BAY COUNTY RETIREMENT BOARD OF TRUSTEES AGENDA
TUESDAY, NOVEMBER 12, 2013 @ 1:30 P.M.
COMMISSIONERS CHAMBERS
515 CENTER AVENUE - 4TH FLOOR
BAY CITY, MI 48708

PAGE

I. CALL TO ORDER

II. ROLL CALL

III. MINUTES

1 - 4 . . . . . .

A. OCTOBER 8, 2013 REGULAR MEETING

IV. PUBLIC INPUT

V. PETITIONS & COMMUNICATIONS

A. **MFS INVESTMENT MANAGEMENT**

1. KIMBERLY HYLAND AND ANDREW BOYD

B. **MAXIMUS CONSULTING - RON WLOCK**

1. COST ALLOCATIONS RETIREMENT SYSTEM

C. **BECKER, BURKE - JEFF BLACK**

1. 2013 THIRD QUARTER REPORT

2. 2013 ASSET ALLOCATION STUDY RESULTS

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D. PORTFOLIO VALUE - 1/1/13 - 10/31/13

E. MONEY MANAGERS ON WATCH - **(EFFECTIVE DATE)**

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1. BARINGS - **(6/6/13)** PORTFOLIO ENDING 9/30/13

F. MONEY MANAGER PORTFOLIO REPORTS

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1. BAIRD - ENDING 9/30/13
2. COLUMBIA - ENDING 9/30/13
3. CORNERSTONE - ENDING 9/30/13
4. GENEVA CAPITAL - ENDING 9/30/13
5. HOTCHKIS & WILEY - ENDING 9/30/13
6. INTEGRITY ASSET - ENDING 9/30/13
7. LOOMIS SAYLES - ENDING 9/30/13
8. MFS INVESTMENT - ENDING 9/30/13
9. MACKAY SHIELDS - ENDING 9/30/13
10. SCHRODER - ENDING

G. RECAPTURE SERVICES

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1. CONVERGEX - ENDING 9/30/13

H. NORTHERN TRUST SUMMARY EARNINGS

1. TO BE PROVIDED NEXT MONTH

BAY COUNTY RETIREMENT BOARD OF TRUSTEES AGENDA
TUESDAY, NOVEMBER 12, 2013 @ 1:30 P.M.
COMMISSIONERS CHAMBERS
515 CENTER AVENUE - 4TH FLOOR
BAY CITY, MI 48708

44 ..... I. REFUNDS/RETIREMENTS ENDING 10/31/13

45 - 49 ..... J. BCERS YTD BUDGET REPORT ENDING 11/5/13

K. CORRESPONDENCE FROM COLUMBIA MANAGEMENT

50 ..... 1. ORGANIZATIONAL CHANGE

L. CORRESONDENCE TO INTEGRITY ASSET MGMT AND COLUMBIA MANAGEMENT

51 - 52 ..... 1. REBALANCE OF ASSET ALLOCATION

M. GABRIEL ROEDER SMITH & COMPANY

53 - 55 ..... 1. ENGAGEMENT LETTER FOR 2013 ACTUARIAL VALUATION

N. ACTUARY BID - UPDATE

56 - 62 ..... 1. REQUEST FOR INFORMATION

O. CORPORATION COUNSEL - MARTHA FITZHUGH

63 - 75 ..... 1. DRAFTS OF UPDATED POLICIES AND ANNUAL REPORT FORMATS RECEIVED FROM ATTORNEY THOMAS MICHAUD

VI. ANNOUNCEMENTS

A. NEXT REGULAR MEETING - TUESDAY, DECEMBER 10, 2013 AT 1:30 P.M., COMMISSIONERS CHAMBERS, 515 CENTER AVENUE 4TH FLOOR, BAY CITY, MI 48708

VII. UNFINISHED BUSINESS

VIII. NEW BUSINESS

IX. MISCELLANEOUS BUSINESS

X. ADJOURNMENT

The meeting, held in the Bay County Commission Chambers, 4th Floor, Bay County Building, 515 Center Avenue, Bay City, Michigan, was called to order by Chairman, Steve Gray at 1:36 p.m. Roll call was taken. All trustees are present.

1. Moved, supported and carried to approve the minutes, as printed, from the September 10, 2013 regular meeting.

Mr. Gray called for public input as we have members from the public present today. There are no comments or questions so he moved onto petitions and communications.

Present today are Jim Anderson and Shana Neeson from Gabriel Roeder Smith & Company to present the December 31, 2012 Actuarial Valuation. A copy was provided to all Trustees, in advance, via the web.

Mr. Anderson referred to Page 4, The Cost of the Plan - Budgets. The cost of the Plan is the total benefits to be paid. These benefits are defined and they are paid out as people retire. They do allocate for different purposes and measure results as of today to get the funding and accounting results and other measures. He discussed the cost of the Plan for budgeting. Bay County budgets are based on a 7.5% long term investment return assumption. He discussed GASB and the use of a "blended" discount rate and how that discount rate is determined.

Ms. Neeson presented the highlights of the 2012 BCERS Actuarial Valuation. We have a total of 2,048 participants in the plan which includes active, retired, and those terminated but vested and eligible for a deferred retirement. Total actuarial accrued liability was $245.3 million and actuarial value of assets was 239.3 million. The General Group and the Sheriff's Department were over funded. She reviewed the comparisons of the total contribution requirements from December 31, 2011 to December 31, 2012. She explained that if we had not adopted the experience study changes we would have seen an increase overall in all the contribution rates. The experience study helped to bring the contribution rates down from last year with the exception of Department of Water and Sewer, Sheriff and Road Commission.

As a result of the Experience Study performed earlier this year, various assumptions and methods used in the valuation were changed. She discussed the Asset Performance and explained the 5-year asset smoothing technique. The report indicated the rate of return from 2006 through 2012 for market value of assets and the actuarial value of assets. The smoothing technique keeps the fluctuations less volatile in the assets. She reviewed the historical information for each individual group.

If the employer continues to make the recommended contributions, the Retirement System will remain in strong financial position. The system has assets equal to 19 times current benefit payments. Asset smoothing helps reduce the volatility of the employer contributions.

They concluded their presentation. There were no questions from Trustees or attendees.

2. Moved, supported and carried to receive the December 31, 2012 Actuarial Valuation prepared by Gabriel Roeder Smith & Company.

3. Moved, supported and carried to open public comment again.

There are no questions or comments from anyone. Resume regular order of business.

4. Moved, supported and carried to receive Portfolio Value from January 1, 2012 to October 7, 2013. The value as of yesterday is $277.9 million.

5. Moved, supported and carried to receive portfolio reports from Cornerstone, Eagle Asset, Geneva, Loomis Sayles, MFS Investment, and MacKay Shields, all ending 8/31/13.

6. Moved, supported and carried to receive the report from ConvergEx ending 8/31/13.

7. Moved, supported and carried to receive Northern Trust's Summary Earnings ending 8/31/13.

8. Moved, supported and carried to receive Refunds/Retirements for the month ending 9/30/13.

Item H. Is the renewal of contract with Becker, Burke Associates. Trustee Starkweather expressed concern about having procedures in place to notify the Board of Trustees in a timely fashion of when contracts are due to expire to avoid a penalty phase for either notice of cancellation or failure to renew. Corporation Counsel advised that either party has 45 days to notify the other of such action.

9. Moved, supported and carried to approve the renewal of Becker, Burke Associates contract for the year 2014.

10. Moved, supported and carried to receive BCERS Year-To-Date Budget report as of 9/30/13.

Trustee Pett requested that, if possible, a more detailed report be provided that gives a description of the various codes. Crystal Hebert, Finance Officer agreed that could be done and it will be provided on a quarterly basis.

Trustee Coonan inquired about the actuarial valuation just presented and whether we need to transfer reserves from the active employees to the retirees to cover the shortfall in the retiree reserve for all groups.

11. Moved, supported and carried to transfer from the Retirement System employer reserve to the retiree reserve.

Mr. Brzezinski inquires if this will just be an accounting function. Ms. Hebert confirms that it is a journal entry and an accounting transfer only.

12. Moved, supported and carried to approve the request of Matthew Pett to purchase other governmental service time.

13. Moved, supported and carried to approve the request of Steve Gray to purchase other governmental service time.

14. Moved, supported and carried to approve the amendment to the election rules to allow for one election rather than two.

There is a vacancy on the Board due to the resignation of Ms. Carpenter. Ms. Fitzhugh states the amendment is to combine the election to fill the vacancy along with the regular December elections for terms due to expire rather than holding two separate elections.

There was some discussion about having a quorum to conduct the business of this Board.

Item L, legal counsel for the pension system. Chairman Gray refers this item to next month's meeting. We have policies for Ethics, Education and Travel that need to be amended and also the issue of replacing the position of Retirement Administrator. Mr. Gray states there is a meeting scheduled for October 10th with county staff to discuss these issues.

ANNOUNCEMENTS:

A. Next regularly scheduled meeting will be Tuesday, November 12, 2013 at 1:30 P.M. in Commissioner's Chambers, 515 Center Avenue - 4th Floor, Bay City, MI 48708.

UNFINISHED BUSINESS:

The real estate manager search will be discussed at the October 24th meeting.

NEW BUSINESS: None

MISCELLANEOUS BUSINESS None

ADJOURNMENT:

15. Moved, supported and carried to adjourn the meeting at 2:26 p.m.

Respectfully submitted,

Crystal Hebert

Crystal Hebert
Finance Officer/Secretary

Transcribed by: Naomi Wallace

MEETING OF THE **BCERS** BOARD OF TRUSTEES COMMITTEE
OCTOBER 8, 2013

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

MEETING CALLED TO ORDER BY: CHAIR STEVE GRAY AT 1:36 P.M.

OTHER PRESENT: JEFF BLACK, CRYSTAL HEBERT, JIM ANDERSON, SHANA NEESON, MARTY FITZHUGH, TIM QUINN

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

TRUSTEE	11	12	13	14	15	16	17	18	19	20
BRZEZINSKI	Y	Y	Y	Y	Y					
COONAN	S	M	S	M	S					
GRAY	Y	Y	Abstain	Y	Y					
HEREK	Y	S	M	Y	M					
MORSE	Y	Y	Y	Y	Y					
PELTIER	Y	Y	Y	S	Y					
PETT	M	Y	Y	Y	Y					
STARKWEATHER	Y	Y	Y	Y	Y					

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

◆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	0.00	277,048.43	40,055,109.32	0.00	0.00	0.00	40,332,157.75
2608694	0.00%	0.69%	99.31%	0.00%	0.00%	0.00%	14.07%
*BAYCO - BAIRD -SL	0.00	816,802.46	0.00	23,568,458.06	0.00	0.00	24,385,260.52
2618668	0.00%	3.35%	0.00%	96.65%	0.00%	0.00%	8.51%
*BAYCO - SCHRODERS -SL	0.00	217.18	17,479,071.05	0.00	0.00	0.00	17,479,288.23
2618669	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	6.10%
*BAYCO - MACKAY SHIELDS -SL	0.00	2,621,383.46	2,212,514.56	12,500,269.20	0.00	-317,023.97	17,017,143.25
2622490	0.00%	15.40%	13.00%	73.46%	0.00%	-1.86%	5.94%
*BAYCO - HOTCHKIS & WILEY -SL	0.00	185,175.70	10,269,151.20	0.00	0.00	1,467.17	10,455,794.07
2622536	0.00%	1.77%	98.21%	0.00%	0.00%	0.01%	3.65%
*BAYCO - WENTWORTH -SL	0.00	1,556.12	0.00	0.00	0.00	0.00	1,556.12
2624493	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
*BAYCO -CASH -SL	0.00	2,993,447.60	0.00	0.00	0.00	0.00	2,993,447.60
2639953	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	1.04%
*BAYCO - DENVER INV ADV -SL	0.00	15,585.20	0.00	0.00	0.00	0.00	15,585.20
2639956	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.01%
*BAYCO - LOOMIS SAYLES -SL	0.00	599,451.86	0.00	33,052,372.49	0.00	-453,894.11	33,197,930.24
2641401	0.00%	1.81%	0.00%	99.56%	0.00%	-1.37%	11.58%
*BAYCO GENEVA CAPITAL MGMT -SL	0.00	469,861.86	23,137,667.83	0.00	0.00	-141,673.60	23,465,855.89
2649057	0.00%	2.00%	98.60%	0.00%	0.00%	-0.60%	8.19%
*BAYCO - VANGUARD LG CAP CO-SL	0.00	0.00	15,042,505.73	0.00	0.00	0.00	15,042,505.73
2649840	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	5.25%
*BAYCO - INTEGRITY -SL	0.00	470,190.58	23,556,600.91	0.00	0.00	228,035.80	24,254,827.29
2653308	0.00%	1.94%	97.12%	0.00%	0.00%	0.94%	8.46%
*BAYCO - CORNERSTONE REALES-SL	0.00	163,068.90	10,797,126.87	0.00	0.00	-18,525.02	10,941,670.75
2663296	0.00%	1.49%	98.68%	0.00%	0.00%	-0.17%	3.82%
*BAYCO - MFS INVESTMENTS -SL	0.00	494,623.07	40,019,608.18	0.00	0.00	-121,667.65	40,392,563.60
2683854	0.00%	1.22%	99.08%	0.00%	0.00%	-0.30%	14.10%

◆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 - EAGLE ASSET -SL	0.00	101,763.16	10,387,216.57	0.00	0.00	36,517.98	10,525,497.71
2695083	0.00%	0.97%	98.69%	0.00%	0.00%	0.35%	3.67%
BAYCO- BARINGS	394,958.13	0.00	15,675,209.50	0.00	32,751.72	-32,187.26	16,070,732.09
BYC03	2.46%	0.00%	97.54%	0.00%	0.20%	-0.20%	5.61%
Total for consolidation	**394,958.13**	**9,210,175.58**	**208,631,781.52**	**69,121,099.75**	**32,751.72**	**-818,950.66**	**286,571,816.04**
% for consolidation	**0.14%**	**3.21%**	**72.80%**	**24.12%**	**0.01%**	**-0.29%**	**100.00%**

2013	BAIRD	BARINGS	CORNERSTONE	DENVER	EAGLE (RJFN)	GENEVA	HOTCHKIS & WILEY	LOOMIS SAYLES	MACKAY SHIELDS	MARVIN PALMER	MFS	INTEGRITY	SCHRODER	COLUMBIA	VAN GUARD	WENTWORTH	CASH	TOTAL
JAN	22,420,682.07	14,361,871.99	10,128,089.75	1,013.55	10,057,763.88	20,525,062.60	12,052,863.14	30,322,288.54	15,789,752.23	0.00	27,874,477.97	21,879,596.30	10,183,373.77	30,362,702.28	0.00	29,603,346.66	988,076.89	256,550,961.62
FEB	22,528,215.48	13,989,338.23	10,178,606.05	830.06	10,158,593.40	20,812,377.68	10,755,129.02	30,560,229.50	15,291,938.07	0.00	28,264,426.42	22,188,021.99	10,208,675.71	30,642,040.58	0.00	29,308,336.94	2,624,568.58	257,511,327.71
MARCH	22,539,820.62	14,156,136.07	10,528,164.04	9,620.13	10,756,985.40	21,447,855.23	11,310,555.83	30,611,489.45	15,618,583.96	0.00	29,217,285.85	23,263,326.39	10,330,641.21	32,066,615.99	0.00	30,311,411.59	1,483,367.35	263,631,859.11
APRIL	22,712,417.72	14,665,711.46	11,185,799.12	9,631.80	10,705,106.05	21,046,585.80	11,103,825.36	31,223,325.79	15,855,996.31	0.00	29,377,565.77	23,508,784.08	10,834,825.60	32,445,229.51	0.00	30,213,839.68	1,196,328.85	265,884,972.90
MAY	22,295,999.07	14,401,155.64	10,542,159.83	0.51	11,173,234.18	21,587,057.43	11,225,429.11	30,493,479.36	16,124,972.80	0.00	30,201,352.83	23,971,423.26	10,560,927.26	33,502,570.25	0.00	30,605,395.79	2,382,796.68	269,067,954.00
JUNE	22,007,120.23	14,127,882.25	10,263,707.39	0.51	9,465,426.31	20,625,958.87	9,362,646.31	29,537,371.30	16,022,064.87	0.00	29,787,735.53	23,643,805.13	10,366,147.80	32,958,582.49	0.00	34,685,585.27	1,646,844.52	264,500,878.78
JULY	24,061,085.93	15,162,033.02	10,706,497.88	0.54	10,180,290.20	22,016,108.49	10,052,683.06	32,490,450.81	16,452,602.63	0.00	36,996,638.50	24,439,804.90	15,337,936.65	40,213,400.44	14,360,413.53	35,198.76	3,021,877.45	275,527,022.79
AUG	23,959,181.04	14,860,985.86	10,003,878.14	169.45	10,019,308.14	21,607,048.35	9,661,790.82	32,214,435.14	16,258,579.50	0.00	36,671,625.21	23,450,399.25	15,665,204.50	39,027,274.44	13,944,142.73	847.71	2,051,784.09	269,396,654.37
SEPT	24,224,075.17	15,634,005.20	10,431,612.75	169.45	10,543,746.10	22,887,791.88	10,226,318.86	32,588,055.61	16,699,580.79	0.00	38,856,784.18	24,488,418.66	16,805,661.40	40,099,445.41	14,381,337.74	847.74	1,455,017.37	279,322,868.31
OCT	24,385,260.52	16,070,732.09	10,941,670.75	15,585.20	10,525,497.71	23,465,855.89	10,455,794.07	33,197,930.24	17,017,143.25	0.00	40,392,563.60	24,254,827.29	17,478,288.23	40,332,157.75	15,042,505.73	1,556.12	2,993,447.60	286,571,816.04
NOV																		0.00
DEC																		0.00

2013	BAIRD	BARINGS	CORNERSTONE	DENVER	EAGLE	GENEVA	HOTCHKIS & WILEY	LOOMIS SAYLES	MACKAY SHIELDS	MARVIN PALMER	MFS	INTEGRITY	SCHRODER	COLUMBIA	VAN GUARD	WENTWORTH	CASH	TOTAL
1ST QTR	16,906.57	32,779.08	15,792.19		20,192.99	29,213.00	28,432.09	24,131.20	19,435.18	0.00	41,402.42	45,832.00	21,731.99	40,042.85		38,733.00		374,624.56
2ND QTR	16,507.97	33,102.61	15,395.40		22,844.11	39,536.00	26,431.34	23,467.68	19,561.15		44,346.59	47,681.00	22,160.73	41,127.45		36,264.00		388,426.03
3RD QTR									20,044.65									20,044.65
4TH QTR																		
2012 YTD	33,414.54	65,881.69	31,187.59	0.00	43,037.10		54,863.43	47,598.88	59,040.98	0.00	85,749.01	93,513.00	43,892.72	81,170.30		74,997.00	0.00	783,095.24

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

INVESTMENT MANAGER FEE SCHEDULES

BAIRD	.30% - FIRST $25 MILLION .25% - NEXT $25 MILLION .20% - NEXT 50 MILLION .15% - THEREAFTER
BARING	.95% -ON ASSETS UNDER MANAGEMENT
COLUMBIA	.50% - FIRST $40 MILLION .40% - NEXT $60 MILLION
CORNERSTONE	.60% - OF THE FAIR MARKET VALUE OF ASSETS
EAGLE	.85% - ON ASSETS UNDER MANAGEMENT
GENEVA	.75% - 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
MFS	.60% - ON FIRST $50 MILLION
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

BARINGS

Bay County Employee Retirement System

Quarterly Investment Review

Q3 2013

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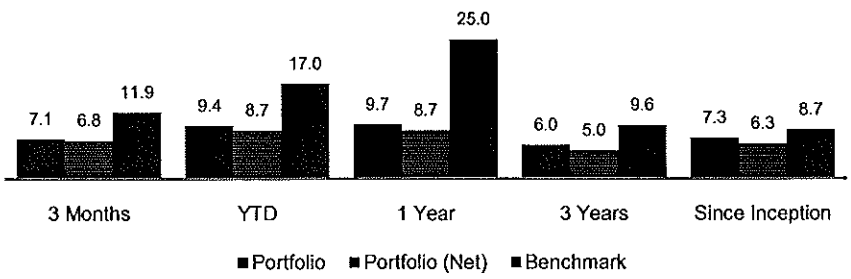
www.barings-us.com

Summary

Performance Versus Benchmark In USD Terms - Periods To 30 September 2013



Portfolio Value (USD)	
30 June 2013	14,097,178
30 September 2013	15,603,460
Total Net Flows	477,076

Inception: 30 October 2009

Source: Barings / MSCI, Gross of fees

Periods over 1 year are annualized

Benchmark: MSCI EAFE Total, Net Return + 1% p.a.

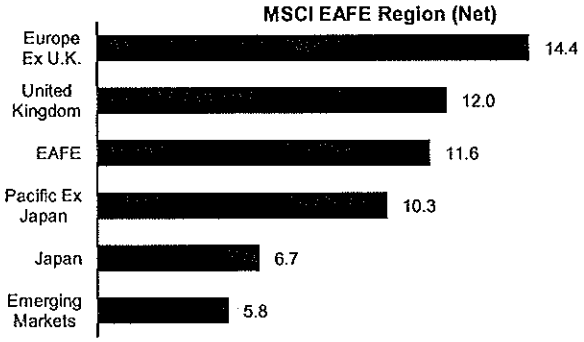
International equity markets were very strong in the quarter. All sectors and all regions delivered positive absolute returns. We delivered positive absolute returns, but lagged the performance of the benchmark in the quarter.

By region and by sector, asset allocation was a minor negative detractor from performance. Stock selection was the primary source of underperformance in the quarter with the main negative factor being weak stock selection in Europe.

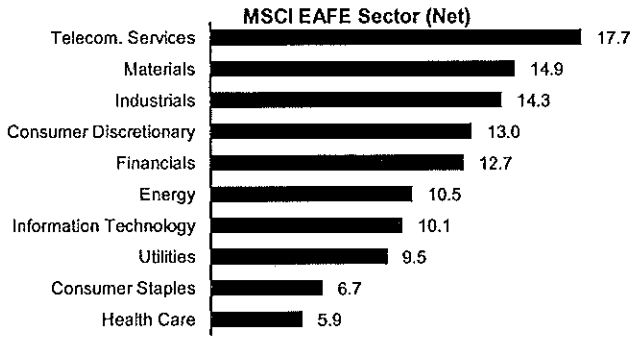
Few of our European stocks stood out as being poor performers. The main factor leading to weak European stock selection was not holding enough stocks geared to a potential European economic recovery.

Several other individual stocks were moderate detractors from performance in the quarter. Individually these all detracted by small amounts, however, it was the lack of offsetting strong performing stocks in the quarter that hurt relative performance.

Market Review - In USD Terms - Q3 2013



Source: MSCI, Barings



Source: MSCI, Barings

It was a very strong quarter of performance for international equities.

The European market was particularly strong and led all other regions as investors anticipated a European economic recovery. European equity performance was entirely driven by higher valuations as analysts downgraded overall company earnings during the quarter.

Merger and acquisition activity also helped investor sentiment. Microsoft's purchase of Nokia, Applied Materials' purchase of Tokyo Electron and Vodafone's sale of its stake in Verizon Wireless to Verizon Communications all happened in the quarter.

The Japanese market was strong but lagged the overall market in the quarter.

All sectors of the benchmark delivered positive returns in the quarter.

Economically sensitive sectors such as Materials, Industrials, Financials and Consumer Discretionary tended to perform best in the quarter.

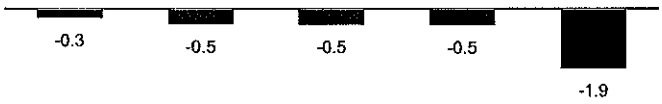
The less economically sensitive sectors such as Health Care, Consumer Staples and Utilities lagged the overall market, though the Telecommunications sector was an exception.

Source:Barings, Gross & Net of Fees

Performance - Q3 2013

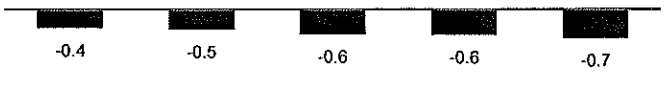
Total Relative Contributions versus MSCI EAFE (%)

Key Contributions - Geographic



	Allocation		Selection	Total
Japan	-0.1	OW	0.0	-0.1
Global Emerging	-0.3	OW	0.1	-0.3
Cash	-0.3	OW	0.0	-0.3
Pacific Ex Japan	0.1	UW	-0.6	-0.5
Middle East	-0.2	OW	-0.3	-0.5
United Kingdom	0.0	OW	-0.5	-0.5
Continental Europe	-0.2	UW	-1.6	-1.9
Total	-1.1		-2.9	-4.0

Key Contributions - Economic Sector



	Allocation		Selection	Total
Utilities	0.0	UW	0.2	0.2
Consumer Staples	0.1	UW	-0.3	-0.2
Energy	0.0	OW	-0.3	-0.3
Cash	-0.3	OW	0.0	-0.3
Consumer Discretionary	0.0	OW	-0.3	-0.3
Telecom. Services	-0.1	UW	-0.3	-0.4
Health Care	-0.2	OW	-0.3	-0.4
Materials	0.0	OW	-0.5	-0.5
Financials	0.0	OW	-0.6	-0.6
Industrials	-0.1	UW	-0.5	-0.6
Information Technology	0.0	OW	-0.7	-0.7
Total	-0.6		-3.5	-4.0

OW = Overweight UW = Underweight. Relative return is calculated on a geometric basis.

Region & Sector definitions are based on index classifications. Economic exposure may differ.

Performance Summary

Our performance lagged the benchmark by 4.0% in the quarter.

By region, asset allocation detracted from performance by 1.1%. Our allocation to emerging markets, our overweight to Japan and our underweight to Europe all contributed negatively to relative performance.

Stock selection by region detracted by 2.9% from performance. European stock selection was the primary factor here.

Zurich Insurance was our weakest European stock. It detracted from performance by 0.2% following news of the death of the company's Chief Financial Officer.

The negative stock selection in Europe was primarily due to not holding enough stocks that are geared to a European economic recovery. This theme was far more central to relative performance than any stock specific issues within our European holdings.

By sector, asset allocation was a minor detractor from performance. Our overweight to the Health Care sector was the largest factor detracting from performance by 0.2%. Stock selection by sector detracted by 3.5%. As previously mentioned, the largest factor was not holding enough stocks geared to a European recovery across most sectors.

Other non-European stocks detracted from performance. In the Materials sector fears of weaker potash pricing impacted ICL-Israel Chemicals which detracted from performance by 0.3%.

Weak uranium prices weighed on Paladin Energy and we largely sold out of this holding in the quarter. This detracted by 0.3%. In Information Technology, Taiwan Semiconductor lagged the sector detracting from performance by 0.3% on no particular company news.

Golden Agri-Resources detracted by 0.2% after a weak first half earnings result.

Major Stock Contributions To Relative Return versus MSCI EAFE (%)

Positive	Contribution	Country	Sector
Rakuten	0.2	Japan	Consumer Discretionary
Fresnillo	0.2	United Kingdom	Materials
Suez Environnement	0.2	France	Utilities
WPP	0.2	United Kingdom	Consumer Discretionary
Julius Baer Gruppe	0.2	Switzerland	Financials
Negative	**Contribution**	**Country**	**Sector**
ICL-Israel Chemicals	-0.3	Israel (Developed)	Materials
Paladin Energy	-0.3	Australia	Energy
Taiwan Semiconductor Manufact.	-0.3	Taiwan	Information Technology
Golden Agri-Resources	-0.2	Singapore	Consumer Staples
Zurich Insurance Group	-0.2	Switzerland	Financials

Source:Barings, Gross & Net of Fees

Aggregated Holding

//

Investment Strategy

Major Portfolio Positions Relative To Benchmark - 30 September 2013 (%)

Geographic

	Portfolio	B'Mark	Relative Weight 30 Sep	Relative Weight *30 Jun*
Global Emerging	6.5	0.0	6.5	*6.3*
Japan	24.1	21.6	2.5	*3.8*
United Kingdom	23.9	21.7	2.1	*-0.3*
Middle East	2.5	0.4	2.1	*2.8*
Cash	1.8	0.0	1.8	*3.8*
Continental Europe	36.4	43.6	-7.2	*-8.8*
Pacific Ex Japan	4.9	12.6	-7.7	*-7.7*
Total	100.0	100.0	0.0	

Economic Sector

	Portfolio	B'Mark	Relative Weight 30 Sep	Relative Weight *30 Jun*
Health Care	13.1	9.9	3.2	*3.1*
Financials	27.5	25.4	2.0	*-0.4*
Cash	1.8	0.0	1.8	*3.8*
Consumer Discretionary	12.6	11.8	0.8	*0.2*
Information Technology	5.0	4.3	0.7	*1.6*
Energy	7.2	6.9	0.3	*0.3*
Materials	8.4	8.2	0.2	*1.0*
Industrials	12.6	13.0	-0.4	*-2.9*
Utilities	1.1	3.7	-2.6	*-2.6*
Telecom. Services	2.8	5.5	-2.7	*-1.9*
Consumer Staples	7.9	11.2	-3.3	*-2.3*
Total	100.0	100.0	0.0	

Region & Sector definitions are based on index classifications. Economic exposure may differ.

Largest Positive & Negative Positions Relative To Benchmark - 30 September 2013

Positive	Active Position (%)	Country	Sector
Deutsche Boerse	2.6	Germany	Financials
Sumitomo Mitsui Trust Holdings	2.4	Japan	Financials
Reckitt Benckiser	2.3	United Kingdom	Consumer Staples
Japan Tobacco	2.2	Japan	Consumer Staples
Credit Suisse Group	2.1	Switzerland	Financials
Negative	**Active Position (%)**	**Country**	**Sector**
Nestle	-1.8	Switzerland	Consumer Staples
HSBC	-1.6	United Kingdom	Financials
Novartis	-1.4	Switzerland	Health Care
Vodafone Group	-1.4	United Kingdom	Telecommunication Services
BP	-1.1	United Kingdom	Energy

Aggregated Holding

We had a fairly active quarter in making portfolio changes.

In Japan we sold out of our holding in Tokyo Electron and reduced other Japanese positions.

We purchased new European holdings in Philips Electronics, AXA and BMW. Philips and AXA both have attractive cost reduction stories to drive earnings growth, and all three are beneficiaries of a potential European recovery.

We funded this in part by selling out of our holding in insurer Munich Re and Imperial Tobacco.

Paladin Energy was affected by a weak uranium spot price and chose to raise equity in the quarter. We declined to participate and sold out of the position.

Following a reasonable share price recovery in the quarter we exited our position in Newcrest Mining where the company has struggled to grow its gold production.

We also sold out of our position in Singapore bank DBS Group to fund other financial ideas.

Following the announcement of a capital raising as part of a restructuring program, we purchased a position in Barclays Bank.

We also added a new position in Hong Kong listed insurer AIA Group.

We purchased a new holding in Japanese construction machinery company Komatsu. The company has recurring maintenance revenue and will benefit from potential construction recovery in Japan.

Following the upgrade of the Materials sector to a 3 rating by our Strategic Policy Group (SPG), we added a holding in miner BHP Billiton.

We added a new position in Swiss pharmaceutical company Roche.

Source:Barings, Gross & Net of Fees

Investment Outlook

It has been a very strong quarter for international equities with every region and every sector delivering positive absolute returns.

Such a strong performance is usually accompanied by a backdrop of improving economic data and improving company data. There have been a number of areas of improvement, but overall economic data and company data both remained mixed through the summer months.

Of all the regions, the US has remained the most consistent economic growth story. US GDP growth has been a bit lackluster but the important Institute of Supply Managers (ISM) survey has continued to point to stronger economic growth ahead. The housing market has seen rising prices and rising activity, and auto sales have continued to recover from their recession lows. Unemployment still remains too high and real wage growth is muted but this area too is gradually improving.

The troubling aspect of the US recovery has been the degree to which it has been dependent on ultra-low interest rates and what is likely to happen if those low rates were to rise. The Federal Reserve has kept the overnight rate at near-zero percent for an extended period now and has used its asset purchase program (QE3) to keep long rates in check. The mere announcement that the Fed might begin to taper this program caused havoc in a number of markets. This in turn led to a more than 1% back-up in the 30 year fixed mortgage rate. It remains to be seen what impact this will have on the US housing recovery, which has been at the center of the US recovery story. It is an area we will have to watch closely, but for us the US remains an end market that we continue to seek exposure to from our international holdings.

In China the new government leadership continues to show signs of being committed to reforming the economy. One sign is an ongoing effort to crackdown on corruption. This is not impacting meaningfully on equities except maybe in its effect on high-end luxury sales in China. The other sign is an apparent effort to shift the economy away from fixed asset investment led growth and more toward domestic consumption led growth. The main tool the government has used is to curtail lending outside of the normal banking channel – the so called shadow banking sector has been a significant source of funding that, until now, the Chinese authorities have not managed to effectively regulate.

Certainly the high investment share of Chinese GDP is not sustainable and a rebalancing at some point is inevitable. The challenge for the Chinese authorities is to manage that shift as smoothly as possible. Because the consumption share of the Chinese economy starts from so much smaller a base than the investment side of the economy, it seems unlikely that this shift can happen without a slowdown in economic growth, and that may be why Chinese GDP growth has generally been getting softer in recent years. This shift will have investment implications. To us, opportunities in China are likely to continue to come more from companies selling finished goods and services to the Chinese than from those selling them raw materials.

In Japan our view is that Japanese Prime Minister Abe's program for economic recovery remains on track. The upper house elections in July saw a win by Abe's LDP party. This was as expected and means that his economic program should continue to find political support. We viewed it as likely that there would be a pause in the equity market until Abe's government moves on to announcing the fiscal and reform aspects of his program. Correspondingly, our SPG downgraded our Japan score to a 2. We took some profits and reduced our Japanese holdings over the quarter. If Japan's continued program for economic recovery creates additional investment opportunities, we very likely will look to add again to our Japanese weight.

To be clear, Japan's continuing recovery is not a sure thing and risks remain. Japan's current asset purchase program is of a scale never attempted before. The government is highly indebted with a gross debt to GDP of 200%. Whatever fiscal program they announce, it is unlikely that the government will be able to fund it by itself. But Japanese households are cash rich, and a public, private partnership (PPP) may be a way for Japanese banks to utilize their under-used balance sheets and effectively intermediate government spending with household savings.

Economically, Europe continues to be a mixed picture. Unemployment remains at a very high level, particularly in peripheral Europe. Bank lending continues to contract as banks attempt to reduce their leverage. Greece will very likely need a third bailout and Portuguese 10 year bond rates are again touching 7% which is not sustainable.

However, on the positive side the European manufacturing purchasing manager's index (PMI) has been a bright spot showing an improving trend over the past year, and exports are starting to grow in some of the peripheral countries. Overall, in our view, data is pointing to 1% GDP growth for the eurozone next year, which is a fairly muted recovery but considerably better than what we have seen recently.

Our SPG had upgraded Europe to neutral and we have been reducing our underweight position. With company earnings revisions remaining negative while the market has gone up, we recognize that earnings will have to grow to justify current share prices. We have been focusing on finding self-help stories or companies where we anticipate earnings surprise as the economy grows.

In our view, central bank and government intervention in the economy in recent years has had a large impact on asset prices. The degree of the intervention may or may not continue at current levels – witness the Fed's plan to taper QE3. In this type of uncertain world, across all regions, we are looking to find investment opportunities where growth prospects are less driven by external factors, than by controllable internal factors that will allow a company to deliver earnings surprise.

ings,

Charles B. Groeschell
Managing Director
Senior Portfolio Manager
Baird Advisors

October 29, 2013

Mr. Danean Wright
Bay County Employees' Retirement System
515 Center Avenue, Suite 701
Bay City, MI 48708-5128

Dear Danean:

Enclosed please find a summary review as of September 30, 2013 for the Bay County Employees' Retirement System Portfolio managed by Baird Advisors.

Market Review
Bernanke surprised the market in mid-September by announcing that quantitative easing, the Fed's extraordinary, large-scale bond-buying program, would continue at its current $85 billion per month pace even though market participants were prepared for and had "fully discounted" that tapering would begin in September. The Fed continues to stress the point that any tapering of its unprecedented level of stimulus will be based on an evaluation of economic and market data and is not date-dependent. Bond yields had risen significantly early in the 3rd quarter on expectations of a modest tapering of bond purchases by the central bank, thus the news caused a sharp decline in yields in September. Moreover, the market experienced higher interest rate volatility during the quarter as a result of the uncertainty surrounding the potential shutdown of the U.S. Government on October 1st and the October 17th deadline for the debt ceiling.

Performance Update
In the 3rd quarter, the Bay County Employees' Retirement System Portfolio produced attractive nominal and relative returns and as a result, is close to its benchmark on a year-to-date basis. Positive contributions to the portfolio's performance primarily came from an underweight to the shorter U.S. Treasuries and Government Agencies in the benchmark and an overweight to well-structured commercial mortgage-backed securities (CMBS).

While the market continues to experience heightened volatility, we remain confident that the Portfolio's overall structure will enable it to outperform its benchmark over the long term. In

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particular, the Portfolio's yield curve positioning and sector allocations will remain key elements in its ability to add value relative to its benchmark going forward.

Please let us know if you have any questions as you review this information. Again, we sincerely appreciate the opportunity to serve as your fixed income investment manager.

Sincerely,

Charles B. Groeschell

cc: Mary Nye - Becker, Burke Associates, Inc.
Jeffrey Black - Becker, Burke Associates, Inc.

Bay County Employees' Retirement System
Fixed Income Portfolio

September 30, 2013

	Fixed Income Portfolio	Customized Benchmark
Average Quality	AA	AAA
Average Coupon	3.06 %	3.02 %
Current Yield	2.88 %	2.91 %
Yield to Maturity	2.11 %	2.06 %
Duration	5.16 years	5.16 years
Average Maturity	6.12 years	6.71 years
Quality Profile		
US Treasury	39.0 %	44.6 %
Agency	59.0 %	55.4 %
Aaa	2.0 %	0.0 %
Aa	0.0 %	0.0 %
A	0.0 %	0.0 %
Baa	0.0 %	0.0 %
	100.0 %	100.0 %
Sector Profile		
US Treasury	39.0 %	44.6 %
Agency	5.2 %	5.4 %
Other Govt	0.0 %	0.0 %
Asset-Backed	0.0 %	0.0 %
Mortgages/CMOs	41.1 %	50.0 %
CMBS	12.7 %	0.0 %
Industrial	0.0 %	0.0 %
Utility	0.0 %	0.0 %
Financial Institutions	0.0 %	0.0 %
Cash	2.0 %	0.0 %
	100.0 %	100.0 %
Number of Issues	78	1,797
Market Value	$24,224,075	

Customized Benchmark is comprised of 50% Barclays Government & 50% Barclays MBS

Bay County Employees' Retirement System
Fixed Income Portfolio
Gross Investment Performance

03/31/06 through 09/30/13

Year		Fixed Income Portfolio	Customized Benchmark
2006	Year-to-Date	5.04%	4.85%
2007		7.20%	7.78%
2008		9.13%	10.36%
2009		3.72%	1.79%
2010		5.63%	5.46%
2011		7.91%	7.62%
2012		3.05%	2.32%
2013	1st Quarter	-0.18%	-0.10%
	2nd Quarter	-2.36%	-1.92%
	3rd Quarter	0.56%	0.57%
	Year-to-Date	-1.99%	-1.46%
Total Return 03/31/06-09/30/13		**46.72%**	**45.24%**
Annualized Return		**5.24%**	**5.10%**

The performance is presented on a cumulative basis and does not reflect the deduction of investment advisory fees. Return would be reduced by advisory fee and other fees such as custodial expenses. The maximum fee found in Baird Advisors form ADV is 30 basis points. All returns are calculated on a time weighted, total return basis. The results shown should not be considered representative of future investment returns. The 50% Barclays Government & 50% Barclays MBS Index is an unmanaged portfolio of specific securities. The portfolio does not invest in all the securities traded in the index. Direct investment in the index is not available. Client should review all account statements provided by its custodian and compare those account statements to any account statement provided by Baird Advisors. Baird Advisors relies on securities valuations provided by client's custodian for purposes of performance reports.

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The Baird Advisors Brochure, which serves as a substitute for Form ADV Part II, is available upon request.

Bay County Employees' Retirement System
Fixed Income Portfolio
Net Investment Performance

03/31/06 through 09/30/13

Year		Fixed Income Portfolio	Customized Benchmark
2006	Year-to-Date	4.80%	4.85%
2007		6.89%	7.78%
2008		8.81%	10.36%
2009		3.41%	1.79%
2010		5.31%	5.46%
2011		7.59%	7.62%
2012		2.74%	2.32%
2013	1st Quarter	-0.26%	-0.10%
	2nd Quarter	-2.43%	-1.92%
	3rd Quarter	0.48%	0.57%
	Year-to-Date	-2.21%	-1.46%
	Total Return 03/31/06-09/30/13	**43.47%**	**45.24%**
	Annualized Return	**4.93%**	**5.10%**

The performance is presented on a cumulative basis. All returns are calculated on a time weighted, total return basis. The results shown should not be considered representative of future investment returns. The 50% Barclays Government & 50% Barclays MBS Index is an unmanaged portfolio of specific securities. The portfolio does not invest in all the securities traded in the index. Direct investment in the index is not available. Client should review all account statements provided by its custodian and compare those account statements to any account statement provided by Baird Advisors. Baird Advisors relies on securities valuations provided by client's custodian for purposes of performance reports.

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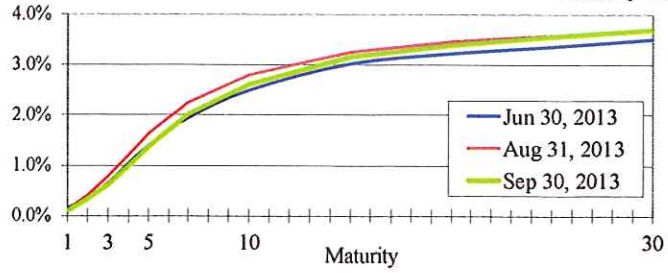
Baird Advisors
Fixed Income Market Comments
September 2013

Treasury Yields Fall as Fed Postpones Taper

Treasury yields fell in September as the Fed surprised investors, announcing that quantitative easing would continue at its $85 billion per month pace. The market expectation was that the Fed would start tapering, even if only by modestly reducing purchases. However, Bernanke's remarks suggested that the Fed would likely keep applying its unprecedented level of stimulus through their December meeting or even beyond. The news caused a sharp revaluation of bonds, with the yield on the 5yr bond dropping almost 20bps in one day. Moreover, the possible onset of a partial shutdown of the U.S. Government on October 1 (and the looming October 17th deadline for the debt ceiling) added to market uncertainty and higher interest rate volatility during the month.

Treasury Yields



Maturity	Jun 30, 2013	Aug 31, 2013	Sep 30, 2013	MTD Change
1	0.14%	0.12%	0.09%	-0.03
2	0.36%	0.40%	0.32%	-0.08
3	0.65%	0.78%	0.61%	-0.17
5	1.40%	1.64%	1.38%	-0.26
7	1.94%	2.25%	2.01%	-0.24
10	2.49%	2.79%	2.61%	-0.18
30	3.50%	3.70%	3.69%	-0.01

Verizon Issues Largest Corporate Bond Deal Ever

Verizon issued a record-setting $49 billion in bonds, as the company funded the $130 billion acquisition of Vodafone's 45% stake in Verizon Wireless. The supply was met with strong demand in the market, as the bonds were priced at a meaningful yield concession to existing Verizon debt. Through month end the average spread on the newly issued bonds had declined by approximately 75bps. The par value of bonds issued was greater than the next three largest deals in history combined (see list at right). The issuance increased the weighting of Verizon in the Barclays Credit index from 0.92% to 1.95%. For the first time since 2007 the spread on the financial sector (139 bps) was tighter than industrials (142 bps), reflecting very good fundamentals and superior protection from merger and acquisition risks in the financial sector.

10 Largest Corporate Bond Deals of All Time

	Issuer	Size	Date
1.	Verizon	$49bn	Sept 2013
2.	Apple	$17bn	April 2013
3.	Abbvie	$14.7bn	Nov 2012
4.	Roche	$13.5bn	Feb 2009
5.	Pfizer	$13.5bn	Mar 2009
6.	Petrobras	$11bn	May 2013
7.	GE Capital	$11bn	Mar 2002
8.	Worldcom	$10.1bn	May 2001
9.	British Telecom	$10bn	Dec 2000
10.	United Tech.	$9.8bn	May 2012

Positive Returns in September

Declining yields boosted returns across the market in the month of September and put most sectors back into positive territory for the quarter. Mortgage Backed Securities (+1.41%) outperformed the broader market as the Fed announced it would not reduce purchases at this time in the sector. TIPS (+1.45%) rebounded as language from the Fed indicated a greater willingness to maintain stimulus, which could create additional inflationary pressure. Municipals were the top performing sector in the month (+2.15%) as reduced supply and oversold conditions brought in strong demand from buyers. In spite of a strong September, Municipal returns were still negative for the quarter (-0.19%).

Total Returns of Selected Barclays Indices and Subsectors

Barclays Index/Sector	September 2013	3rd Quarter	YTD 2013
U.S. Aggregate Index	0.95%	0.57%	-1.89%
U.S. Gov't/Credit Index	0.75%	0.36%	-2.32%
U.S. Interm. Gov't/Credit Index	0.81%	0.62%	-0.84%
U.S. 1-3 Yr. Gov't/Credit Index	0.27%	0.40%	0.47%
U.S. Treasury	0.70%	0.10%	-2.01%
U.S. Agency	0.83%	0.44%	-1.51%
MBS (Mortgage Backed Securities)	1.41%	1.03%	-1.00%
CMBS (Commercial Mortgage Backed Securities)	0.92%	1.02%	-0.30%
ABS (Asset-Backed Securities)	0.56%	0.16%	-0.59%
U.S. Corporate - Investment Grade	0.69%	0.82%	-2.62%
Corporate High Yield	0.99%	2.28%	3.73%
Municipal Bond Index	2.15%	-0.19%	-2.87%
TIPS (Treasury Inflation Protected Securities)	1.45%	0.70%	-6.74%

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October 28, 2013

Bay County Employees' Retirement System
515 Center Street Suite 706
Bay City, MI 48708-5128

Re: **Bay County Retirement 3rd Quarter 2013**

We are pleased to enclose our report for the quarter ended September 30, 2013. Attached, is the Quarterly Investment Review as well as the separate financial reporting report which includes the holdings, transactions, brokerage commissions and cash flow.

The performance for your portfolio as of September 30, 2013 was as follows:

	Market Value as of 09/30/2013	Quarter ended 09/30/2013	9 Months ended 09/30/2013	Since Inception*
Total Portfolio	$40,009,443	6.15%	25.31%	6.52%
Russell 1000 Value Index +1% annually		4.20%	21.36%	6.59%
S&P 500 Index		5.24%	19.79%	3.73%

* Inception Date: January 26, 2001

The broad U.S. stock market as measured by the S&P 500 continued to rise during the quarter withal sectors with the exception of Telecom Services posting positive returns. The market was focused on the expected slowdown in the Fed's buying program. At the September meeting the Fed decided not to tapper its asset purchases. This was a result of weaker economic data and the Fed's unwillingness to taper the program until they saw more evidence that the economic recovery was more stable. Despite a strong first two months of the quarter, the last several weeks of the quarter were focused on the impending debt ceiling and financing the operations of the Federal Government. We also have begun to see signs that the recession in the Eurozone was beginning to wind down.

On an absolute basis the portfolio outperformed the Russell 1000 Value Index and the broad market as measured by the S&P 500 Index for the quarter. The outperformance for the quarter

was attributable to both individual and sector selection. The best performing sectors on a contribution to return basis were Financials, Industrial and Energy. The largest distracters were Consumer Discretionary and Utilities.

Financials, which comprised 27% of the portfolio continued to perform well extending the gains we have seen throughout the year. One of the largest holdings in the sector, JP Morgan Chase was among the worst performers as the bank received a $900.0 million fine from the government as a result of the London Whale trades. With that said we still believe that the bank is well run and that management is committed to safeguarding against any future situations such as this. Overall we believe that significant advances should occur in the sector and if earnings projections hold firm there is room for price appreciation from the current levels.

Industrial and Material stocks were among the top performers on the heels of positive manufacturing reports in the United States. Positive reports by the Institute of Supply Management indicated that the U.S. manufacturing grew at its fastest pace in two years. We have an overweight in the sector and continue to plan on maintain this position.

Energy stocks also were also among the best performers in the quarter. We have a slight overweight to energy compared to the Russell 1000 Value index. An oversupply of gasoline in the United States has had a negative impact on the refiners in the portfolio including Valero and Marathon Petroleum. We believe that the long term fundamentals continue to look strong and our view remains positive for the sector.

Outlook

We believe that stocks can continue to advance over the reaming quarter of the year. With the temporary settlement in Washington of the debt ceiling and government spending the market seems to be refocused on earnings. Corporate cash levels continue to remain at record highs and as the economy improves, companies should both increase capital expenditures, and raise dividends. We do not believe that inflation is an immediate problem and as unemployment picture improves we would expect consumer spending and housing to continue on a positive trajectory.

If you have any questions on your account or would like to discuss any aspect of portfolio performance, please do not hesitate to call me.

Sincerely,

Alan J. Puklin
Enclosure

CORNERSTONE

PERFORMANCE HISTORY
Bay County Employees' Retirement System

Time Period	9/30/2013	Percent Return Per Period		
		Portfolio		FTSE/NAREIT
		Gross	Net	Equity REIT Index
1 Month		4.28%	4.23%	3.18%
YTD		3.28%	2.81%	3.20%
1 Year		6.13%	5.50%	5.87%
3 Year		12.77%	12.10%	12.34%
Inception (October 21, 2008)		16.40%	15.71%	14.52%

CORNERSTONE

September 30, 2013

Bay County Employees' Retirement System

Symbol	Description	Property Type	Shares	Cost	Cost Per Share	Closing Price 9/30/2013	Percentage of Portfolio	Market Value 9/30/2013	Dividend Yield
Equity Holdings									
AIV	Apartment Investment & Managem	Apartment	6,730	192,625	$28.62	27.94	1.80%	$188,036	3.3%
AVB	AvalonBay Communities Inc	Apartment	3,417	418,417	$122.45	127.09	4.16%	$434,267	3.3%
CPT	Camden Property Trust	Apartment	1,670	111,364	$66.69	61.44	0.98%	$102,605	4.0%
EQR	Equity Residential	Apartment	4,760	243,489	$51.15	53.57	2.44%	$254,993	3.7%
ESS	Essex Property Trust Inc	Apartment	2,600	408,153	$156.98	147.70	3.68%	$384,020	3.2%
CUZ	Cousins Properties Inc	Diversified	9,090	92,507	$10.18	10.29	0.90%	$93,536	1.7%
LXP	Lexington Realty Trust	Diversified	14,580	166,706	$11.43	11.23	1.57%	$163,733	5.3%
VNO	Vornado Realty Trust	Diversified	3,764	262,613	$69.77	84.06	3.03%	$316,402	4.6%
SRC	Spirit Realty Capital Inc	Free Standing	11,640	110,423	$9.49	9.18	1.02%	$106,855	7.5%
HCN	Health Care REIT Inc	Healthcare	5,920	329,380	$55.64	62.38	3.54%	$369,290	4.9%
OHI	Omega Healthcare Investors Inc	Healthcare	2,370	83,641	$35.29	29.87	0.68%	$70,792	6.1%
SBRA	Sabra Health Care REIT Inc	Healthcare	3,640	104,172	$28.62	23.01	0.80%	$83,756	5.9%
VTR	Ventas Inc	Healthcare	6,007	311,975	$51.94	61.50	3.54%	$369,431	4.3%
CSU	Capital Senior Living Corp	Healthcare/ Not Indexed	5,850	138,598	$23.69	21.15	1.19%	$123,728	0.0%
DOC	Physicians Realty Trust	Healthcare/ Not Indexed	2,000	23,000	$11.50	12.12	0.23%	$24,240	0.0%
AHT	Ashford Hospitality Trust Inc	Hotels	8,410	108,455	$12.90	12.34	0.99%	$103,779	3.8%
CHSP	Chesapeake Lodging Trust	Hotels	7,930	165,700	$20.90	23.54	1.79%	$186,672	4.1%
FCH	FelCor Lodging Trust Inc	Hotels	11,420	69,305	$6.07	6.16	0.67%	$70,347	0.0%
HT	Hersha Hospitality Trust	Hotels	14,670	82,787	$5.64	5.59	0.79%	$82,005	4.3%
HST	Host Hotels & Resorts Inc	Hotels	18,385	271,477	$14.77	17.67	3.11%	$324,863	2.4%
LHO	LaSalle Hotel Properties	Hotels	4,880	129,221	$26.48	28.52	1.33%	$139,178	3.1%
BEE	Strategic Hotels & Resorts Inc	Hotels	4,610	27,779	$6.03	8.68	0.38%	$40,015	0.0%
SHO	Sunstone Hotel Investors Inc	Hotels	13,430	112,473	$8.37	12.74	1.64%	$171,098	0.4%
FR	First Industrial Realty Trust	Industrial	13,401	198,200	$14.79	16.27	2.09%	$218,034	1.6%
PLD	Prologis Inc	Industrial	13,990	531,223	$37.97	37.62	5.05%	$526,304	3.0%
STAG	STAG Industrial Inc	Industrial	6,540	144,196	$22.05	20.12	1.26%	$131,585	5.8%
BXP	Boston Properties Inc	Office	4,020	328,225	$81.65	106.90	4.12%	$429,738	2.4%
DEI	Douglas Emmett Inc	Office	8,960	159,559	$17.81	23.47	2.02%	$210,291	3.1%
HIW	Highwoods Properties Inc	Office	4,410	152,873	$34.66	35.31	1.49%	$155,717	4.8%
KRC	Kilroy Realty Corp	Office	2,390	119,893	$50.16	49.95	1.14%	$119,381	2.8%
SLG	SL Green Realty Corp	Office	1,320	77,801	$58.94	88.84	1.12%	$117,269	1.5%
GGP	General Growth Properties Inc	Regional Mall	9,260	190,882	$20.61	19.29	1.71%	$178,625	2.4%
SPG	Simon Property Group Inc	Regional Mall	8,238	820,776	$99.63	148.23	11.71%	$1,221,119	3.1%
TCO	Taubman Centers Inc	Regional Mall	2,250	184,859	$82.16	67.31	1.45%	$151,448	2.9%
CUBE	CubeSmart	Self-Storage	19,780	281,629	$14.24	17.84	3.38%	$352,875	2.5%
EXR	Extra Space Storage Inc	Self-Storage	10,940	368,746	$33.71	45.75	4.80%	$500,505	2.8%
PSA	Public Storage	Self-Storage	4,160	667,543	$160.47	160.55	6.40%	$667,888	3.0%
AKR	Acadia Realty Trust	Shopping Centers	10,630	264,927	$24.92	24.68	2.51%	$262,348	3.3%
DDR	DDR Corp	Shopping Centers	13,590	217,951	$16.04	15.71	2.05%	$213,499	3.3%
RPT	Ramco-Gershenson Properties Tr	Shopping Centers	8,890	130,157	$14.64	15.41	1.31%	$136,995	4.5%
REG	Regency Centers Corp	Shopping Centers	4,860	245,906	$50.60	48.35	2.25%	$234,981	3.8%
SKT	Tanger Factory Outlet Centers	Shopping Centers	4,070	149,777	$36.80	32.65	1.27%	$132,886	2.7%
				Total Equities			97.4%	$ 10,165,128	3.2%
				Accrued Income			0.4%	$ 39,361	
				Total Cash & Cash Equivalents			2.2%	$ 227,122	
				Total Portfolio Value			100.0%	**$ 10,431,610**	

Geneva Capital Management Ltd.

PERFORMANCE HISTORY
NET OF FEES

Bay County Employees' Retirement System
XXXX9057 (bcers)

From 01-17-2013 to 09-30-2013

Time Period	Percent Return Per Period		
	Total Account	Equities	Russell Midcap Growth Index
01-17-2013 to 09-30-2013	17.12	17.77	20.08
Inception to Date			
01-17-2013 to 09-30-2013	17.12	17.77	20.08

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BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

Small Cap Value | Total Market Value: $10,226,325 (1.9% Cash) | Quarter Ended September 30, 2013

Performance Returns - Gross of Fees

	MTD	QTD	YTD	Since Incept.
Portfolio - Total Return	5.84 %	8.93 %	31.28 %	9.81 %
Portfolio - Equity Only	6.00	9.06	32.07	9.74
Russell 2000 Value Index	5.77	7.59	23.07	8.17
Russell 2000 Index	6.38	10.21	27.69	8.53
S&P 500 Index	3.14	5.25	19.79	7.00

Commencement of portfolio: 12/1/03. Periods over one year are average annualized returns.

Weighted Average Portfolio Characteristics

	Portfolio	Rus 2000 V	Rus 2000
Projected P/E Ratio (FY2)	12.7x	14.9x	16.6x
Price / Cash Flow Ratio	4.8x	7.6x	9.4x
Price / Book Ratio	1.5x	1.5x	2.2x
Dividend Yield	1.2%	2.0%	1.3%
Market Capitalization (mm)	$2,156	$1,405	$1,641
# of Holdings / 1-Yr Turnover	64 / 42%		

Top and Bottom Five Contributors to Performance

	End Wgt	Ttl Ret.	Contr.
Valassis Communications	4.29 %	18.71 %	0.87 %
Huntington Ingalls Ind. Inc.	3.43	19.52	0.74
Arris Group Inc.	3.32	18.89	0.54
CNO Financial Group Inc.	2.56	11.34	0.53
Alliant Techsystems Inc.	1.24	18.82	0.48
LifePoint Hospitals Inc.	2.55 %	-4.52 %	-0.11 %
Ruby Tuesday Inc.	0.71	-18.74	-0.12
Masonite Intl Corp.	3.01	-4.04	-0.12
ON Semiconductor Corp.	1.66	-9.65	-0.16
Noranda Aluminum Hldg	0.72	-22.87	-0.22

Trading Data

Major Buy(Sell) *New buy/final sell	+/-
Masonite Intl Corp.	3.1% *
Wellcare Health Plans Inc.	2.1% *
Sonic Automotive Inc.	1.7% *
Matson Inc.	1.7% *
Big Lots Inc.	1.5% *
(Health Management Assoc.)	-1.5%
(Stone Energy Corp.)	-1.5%
(Alliant Techsystems Inc.)	-1.7%
(Circor International Inc.)	-1.7%
(CNO Financial Group Inc.)	-2.3%

Top Ten Stocks - Total Portfolio

	End Wgt
Con-Way Inc.	4.4 %
Valassis Communications	4.3
Rent-A-Center Inc.	3.8
Huntington Ingalls Ind. Inc.	3.4
Arris Group Inc.	3.3
Avis Budget Group Inc.	3.3
Masonite International Corp.	3.0
PHH Corp.	3.0
Rush Enterprises Inc.	2.8
First Horizon National Corp.	2.7

Performance Attribution

	Portfolio		Russell 2000 Value		Allocation		
	Avg Wgt	Equ. Ret.	Avg Wgt	Equ. Ret.	Sector	Stock	Total
Financials	31.07 %	8.16 %	38.98 %	4.73 %	0.23	1.12	1.36
Industrials	30.87	12.66	13.33	11.27	0.63	0.39	1.02
Utilities	3.19	1.86	6.24	0.80	0.22	0.03	0.24
Consumer Discretionary	14.62	8.35	10.86	8.50	0.02	-0.01	0.01
Telecommunication Services	0.00	0.00	0.69	5.92	0.01	0.00	0.01
Energy	2.35	15.06	7.29	11.49	-0.17	0.09	-0.08
Information Technology	7.96	11.17	10.69	11.55	-0.11	-0.04	-0.14
Consumer Staples	0.89	0.81	2.77	9.58	-0.04	-0.13	-0.17
Health Care	6.17	5.96	4.45	12.48	0.06	-0.33	-0.26
Materials	2.88	-8.00	4.70	8.28	-0.01	-0.50	-0.50
					0.85	0.63	1.48

Top Ten Industries - Total Portfolio

	End Wgt
Insurance	13.6 %
Road & Rail	7.7
Commercial Banks	7.4
Health Care Prov. & Srvcs	7.0
Specialty Retail	5.5
Machinery	5.2
Aerospace & Defense	5.0
Media	4.8
Communications Equip.	3.6
Professional Services	3.6

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.

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

Small Cap Value
Investment Review

Quarter Ended
September 30, 2013

725 South Figueroa Street, 39th Floor, Los Angeles, CA 90017 • T: 213-430-1000 • F: 213-430-1001 • www.hwcm.com

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

September 30, 2013

Assets

Total Market Value:	$10,226,325
Total Equity Value:	$10,018,408
Total Cash Value:	$197,768
Total Accrued Value:	$10,149
% Cash of Portfolio:	1.9%

Transactions Summary

Total Purchases:	$1,625,910
Total Sales:	$1,557,785
Total Commissions:	$1,942
Average Transaction Cost/Share:	$0.016

Performance Returns

Commencement of Portfolio
December 1, 2003

	MTD	QTD	YTD	1 Yr	3 Yrs	5 Yrs	Since Inception
Portfolio - Total Return	5.84 %	8.93 %	31.28 %	38.64 %	22.62 %	17.79 %	9.81 %
Portfolio - Equity Only	6.00	9.06	32.07	39.71	23.21	17.72	9.74
Russell 2000 Value Index	5.77	7.59	23.07	27.04	16.57	9.13	8.17
Russell 2000 Index	6.38	10.21	27.69	30.06	18.29	11.15	8.53
S&P 500 Index	3.14	5.25	19.79	19.34	16.27	10.02	7.00

Periods over one year are average annualized returns
Performance shown gross of fees
Past performance is no guarantee of future performance

MARKET REVIEW AND OUTLOOK

Market Commentary

The stalemate in Washington over the budget and the subsequent government shutdown highlight the unstable nature of the current political landscape. Equity markets generally shun instability; however, investors have remained relatively calm while grappling with the legislative standoff and looming debt ceiling issue. Despite the political headwinds, the small cap equities increased for the fifth consecutive positive quarter, with the Russell 2000 Index returning +10.2% for the three months ended September 30. Performance deviation by sector was unusually large as technology and healthcare outperformed utilities and financials by a wide margin; this produced a large discrepancy between the Russell 2000 Value Index and the Russell 2000 Growth Index during the quarter. The growth index outperformed predominantly because it has a larger weight in the top-performing sectors and a smaller weight in the worst-performing sectors.

US consumers have increased their wealth by more than $10 trillion since the beginning of 2012 owing to the combination of stock market and home price appreciation[1]. Reverberations from the recession, however, have produced a severe aversion to risk. Spending on housing and durable goods has recovered from record lows but remains well below long-term averages. Meanwhile, the percentage of US adults invested in the stock market has continued its sixth year of decline[2]. Investors have been predominantly putting money into Treasuries and other high grade fixed income securities. Consequently, there is not only pent-up demand for housing and durables, but also for equities. Fund flows have begun to show signs of reversion (out of bonds and into equities) but remain about $1 trillion off trend—given the magnitude, we believe a reversion back into equities will continue.

The US economy and the private sector appear to be on solid footing. Each recession in the past fifty years has been preceded by three conditions: 1) an inverted yield curve; 2) a tight labor market; and 3) a positive output gap[3]. None of these conditions are evident today. In fact, the yield curve is steep, there is considerable slack in the labor market, and the output gap is decidedly negative. While the political impasse is somewhat unprecedented and has the potential to inflict economic damage, current conditions suggest a full derailment is unlikely. Further, corporate earnings have outpaced stock prices since the depths of the recession which has kept valuations reasonable despite the market's rally. Balance sheets and capital allocation policies have

[1] Source: JPMorgan, Federal Reserve

[2] Source: Gallup

[3] The output gap represents actual GDP as a percentage of potential GDP. Potential GDP represents the output produced when an economy is at its most efficient; note that this is not analogous to maximum output. A positive output gap exists when actual GDP exceeds efficient GDP. In these circumstances, an economy is said to be overworking its resources, which economic theory suggests should increase inflation as labor costs rise.

improved in recent years, reducing equities' risk profiles. Certain segments of the market appear overvalued and/or risky, but we remain optimistic regarding the portfolio's upside prospects relative to the risks at hand.

Attribution: 3Q 2013

The Hotchkis & Wiley Small Cap Value portfolio outperformed the Russell 2000 Value Index for the quarter. Stock selection in financials and our overweight in industrials was the primary source of outperformance. The largest individual contributors were Valassis, Huntington Ingalls, and ManpowerGroup. Stock selection in materials and healthcare detracted from performance. The largest individual detractors were LifePoint Hospitals, Noranda Aluminum, and ON Semiconductor.

Portfolio Activity: 3Q 2013

We increased the weight in consumer discretionary and healthcare modestly during the quarter. We decreased the weight in financials and industrials primarily by trimming/exiting some strong performers.

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Performance comparison is based on gross of management fee returns. Portfolio attribution is based on a representative Small Cap Value portfolio. Certain client portfolio(s) may or may not hold the securities discussed due to the account's guideline restrictions, cash flow, tax and other relevant considerations. Equity performance attribution is an analysis of the portfolio's return relative to a selected benchmark and is calculated using daily holding information. Securities identified do not represent all of the securities purchased, sold, or recommended for advisory clients, and are not indicative of current or future holdings or trading activity. H&W has no obligation to disclose purchases or sales of these securities. No assurance is made that any securities identified, or all investment decisions by H&W were, or will be profitable. The commentary is for information purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. Portfolio managers' opinions and data included in this commentary are as of September 30, 2013 and are subject to change without notice. Any forecasts made cannot be guaranteed. Information obtained from independent sources is considered reliable, but H&W cannot guarantee its accuracy or completeness. Investing in value stocks presents the risk that value stocks may fall out of favor with investors and underperform growth stocks during given periods. All investments contain risk and may lose value. Past performance is no guarantee of future results.
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Bay County Employees' Retirement System
Mid-Cap Value

As of 9/30/13

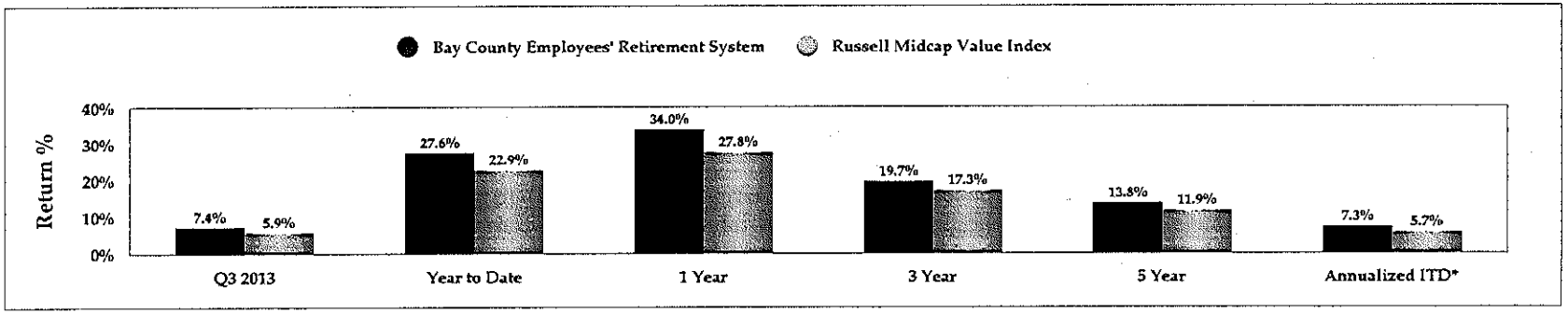
Account Performance

For the quarter ending September 30, 2013, your portfolio returned 7.35% versus the Russell Midcap Value Index, which returned 5.89%.

Stock selection in technology and financials were the biggest contributors. Stock selection in health care and consumer discretionary detracted. Sector weights were a positive contributor as the portfolio was underweight utilities and financials (primarily REITs), which underperformed. An overweight to momentum was the biggest contributor with lower exposure to dividend yield and a higher beta also contributing.

Performance Review (Annualized)

Gross of Fees



Portfolio Performance	Q3 2013	Year to Date	1 Year	3 Year	5 Year	Annualized ITD*
Bay County Employees' Retirement System	7.35%	27.62%	34.01%	19.66%	13.75%	7.26%
Russell Midcap Value Index	5.89%	22.94%	27.77%	17.27%	11.86%	5.75%
Relative Performance	**1.46%**	**4.68%**	**6.24%**	**2.39%**	**1.89%**	**1.51%**

* *Since Inception 1/3/07*

Market Review & Outlook

"We can never know about the days to come
But we think about them anyway, yay
And I wonder if I'm with you now
Or chasin' after some finer day

Anticipation, Anticipation...
Is keepin' me waitin"

-Carly Simon, 1971

The lyrics of this song sum up our thoughts on the market. The market is beginning to "anticipate" better times ahead as investors and companies start to come out of their bunkers. For investors, this equates to shifting from their very defensive investment positioning in utilities, REITs and bonds into a more balanced positioning. This transition to increased risk taking has led to continued equity inflows. For corporate managements, this has manifested itself into investing for the future through increased capital expenditures and/or hiring.

Not much has changed in our outlook for the markets since last quarter. We have positioned the portfolio to benefit from an improving global economy and increased investor appetite for risk. Our move to underweight the more highly valued defensive sectors such as utilities and REITs and to focus on more cyclical groups such as technology, industrials and materials aided performance in the third quarter. While we had expected the Federal Reserve to taper, we believe by holding off, it should help to ensure a reacceleration of U.S. growth in the fourth quarter.

As far as the global economy, Europe is improving, Japan is expanding their balance sheet aggressively to jump start their long struggling economy and China's economic growth is beginning to reaccelerate. It looks to us that we are seeing the start of synchronized global growth. One important indicator highlighting this is the strength in the Baltic Dry Index, which assesses future economic activity. Moreover, energy prices have come down, seasonal hiring is beginning, global PMI's have been improving and the Citigroup U.S. Economic Surprise Index has improved dramatically from the lows this past summer.

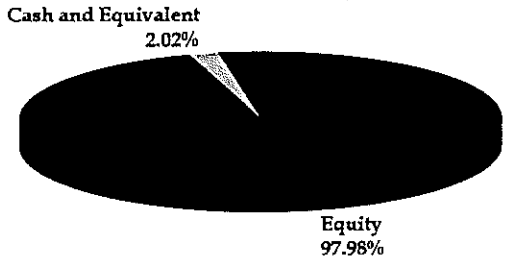
Our near-term concerns center around the budget stalemate in Washington and the slowdown in housing. While we believe the government shutdown will end, it is certainly messier than we originally thought. The housing market is not as robust as it was earlier in the year, but with mortgage rates recently retreating over 35 basis points from their highs in early September, it should help reaccelerate housing. We are watching housing closely as it underpins job creation and consumer confidence. With housing starts well below peak, reduced supply and high affordability, we feel that this could be the impetus for potential homeowners to act and thus help continue the housing recovery. At this point, we are planning to use any near term weakness to add to sectors that will benefit from the improving global economy.

Bay County Employees' Retirement System
Mid-Cap Value

As of 9/30/13

Portfolio Summary

Current Asset Allocation



Asset Class		Market Value	Percent of Assets
Equity	$	23,994,516.57	97.98%
Cash and Equivalent	$	494,743.80	2.02%
TOTAL	**$**	**24,489,260.37**	**100.00%**

Portfolio Summary

Bay County Employees Ret System
4407N1

Date Run: 11/05/2013
Period Covered: 08/31/2013 to 09/30/2013
Base Currency: USD

Portfolio Composition as of 09/30/2013

	Total USD Market Value	% of Total
Bonds	31,798,449	97.57%
Cash and Equivalents	454,286	1.39%
Accrued Income	337,370	1.04%
Total	32,590,105	100.00%

Statement of Changes

Total Market Value at 08/31/2013	32,214,839
Net Additions/Withdrawals	0
Income Earned	114,937
Portfolio Appreciation/Depreciation	260,330
Total Market Value at 09/30/2013	32,590,105

Performance Returns (Supervised Assets)

	1Mth	3Mths	YTD	1 YR	3 YRS*	5 YRS*
Total	1.16	1.10	-2.07	-0.26	5.58	11.01
Barclays U.S. Corporate Investment Grade	0.69	0.82	-2.62	-1.58	4.30	8.65

* - Returns are annualized

^Barclays Credit from 6/30/1999 thru 2/29/2012
Citigroup Broad Inv-Grade (BIG) from 01/31/1997 thru 6/30/1999
Barclays U.S. Corporate Investment Grade from 2/29/2012 thru 9/30/2013

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 believe information contained herein is reliable but we do not guarantee its accuracy.

Bay County Employees' Retirement System
Growth Equity

Portfolio Summary
Q3 | September 30, 2013

	PORTFOLIO		RUSSELL 1000 GROWTH INDEX
PERFORMANCE (%)	**GROSS OF FEES**	**NET OF FEES**	
Quarter	11.2	11.0	8.1
Year-to-Date	24.6	24.0	20.9
1 Year	25.4	24.7	19.3
Inception (since September 4, 2012)	27.1	26.4	20.0

Periods greater than one year are annualized.
Source for benchmark performance: SPAR, FactSet Research Systems Inc.

CHARACTERISTICS		
IBES Long-Term EPS Growth	16.2%	14.4%
Price/Earnings (12 months forward ex-negative earnings)	19.9x	17.3x
Market Cap	62.8 bn	87.4 bn
% in Top 10 Holdings	22.9%	20.7%
Number of Holdings	105	610
Cash & Other	1.6%	–

All data is weighted average unless otherwise noted.
Cash and other assets are less liabilities.

SECTORS (% OF PORTFOLIO)		
Technology	19.5	21.8
Health Care	16.8	12.2
Leisure	12.7	9.5
Retailing	10.3	11.0
Financial Services	9.4	6.8
Industrial Goods & Services	8.1	8.0
Energy	5.1	4.3
Consumer Staples	4.6	9.8
Special Products & Services	4.3	3.8
Utilities & Communications	2.3	3.1
Basic Materials	1.8	4.9
Transportation	1.7	2.7
Autos & Housing	1.5	2.0

TOP TEN HOLDINGS	**INDUSTRY**	**% OF PORTFOLIO**
Google Inc	Internet	4.0
Visa Inc	Other Banks and Diversified Financials	2.5
SBA Communications Corp	Wireless Communications	2.3
Precision Castparts Corp	Aerospace & Defense	2.2
Danaher Corp	Electrical Equipment	2.2
Thermo Fisher Scientific Inc	Medical Equipment	2.0
EMC Corp	Computer Systems	2.0
Mastercard Inc	Other Banks and Diversified Financials	2.0
Gilead Sciences Inc	Biotechnology	1.9
Twenty-First Century Fox Inc	Broadcasting	1.8

Source for IBES Long-Term EPS Growth: Thomson Reuters.
The portfolio is actively managed, and current holdings may be different. All characteristics are based upon MFS classifications.

QUARTERLY PORTFOLIO ACTIVITY

Beginning Value	$29,787,873
Flows	
Contributions	$5,279,662
Withdrawals	$0
Ending Value	$38,855,878

Flows represent all contributions and withdrawals to/from the custodian account which may include management and custodian fees.

FOR MORE INFORMATION CONTACT
Kim Hyland
1-800-637-2262 ext. 55575
KHyland@MFS.com
or
Global Client Service
1-877-960-6077 toll free from U.S. & Canada
1-617-954-4001
institutionalclientservice@mfs.com

CLIENT	Bay County Employees" Retirement System
ACRONYM	BCSE
DATA AS OF	30 September 2013

PERFORMANCE

	MTD	QTD	Rolling 3 months	YTD	1 Year	3 Year	5 Year	*Since Inception
Bay County Employees' Retirment System (Gross)	5.96	11.18	11.18	24.58	25.43	N/A	N/A	27.13
Bay County Employees' Retirment System (Net)	5.91	11.01	11.01	24.02	24.68	N/A	N/A	26.37
Rusell 1000 Growth Index	4.46	8.11	8.11	20.87	19.27	N/A	N/A	19.99

Spar Returns

* Performance Inception Date: 09/04/2012

The portfolio is actively managed, and current holdings may be different. Past performance is no guarantee of future results.

For more information, please contact the Global Client Service Team at 1.877.960.6077 toll free from the U.S. and Canada or 1.617.954.4001.

BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

Quarterly Report

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September 30, 2013

MACKAY SHIELDS

MACKAY SHIELDS

October 2013

The fall season is well underway here in the Tri-State area as leaves are turning from green to vibrant colors - which we all know will move to brown shortly and then the raking begins! Here's hoping you're able to enjoy some of what fall has to offer!

MacKay Shields is pleased to enclose your portfolio's Third Quarter 2013 Investment Summary reports. If you have any questions concerning the report, your account or the financial markets in general, please do not hesitate to call upon us.

For the past six months, we have been sharing with you information surrounding the use of the "client portal" on our website, www.mackayshields.com. If you have signed-on, we hope your experience proved to be positive and useful. Should you not have had an opportunity to explore the portal, there is always time -- just let us know and we'll happy to provide you with access.

We appreciate the continuing opportunity to be of service to you.

Best,

Virginia

Virginia Rose

THIRD QUARTER 2013
OVERVIEW OF QUARTERLY PERFORMANCE

MACKAY SHIELDS

MARKET OVERVIEW

The U.S. convertible market, as measured by the BofA Merrill Lynch All Convertible Index, rose 7.17% in the third quarter of 2013, while underlying equities soared 11.37%. During the quarter, investment-grade convertibles, as measured by the BofA Merrill Lynch Investment Grade Convertible Index, climbed 6.55%, outperforming speculative-grade convertibles, which increased 5.53% during the same time period.

The sharp rise in the convertible and equity markets during the quarter was the product of decent corporate earnings and relatively benign economic releases showing that the economic recovery in the U.S., while hardly robust, is advancing. In addition, certain economic indicators in Germany and Britain suggested that the recession in Europe may be nearing an end. Markets were also buoyed by the decision to avoid U.S. military involvement in Syria. Given the positive economic data reports and the positive returns in the stock market, individual investors appear to finally be showing an interest in equities. Retail investor flows in stock mutual funds have finally turned positive, after years of pulling money out of equities in favor of fixed income. 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, particularly 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.

Every convertible benchmark sector rose during the quarter. Healthcare, Media, Technology and Industrials, up 13.99%, 9.80%, 8.59% and 7.72%, respectively, were the best performing sectors in the period. Financials, Utilities and Consumer Staples lagged other sectors, each returning less than 3% during the quarter.

There were eleven new convertible securities issued during the month of September, raising a total of $2.7 billion. The average convertible new issue offering was $242 million in size. Year to date, approximately $29.7 billion of new convertibles have been issued, surpassing the total issuance for each of the past two calendar years ($25 billion in 2011 and $22 billion in 2012).

PERFORMANCE

The convertibles of Gilead Sciences, Schlumberger and Danaher, were leading contributors during the third quarter of 2013. Gilead Sciences continue to perform well as the company reported solid second quarter sales and earnings. More importantly, investors are awaiting the fourth quarter approval of the company's novel drug treatment for Hepatitis C. Analysts expect this drug to achieve sales of several billion dollars per year, as Gilead's therapy appears to have significant efficacy advantages over competing treatment options. The synthetic convertible bonds of Schlumberger Limited were also strong performers in the quarter after the company reported second quarter earnings that exceeded investor expectations. Schlumberger continues to benefit from strong demand for its products and services which enable energy exploration and production companies to find oil and natural gas and exploit those reservoirs for maximum production. Danaher Corp. was also a leading contributor during the quarter. The company's second quarter earnings results were largely in line with expectations. However, the company's healthcare business performed particularly well and investors likely believe that the company's more cyclical business segments will pick up as the economic recovery proceeds.

Conversely, exposure to the convertible preferred shares of Wells Fargo, Apache and Post, weighed on performance during the quarter. Wells Fargo performed poorly during the quarter as the rise in interest rates weighed on securities such as these that are primarily owned by investors seeking income and are not very sensitive to the performance of the underlying equity. Apache Corp. lagged the overall market during the third quarter as investors continue to be concerned about the company's operations in Egypt which comprise approximately twenty percent of the company's assets. In August, the company's convertible preferred shares were converted into common stock which was sold from the portfolio shortly after conversion. Last, Post Holdings was weak during the third quarter as fiscal third

quarter earnings were weaker than expected as higher sales of lower priced private label cereals hurt profit margins. The company should continue to benefit from strong free cash flow generation which is being used to fund acquisitions to diversify the company's product lineup and drive earnings growth.

OUTLOOK

We remain convinced that convertible bonds and equities are undervalued 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.

The rate of new convertible issuance is its highest level since 2008. We would anticipate the pace to pick up as rising interest rates and record equity price market levels make it once again relatively attractive for companies to raise funds in the convertible market versus the straight high yield or investment grade bond markets

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.

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. ©2013, MacKay Shields LLC.

BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

MACKAY SHIELDS

Portfolio Composition and Performance — Account 1256

September 30, 2013

Composition	Market Value	Percent of Total
Fixed Income	12,207,335	72.96
Equity	2,262,619	13.52
Cash & Equivalents	2,262,146	13.52
Total Portfolio	$16,732,100	100.00%

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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)	2.78%	5.84%	12.73%	13.30%	8.66%	7.91%	83.72%	6.27%
Merrill Lynch Convertible Inv Grade	2.87%	8.14%	17.45%	18.08%	9.16%	9.86%	86.90%	6.45%
ML Convt Inv Grade BDS (Inc Mandatory)	2.52%	6.55%	15.71%	16.44%	9.29%	9.23%	54.13%	4.42%

Expressed in USD

Past performance is not indicative of future results.

Schroders

Bay County Employees' Retirement System

Overview

Fund Valuation

Value at 30 June 2013	Net Cash Flow	Value at 30 September 2013
US$ 10,365,938	US$ 4,430,790	US$ 16,805,462

Performance

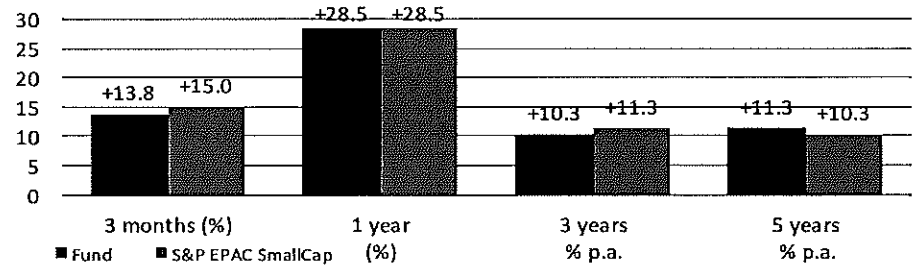
Periods to 30 September 2013

Total returns US$	3 months (%)	1 year (%)	3 years % p.a.	5 years % p.a.	SI** % p.a.
Fund	+13.8	+28.5	+10.3	+11.3	+5.7
Index*	+15.3	+30.0	+12.8	+11.8	+6.3
S&P EPAC SmallCap	+15.0	+28.5	+11.3	+10.3	+4.8
Value added rel Index*	-1.5	-1.5	-2.5	-0.5	-0.6
Difference vs EPAC Sm	-1.2	+0.0	-1.0	+1.0	+0.9

Source: Schroders. Gross of fees. *S&P EPAC SmallCap Index plus 150 basis points **Since inception June 30, 2006

All subsequent performance comments and numbers are relative to S&P EPAC SmallCap Index

Performance versus benchmark (%)



Summary

The third quarter has been dominated by the prospect of the US Federal Reserve (Fed) tapering its quantitative easing programme. The belief that this could be commenced in September dampened risk appetite, hurting emerging markets in particular. The Fed's surprise decision to delay tapering triggered a rally in September and equities delivered positive returns for the quarter overall.

Despite the fund producing strong absolute performance, up 13.8%, it lagged the S&P EPAC SmallCap Index return of +15.0% in the third quarter. Underperformance was a result of negative regional allocation with stock selection broadly neutral. Stock selection was strong in Pacific ex Japan and the United Kingdom but was offset by relative weakness in Japan and continental Europe. Regional allocation detracted as a result of our exposure to Emerging Markets and holding any cash in markets that were up strongly over the quarter.

Over the twelve month period, the Fund has tracked the index with strong stock selection in all regions apart from Japan, offset by regional allocation. Regional allocation detracted as a result of our overweight to Pacific ex Japan, which was the weakest region over the period, and exposure to Emerging Markets. Holding any cash in markets that were up 28.5% also hampered performance.

It has been another good quarter for smaller companies, perhaps symptomatic of a period of rising economic expectations (at least in the developed world) and hopes that what has largely been a re-rating driven market of the last twelve months will be confirmed by an acceleration in earnings growth. Our suspicion is that there is more limited scope for upside surprise on the global economy given the structural headwinds for developed markets, while emerging markets adjust to a less liberal monetary environment. Having said that, equities do not look expensive, and smallcaps are not on extended valuations compared to larger peers. Our focus remains at a stock level, with a bias towards companies with secular growth prospects, stronger than average financials and shareholder focused management. We remain underweight Japan and, to a lesser extent continental Europe, and overweight Pacific ex Japan/emerging markets.

ConvergEx Group

Execution Solutions

Recapture Services

Bay County Employees Retirement System

Plan Trading Summary (US Dollars)

January 01, 2013 - September 30, 2013

Ref#: 23803

Manager		Current Month Commissions	Current Month Credits	Year-To-Date Commissions	Year-To-Date Credits
Revenue Type: Equity					
Columbia Management Advisors, LLC		60.00	42.00	2,543.24	1,780.27
Denver Invmt Advisors		0.00	0.00	0.00	0.00
Eagle Asset Management		187.52	131.26	915.72	641.00
Eagle Asset Management	Execution	0.00	0.00	146.57	0.00
Geneva Capital Management Ltd		150.64	105.45	1,910.60	1,337.42
Geneva Capital Management Ltd	Events	0.00	0.00	33.16	23.21
Hotchkis & Wiley		0.00	0.00	0.00	0.00
MFS Investment Management Co.		0.00	0.00	0.00	0.00
WHV Investment Management		0.00	0.00	2,583.92	1,808.74
Totals for Equity		**398.16**	**278.71**	**8,133.21**	**5,590.65**
Revenue Type: Correspondent Equity					
Baring Asset Management Ltd.		0.00	0.00	134.07	93.85
Baring Asset Management Ltd.	Corrsp Broker	0.00	0.00	24.14	0.00
Integrity Asset Management		58.80	41.16	237.33	166.13
Integrity Asset Management	Corrsp Broker	19.60	0.00	103.67	0.00
Totals for Correspondent Equity		**78.40**	**41.16**	**499.21**	**259.98**
Revenue Type: International Correspondent					
Baring Asset Management Ltd.		246.66	184.99	2,114.09	1,585.57
Baring Asset Management Ltd.	Corrsp Broker	299.65	0.00	2,486.56	0.00
Schroder Investment Management Ltd		0.00	0.00	0.00	0.00
Totals for International Correspondent		**546.31**	**184.99**	**4,600.66**	**1,585.57**
Grand Totals		**1,022.87**	**504.87**	**13,233.08**	**7,436.20**

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

Transition Management Sales : Kimberly Doran, 212.468.7701, kdoran@convergex.com

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

This statement represents trades through Posted Date September 30, 2013 for all US transactions and upon information provided to us to date from our Global Correspondent Network for all non-US transactions

PLEASE CHECK YOUR STATEMENTS FOR ACCURACY AND REPORT ANY INACCURACIES TO RECAPTURE SERVICES.

ConvergEx Group
Execution Solutions

Recapture Services

Bay County Employees Retirement System

Plan Activity Summary and Balance

January 01, 2013 - September 30, 2013

Ref#: 23803

Summary by Revenue Type

Revenue Type	Month to Date		Year to Date	
	Commissions	Credits	Commissions	Credits
Equity	398.16	278.71	8,100.05	5,567.44
Correspondent Equity	58.80	41.16	371.40	259.98
Correspondent Broker Fees	19.60	0.00	127.81	0.00
International Correspondent	246.66	184.99	2,114.09	1,585.57
Correspondent Broker Fees	299.65	0.00	2,486.56	0.00
Fixed Income	0.00	0.00	0.00	0.00
12B-1 fees	0.00	0.00	0.00	0.00
Events	0.00	0.00	33.16	23.21
Adjustments	0.00	0.00	0.00	0.00
No Credit	0.00	0.00	0.00	0.00
TOTAL	**1,022.87**	**504.87**	**13,233.08**	**7,436.20**

Account Balance

Month	Commissions	Credits	Adjustments	Payments	Month Ending
Prior Year CR or DB	0.00	0.00			2,682.15
January 2013	179.68	97.13	0.00	2,682.15	97.13
February 2013	1,265.84	761.64	0.00	0.00	858.77
March 2013	2,248.20	1,242.56	0.00	0.00	2,101.33
April 2013	3,229.04	2,125.12	0.00	2,101.33	2,125.12
May 2013	2,299.09	1,313.65	0.00	0.00	3,438.77
June 2013	465.01	220.27	0.00	0.00	3,659.03
July 2013	1,376.36	765.08	0.00	3,659.03	765.08
August 2013	1,146.99	405.88	0.00	0.00	1,170.97
September 2013	1,022.87	504.87	0.00	0.00	1,675.83
October 2013	0.00	0.00			
November 2013	0.00	0.00			
December 2013	0.00	0.00			
TOTAL	**13,233.08**	**7,436.20**	**0.00**	**8,442.51**	
				Current Balance	**1,675.83**

A3

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

Transition Management Sales : Kimberly Doran, 212.468.7701, kdoran@convergex.com

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

This statement represents trades through Posted Date September 30, 2013 for all US transactions and upon information provided to us to date from our Global Correspondent Network for all non-US transactions
PLEASE CHECK YOUR STATEMENTS FOR ACCURACY AND REPORT ANY INACCURACIES TO RECAPTURE SERVICES.

REFUNDS: FOR THE MONTH ENDED OCTOBER 31, 2013

EMPLOYEE/BENEFICIARY	CONTRIBUTIONS	PROCESSED	DEPARTMENT	TERMINATION
REUTHER,VAN	22,764.27	10/16/13	BABH	3/22/13
SMITH, DANIEL	14,438.86	10/16/13	BABH	7/31/13
THEISEN, KEVIN	9,548.42	10/16/13	BABH	7/31/13
MORRISH, STACIE	13,833.84	10/18/13	BMCF	9/18/13
STONE, LISA	9,905.22	10/18/13	BMCF	9/8/13
ORMSBY, JACQUELINE	871.86	10/30/13	BABH	9/16/13
REED, CINDY	3,309.26	10/30/13	BABH	9/23/13
TOTAL REFUNDS:	74,671.73			

NEW RETIREE	CONTRIBUTIONS TRANSFERRED	RETIREMENT GROUP/ COUNTY DEPT	EFFECTIVE DATE
GORDON, SCOTT	24,639.44	GENERAL-PROSECUTOR GENERAL-BLDG	8/31/2013
BISEL, ROBERT	56,236.07	GROUNDS USW	9/21/2013
PABALIS, RICHARD	107,619.50	GENERAL-BCAMPS	10/4/2013

DECEASED EMPLOYEE/ RETIREE	BENEFICIARY	REFUND/ PENSION	DATE OF DEATH	DIVISION/ DEPARTMENT
REDMOND, GERALD	NANCY REDMOND-SPOUSE	PENSION	9/10/2013	ROAD COMM.
KEDZIERSKI, CAROLINE	CAROLINE WAS BENEF.	NONE	10/5/2013	ROAD COMM.
WHITE, STEVEN	BARBARA WHITE-SPOUSE	PENSION	10/7/2013	SHERIFF
WITHROW, KIM	BARBARA WITHROW	PENSION	10/24/2013	BABH
LYNCH, ALICE	ALICE WAS BENEFICIARY	NONE	10/27/2013	GENERAL

NO REFUNDS EMPLOYEE NAME	ACCUMULATED CONTRIBUTIONS	UNION GROUP	DATE TERMINATED
GILREATH, ERIC	95.03	BMCF	9/16/2013
PUTNAM, HAYLEY	84.26	BMCF	8/21/2013
MCCANN, KAYLA	2,905.50	BMCF	8/22/2013
NOONAN, MARCIE	4,780.82	BMCF	8/16/2013
REICHLE, AMBER	671.26	BMCF	8/16/2013
TOLASCH, KEVIN	221.93	BMCF	8/20/2013
RAYL, SARAH	4,475.75	BMCF	9/7/2013
	13,234.55		

Bay County, Michigan

FOR 2013 10

		ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
7310 RETIREMENT SYSTEM FUND								
73127400 RETIREMENT BOARD								
RA FUND BALANCE, NET AS								
73127400 40001	FUND BALANCE	0	0	.00	.00	.00	.00	.0%
73127400 40003	FUND BALANCE-RESRVS	0	0	.00	.00	.00	.00	.0%
73127400 40004	NET ASSETS - RESERV	3,757,669	3,710,929	.00	.00	.00	3,710,929.00	.0%
TOTAL FUND BALANCE, NET AS		3,757,669	3,710,929	.00	.00	.00	3,710,929.00	.0%
RJ LOCAL UNIT CONTRIBUT								
73127400 59401	EMPLOYER CONTRIB-BE	-1,000,000	-1,000,000	.00	.00	.00	-1,000,000.00	.0%*
73127400 59402	EMPLOYER CONTRIB-MO	0	0	-9,901.22	.00	.00	9,901.22	100.0%
73127400 59403	EMPLOYER CONTRIB-HE	0	0	-42,485.22	.00	.00	42,485.22	100.0%
73127400 59404	EMPLOYER CONTRIB-RO	-540,000	-540,000	.00	.00	.00	-540,000.00	.0%*
73127400 59406	EMPLOYER CONTRIB-LI	-130,000	-130,000	.00	.00	.00	-130,000.00	.0%*
73127400 59407	EMPLOYER CONTRIB-GO	0	0	-4,434.02	.00	.00	4,434.02	100.0%
73127400 59408	EMPLOYER CONTRIB-GE	0	0	-349,118.61	.00	.00	349,118.61	100.0%
73127400 59409	EMPLOYER CONTRIB-DW	0	0	.00	.00	.00	.00	.0%
73127400 59410	EMPLOYER CONTRIB-91	0	0	-33,298.88	.00	.00	33,298.88	100.0%
73127400 59411	EMPLOYER CONTRIB-CH	0	0	-31,053.70	.00	.00	31,053.70	100.0%
73127400 59412	EMPLOYER CONTRIB-DI	0	0	-33,027.68	.00	.00	33,027.68	100.0%
73127400 59413	EMPLOYER CONTRIB-RE	0	0	-1,660.65	.00	.00	1,660.65	100.0%
73127400 59414	EMPLOYER CONTRIB-HO	0	0	-2,119.67	.00	.00	2,119.67	100.0%
73127400 59415	EMPLOYER CONTRIB-GY	0	0	-1,573.17	.00	.00	1,573.17	100.0%
73127400 59416	EMPLOYER CONTRIB-HO	0	0	-43.22	.00	.00	43.22	100.0%
73127400 59418	EMPLOYER CONTRIB-10	0	0	-2,484.95	.00	.00	2,484.95	100.0%
73127400 59419	EMPLOYER CONTRIB-ME	-650,000	-650,000	.00	.00	.00	-650,000.00	.0%*
73127400 59424	EMPLOYER CONTRIB-SE	0	0	-337.77	.00	.00	337.77	100.0%
73127400 59427	EMPLOYER CONTRIB-CO	0	0	-2,182.67	.00	.00	2,182.67	100.0%
73127400 59429	EMPLOYER CONTRIB-F.	0	0	-1,832.69	.00	.00	1,832.69	100.0%
73127400 59430	EMPLOYER CONTRIB-HO	0	0	-4,233.18	.00	.00	4,233.18	100.0%
73127400 59434	EMPLOYER CONTRIB-LO	0	0	-164.76	.00	.00	164.76	100.0%
73127400 59499	EMPLOYER CONTRIB-SH	0	0	.00	.00	.00	.00	.0%
73127400 59501	EMPLOYEE CONTRIB-BE	-510,000	-510,000	.00	.00	.00	-510,000.00	.0%*

FOR 2013 10

		ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73127400 59502	EMPLOYEE CONTRIB-MO	-12,500	-12,500	-9,631.54	.00	.00	-2,868.46	77.1%*
73127400 59503	EMPLOYEE CONTRIB-HE	-60,000	-60,000	-41,278.44	.00	.00	-18,721.56	68.8%*
73127400 59504	EMPLOYEE CONTRIB-RO	-120,000	-120,000	.00	.00	.00	-120,000.00	.0%*
73127400 59506	EMPLOYEE CONTRIB-LI	-75,000	-75,000	.00	.00	.00	-75,000.00	.0%*
73127400 59507	EMPLOYEE CONTRIB-GO	-4,800	-4,800	-4,311.49	.00	.00	-488.51	89.8%
73127400 59508	EMPLOYEE CONTRIB-GE	-405,000	-405,000	-345,967.29	.00	.00	-59,032.71	85.4%
73127400 59509	EMPLOYEE CONTRIB-DW	-83,801	-83,801	.00	.00	.00	-83,801.00	.0%*
73127400 59510	EMPLOYEE CONTRIB-91	-64,000	-64,000	-45,590.30	.00	.00	-18,409.70	71.2%*
73127400 59511	EMPLOYEE CONTRIB-CH	-42,500	-42,500	-30,199.99	.00	.00	-12,300.01	71.1%*
73127400 59512	EMPLOYEE CONTRIB-DI	-50,500	-50,500	-32,097.06	.00	.00	-18,402.94	63.6%*
73127400 59513	EMPLOYEE CONTRIB-RE	-1,600	-1,600	-1,602.94	.00	.00	2.94	100.2%
73127400 59514	EMPLOYEE CONTRIB-HO	0	0	-2,117.74	.00	.00	2,117.74	100.0%
73127400 59515	EMPLOYEE CONTRIB-GY	0	0	-1,529.81	.00	.00	1,529.81	100.0%
73127400 59516	EMPLOYEE CONTRIB-HO	-180	-180	-42.81	.00	.00	-137.19	23.8%*
73127400 59518	EMPLOYEE CONTRIB-10	-2,800	-2,800	-2,418.28	.00	.00	-381.72	86.4%
73127400 59519	EMPLOYEE CONTRIB-ME	-350,000	-350,000	.00	.00	.00	-350,000.00	.0%*
73127400 59524	EMPLOYEE CONTRIB-SE	-400	-400	-329.37	.00	.00	-70.63	82.3%*
73127400 59527	EMPLOYEE CONTRIB-CO	0	0	-2,124.92	.00	.00	2,124.92	100.0%
73127400 59529	EMPLOYEE CONTRIB-F.	-2,850	-2,850	-1,781.36	.00	.00	-1,068.64	62.5%*
73127400 59530	EMPLOYEE CONTRIB-HO	-4,000	-4,000	-4,116.13	.00	.00	116.13	102.9%
73127400 59534	EMPLOYEE CONTRIB.LO	0	0	-159.98	.00	.00	159.98	100.0%
73127400 59599	EMPLOYEE CONTRIB-SH	-245,000	-245,000	-57,252.81	.00	.00	-187,747.19	23.4%*
TOTAL LOCAL UNIT CONTRIBUT		-4,354,931	-4,354,931	-1,102,504.32	.00	.00	-3,252,426.68	25.3%
RP INTEREST & RENTALS								
73127400 66400	INVESTMENT INTEREST	-5,000,000	-5,000,000	.00	.00	.00	-5,000,000.00	.0%*
73127400 66500	GAIN ON SALE OF INV	-15,000,000	-15,000,000	.00	.00	.00	-15,000,000.00	.0%*
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	.00	.00	.00	-40,000.00	.0%*
73127400 66600	SECURITIES LENDING	-300,000	-300,000	.00	.00	.00	-300,000.00	.0%*
TOTAL INTEREST & RENTALS		-23,340,000	-23,340,000	.00	.00	.00	-23,340,000.00	.0%
RR OTHER REVENUE								
73127400 67104	MISCELLANOUS 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%

FOR 2013 10

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73127400 68900 TRADE-IN ALLOWANCE	0	0	.00	.00	.00	.00	.0%
73127400 69000 COMMISSION RECAPTUR	-25,000	-25,000	.00	.00	.00	-25,000.00	.0%*
73127400 69200 CLAIMS/SETTLEMENTS/	-150,000	-150,000	.00	.00	.00	-150,000.00	.0%*
TOTAL OTHER REVENUE	-175,000	-175,000	.00	.00	.00	-175,000.00	.0%
XE WAGES & SALARIES							
73127400 70300 SALARIES-ELECTED OR	44,635	44,635	25,426.76	.00	.00	19,208.24	57.0%
73127400 70500 TEMPORARY HELP	0	11,600	3,921.16	2,505.00	.00	7,678.84	33.8%
73127400 70501 PART TIME WAGES	7,135	7,135	6,196.22	734.02	.00	938.78	86.8%*
73127400 70600 OVERTIME	2,809	2,809	128.26	.00	.00	2,680.74	4.6%
73127400 70800 HOLIDAY PAY	0	0	1,426.31	.00	.00	-1,426.31	100.0%*
73127400 71000 PER DIEM	3,420	3,420	2,400.00	225.00	.00	1,020.00	70.2%
73127400 71200 VACATION PAY	0	0	3,227.78	.00	.00	-3,227.78	100.0%*
73127400 71202 SICK PAY	0	0	577.17	.00	.00	-577.17	100.0%*
73127400 71203 TERMINATION SICK PA	0	0	2,500.00	.00	.00	-2,500.00	100.0%*
73127400 71204 TERMINATION VACTION	0	0	4,791.70	.00	.00	-4,791.70	100.0%*
TOTAL WAGES & SALARIES	57,999	69,599	50,595.36	3,464.02	.00	19,003.64	72.7%
XF FRINGES							
73127400 71500 SOCIAL SECURITY	3,784	4,672	3,497.56	247.78	.00	1,174.44	74.9%
73127400 71600 HEALTH INSURANCE	15,401	15,401	10,896.66	.00	.00	4,504.34	70.8%
73127400 71603 RETIREE HEALTH CARE	0	0	.00	.00	.00	.00	.0%
73127400 71632 EMPLOYEE INCENTIVE	200	200	.00	.00	.00	200.00	.0%
73127400 71700 LIFE INSURANCE	114	114	87.44	3.60	.00	26.56	76.7%
73127400 71800 RETIREMENT	3,683	3,683	3,122.51	.00	.00	560.49	84.8%*
73127400 71900 OTHER FRINGE BENEFI	469	469	.00	.00	.00	469.00	.0%
73127400 72001 SIF ADMINISTRATION	89	109	81.86	5.51	.00	27.14	75.1%
73127400 72100 WORKERS' COMPENSATI	757	926	703.71	47.29	.00	222.29	76.0%
73127400 72200 SICK AND ACCIDENT I	295	295	249.86	.00	.00	45.14	84.7%*
73127400 72500 UNEMPLOYMENT COMPEN	281	344	260.24	17.50	.00	83.76	75.7%
TOTAL FRINGES	25,073	26,213	18,899.84	321.68	.00	7,313.16	72.1%
XI SUPPLIES							
73127400 72700 OFFICE SUPPLIES	1,000	1,000	535.61	36.00	.00	464.39	53.6%

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FOR 2013 10

		ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73127400 72702	BOOK SUPPLIES	0	0	210.00	.00	.00	-210.00	100.0%*
73127400 72800	PRINTING AND BINDIN	750	750	204.78	.00	.00	545.22	27.3%
73127400 72900	POSTAGE	250	250	185.43	-23.48	.00	64.57	74.2%
73127400 73000	MAGAZINES AND PERIO	600	600	.00	.00	.00	600.00	.0%
73127400 73301	COPIER / FAX SUPPLI	250	250	.00	.00	.00	250.00	.0%
73127400 74200	FOOD SUPPLIES	150	150	80.76	13.92	.00	69.24	53.8%
73127400 74700	PHOTO & MICROFILM/F	0	0	.00	.00	.00	.00	.0%
73127400 75100	COMPUTER SUPPLIES	1,000	1,000	436.47	.00	.00	563.53	43.6%
TOTAL SUPPLIES		4,000	4,000	1,653.05	26.44	.00	2,346.95	41.3%
XL OTHER SERVICES AND C								
73127400 80100	PROFESSIONAL SERVIC	1,500,000	1,500,000	943,307.20	157,934.50	.00	556,692.80	62.9%
73127400 80101	ACTUARIAL SERVICES	40,000	40,000	47,125.00	.00	.00	-7,125.00	117.8%*
73127400 80200	CONTRACTUAL SERVICE	0	0	.00	.00	.00	.00	.0%
73127400 81200	MEDICAL SERVICES	0	0	.00	.00	.00	.00	.0%
73127400 81400	INVESTMENT/BANK SER	230,000	230,000	.00	.00	.00	230,000.00	.0%
73127400 81700	LEGAL FEES	7,500	7,500	502.50	.00	.00	6,997.50	6.7%
73127400 81900	CONSULTANTS	125,000	125,000	140,000.00	35,000.00	.00	-15,000.00	112.0%*
73127400 82000	MEMBERSHIPS AND DUE	550	550	960.00	.00	.00	-410.00	174.5%*
73127400 82900	FILING FEES	250	250	.00	.00	.00	250.00	.0%
73127400 83500	HEALTH SERVICES	2,500	2,500	.00	.00	.00	2,500.00	.0%
73127400 85200	TELEPHONE	420	420	176.67	3.45	.00	243.33	42.1%
73127400 86100	CONFERENCE FEES & E	9,200	9,200	6,319.58	.00	.00	2,880.42	68.7%
73127400 86500	STATE TRAVEL MILEAG	2,000	2,000	4.53	.00	.00	1,995.47	.2%
73127400 86600	LOCAL TRAVEL MILEAG	300	300	57.44	.00	.00	242.56	19.1%
73127400 87500	PENSION PAYMENTS	11,500,000	11,500,000	.00	.00	.00	11,500,000.00	.0%
73127400 90000	PRINTING/PUBLISHING	500	500	149.00	.00	.00	351.00	29.8%
73127400 90100	LEGAL NOTICES	1,000	1,000	.00	.00	.00	1,000.00	.0%
73127400 93100	EQUIPMENT REPAIR &	400	400	.00	.00	.00	400.00	.0%
73127400 94601	EQUIPMENT RENTAL-CO	5,000	5,000	727.22	.00	.00	4,272.78	14.5%
73127400 95500	MISCELLANEOUS	500	500	.00	.00	.00	500.00	.0%
73127400 95600	INDIRECT COST EXPEN	126,570	126,570	94,927.50	.00	.00	31,642.50	75.0%
73127400 96000	EDUCATION AND TRAIN	500	500	.00	.00	.00	500.00	.0%
73127400 96200	LOSS ON DISPOSAL OF	10,000,000	10,000,000	.00	.00	.00	10,000,000.00	.0%
73127400 96201	UNREALIZED LOSS ON	0	0	.00	.00	.00	.00	.0%
73127400 96203	LOSS ON FOREIGN CUR	100,000	100,000	.00	.00	.00	100,000.00	.0%
73127400 96401	CONTRIB REFUND-GENE	75,000	75,000	.00	.00	.00	75,000.00	.0%
73127400 96402	CONTRIB REFUND-SHER	25,000	25,000	.00	.00	.00	25,000.00	.0%
73127400 96403	CONTRIB REFUND-ROAD	25,000	25,000	.00	.00	.00	25,000.00	.0%
73127400 96404	CONTRIB REFUND-MED	75,000	75,000	.00	.00	.00	75,000.00	.0%

FOR 2013 10

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73127400 96405 CONTRIB REFUND-B.A.	100,000	100,000	.00	.00	.00	100,000.00	.0%
73127400 96406 CONTRIB REFUND-D.W.	10,000	10,000	.00	.00	.00	10,000.00	.0%
73127400 96407 CONTRIB REFUND-LIBR	25,000	25,000	.00	.00	.00	25,000.00	.0%
73127400 96500 INSURANCE AND BONDS	22,000	22,000	20,434.50	.00	.00	1,565.50	92.9%*
73127400 96730 MACHINERY & EQUIPME	0	0	.00	.00	.00	.00	.0%
73127400 96740 OFFICE EQUIP.& FURN	0	0	.00	.00	.00	.00	.0%
73127400 96741 COMPUTER HARDWARE E	0	0	.00	.00	.00	.00	.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	24,009,190	24,009,190	1,254,691.14	192,937.95	.00	22,754,498.86	5.2%
XQ CAPITAL OUTLAY							
73127400 98001 COMPUTER SOFTWARE	16,000	50,000	.00	.00	.00	50,000.00	.0%
TOTAL CAPITAL OUTLAY	16,000	50,000	.00	.00	.00	50,000.00	.0%
TOTAL RETIREMENT BOARD	0	0	223,335.07	196,750.09	.00	-223,335.07	100.0%
TOTAL RETIREMENT SYSTEM FUND	0	0	223,335.07	196,750.09	.00	-223,335.07	100.0%
TOTAL REVENUES	-24,112,262	-24,159,002	-1,102,504.32	.00	.00	-23,056,497.68	
TOTAL EXPENSES	24,112,262	24,159,002	1,325,839.39	196,750.09	.00	22,833,162.61	
GRAND TOTAL	0	0	223,335.07	196,750.09	.00	-223,335.07	100.0%

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

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ColumbiaManagement

Alan Puklin
Sr. Relationship Manager
Institutional Client Service

100 Park Avenue
New York, NY 10017
Tel: 212.850.1612
Fax: 212.682.6460
alan.puklin@columbiamanagement.com

October 9, 2013

Ms. Danean Wright
Bay County Employees' Retirement System
515 Center Street Suite 706
Bay City, MI 48708-5128

Re: Organizational Announcement

Dear Danean:

We would like to let you know that Richard (Rick) Taft has joined the Columbia Seligman Value Team as a Senior Analyst joining Neil Eigen, Richard Rosen and Kari Montanus. Rick joins from the Columbia Equity Research Team where he has worked since January 2011. The elevation of Rick to the role of Senior Analyst on the Value Team represents the promotion of a talented and experienced senior equity analyst which adds depth to the day-to-day investment management of the strategies managed by the team. As previously announced, Neil Eigen will be retiring at the end of 2013, and Richard Rosen who has co-managed the portfolios with Neil since 1997 will be assuming the role of Team Leader.

Mr. Taft's biography is provided below for your reference:

Rick Taft is a senior equity analyst at Columbia Management Investment Advisers, LLC. Mr. Taft joined the firm in 2011 and has been a member of the investment community since 1997. Prior to joining Columbia in 2011, Mr. Taft was a portfolio manager at Pioneer Path (Citadel), and a Managing Director and associate portfolio manager at Swiss RE. Mr. Taft also worked at Pequot Capital and Candlewood Capital. Mr. Taft began his career at Price Waterhouse, LLP where he was a Senior Accountant. Rick has a BA and an MBA from the State University of New York at Buffalo, and is a certified public accountant.

Regards,

Alan J. Puklin

Security products offered through Columbia Management Investment Distributors, Inc., member FINRA. Advisory services provided by Columbia Management Investment Advisers, LLC.

100%

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

BAY COUNTY BUILDING
515 CENTER AVENUE, SUITE 706
BAY CITY, MICHIGAN 48708-5128

Thomas L. Hickner
Bay County Executive

Crystal Hebert
Finance Officer/Secretary

BOARD OF TRUSTEES
Steven Gray, Chairperson
Richard Brzezinski
Ann Carpenter
Kim Coonan
Tom Herek
Jon Morse
Shari Peltier
Matthew Pett
Thomas Starkweather

ADMINISTRATIVE STAFF
Danean Wright
Tiffany Jerry
(989) 895-4030
TDD (989) 895-4049
FAX (989) 895-4113

October 14, 2013

Ms. Andrea Leistra
Integrity Asset Management
480 Pierce Street
Birmingham, MI 48009

Dear Ms. Leistra:

There is a need for the Bay County Employee's Retirement System to rebalance its asset allocation therefore, I am requesting that Integrity Asset Management divest themselves of $1,000,000 (one million dollars) and deposit said cash within the System's Short-Term Investment Fund Reserve account at The Northern Trust Company no later than Friday, October 16, 2013.

If you have any questions or concerns regarding the above, please contact me at (989) 895-4030.

Sincerely,

Crystal Hebert

Crystal Hebert
Finance Officer/Secretary

VIA E-MAIL-ORIGINAL TO BE SENT SURFACE MAIL

cc: Bay County Employees' Retirement System Board of Trustees
Jeff Black, Becker Burke Associates
Bernard Walsh, The Northern Trust Company
Sue Gansser, Retirement Administrator/Accountant

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

BAY COUNTY BUILDING
515 CENTER AVENUE, SUITE 706
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ADMINISTRATIVE STAFF
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TDD (989) 895-4049
FAX (989) 895-4113

October 14, 2013

Mr. Alan Puklin
Columbia Management
100 Park Avenue-7th Floor
New York, NY 10017

Dear Mr. Puklin:

There is a need for the Bay County Employee's Retirement System to rebalance its asset allocation therefore, I am requesting that Columbia Management divest themselves of $1,000,000 (one million dollars) and deposit said cash within the System's Short-Term Investment Fund Reserve account at The Northern Trust Company no later than Friday, October 16, 2013.

If you have any questions or concerns regarding the above, please contact me at (989) 895-4030.

Sincerely,

Crystal Hebert

Crystal Hebert
Finance Officer/Secretary

VIA E-MAIL-ORIGINAL TO BE SENT SURFACE MAIL

cc: Bay County Employees' Retirement System Board of Trustees ✓
Jeff Black, Becker Burke Associates
Bernard Walsh, The Northern Trust Company
Sue Gansser, Retirement Administrator/Accountant

GRS
Gabriel Roeder Smith & Company
Consultants & Actuaries
One Towne Square
Suite 800
Southfield, MI 48076-3723
248.799.9000 phone
248.799.9020 fax
www.gabrielroeder.com

September 30, 2013

Ms. Crystal Hebert
Bay County Employees' Retirement System
Bay County Building
515 Center Avenue, Suite 706
Bay City, Michigan 48708-5128

Re: Proposed Fees for the December 31, 2013 Actuarial Valuation of the Bay County Employees' Retirement System

Dear Ms. Hebert:

We have prepared this engagement letter describing the scope and fees for preparing an annual actuarial valuation of the above referenced plan as of December 31, 2013.

SCOPE OF WORK TO BE PERFORMED

Gabriel, Roeder, Smith & Company (GRS) will prepare an actuarial valuation of the above referenced plan and calculate the contribution requirement for the plan. In addition, similar to past practice we will include the information required by GASB Statement No. 25 in our valuation report.

Our fees will also include one meeting with the Retirement Board and up to 25 benefit computations. Additional benefit computations will be billed as indicated on the following page.

At your request, we can discuss any changes to the format of the report. Relatively straightforward changes will not impact the fee estimate.

PROFESSIONAL CONSULTING FEES

Gabriel, Roeder, Smith & Company's consulting fees are based on the time spent by our associates in performing the services for you. The following table illustrates our proposed fees for the actuarial valuation:

Item	Proposed Fees
Regular valuation: - Annual valuation - GASB Statement No. 25 accounting information - 25 benefit calculations	$29,500 – $32,000

The estimates on the previous page assume the following:

- We will receive clean and complete information (demographic data and financial information).
- There will be only minor changes in the plan provisions since the last valuation.
- The contribution requirement is calculated once for each of the seven groups.
- There are no significant changes to the format of the report since the last valuation.

Benefit calculations in excess of the 25 included will be billed separately at $200 per case.

Work related to special projects is not included in this fee quote. We can prepare separate fee quotes for special projects in advance at your request. Examples of special projects would be proposal work for union negotiations, individual benefit statements, implications of forthcoming GASB changes, EDRO calculations, etc.

During the course of our engagement, we will advise you promptly if, as a result of unforeseen circumstances, our fees will exceed this estimate. However, we think it is highly likely that our fees will be in accordance with the estimates.

INVOICING PROCEDURES

GRS will invoice the Bay County Employees' Retirement System based on the following schedule (each of the first three quarterly invoices will equal $7,375):

	Invoice Schedule
First Quarterly Invoice:	March 2014
Second Quarterly Invoice:	June 2014
Third Quarterly Invoice:	September 2014
Remainder:	Upon completion of the valuation

GRS may invoice for the entire valuation upon completion of the project if the project is completed earlier during 2013.

Gabriel, Roeder, Smith & Company appreciates the opportunity to be of service to you. If you have any questions, please do not hesitate to call Mark or Jim at 248-799-9000.

Sincerely,

Mark Buis, FSA, MAAA
Consulting Actuary

James Anderson, FSA, MAAA
Consulting Actuary

MB/JDA:dkj

cc: Shana Neeson, GRS

BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

REQUEST FOR INFORMATION

RE: ACTUARIAL SERVICES

A. OVERVIEW

The Retirement Commission ("Retirement Commission") of the Bay County Employees Retirement System is seeking information regarding actuarial professionals who perform annual plan valuations and other related actuarial services. The purpose of this Request for Information (RFI) is to outline the Retirement Commission's requirements for actuarial services and solicit information from which the Retirement Commission may evaluate such services.

B. PLAN PROFILE

The Bay County Employees Retirement System ("Retirement System") consists of approximately One Thousand Two Hundred (1,200) active members and Eight Hundred (800) retired members and beneficiaries, and has assets of approximately Two Hundred Seventy Five Million Dollars ($275,000,000.00).

C. MINIMUM QUALIFICATIONS

The Retirement Commission requires that all prospective service providers have strong credentials, be in good financial standing, and be an enrolled actuary.

D. SCOPE OF SERVICES

The Retirement Commission is attempting to identify an actuary that has the ability to:

1. Conduct annual actuarial valuations and reviews of the Retirement System and provide written reports which comply with all federal and state accounting requirements.
2. Perform all retirement benefit calculations and provide other related services.
3. Provide useful, accurate, and timely periodic and/or annual reporting statements.
4. Organize, design and evaluate retiree benefit programs and formulate strategy to meet those obligations.
5. Assist with actuarial/member record keeping services.
6. Attend an annual meeting at the discretion of the Retirement Commission and be available to address Retirement Commission questions from time to time.
7. Provide administrative and technical support.
8. Provide all required services within reasonable fee levels.

When responding to the attached Request for Information, the Retirement Commission encourages you to describe the ways in which you believe your service capability is special or distinctive.

E. SUBMISSION REQUIREMENTS

To achieve a uniform review process and obtain the maximum degree of comparability, it is required that the report be organized in the following manner:

1. Title Page:

   Please indicate the RFI subject, the name of your organization, address, telephone number, name of contact person and date.

2. Table of Contents:

   Clearly identify the material by section and page number.

3. Letter of Transmittal:

   Limit to one or two pages.

   a. Briefly state your organization's understanding of the nature of the work.

   b. Give the names of the persons who will be authorized to make presentations for your organization, their titles, addresses, and telephone numbers.

4. Submission:

   The Retirement Commission requests that a total number of two (2) complete sets of your information be submitted.

   Responses must be presented in a sealed envelope clearly marked as follows:

   RFI: Actuarial Services
   Bay County Employees Retirement System
   Attn: Martha Fitzhugh, Corporation Counsel
   515 Center Avenue
   Bay City, Michigan 48708

   The Retirement Commission also requests that 1 electronic copy (pdf format) of your proposal be submitted to the Retirement System via CD.

   Your response to this RFI must be received at the above address by 5:00 p.m. on _____, 2013.

   All inquiries about the RFI should be in writing and brought to the attention of Martha Fitzhugh, Corporation Counsel, at the address above.

ACTUARIAL PROCESSING AND REPORTING SERVICES
REQUEST FOR INFORMATION

ORGANIZATION BACKGROUND

1) How long has your company been in existence?

2) How many major accounts do you have? What is your definition of a major account? List five of your largest client relationships.

3) How many municipal retirement systems accounts do you service? How many of those are located in Michigan and how long have you provided service to each system?

4) How many accounts has your organization lost within the past three years? Nationally? Locally? What are the reasons for these losses?

5) Please state the name, title, address, and telephone number(s) of the person(s) we may contact with any questions about your response to this RFI.

6) Who would be responsible for our account? Please describe this person's background. What or whom is the backup source for this person?

7) From what geographic location will our account be serviced?

8) What significant organizational changes have occurred at the local and national level in the last twelve months?

9) What percentage of the organization's overall revenue is attributable to actuarial services?

ADMINISTRATION

10) Tell us about your administrative, actuarial, and operations staffs. How many administrative and actuarial personnel do you employ? What is your process for assigning personnel to your clients?

11) Provide the names, titles and credentials of the individuals who would be assigned to the Retirement System's account. What are their specific responsibilities? Provide the names of other clients that they serve.

12) Describe how you monitor the performance of the individuals who would be assigned to work on our Account.

13) What is the average turnover of your staff?

PENSION REPORTS/SYSTEMS\

14) Describe the infrastructure you have built for providing actuarial services.

15) How many individual actuarial reports are issued monthly? How many EDRO/DRO estimates are issued monthly?

16) What periods do you generate reports, e.g. monthly, quarterly, annually?

17) What is the typical turnaround time for an annual report and a standard benefit calculation?

18) Do you prepare Summary Annual Reports? If so, is the cost included in the annual retainer or are such reports billed separately? If billed separately, what is the cost?

19) Do you prepare Annual Benefits Statements for plan participants? If so, is the cost included in the annual retainer or are such statements billed separately? If billed separately, what is the cost?

20) Do your routine services also include experience studies, economic assumption studies, actuarial reviews, audits, and projections?

21) Describe both the features and benefits of your reports and system. Be sure to include descriptions of your capabilities and internal audit practices.

22) Do you have computer modeling and simulation to assist in solving funding problems?

23) Do you have software that is particularly geared to public sector applications?

24) Please describe your system's backup process.

25) Do you have a disaster recovery plan? If so, please describe. When was it last tested?

26) What experience do you have in valuation of post-retirement health care benefits?

27) How does your company view its responsibility for tax and/or legal advice to participants?

28) How are changes communicated to and from clients?

29) The Retirement System's auditors from time to time may want to perform routine spot audits. Will the actuarial records you maintain be "open" to auditors?

REPORTING

30) Describe your reporting capabilities. Be sure to comment on issues relating to accuracy and timeliness.

31) What information is requested of a client on an annual basis to prepare an actuarial report?

MANAGEMENT COMMITMENT

32) Outline your organization's commitment to servicing the public sector market. What capital investments have occurred in the last three years? What capital investments are budgeted for in the current and following year?

33) Does your organization have a total quality management program? If yes, please describe the program and explain how it differentiates from your competition.

34) Do you survey your clients? If yes, provide the results for the last three years.

35) Describe other methods you use to monitor client satisfaction.

EDUCATION/TRAINING

36) Do you have formal training programs? If so, please describe.

RISK MANAGEMENT

37) Describe your system of controls to assure the accuracy of the processing and reporting of information? Do you have documented policies and procedures?

38) Describe the various types of insurance and indemnification provided to protect clients of service(s) proposed, including (Be sure to include specific dollar coverages):

Errors and Omissions Coverage
Risk Coverage
Carriers
Levels
Limits
Deductibles

39) What steps do you take to ensure the confidentiality of client data?

FEES

40) Describe your basic approach to charging fees. Do you prefer flat fees? Do you prefer transaction-based fees? Do you prefer to blend multiple fee structures?

41) The Retirement Commission would like you to provide detailed schedule of fees and an estimate of your annual fees. Your schedule should provide the following costs:

a. Record Keeping
b. Attendance at meetings
c. Other
   i. Quarterly reports
   ii. Annual reports
   iii. Miscellaneous

42) What costs are involved in implementing your program? Please state whether these costs will be passed to the system and whether the cost will be included in the annual retainer.

43) How are fees for additional work determined?

44) Do you charge secretarial or clerical time to clients? If so, what are the rates?

45) Do you charge for incidental fees such as copies, postage, telephone toll charges, travel costs?

46) How do you determine fee increases? What has been the average fee increase in your organization's fees over the past three years? What would cause any of your fee quotes to change significantly?

47) Are all Michigan public sector retirement system clients charged the same rates? If not, how are the different rates determined?

48) Are any existing public sector retirement system clients charged less than the fees you are proposing for the System?

49) Are you willing to include in our operating agreement a "most favored nation" clause to ensure that our fees do not exceed the lowest fee charged to other public sector retirement system clients?

REFERENCES

50) Please provide the names, contacts, and phone numbers of clients that are of similar size as the Retirement System who will share with the Retirement Commission their first-hand experiences regarding your services (preferably public retirement systems).

MISCELLANEOUS

51) Is your organization a member of MAPERS and/or NCPERS? What other affiliations does your organization maintain to keep informed on unique issues and developments affecting public employee retirement systems?

52) Has your organization been investigated by any state or federal regulatory or law enforcement agency in the last ten years? If yes, please describe in detail the substance and results of each such investigation.

53) Has your organization been a party to any lawsuit, including suits involving misfeasance or professional negligence, within the last ten years? If so, please describe the substance and results of each suit.

54) Please describe the transition process when taking on a new client previously serviced by another actuarial firm. Please discuss computer systems and data issues.

55) Are the individuals whom you intend to assign to the system enrolled actuaries?

F. OTHER REQUIREMENTS

1) Request for or receipt of information does not assume a "pre-qualification" of any responder.

2) The Retirement Commission will not be liable for any costs incurred in preparation of responses.

3) By submitting a response, the responder certifies that he/she has fully read and understands the "Request for Information" and has full knowledge of the scope, nature, quantity, and quality of work to be performed. Unless specified to the contrary, submitting a response will be interpreted as agreement to all provisions in and requirements of the RFI.

4) The responder shall furnish such additional information as the Retirement Commission may reasonable require. The Retirement Commission reserves the right to investigate the qualifications of all responders as it deems appropriate.

5) The Retirement Commission reserves the right to conduct pre-contract negotiations with any or all responders.

6) The Retirement Commission reserves the right to reject any or all responses, the right in its sole discretion to accept a response which it considers most favorable to the Commission's interest, and the right to waive minor irregularities in the procedures. The Retirement Commission further reserves the right to seek new responses when such a procedure would be in its best interest.

7) All responses submitted shall be binding for ninety (90) calendar days following the above due date for receipt of responses to allow for evaluation and award of contract.

8) Responses received by the Retirement Commission after the time specified for response opening will not be considered.

9) All information required by the Request for Information shall be supplied to constitute an acceptable response. Failure to submit a complete response may result in the disqualification of your response.

The Retirement Commission appreciates the time and effort you will have expended in will be happy to share with you its specific comments regarding the competitiveness responding to this RFI.

DEPARTMENT OF CORPORATION COUNSEL **BAY COUNTY**

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THOMAS L. HICKNER
County Executive

DEBRA A. RUSSELL
Legal Coordinator/Administrative Assistant
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TO: **Chair Steve Gray and the Bay County Employees' Retirement System**

FROM: **Corporation Counsel Martha P. Fitzhugh**

RE: **Drafts of Updated Policies and Annual Report Formats Received from Attorney Thomas Michaud on November 6, 2013**

DATE: **November 7, 2013**

Attorney Thomas Michaud prepared the attached documents as drafts for consideration of the Bay County Employees' Retirement Board. They were received on November 6, 2013.

Administrative staff will need to review some sections and discuss options with Chair Gray over the coming month.

RECOMMENDATION: That, on December 10, 2013, the BCERS Board discusses the recommended versions tailored to BCERS and considers final action on that date, if the documents meet with approval.

515 Center Avenue, Suite 402, Bay City, MI 48708-5125 (989) 895-4131
FAX (989) 895-7658 TDD (hearing impaired) (989) 895-4049

DRAFT

BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

POLICY RESOLUTION

Adopted: DRAFT

Re: Service Provider Disclosures

WHEREAS, the Board of Trustees ("Board") is vested with the authority and fiduciary responsibility for the administration, management and operation of the Retirement System, and

WHEREAS, the Board recognizes that it is subject to the provisions of the Public Employee Retirement System Investment Act, (Michigan Public Act 314 of 1965, as amended), wherein the Board is required to act as a prudent investor in all transactions related to Retirement System funds and assets by discharging its duties solely in the interests of the participants and beneficiaries and shall act with the same care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims; and with due regard for the management, reputation, and stability of the issuer and the character of the particular investments being considered, and

WHEREAS, in light of its fiduciary responsibility, the Board recognizes that it is in the best interests of the Retirement System and its participants and beneficiaries to retain the services of qualified professional service providers, including, but not limited to: investment consultants, investment managers, investment banks/brokers, custodians, actuaries, auditors, attorneys, administrators, and physicians to assist in and oversee the investments and administration of the Retirement System, and

WHEREAS, the Board is aware of the various disclosure requirements and "pay-to-play" restrictions imposed on its current and prospective service providers under the provisions of Act 314 and applicable federal law, and

WHEREAS, the Board is required to withhold payment from service providers who violate the "pay-to-play" provisions of Act 314 and applicable federal law, and

WHEREAS, several of the Retirement System's professional service providers qualify as "service providers" and/or "investment service providers" as that term is defined under Act 314, and

WHEREAS, the term "service provider" is defined in Act 314 as "a person retained to provide services to a system and includes investment advisers, consultants, custodians, accountants, auditors, attorneys, actuaries, administrators, and physicians. Service provider includes an investment service provider as defined in Section 13(7). Service provider does not include a regulated investment adviser", and

WHEREAS, the term "investment service provider" is defined under Act 314 as "any individual, third-party agent or consultant, or other entity that received direct or indirect compensation for consulting, investment management, brokerage, or custody services related to the system's assets", and

WHEREAS, the Board is desirous of establishing a formal disclosure policy applicable to appropriate service providers in order to monitor said service providers' compliance with Act 314 and other applicable laws, therefore be it

RESOLVED, that every year in the month of _____, the Board shall require each of its current "investment service providers" to disclose in writing all fees or other compensation associated with its relationship with the Retirement System for the previous [fiscal/calendar] year, as required under Section 13(7) of Act 314 [MCL 38.1133(7)], by submission of the attached Fee Disclosure Form, and further

RESOLVED, that prior to the transfer of any Retirement System assets to a prospective "investment service provider", the prospective "investment service provider" shall be required to disclose all fees or other compensation to be associated with its relationship to the Retirement System through completion and submission of the Compensation Disclosure Form to the Board, and further

RESOLVED, that every year in the month of _____, the Board shall require all of its service providers to acknowledge that they are in compliance with Section 13e of Act 314 [MCL 38.1133e] and/or Rule 206(4)-5 under the Investment Advisers Act of 1940 in the case of a regulated investment adviser, and further

RESOLVED, that that any service provider's failure or refusal to complete and submit either of the Retirement System's disclosure forms shall be deemed a violation of the requirements of Act 314 and this Policy, and shall result in appropriate action by the Board, including the possible suspension of payment for services rendered and/or termination of the service provider's relationship with the Retirement System, and further

RESOLVED, that all services providers shall have an ongoing requirement to monitor all political contributions and, upon becoming aware of a violation, immediately disclose to the Board any and all political contributions that violate the restrictions of Section 13e of Act 314 and/or Rule 206(4)-5 under the Investment Advisers Act of 1940 in the case of a regulated investment adviser, including the date of the contribution, the name of the contributor, the name of the recipient, and the amount of the contribution, and further

RESOLVED, that copies of this Policy shall be provided to all Retirement System service providers who shall be required to act in accordance with said Policy.

BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

COMPENSATION DISCLOSURE FORM

Completion required pursuant to MCL 38.1133(7)
This form must be submitted to the Board of Trustees
no later than 28 days following its receipt by the Investment Service Provider.

I. Investment Service Provider Information

Company Name:_____
Address:_____
City:_____ State:_____ Zip:_____

The undersigned, being duly authorized to execute on behalf of the aforenamed company, hereby certifies under penalty of perjury that the information provided herein, upon information and belief, is true, accurate and complete, and is intended to fully comply with the requirements of MCL 38.1133(7) and the Retirement System's Service Provider Disclosure Policy.

_____ _____
Signature Date

_____ _____
Printed Name Title

II. Reporting Period

From:_____ To:_____

III. Compensation Disclosure (All fees/compensation associated with your relationship to the Retirement System)

A. Direct Compensation (Compensation paid directly from the Plan)

Amount:_____
Manner of receipt (invoice, direct deduction, etc.):_____

B. Indirect Compensation (Compensation associated with your relationship to the Retirement System received from any source other than the Plan, your affiliates or subcontractors)

Amount:_____
Payer:_____
Manner of receipt:_____
Services to which such compensation relates:_____

C. Compensation Among Related Parties (compensation paid or to be paid to third parties, including affiliates or subcontractors; e.g., commissions, 12b-1 fees, soft-dollars, finder's fees, or other similar incentive compensation)

Amount:_____
Payer:_____
Recipient:_____

D. Total

Amount:_____

*Attach additional sheets as necessary.

Failure or refusal to complete and submit the foregoing Compensation Disclosure Form shall be deemed a violation of the requirements of MCL 38.1133(7) and the Retirement System's Service Provider Disclosure Policy, and may result in the suspension of payment for services rendered and/or termination of your relationship with the Retirement System.

(A copy of Act 314, as amended is available at http://legislature.mi.gov/doc.aspx?mcl-act-314-of-1965)

BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

POLITICAL CONTRIBUTION DISCLOSURE FORM

Completion required pursuant to MCL 38.1133e
This form must be submitted to the Board of Trustees no later than 28 days following its receipt by the Service Provider.

I. Service Provider Information

Company Name:_____
Address:_____
City:_____ State:_____ Zip:_____

The undersigned, being duly authorized to execute, hereby certifies under penalty of perjury that the information provided herein, upon information and belief, is true, accurate and complete, and is intended to fully comply with the requirements of MCL 38.1133e and the Retirement System's Service Provider Disclosure Policy.

II. Reporting Period

From:_____ **To:**_____

III. Compliance Certification

The aforenamed Service Provider IS NOT a registered investment advisor under the Investment Advisors Act of 1940. Accordingly, Service Provider hereby certifies that it is compliant with the requirements of Section 13e of Public Act 314 of 1965, as amended (MCL 38.1133e) as of the date indicated below.

☐ **YES** ☐ **NO**

_____ _____
Signature Date

_____ _____
Printed Name Title

The aforenamed Service Provider IS a registered investment advisor under the Investment Advisors Act of 1940. Accordingly, Service Provider hereby certifies that it is compliant with Rule 206(4)-5 under the Investment Advisors Act of 1940, as amended, as of the date indicated below.

☐ **YES** ☐ **NO**

_____ _____
Signature Date

_____ _____
Printed Name Title

Failure or refusal to complete and submit the foregoing Political Contribution Disclosure Form shall be deemed a violation of the requirements of MCL 38.1133e and the Retirement System's Service Provider Disclosure Policy, and may result in the suspension of payment for services rendered and/or termination of your relationship with the Retirement System.

(A copy of Act 314, as amended is available at http://legislature.mi.gov/doc.aspx?mcl-act-314-of-1965)

DRAFT

BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

POLICY RESOLUTION

Adopted: DRAFT

Re: Code of Conduct

WHEREAS, the Bay County Employees Retirement System ("Retirement System") provides pension benefits to retirees in accordance with the provisions of the Retirement Ordinance, as amended, applicable collective bargaining agreements, and applicable state and federal laws, and

WHEREAS, the Board of Trustees ("Board") is vested with the general administration, management, and operation of the Retirement System, and has a fiduciary responsibility to make decisions solely in the interest of plan members and beneficiaries, and

WHEREAS, the Board recognizes that it is subject to the provisions of the Public Employee Retirement System Investment Act, Michigan Public Act 314 of 1965, as amended, wherein the Board is required to act as a prudent investor in all transactions related to Retirement System funds and assets by discharging its duties solely in the interests of the participants and beneficiaries and shall act with the same care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims; and with due regard for the management, reputation, and stability of the issuer and the character of the particular investments being considered, and

WHEREAS, the Board recognizes that in order for the members and beneficiaries of the Retirement System to have the best representation by their elected and appointed Trustees, it is imperative for the representatives of the Retirement System to participate in Board business, including Board meetings, continuing education programs, and due diligence evaluations of current and potential investments, and

WHEREAS, the Board recognizes that, consistent with its fiduciary duty and liability, it is necessary and appropriate for Retirement System representatives to attend Board meetings and educational seminars/conferences so that the Board may be made aware of developments regarding Retirement System administration, and so that the Board may further become aware of how persons acting in a like capacity administer their respective retirement systems, and

WHEREAS, the Board further recognizes that, consistent with its fiduciary duties, it is necessary to conduct regular due diligence on each current and prospective manager and consultant engaged by the Board in the ordinary course of business, and

WHEREAS, due to the fiduciary responsibilities entrusted to the Board, all Retirement System representatives are encouraged to participate in meetings of the Board and maintain the highest standards of conduct and ethics above the minimum requirements of applicable law and policy, and

WHEREAS, the Board desires to state its policy with regard to Trustee conduct and ethics therefore be it

RESOLVED, that each and every member of the Board shall diligently attend to the business of the Retirement System and shall not leave to other Board members control over the administration of the affairs of the Board and Retirement System, and further

RESOLVED, that Board members shall conduct official and private affairs so as to avoid giving rise to a reasonable conclusion that he or she can be improperly influenced in the performance of his or her public duty or that he or she is using his or her position on the Board to further his or her own financial interests, and further

RESOLVED, Board members shall not do any of the following:

(a) accept or solicit any gift, favor, or service that may reasonably tend to influence a trustee in the discharge of official duties or that the trustee knows, or should know, is being offered with the intent to influence the trustee's official conduct;

(b) accept other employment or compensation that could reasonably be expected to impair the trustee's independence of judgment in the performance of the trustee's official duties;

(c) intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised the trustee's official powers or for having performed the trustee's official duties in favor of another;

(d) transact any business in the trustee's official capacity with any entity or person in which the trustee has an economic interest;

(e) appear before the Board of Trustees while acting as an advocate for their personal behalf or of any other person, group, or entity;

(f) represent any business entity before the Board of Trustees, for pay;

(g) use the position as a trustee to secure a special privilege or exemption for the trustee or others, or to secure confidential information for any purpose other than official duties; and

(h) intentionally or knowingly disclose any confidential information gained by reason of the trustee's position concerning the property operations, policies or affairs of the Board of Trustees, or use such confidential information for pecuniary gain,

and further

RESOLVED, that Board members shall provide fair and equal treatment to all persons and matters coming before the Board, and further

RESOLVED, that Board members are expected to and may provide general information to Plan members, however, Board members shall also be aware of the risk of communicating inaccurate information to plan members (both active members and retirees), and the possible harm to a plan member that may result from any such miscommunications, and further

RESOLVED, that Board members shall mitigate the risk of miscommunication with plan members by refraining from providing specific detail, advice or counsel with respect to the rights or benefits to which a plan member may be entitled, and where explicit advice or counsel is needed, Board members will refer inquiries to the appropriate designee, and further

RESOLVED that the Board shall make this policy resolution available to the appropriate County, Union, and Departmental Representatives.

DRAFT

BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

POLICY RESOLUTION

Adopted: DRAFT

Re: Education/Travel/Due Diligence Policy

WHEREAS, the Board of Trustees of the Bay County Employees Retirement System ("Board") is vested with the general administration, management, and operation of the Bay County Employees Retirement System ("Retirement System"), and has fiduciary responsibility to make decisions solely in the interest of plan members and beneficiaries, and

WHEREAS, the Retirement System provides pension benefits to retirees in accordance with the provisions of Retirement Ordinance, as amended, applicable collective bargaining agreements, and state and federal laws, and

WHEREAS, the Board recognizes that it is subject to the provisions of the Public Employee Retirement System Investment Act, Michigan Public Act 314 of 1965, as amended, wherein the Board is required to act as a prudent investor in all transactions related to Retirement System funds and assets by discharging its duties solely in the interests of the participants and beneficiaries and shall act with the same care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims; and with due regard for the management, reputation, and stability of the issuer and the character of the particular investments being considered, and

WHEREAS, the Board recognizes that in order for the beneficiaries of the Retirement System to have the best representation by their elected and appointed Trustees, it is imperative for the representatives of the Retirement System to participate in Board business, including Board meetings, continuing education programs, and due diligence evaluations of current and potential investments, and

WHEREAS, the Board recognizes that, consistent with its fiduciary duty and liability, it is necessary and appropriate for Retirement System representatives to attend Board meetings and educational seminars/conferences so that the Board may be made aware of developments regarding Retirement System administration, and so that the Board may further become aware of how persons acting in a like capacity administer their respective retirement systems, and

WHEREAS, the Board further recognizes that, consistent with its fiduciary duties, it is necessary to conduct regular due diligence on each current and prospective manager and consultant engaged by the Retirement System in the ordinary course of business, and

WHEREAS, due to the fiduciary responsibilities entrusted to the Board, all Retirement System representatives are encouraged to participate in meetings of the Board and maintain educational levels consistent with established fiduciary responsibilities, and

WHEREAS, the Board desires to restate its policy and procedure, now therefore be it

RESOLVED, that the Board hereby strongly recommends that each representative is encouraged and expected to attend pension related meetings/conferences/seminars on behalf of the Retirement System, and further

RESOLVED, that Retirement System representatives are encouraged to attend all meetings of the Board, and attend (3) three conferences per year; specifically, one out of state and (2) two MAPERS conferences. Individuals wishing to attend additional conferences in a year shall request prior Board approval and provide a post conference report to the Board on topics covered, and further

RESOLVED, that for each seminar/conference request the following information shall be required: (1) the name of the traveler; (2) the title of the event, seminar, or conference; (3) location of the event, seminar, or conference; (4) the dates of travel; (5) name of hotel, number of nights, and daily rate; (6) registration fees; (7) mode of transportation; (8) cost of travel; (9) other expected incidental costs; (10) advance checks required, including to whom, amount, and reason for the check; (11) copy of promotional brochure for the event, seminar, or conference; and (12) reason for attendance at the event, seminar, or conference citing the benefits received or expected, and further

RESOLVED, Investment managers are to appear before the Board for performance evaluation on a rotational basis at least once per year, and further

RESOLVED, that on-site due diligence evaluations shall be scheduled with traditional domestic and international equity and fixed income managers and real estate managers at their primary place of business as the Board deems necessary, and further

RESOLVED, that the following expenses will be reimbursed so long as proper documentation is provided to the Board within a reasonable time:

Registration:	Conference fees and actual registration charged by the conference shall be paid by the Retirement System.
Transportation:	Individuals traveling on Retirement System business will utilize the most economical and efficient means of transportation. Use of a more expensive method of transportation other than the most economical and efficient, will be allowed only upon the approval of the Board

Air fare must be jet coach fare. First class or business class will be allowed only where there is no other service available or an urgency exists. Early arrival or Saturday travel is allowed where there is a net gain to the Retirement System.

Ground transportation/parking includes airport parking and transportation to and from the conference site and any transportation necessary to conduct Retirement System business. All individuals traveling to an out-of-state conferences may have a rental vehicle available, upon request and prior approval by the Board, for their use during the time period that they are approved for Board travel.

Flat rate mileage will paid for use of a private vehicle as per the current Internal Revenue Service regulations, plus parking fees.

Lodging: Allowance for lodging will be at the lowest rate charged at the hotel facility housing the conference or seminar. If the conference facility upgrades the room rate, based on availability at the time of registration, the upgrade shall be at Board expense.

Individuals may upgrade room at personal expense.

Meals: Charges for meals shall be properly documented by either a hotel receipt or credit card voucher. The recommended rates are $___ for breakfast, $___ for lunch, and $____ for dinner, not to exceed $___.00 per day. ***No alcoholic beverages will be paid for at Board expense.***

Miscellaneous: Miscellaneous expenses incidental to Board travel shall be held to a minimum in accordance with essential and reasonable requirements for official conduct of Board business. Individuals will be reimbursed for any miscellaneous expenses that are incurred for the express purpose of Board business and shall include: local transportation (e.g., taxi, bus, subway), telephone calls, postage, tolls, parking. Expenses not allowed include: parking/moving violations, alcohol, entertainment, travel insurance, laundry, valet, or other personal services, repair and maintenance of personal vehicle.

Per Diem: Representatives may, upon Board pre-approval, receive a per diem amount based upon the rates established by the Internal Revenue Service for out-of-state business travel. Representatives may be reimbursed for additional amounts if actual expenses exceed the per diem rate.

Advance:	An individual may draw an estimated amount of money in advance to cover the expected cost of the trip and expenses connected therewith by submitting an appropriate request in writing to the Board's secretary. Travel advances are limited to a maximum of $50.00 per day.
Upgrades:	Any upgrade above all established policy limits shall be at the individual's personal expense, unless otherwise allowed for and defined in this policy.
Expenses:	It is preferred that the Board pre-pay any anticipated costs directly to the charging entity.

RESOLVED, that failure to provide proper documentation of an expense within 60 days may invalidate any claim for reimbursement and will prevent any future advances being provided, and further

RESOLVED, that all persons who attend a seminar or conference must earn an attendance or participatory certificate if the seminar or conference sponsor offers such a certificate. The failure to earn such a certificate may result in the particular attendee becoming ineligible to attend any further educational seminars and/or conferences, and further

RESOLVED, that any representative(s) who attends an educational seminar or conference shall be required to provide a report to the Board, at the next regular Board meeting following the educational seminar or conference, regarding the subject matter of the seminar or conference. The attendee(s) shall also provide the Board with the handout materials from the seminar or conference. Satisfaction of this requirement is a condition precedent to reimbursement of any expenses to the attendee. Failure to satisfy this requirement, and failure to earn an attendance or participatory certificate where the sponsor offers one, may obligate the attendee(s) to reimburse the Retirement System in full for any expenses advanced to the attendee(s), and further

RESOLVED, the Trustees, or the Board's designee, participating in an on-site due diligence evaluation shall provide an oral report to the Board for the next following regular Board meeting, summarizing their findings and recommendations, if any, and further

RESOLVED, that in accordance with Public Act 314 of 1965, the Board may utilize a portion of the Plan's investment earnings to pay for such expenses, and further

RESOLVED, that the Board acknowledges and understands that in the fulfillment of Retirement System responsibilities, an individual shall not suffer a loss because of absence from County employment, and further

RESOLVED, that abuse of the foregoing policy, including falsifying expense reports to reflect costs not incurred, can be grounds for disciplinary action, including, but not limited to, removal from the Board, and further

RESOLVED, that the Board shall forward this policy resolution to the appropriate County, Union, and Departmental Representatives.

RETIREMENT SYSTEM SUMMARY ANNUAL REPORT

I. RETIREMENT SYSTEM INFORMATION

- A. Name of the Retirement System
- B. Names of the Retirement System's investment fiduciaries
  1. Board of Trustees
  2. Investment Consultant
  3. Investment Managers
  4. Custodial Bank
- C. Names of the Retirement System's service providers
  1. Plan Administrator
  2. Actuary
  3. Attorney(s)
  4. Auditors/Accountants
  5. Medical Director

II. ASSET/INVESTMENT INFORMATION

- A. Assets and Liabilities
  1. including changes in net plan assets on a plan-year basis
- B. Investment Performance
  1. net of fees on a rolling calendar year basis for the prior 1, 3, 5, 7 and 10 years
- C. Expenditures (GASB compliant)
  1. Administrative
  2. Investment
     a. including soft dollars
  3. Professional Training/Education
     a. including travel

III. ACTUARIAL INFORMATION

- A. Membership
  1. active members
  2. retirees/beneficiaries
  3. open/closed Plan
- B. Benefits
  1. average annual retirement allowance
  2. total annual retirement allowances being paid
- C. Contributions
  1. valuation payroll
  2. employer's normal cost of benefits as a percentage of valuation payroll
  3. employer's total contribution rate as a percentage of valuation payroll
  4. weighted average of member contributions, if any
  5. confirmation that the Retirement System provides for the payment of the required employer contribution and that the Retirement System has received said required employer contribution
- D. Assumptions
  1. assumed rate of investment return
  2. assumed rate of long-term wage inflation
  3. smoothing method used to determine the funding value of assets
  4. amortization method and period used for funding actuarial accrued liabilities
  5. actuarial cost method
- E. Funded Ratio
  1. valuation assets to actuarial accrued liabilities on a plan-year basis

IV. ITEMIZED BUDGET

- A. Projected Expenditures
  1. including professional training/education and travel expenditures