9.3%	17.7%
3. US Small Cap	9.2%	18.9%
4. US Core Bonds	5.4%	6.0%
5. Intl Equity	9.5%	19.6%
6. Real Estate	8.4%	13.8%
7. Convertibles	6.5%	11.3%

Correlation Matrix							
	1	2	3	4	5	6	7
1	100%						
2	87%	100%					
3	81%	92%	100%				
4	-3%	0%	-7%	100%			
5	81%	73%	66%	10%	100%		
6	54%	61%	60%	-8%	45%	100%	
7	70%	80%	77%	15%	66%	36%	100%

Volatility Matrix							
	1	2	3	4	5	6	7
1	15.4%						
2	15.5%	8.6%					
3	15.2%	8.5%	7.3%				
4	-0.2%	0.3%	-1.1%	5.9%			
5	15.8%	1.1%	-0.8%	2.3%	11.3%		
6	7.4%	3.8%	1.5%	-0.9%	0.2%	10.8%	
7	8.0%	4.4%	0.8%	1.9%	1.0%	-1.8%	6.1%

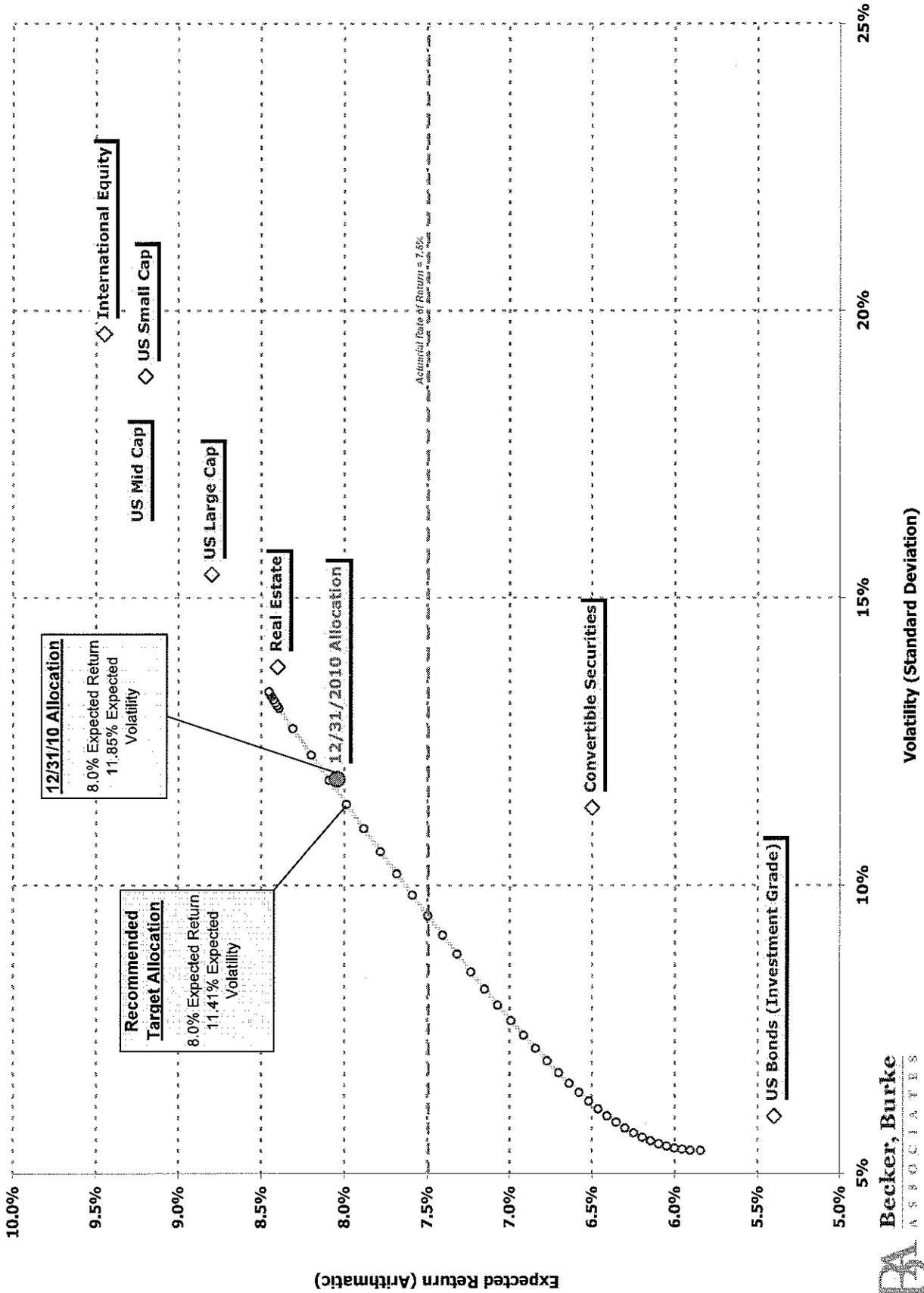
Covariance Matrix							
	1	2	3	4	5	6	7
1	2.4%						
2	2.4%	3.1%					
3	2.3%	3.1%	3.6%				
4	0.0%	0.0%	-0.1%	0.4%			
5	2.4%	2.5%	2.4%	0.1%	3.8%		
6	1.1%	1.5%	1.6%	-0.1%	1.2%	1.9%	
7	1.2%	1.6%	1.6%	0.1%	1.5%	0.6%	1.3%

**Appendix B**  
Portfolio Allocations on Efficient Frontier

Return	StdDev	Large	Mid	Small	EAFE	Core FI	Converts	RE
7.69%	10.20%	30%	11%	6%	11%	33%	5%	3%
7.78%	10.59%	30%	12%	6%	12%	31%	5%	3%
7.88%	10.99%	31%	14%	6%	13%	28%	5%	3%
7.99%	11.41%	31%	15%	6%	14%	26%	5%	3%
8.09%	11.83%	32%	15%	6%	16%	23%	5%	3%
8.20%	12.27%	33%	15%	7%	17%	20%	5%	3%
8.31%	12.73%	34%	15%	8%	18%	17%	5%	3%

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Bay County Retirement System - Optimized Portfolios (Constrained Model)



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