BAY COUNTY RETIREMENT BOARD OF TRUSTEES AGENDA
TUESDAY, DECEMBER 10, 2013 @ 1:30 P.M.
COMMISSIONERS CHAMBERS
515 CENTER AVENUE - 4TH FLOOR
BAY CITY, MI 48708

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	I.	CALL TO ORDER
	II.	ROLL CALL
	III.	MINUTES
1 - 7	A.	OCTOBER 24, 2013 MONEY MGR PRESENTATIONS
8 - 16	B.	NOVEMBER 12, 2013 - REGULAR MEETING
	IV.	PUBLIC INPUT
	V.	PETITIONS & COMMUNICATIONS
	A.	APPOINTMENT OF NEW TRUSTEE
17	1.	RICHARD GROMASKI - BAY ARENAC BEHAVIORAL HEALTH (REPLACES SHARI PELTIER)
18 - 20	B.	PORTFOLIO VALUE - 1/1/13 - 11/29/13
	C.	MONEY MANAGERS ON WATCH - **(EFFECTIVE DATE)**
	1.	BARINGS - **(6/6/13)** NO REPORT
	D.	MONEY MANAGER REPORTS
21 - 36	1.	CORNERSTONE - ENDING 10/31/13
	2.	EAGLE ASSET MGMT - ENDING 10/31/13
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40 - 41	2.	COMMISSION RECAPTURE SCHEDULE EFFECTIVE 12/1/13 ADDENDUM TO AGREEMENT
	F.	NORTHERN TRUST
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55 - 58 ..... I. BCERS 2014 BAY COUNTY COMMISSIONERS LEVEL BUDGET

J. CORRESPONDENCE FROM RON WLOCK, MAXIMUS

59 - 60 ..... 1. RETIREMENT FUND 2012 INDIRECT COSTS SUMMARY

61 - 63 ..... K. AMENDMENT TO THE BAY COUNTY EMPLOYEES RETIREMENT SYSTEM MASTER CUSTODY AGREEMENT

64 - 66 ..... L. DELEGATION RESOLUTION OF BOARD OF TRUSTEES

67 - 72 ..... M. DRAFT: UPDATED POLICIES AND ANNUAL REPORT FORMATS

73 - 79 ..... N. DRAFT: POLICY RESOLUTION REGARDING SERVICE PROVIDE DISCLOSURES

O. GABRIEL ROEDER SMITH & COMPANY

80 ..... 1. APPROVAL OF 4% INTEREST ON ACCUMULATED CONTRIBUTIONS

P. PURCHASE OF MILITARY SERVICE CREDIT

81 - 82 ..... 1. PATRICK BAKER - BAY ARENAC BEHAV. HEALTH

Q. CORRESPONDENCE FROM COUNTY CLERK

83 - 84 ..... 1. WAIVER OF ELECTION FOR BOARD TRUSTEE RESOLUTION - VOTE NEEDED

85 ..... R. NOTICE OF PUBLIC MEETINGS FOR 2014

VI. ANNOUNCEMENTS

A. NEXT REGULAR MEETING - JANUARY 14, 2014 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 Personnel Conference Room, Ground Floor, Bay County Building, 515 Center Avenue, Bay City, Michigan, was called to order by Chairman, Steve Gray at 9:05 a.m. Roll call was taken. All trustees are present except Mr. Coonan, Mr. Morse, and Ms. Peltier.

1. Moved, supported and carried to excuse Trustees Coonan, Morse and Peltier.

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

There are three money managers scheduled to present today. First to present are Kevin Ryan, Scott Westphal and Dave Wharmby from Cornerstone Real Estate, Stamford, Connecticut. Hard copies of their report were provided to all Trustees.

Mr. Ryan stated they have been with Bay County for five years this month. During this time period there was a total contribution of $5.3 million. The account value as of September 30, 2013 is $10.4 million. Since inception the annualized total gross return of 16.4% and 15.7% net of fees vs. the Index of 14.5%.

Cornerstone remains healthy and strong with no major updates to report. As of September 30, 2013 assets under management are $42.3 billion.

Mr. Westphal stated we are in an economic environment where recovery is not as strong as they would like it to be. Normally, in an economic recovery GDP growth runs between 3-5%. Currently it is at 2.5% which is lower than they would like to see. Job growth is low and the numbers have been weak the last couple of months. Their expectations for the U.S. REIT market are that we will generate an 8-10% return on a one year forward basis. This is competitive with the fixed income world and also competitive with the broader equity market.

There was some discussion in response to a question from a Trustee regarding our investment policy and the guidelines we have set for Cornerstone. They feel the investment guidelines are currently where they should be. They clarified that they buy a portfolio of REITS. They own 41 separate REITS companies on behalf of our fund, and therefore can diversify the portfolio in accordance with the policy ranges set up and also maximize our returns.

They gave a summary of each sector listing the positives, negatives, and risks. They reviewed the Bay County Retirement System portfolio composition. The top ten holdings and performance. In regards to their performance they are currently about 70 basis points over their benchmark on a year-to-date basis. Page 21 of their report indicates that as of September 30, 2013, they outperformed the benchmark for the year-to-date, 1 year, 3 year and 5 year periods. As of October 21, 2013 the numbers have improved even more. Decisions made by the Federal Reserve impact the REITS market as well as actions by Central Bank. They are encouraged by the fact that given all the different types of market pressures, they have been able to perform well, so the future is bright for them in a more normalized environment.

/

They answered questions from Trustees, concluded their presentation and departed.

Corporation Counsel, Martha Fitzhugh, is present and Chairman Gray wants to discuss the election calendar as well as changes in hours for the upcoming election. Due to shifts of work at the Sheriff's Department, 24/7 at BMCF and evening hours at the Library we are asking for a change in polling hours. The County Clerk is agreeable to having the polling hours open from 10:00 a.m. to 7:00 p.m. This would allow employees from all shifts the opportunity to vote.

Ms. Fitzhugh states that regarding the election calendar she has no comment. A copy of the November/December calendar was prepared and provided by Sue Gansser. Ms. Fitzhugh did update the Notice of Election and provided a copy to the Trustees. This Notice must be out by November 1st, 2013. She also provided proposed updates to the Election Rules. The proposed language is underlined and in italics. The proposed language reads "The election shall be conducted between the hours of 8 a.m. and 4 p.m. *except where there are multiple shifts, the Retirement Board may authorize different or extended election hours at all polling locations"*. Page 10 proposed language indicates the ballot can shall be returned to the County Clerk *"no later than 9:00 p.m. on election day"*. If the Board of Trustees approves the proposed changes to the Election Rules, then the times that elections are ordinarily scheduled can be expanded.

Chairman Gray explained that the County Clerk, Ms. Luczak, is willing to accommodate the request of this Board and she is receptive to the changes the Chairman asked for.

2. Moved, supported and carried to approve the changes in language as outlined by Corporation Counsel to the Election Rules for Employee Representatives to the Board of Trustees of the Bay County Employees Retirement System.

3. Moved, supported and carried to approve the Notice of Election with the adjustment in voting times being from 10:00 a.m. to 7:00 p.m.

4. Moved, supported and carried to approve the Election Calendar.

Mr. Todd Needham from Loomis Sayles, Corporate Bond Manager, Boston, Massachusetts is next on the agenda. Mr. Needham provided a copy of his report to all Trustees. He discussed actions by the Federal Reserve and the government shutdown, and how they impacted the market. As interest rates rise with bonds, generally, the market value of a bond will decline. As of October the firm has approximately $192 billion dollars in assets under management. There have been no significant changes in personnel at the firm.

The Year-to-Date portfolio (gross) was (2.07). As of October 18, 2013 it had improved to (.94), and as of today's date, October 24, it has improved again. Since inception, through the third quarter of 2013, the portfolio has out

performed the Barclay's benchmark.

Mr. Needham discussed the historical characteristics of the portfolio, changes in the sector allocation, quality distribution, and quality allocation changes. Trustee asked if the current investment policy guidelines were acceptable. Mr. Needham stated the investment guidelines set by this Board are fair but one potential option to consider would be increasing the restriction on below investment grade, i.e. securities rated below BBB- from 10% to either 15 or 20%. Mr. Needham discussed the economic and macro environment outlook and the bond market environment. They expect growth to pick up in 2014 not only in the U.S. but globally as well. Real estate prices have been improving nationally.

He answered questions from Trustees, concluded his presentation and departed.

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

6. Moved, supported and carried to receive the portfolio performance report from Cornerstone Real Estate.

Mary Nye from Becker, Burke Associates is present today to discuss the manager search for a Core Real Estate Investment Manager. She provided a handout to all Trustees with a summary on the potential managers. The five potential managers are: American Realty, Cornerstone, J.P. Morgan Asset Management, Principal Real Estate Investors, LLC, and Prudential Real Estate Investors. Ms. Nye reviewed the criteria required to be considered for our portfolio.

Cornerstone currently manages our REITS, but Ms. Nye wanted the Board to be aware that they also offer an open ended real estate fund, that this Board could consider.

All the firms are structured in the same way in that they are all real estate teams and are focused on buying real estate. When these firms are buying institutional/commercial properties they look at location, amenities near by, population, tenants, rents, property taxes, liens, and many more details. All of these teams offer core real estate but also offer opportunistic value add which is a little more aggressive and risky. That usually includes raw land, and timber. Core real estate does not have that, but they do offer those products. For the core real estate product there is a defined portfolio management team, usually 2-4 people that are focused about 90%-100% of their time on this product.

From the team point of view, American Realty is probably the smallest team of the five. American Realty is owned by the founder of the firm, Stanley Iezman. He owns 100% of the firm. The other firms are entities of large corporations and so they are a publicly structured firm and they may own share of the parent company.

All the firms have been around a long time. J.P. Morgan is the youngest, starting in 1998. Each firm has an investment committee usually made up of 8 to 10 of their senior personnel at the firm, and they must approve all

purchases. There are many checks and balances in the processes of all the teams. Ms. Nye reviewed and explained the historical sector allocation (retail, multi-family, industrial and office) and the historical geographical allocations (Northeast, Southeast, Mideast, Southwest, East North Central, Mountain, West North Central and Pacific). She talked about leverage which is how much the Fund can mortgage to buy a property. Most of these funds do not want a lot of leverage or many mortgages so they try to use cash from the clients to buy the properties, but there are maximums. She reviewed the fees for each firm and their provisions for contributions and withdrawals.

All of these funds have interested clients that want to put money into the real estate asset class but the real estate funds themselves do not have enough properties to buy to take that money. When that happens, they set up a queue. The queues can be defined in different ways, but basically if you came to them on October 1 and stated you wanted to get in to the fund, they will respond that they have so many clients before you and that with the amount of money they have, the amount of properties they have, it will take x amount of time for you to invest.

Currently, all five of the firms have a queue to enter the fund and may have a queue to get out as well. This is not a liquid asset class, it will be long term, and the money is locked in. This is different from anything else we have invested in so she wants this Board to be aware that it is common in real estate to have queues to get in and out.

In regards to fees, Prudential is a little different. They do have the tiered schedule but they also have an "incentive" fee on top of that. The incentive fee is based on their operating cash flow and was outlined on page 6 of their profile. The Performance-Based Fee is calculated quarterly based on each client's share, so the fee could change from quarter to quarter. Ms. Nye wanted the Board to be aware of this because from an accounting perspective, it adds another layer of accounting.

From a team point of view, there is some turnover due to departures or retirements. The Managing Director of J.P. Morgan will be retiring, so the team will drop down from three to two.

Ms. Nye stated that real estate is a good diversion from an asset class point of view. Regarding risk/return, this class usually falls between equity and fixed income. It will not be as risky as equities but it will be better than fixed income. She feels that this is a good second step after REITS to hire a manager to go directly into these properties and that it would be a diversified product. There was some discussion about staying with Cornerstone and giving them more money. Ms. Nye states that REITS are a very small percentage of the real estate market, only about 10-15%. The rest is all privately owned. So, by having all our real estate through REITS, we are limiting how much exposure we can get in the real estate market versus going with these other type of core funds.

There was discussion on narrowing down to three managers to schedule for interviews. One Trustee did not want to consider J.P. Morgan at all but he

would like the Board to consider Principal and Prudential. Another Trustee wanted the Board to know he has been personally contacted by American Realty. He would support interviewing J.P. Morgan, Principal and Prudential. Another Trustee agrees with bringing in Principal and Prudential. Ms. Hebert, Finance Officer, questioned the high fees that are assessed for managers in this universe and also the fact that there is a wait to get in and a wait to get out. Chairman Gray states that traditionally we have brought in three managers to interview.

7. Moved and supported and carried to interview J.P. Morgan Asset Management, Principal Real Estate Investors, LLC, and Prudential Real Estate Investors.

Mary Nye will make arrangements with these three managers for interviews.

Next on the agenda is MacKay Shields, Convertible Bond Manager from New York City, New York. Presenting today is Edward Silverstein, Portfolio Manager. A copy of the performance report was provided to all Trustees.

Mr. Silverstein gave a quick overview of the company. Total assets under management are $77.7 billion as of September 30, 2013. He wants to continue a discussion that was started last year. Our account is unique and some things have changed in the last few years that make our account viable right now, but a year from now it probably won't be. The market has changed whereas our investment mandate dictates that the account must be investment grade. When the account was opened that was not a problem and up to a few years ago it was not a problem. Last year they began to see that the market for investment grade convertible bonds had shrunk for the last three years, and was no longer growing. The notion of managing a convertible bond account with the mandate that Bay County has, which is that the overall credit rating needs to be in the A category or better, is viable at the moment. He feels that a year from now it will no longer be a viable universe from which to invest.

Mr. Silverstein described what a convertible bond is and how it works. Companies issue them because they can pay a lower interest rate by offering the conversion feature.

MacKay Shields look for bonds that will participate in 60-80% of the upside of the underlying stock and usually about 30-40% of the downside. What makes convertibles attractive is that you get more on the upside.

He states the only thing that needs to be changed is the overall credit quality of the portfolio. They could maintain it at investment grade it would just be a few notches lower than where it is now. At BBB- we would still own good quality companies unlikely to go bankrupt. This would give MacKay much more latitude and create a better portfolio in terms of diversification and investment opportunities. He is requesting that the Board consider changing the investment guideline to BBB- or better.

Mr. Silverstein answered questions from Trustees, concluded his presentation, and departed.

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:

Chairman Gray discussed the meeting he had with Corporation Counsel regarding legal services for this Board. His three objectives were 1) to hire the firm of VanOverbeke, Michaud & Timmony from Detroit for legal services 2) that the new Retirement Administrator be an accountant 3) that the Retirement Administrator report to the Finance Office rather than the Personnel Director. The results were that Martha Fitzhugh will continue to be lead counsel for this Board, however, it will be at the discretion of the Chairman of the Board as to whether each legal item that needs attention stays in-house or goes to VanOverbeke, Michaud & Timmony.

Chairman Gray states that it appears the new Retirement Administrator will be an accountant, and once hired will answer to both the Finance Officer and the Personnel Director.

He stated that everyone that attended this meeting will meet again in December.

NEW BUSINESS: None
MISCELLANEOUS BUSINESS: None
ADJOURNMENT:

Chairman Gray adjourns the meeting at 12:07 p.m.

Respectfully submitted,

Crystal Hebert

Crystal Hebert
Finance Officer/Secretary

Transcribed by: Naomi Wallace

MEETING OF THE **BCERS** BOARD OF TRUSTEES COMMITTEE
OCTOBER 24, 2013
MONEY MANAGER PRESENTATIONS

IN THE PERSONNEL CONFERENCE ROOM, LOCATED AT 515 CENTER AVENUE, GROUND FLOOR, BAY CITY, MI 48708

MEETING CALLED TO ORDER BY: CHAIR STEVE GRAY AT 9:05 A.M.

OTHERS PRESENT: CRYSTAL HEBERT, ELIZA CORTEZ, SCOTT WESTPHAL, TODD NEEDHAM, EDWARD SILVERSTEIN, MARY NYE

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

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

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 1:31 p.m. Roll call was taken. All trustees are present except Ms. Peltier.

1. Moved, supported and carried to excuse Trustee Peltier.

Mr. Gray read a note from Ms. Peltier indicating that she would not be present for today's meeting and most likely she would not be present for the December meeting either as she is preparing to retire from her employment.

2. Moved, supported and carried to approve the minutes, as printed, from the October 8 regular meeting.

3. Moved, supported and carried to open the meeting for public comment.

We have a guest today from Bay Medical Care Facility. Kristal Zielinski introduced herself and stated she submitted her petition to be a Trustee on this Board.

Chairman next moved to Petitions and Communications. Present today are Kimberly Hyland and Andrew Boyd from MFS Investment Management, Boston, Massachusetts. A copy of their performance report was provided to all Trustees, in advance, via the web.

MFS currently has $385 billion assets under management. They have a diversified client and asset base and the profile we see at MFS is not likely to change going forward. The strategy that Bay County is invested in is U.S. Equity Growth which has about $13.5 billion in assets under management as of the end of September. Ms. Hyland states they had a great run in the last year with strong absolute returns but noted that we are only five years out of the global financial crisis. She states we will continue to see volatility over the next five years.

On page 6 she reviewed the performance of our portfolio versus the benchmark of the Russell 1000 Growth Index. The portfolio outperformed the index for the third quarter of 2013, year-to-date, one year, and since inception.

Mr. Boyd discussed the performance results - gross and net of fees listed on page 7. He did an overview of the portfolio and how it runs, stating they are a long term investor. They are looking out 2-5 years from today at long term earning power and looking for companies that generate a very consistent stream of out-performance 3-5 years from today. The market environment today has been relatively slower growth, a more volatile market, but it still has some positive growth from a U.S. Equity perspective. GDP and economic growth is fairly moderate and they think an environment like this is ideally suited to the strategy. They are looking for companies that generate strong growth several years from today. There aren't many companies that can achieve that and they feel the market will ultimately separate the winners from the losers and will bid up the stocks that are able to generate strong growth in a tough economic backdrop and discount the ones that are able to generate strong

growth. MFS is looking to identify those companies and hold on to them for long term appreciation. Mr. Boyd states that MFS generated most of their out performance through securities selection. He reviewed the companies that were contributors as well as detractors and areas where they were underweight.

Ms. Hyland and Mr. Boyd answered questions from Trustees and concluded their presentation.

4. Moved, supported and carried to receive the performance report from MFS Investment Management.

Ron Wlock from Maximus Consulting was scheduled next on the agenda, but he is not present. Chairman proceeds to the next item.

Jeff Black and Howard Pohl, our consultants from Becker, Burke Associates are here to present the third quarter report for 2013. A copy of their report was provided to all Trustees via the website. Mr. Pohl refers to page 4 which describes the markets for the various periods of time in September. With the exception of the fixed income area we had a terrific quarter and a terrific year. The calendar year to date we are looking at returns of around 25% or so in the Large Cap area, and 30-35% in the small cap area. Mr. Pohl states these are great results overall.

Jeff Black refers to page 5, Asset Allocation vs. Policy Target Allocation. Domestic Equity as of the end of the quarter was up to 57.8% which was a dramatic help to the Fund. Most of the gains came from the U.S. Equity bucket. International Equity was slightly underweight relative to the policy. Fixed Income was also underweight and REITS was slightly over the allocation and has been appreciating.

The Total Fund for Bay County for the quarter had a 6.3% return. We ranked in the 4th percentile against a peer universe of other funds with also a high equity commitment. This was a tremendous return. The Investment Policy Index was 4.7%. For one year the return was 17.5% ranking in the 5th percentile.

Mr. Black discussed Barings which is an international equity fund. Their performance is lagging and Mr. Black states they have been in contact with Barings. Becker Burke continues to believe in Barings' strategy. The stocks they have in the portfolio were not rewarded this quarter and they missed the benchmark. Becker Burke recommends keeping Barings on watch status and they will continue to assess them on a quarter by quarter basis.

Mr. Black reviewed the combined fixed income fund pool. This fund had 0.9% for the quarter and on a relative basis, very strong in the 35th percentile, but we are not getting a lot of performance in this area. The one year was (-1.0). They have some concerns about fixed income and what the future holds.

The beginning market value for the fund was $264,506 million, and the ending market value as of September 30, 2013 was $279,323 million.

Mr. Pohl and Mr. Black answered questions from Trustees and concluded their presentation for the third quarter report.

5. Moved, supported and carried to receive the third quarter performance report from Becker, Burke Associates.

The next item on the agenda is 2013 Asset Allocation Study Results prepared by Becker, Burke Associates. A copy of the report was provided to all Trustees via the website. Mr. Black states that what they did was to look at the current position of the Fund relative to the policy we have in place and also consider the options available under the new Public Act 347 and what that may provide in terms of new flexibility we may be able to implement.

Becker, Burke will recommend a portfolio to this Board which they believe has the best chance of achieving long term objectives of the system.

Mr. Black provided charts indicting the Investment Policy Target and the allocation of the fund as of September 30, 2013. The current portfolio is diversified across 7 distinct asset classes with about 2/3 in equities and about 1/4 in fixed income with the rest in alternative type assets somewhere between equities and bonds. Their philosophy was that adding more of these "in between" would ultimately help to reduce the volatility of the portfolio.

Mr. Black reviewed the charts indicating the long term expected risk and return of the various asset classes in the portfolio and they also plotted the risk/return of several different optimized portfolios that their system generated. They plotted our current policy as well as what they would expect the risk/return to be of the current allocation at the end of the quarter.

Looking at bonds they expect roughly 4% return for a core bond portfolio. They are thinking inflation is somewhere around 3.5% over the long term, so after you factor out the inflation we are looking at .50%, almost nothing in terms of real return for bonds. Mr. Pohl states the 4% is what they think it will do in the next few years. All of these are 10 year horizons. For the next couple of years they think bonds will be 0-1% on a total return. If interest rates go up say to 5-6% then for the next 7-8 years it may average 4%, but they do not think we will make much income.

When they put the current policy through their optimizer program it projects that over the long term it might return around 7.7% annualized with 13% volatility. Knowing that our current allocation is skewed toward equities they see that position returning around 7.9% return, so slightly higher with a little higher volatility at 14%. They made some recommendations regarding reallocating among the funds, with a new allocation for the new real estate manager.

Becker Burke feels there are bargains to be had in International stocks than in the U.S. The U.S. stocks have dramatically outperformed International. Normally, that converges over time, so we would expect U.S. and International

performance to come together at some point. This means either U.S. has to come down, or International has to come up. Becker Burke thinks International has the upper hand here for maybe the next 3-5 years out, which over the longer term should generate better performance. Becker, Burke feels that moving more into the International bucket is better because it is cheaper at this point in time. Mr. Pohl states that if we look back 25 years ago, about two thirds capitalization of the world's stocks was domestic U.S. equities. It has virtually flip-flopped now, with roughly 35-45% in U.S. They are talking about 28% of our equity assets being International and the rest domestic. So, we would still be underweight in the world representation. Mr. Pohl states if we look at how the economies are going, what is expected to be happening in much of the market world, they feel this would be a wise choice.

Looking at the International market, at the beginning of the year we were around 13.5%, and now we are around 15%. So between 17-17.5% domestic and where International are, they think there is more value in International. They like both, going forward, but they see more opportunity right now in International.

Mr. Black states that this would be where they would prefer to position the portfolio today to take advantage of the opportunities they project over the next ten years. However, they will continue to update their monitoring and come back to the Board in the future should they see different opportunities, or their assumptions be proven wrong. Mr. Pohl states that we are looking to hire a real estate manager and will be setting up a interview date. As mentioned earlier, there are queues to get into some real estate funds, so we if we approved 5% exposure today and have the interviews later, then signed the documents, you are looking at two quarters at a minimum to get into a co-mingled real estate fund. We could be looking at possibly June 2014 before we get in to real estate. Mr. Pohl states if we approve this, it will be some time before the 5% can move, so they would move into these others during that period fo time, recognizing that they want to keep 5% available.

There was discussion on how to implement this type of action, and a Trustee asked about allocating to an existing international manager, or a new one. Ms. Hebert states that changing the investment policy to reflect these changes locks you into the real estate manager that we haven't done business with yet. Also, the Board needs to consider that the fees involved with International equity and real estate are considerably higher. Mr. Black states that we are looking at a fairly large commitment which may justify an additional manager, or a replacement if Baring's should continue to have performance issues. Trustee asked about the time frame to do this. Mr. Black states if we start looking at the options now, then make a decision, it will take months to implement the changes.

6. Moved and supported to have Becker, Burke pursue a manager search for an international manager and to report back to the Board with a list of candidates and recommendations.

Roll call:

Brzezinski - yes
Coonan - yes
Gray - yes
Herek - yes
Morse - yes
Pett - yes
Starkweather - yes

Motion passes.

Mr. Pohl asks if the Board wants to consider any other shifts in policy from where we currently are to the proposed position.

7. Moved, supported and carried to adopt Portfolio A as the investment policy target, as recommended by Becker, Burke Associates to be implemented over a reasonable period of time.

Discussion: Trustee asks for clarification on how this will be implemented. Mr. Black states that the order of events is that this Board must first revise the Investment Policy. Once the Investment Policy is approved and signed, then Becker Burke can execute and make the portfolio a part of the policy. Mr. Pohl states that some of these 1% type changes can be made quickly if it was needed to raise funds to move to another area. They can't do anything with the 5% for real estate until we have a manager in place.

8. Moved, supported and carried to receive the Portfolio Value from January 1, 2012 to October 31, 2013. The value as of November 11th is $285 million.

9. Moved, supported and carried to receive the portfolio report from Baring Asset Management ending 9/30/13.

10. Moved, supported and carried to receive portfolio reports from Baird, Columbia, Cornerstone, Geneva Capital, Hotchkis & Wiley, Integrity Asset, Loomis Sayles, MFS Investment, MacKay Shields, and Schroder all ending 9/30/13.

11. Moved, supported and carried to receive the report from ConvergEx ending 9/30/13.

12. Moved, supported and carried to receive Refunds/Retirements for the month ending October 31, 2013.

13. Moved, supported and carried to receive BCERS Year-To-Date Budget report.

14. Moved, supported and carried to receive correspondence from Columbia Management regarding an organizational change.

15. Moved, supported and carried to receive correspondence sent to Integrity Asset and Columbia Management regarding re-balance of asset allocation.

Item M on the agenda is an engagement letter from Gabriel Roeder Smith & Company with their proposed fees for the December 31, 2013 actuarial valuation. Chairman Gray states that about six months ago the Board was going to request a bid for actuary services. Unfortunately, getting the RFP written has been a bigger task than realized. In the interim, we need to have someone preparing our actuarial for the current calendar year. Chairman Gray asks that this Board give this job to Gabriel Roeder Smith & Company for the current year.

16. Moved, supported and carried to approve engaging Gabriel Roeder Smith & company for the 2013 Actuarial Valuation.

The next item on the agenda is an update on the actuary bid, request for information (RFI). Chairman Gray advised that county purchasing agent had a slow down on this project. There has been correspondence between Corporation Counsel and the law firm of VanOverbeke, Michaud & Timmony. Basically, they have given a Request for Information, and Mr. Redmond, Building Authority, volunteered to take on some of this work. This RFI can go through different companies that narrow the field of candidates. At this time, it appears that the soonest we can go out for bid may be summer of 2014.

17. Moved, supported and carried to receive Item M, Request For Information.

Ms. Hebert clarified that a Request for Information is used to help the County prepare a Request for Proposal. They asked VanOverbeke for information and this document is what he provided. This is an idea to have consistency in developing the RFP for the scope of this Board of Trustees and all the different units. This is a tool to help us develop the RFP. Trustee inquired about purchasing the software to update the pension system and if that could be implemented separately from the RFP. If the Board approved to do that, the software would be developed by Gabriel Roeder as they are the current vendor. The question is could this new software still be used if the Board chooses a different actuary firm. Ms. Hebert is not sure about this, but she has heard that software program is propietary software. Mr. Quinn, Human Resources Director, states that his understanding as well, so he does not know if we could use it if we change vendors. There could be licensing issues, or it may not be compatible. If we purchase the software, it may be useful for a portion of the year, or it may be useful going forward.

18. Moved and supported carried to purchase software for pension program.

Discussion: This is an expenditure of $23,000 to $30,000. We don't yet know what type of reports we want, and we don't know if we are going to continue

with the current actuary firm. One Trustee stated he could not support this motion. Another Trustee asks if the RFI inquires about software. Ms. Hebert states than an RFI is non-binding but will give us feedback on best practices, industry standards and technology issues. They may discover something in the RFI or something they want to include as part of the Request for Proposal. Another Trustee wants the vendor to provide that service with their software and be part of the bid process.

Roll call:
Brzezinski - yes
Coonan - yes
Gray - yes
Herek - yes
Morse - yes
Pett - yes
Starkweather - no

Motion passes.

The next item on the agenda is Item O, drafts of updated policies and annual report formats. Corporation Counsel, Marty Fitzhugh, has been working with the attorney Thomas Michaud regarding policies on travel, education, etc. Ms. Fitzhugh will be revising these documents to fit Bay County and will submit the documents next month.

19. Moved, supported and carried to receive the drafts of updated policies and annual report formats submitted by Corporation Counsel.

ANNOUNCEMENTS:

A. Next regularly scheduled meeting will be Tuesday, December 10, 2013 at 1:30 P.M. in Commissioner's Chambers, 515 Center Avenue - 4th Floor, Bay City, MI 48708.

UNFINISHED BUSINESS:

Jeff Black updates the Board regarding the October 24 meeting with MacKay Shields and their request to reduce the average quality from A to BBB. Becker, Burke did some research and they are recommending to this Board that they approve an adjustment to the guidelines to reduce the average quality by one notch, which would allow MacKay to pick up about 400 additional securities

20. Moved, supported and carried to adjust the investment guidelines regarding MacKay Shields.

Chairman Gray informs the Board that a request was made to adjust the voting hours on election day. The Bay Medical Care Facility would like the voting hours changed to 6:30 a.m. to 3:30 p.m. That will allow that facility to catch all three shifts. The County Clerk is willing to make that change.

21. Moved, supported and carried to change the election voting time to 6:30 a.m. to 3:30 p.m. for the Bay Medical Care Facility.

NEW BUSINESS:

Trustee asked for an update on the real estate manager search. Chairman Gray states that he would like to schedule the three interviews sometime in January 2014. Chairman also gave an update on the process to replace the Retirement Administrator position. Several interviews have been completed, and they have one more scheduled.

There is discussion about scheduling a date for the interviews, possibly in the morning of the regular scheduled meeting date of January 14, 2014. Trustee inquires about the issue of having a meeting before the board has elected a new Chairman and Vice Chairman for 2014.

22. Moved and supported to have a special meeting on January 14, 2014 at 10:00 a.m. to interview three core real estate money managers.

Roll call:
Brzezinski - yes
Coonan - yes
Gray - yes
Herek - absent
Morse - yes
Pett - yes
Starkweather - no

Motion passes.

MISCELLANEOUS BUSINESS None

ADJOURNMENT:

23. Moved, supported and carried to adjourn the meeting at 3:10 p.m.

Respectfully submitted,

Crystal Hebert

Crystal Hebert
Finance Officer/Secretary

Transcribed by: Naomi Wallace

MEETING OF THE **BCERS** BOARD OF TRUSTEES COMMITTEE
NOVEMBER 12, 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 P.m.

OTHER PRESENT: JEFF BLACK, CRYSTAL HEBERT, TIM QUINN, ELIZA CORTEZ, KIMBERLY HYLAND, ANDREW BOYD

TRUSTEE	1	2	3	4	5	6	7	8	9	10	11
BRZEZINSKI	Y	Y	Y	Y	Y	SY	Y	Y	Y	Y	M
COONAN	Y	M	M	Y	S	YY	Y	Y	Y	Y	Y
GRAY	Y	Y	Y	Y	Y	YY	Y	Y	Y	Y	Y
HEREK	Y	S	S	Y	M	MY	S	Y	S	M	Y
MORSE	S	Y	Y	S	Y	YY	Y	Y	Y	Y	Y
PELTIER	E	E	E	E	E	E	E	E	E	E	E
PETT	M	Y	Y	M	Y	YY	Y	M	M	S	Y
STARKWEATHER	Y	Y	Y	Y	Y	YY	M	S	Y	Y	S

TRUSTEE	12	13	14	15	16	17	18	19	20	21	22	23
BRZEZINSKI	Y	Y	Y	Y	Y	S	YY	Y	Y	Y	YY	S
COONAN	Y	Y	Y	Y	M	M	MY	M	Y	M	YY	Y
GRAY	Y	Y	Y	Y	Y	Y	YY	Y	Y	Y	YY	Y
HEREK	M	M	M	S	Y	Y	SY	S	M	Y	A	Y
MORSE	Y	S	Y	Y	Y	Y	YY	Y	Y	S	SY	M
PELTIER	E	E	E	E	E	E	E	E	E	E	YY	Y
PETT	S	Y	S	M	S	Y	YY	Y	Y	Y	MY	Y
STARKWEATHER	Y	Y	Y	Y	Y	Y	NN	Y	S	Y	NN	Y

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

BAY ARENAC

BEHAVIORAL HEALTH

Chief Executive Officer
Christopher Pinter

Board of Directors
William L Powell, Chairman
Boyd Boettger, Vice-Chairman
James Anderson, Secretary
Robert Pawlak, Treasurer
Richard Byrne, Parliamentarian
Richard Gromaski
Ernie Krygier
Colleen Maillette
Terri Marta
Patrick McFarland
Thomas Starkweather
Virginia Zygiel

Board Administration
Behavioral Health Center
201 Mulholland
Bay City, MI 48708
800-448-5498 Access Center
989-895-2300 Business

Community Support Services
Arenac Center
PO Box 1188
1000 W. Cedar
Standish, MI 48658

William B. Cammin Clinic
1010 N. Madison
Bay City, MI 48708

Davidson Building
916 Washington Ave., #223
Bay City, MI 48708

Albert Kahn Building
135 Washington Ave.
Bay City, MI 48708

North Bay Center
1961 E. Parish Road
Kawkawlin, MI 48631

Wirt Building
909 Washington Ave.
Bay City, MI 48708

www.babha.org

December 2, 2013

Bay County Retirement Board of Trustees
c/o Crystal Hebert, Finance Director
515 Center Avenue, Suite 701
Bay City, MI 48708

Dear Bay County Board of Trustees:

At the November 21, 2013 regular meeting of the Bay-Arenac Behavioral Health Authority (BABHA) Board of Directors, Richard Gromaski was appointed as the BABHA representative to the Bay County Retirement Board of Trustees. Mr. Gromaski will fill the unexpired term of Shari Peltier as Ms. Peltier resigned from her position at BABHA on November 1, 2013.

Mr. Gromaski can be contacted via email at richardgromaski@centurytel.net or via phone at 989-879-6282.

Mr. Gromaski is planning on attending the next regular Bay County Board of Trustees Meeting scheduled for December 10, 2013 at 1:30 pm. Mr. Gromaski is also aware he will need to be sworn in by the Bay County Clerk prior to the December 10 meeting.

Please contact me at 989-895-2348 if you need further information or documentation relative to Mr. Gromaski's appointment.

Thank you in advance for your cooperation.

Sincerely,

Sara K. McRae
Assistant to the CEO

cc: Cynthia Luczak, Bay County Clerk
William Powell, BABHA Board Chair
Richard Gromaski, BABHA Board Member

◆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	55,182.21	10,656,144.51	0.00	0.00	40,270.60	10,751,597.32
2695063	0.00%	0.51%	99.11%	0.00%	0.00%	0.37%	3.70%
BAYCO- BARINGS	529,520.95	0.00	15,819,008.82	0.00	28,944.42	-91,093.75	16,286,380.44
BYC03	3.25%	0.00%	97.13%	0.00%	0.18%	-0.56%	5.61%
Total for consolidation	**529,520.95**	**8,350,570.77**	**213,446,431.70**	**68,849,905.14**	**28,944.42**	**-953,988.08**	**290,251,384.90**
% for consolidation	**0.18%**	**2.88%**	**73.54%**	**23.72%**	**0.01%**	**-0.33%**	**100.00%**

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2013	BAIRD	BARINGS	CORNERSTONE	DENVER	EAGLE (RJFN)	GENEVA	HOTCHKIS & WILEY	LOOMIS SAYLES	MACKAY SHIELDS	MARVIN PALMER	MFS	INTEGRITY	SCHRODER	COLUMBIA	VAN GUARD	WENTWORTH (WHV)	CASH	TOTAL
VENDOR #	63541	1539	404	29624	2980	4299	67467	30127	55627	84709	4025	90160	95537	44907		58141		
JAN	22,420,682.07	14,361,871.99	10,128,089.75	1,013.55	10,057,783.88	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	10,758,985.40	21,447,855.23	11,310,555.83	30,811,489.45	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	1,463,367.35	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	10,634,825.60	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	23,485,855.89	10,455,794.07	33,197,930.24	17,017,143.25	0.00	40,392,563.60	24,254,827.29	17,479,288.23	40,332,157.75	15,042,505.73	1,556.12	2,993,447.60	286,571,816.04
NOV	24,303,648.07	16,286,380.44	10,501,702.33	15,635.40	10,751,597.32	23,778,934.82	10,997,173.91	33,147,681.74	17,203,100.42	0.00	41,485,626.65	24,801,080.17	17,746,974.38	42,104,850.80	15,500,093.75	1,556.12	1,625,348.58	290,251,384.90
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	33,102.61	15,792.19		22,844.11	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		377,599.21
2ND QTR	16,507.97	33,946.19	15,395.40		19,970.45	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		386,395.95
3RD QTR	18,168.06		15,647.42		22,259.70		24,950.66	25,368.82	20,044.65		53,805.44	48,987.00	31,753.53	50,050.65				311,035.93
4TH QTR																		
2012 YTD	51,582.60	67,048.80	46,835.01	0.00	65,074.26		79,814.09	72,967.70	59,040.98	0.00	139,554.45	142,500.00	75,646.25	131,220.95		74,997.00	0.00	1,075,031.09

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

CORNERSTONE

PERFORMANCE HISTORY
Bay County Employees' Retirement System

Time Period	10/31/2013	Percent Return Per Period		
		Portfolio		FTSE/NAREIT
		Gross	Net	Equity REIT Index
1 Month		4.89%	4.84%	4.48%
YTD		8.32%	7.79%	7.83%
1 Year		12.12%	11.46%	11.55%
3 Year		13.00%	12.33%	12.26%
5 Year		16.19%	15.50%	15.12%
Inception (October 21, 2008)		17.20%	16.51%	15.26%

CORNERSTONE

October 31, 2013

Bay County Employees' Retirement System

Symbol	Description	Property Type	Shares	Cost	Cost Per Share	Closing Price 10/31/2013	Percentage of Portfolio	Market Value 10/31/2013	Dividend Yield
Equity Holdings									
AIV	Apartment Investment & Managem	Apartment	2,930	$81,161.35	$27.70	$27.98	0.7%	$81,981	3.3%
AVB	AvalonBay Communities Inc	Apartment	3,447	$422,434.63	$122.55	$125.05	3.9%	$431,047	3.3%
EQR	Equity Residential	Apartment	3,730	$194,533.36	$52.15	$52.36	1.8%	$195,303	3.8%
ESS	Essex Property Trust Inc	Apartment	2,800	$439,028.19	$156.80	$161.00	4.1%	$450,800	2.9%
CUZ	Cousins Properties Inc	Diversified	9,150	$93,178.03	$10.18	$11.33	0.9%	$103,670	1.6%
LXP	Lexington Realty Trust	Diversified	14,660	$167,650.91	$11.44	$11.70	1.6%	$171,522	5.1%
VNO	Vornado Realty Trust	Diversified	3,784	$264,400.38	$69.87	$89.06	3.1%	$337,003	4.4%
SRC	Spirit Realty Capital Inc	Free Standing	11,690	$110,921.06	$9.49	$10.46	1.1%	$122,277	6.6%
HCN	Health Care REIT Inc	Healthcare	5,920	$329,380.33	$55.64	$64.85	3.5%	$383,912	4.7%
OHI	Omega Healthcare Investors Inc	Healthcare	2,370	$83,640.96	$35.29	$33.24	0.7%	$78,779	5.6%
SBRA	Sabra Health Care REIT Inc	Healthcare	3,640	$104,172.05	$28.62	$26.90	0.9%	$97,916	5.0%
VTR	Ventas Inc	Healthcare	2,587	$137,681.10	$53.22	$65.24	1.5%	$168,776	4.0%
CSU	Capital Senior Living Corp	Healthcare/ Not Indexed	5,850	$138,598.37	$23.69	$22.18	1.2%	$129,753	0.0%
AHT	Ashford Hospitality Trust Inc	Hotels	7,640	$98,257.10	$12.86	$13.06	0.9%	$99,778	3.6%
CHSP	Chesapeake Lodging Trust	Hotels	8,010	$167,624.38	$20.93	$23.57	1.7%	$188,796	4.1%
DRH	DiamondRock Hospitality Co	Hotels	3,820	$44,048.83	$11.53	$11.39	0.4%	$43,510	2.9%
FCH	FelCor Lodging Trust Inc	Hotels	13,160	$81,019.80	$6.16	$6.72	0.8%	$88,435	0.0%
HT	Hersha Hospitality Trust	Hotels	18,640	$105,909.41	$5.68	$5.67	1.0%	$105,689	4.2%
HST	Host Hotels & Resorts Inc	Hotels	23,455	$363,289.92	$15.49	$18.55	4.0%	$435,090	2.3%
LHO	LaSalle Hotel Properties	Hotels	4,920	$130,439.08	$26.51	$31.05	1.4%	$152,766	2.8%
BEE	Strategic Hotels & Resorts Inc	Hotels	4,610	$27,779.20	$6.03	$8.70	0.4%	$40,107	0.0%
SHO	Sunstone Hotel Investors Inc	Hotels	13,924	$119,165.57	$8.56	$13.25	1.7%	$184,493	0.8%
DCT	DCT Industrial Trust Inc	Industrial	39,520	$292,890.57	$7.41	$7.75	2.8%	$306,280	3.6%
FR	First Industrial Realty Trust	Industrial	16,601	$254,252.07	$15.32	$18.07	2.7%	$299,980	1.4%
PLD	Prologis Inc	Industrial	8,240	$309,931.00	$37.61	$39.95	3.0%	$329,188	2.8%
STAG	STAG Industrial Inc	Industrial	8,050	$174,067.97	$21.62	$20.91	1.5%	$168,326	5.7%
BXP	Boston Properties Inc	Office	4,040	$330,395.86	$81.78	$103.50	3.8%	$418,140	2.5%
DEI	Douglas Emmett Inc	Office	13,640	$272,068.92	$19.95	$24.93	3.1%	$340,045	2.9%
HIW	Highwoods Properties Inc	Office	5,920	$208,812.09	$35.27	$38.60	2.1%	$228,512	4.4%
KRC	Kilroy Realty Corp	Office	4,200	$209,840.15	$49.96	$53.16	2.0%	$223,272	2.6%
DOC	Physicians Realty Trust	Office	2,000	$23,000.00	$11.50	$12.56	0.2%	$25,120	1.4%
SLG	SL Green Realty Corp	Office	700	$43,433.67	$62.05	$94.57	0.6%	$66,199	1.4%
GGP	General Growth Properties Inc	Regional Mall	19,710	$408,629.43	$20.73	$21.23	3.8%	$418,443	2.3%
SPG	Simon Property Group Inc	Regional Mall	8,298	$830,231.48	$100.05	$154.55	11.7%	$1,282,456	2.9%
TCO	Taubman Centers Inc	Regional Mall	1,000	$84,488.67	$84.49	$65.79	0.6%	$65,790	3.0%
CUBE	CubeSmart	Self-Storage	11,960	$176,337.04	$14.74	$18.27	2.0%	$218,509	2.4%
EXR	Extra Space Storage Inc	Self-Storage	6,440	$248,878.00	$38.65	$45.99	2.7%	$296,176	2.8%
PSA	Public Storage	Self-Storage	3,480	$559,253.89	$160.71	$166.97	5.3%	$581,056	2.9%
AKR	Acadia Realty Trust	Shopping Centers	9,840	$246,041.43	$25.00	$26.67	2.4%	$262,433	3.0%
DDR	DDR Corp	Shopping Centers	8,200	$136,503.26	$16.65	$16.95	1.3%	$138,990	3.1%
KIM	Kimco Realty Corp	Shopping Centers	17,020	$360,140.04	$21.16	$21.48	3.3%	$365,590	3.9%
RPT	Ramco-Gershenson Properties Tr	Shopping Centers	10,540	$155,873.91	$14.79	$16.26	1.6%	$171,380	4.3%
REG	Regency Centers Corp	Shopping Centers	5,960	$302,011.23	$50.67	$51.66	2.8%	$307,894	3.6%
SKT	Tanger Factory Outlet Centers	Shopping Centers	4,720	$172,400.20	$36.53	$34.85	1.5%	$164,492	2.5%
				Total Equities			98.4%	$ 10,769,673	3.1%
				Accrued Income			0.1%	$ 14,986	
				Total Cash & Cash Equivalents			1.4%	$ 156,785	
				Total Portfolio Value			100.0%	$ 10,941,444	

EAGLE | Asset Management

Investment period ending: 10/31/2013

Portfolio inception date: 09/02/2010

Bay County Employees' Retirement System - 05231100

Portfolio Style: SmallCap Growth Equity

Portfolio Summary

	Month To Date	Year To Date
Beginning Market Value	10,542,113.77	9,502,620.09
Contributions	2,365.52	3,461.74
Withdrawals	-63.12	-19,635.55
Dividend and Interest Income	3,960.75	38,976.75
Change in Market Value	-23,253.01	999,700.88
Ending Market Value	10,525,123.91	10,525,123.91

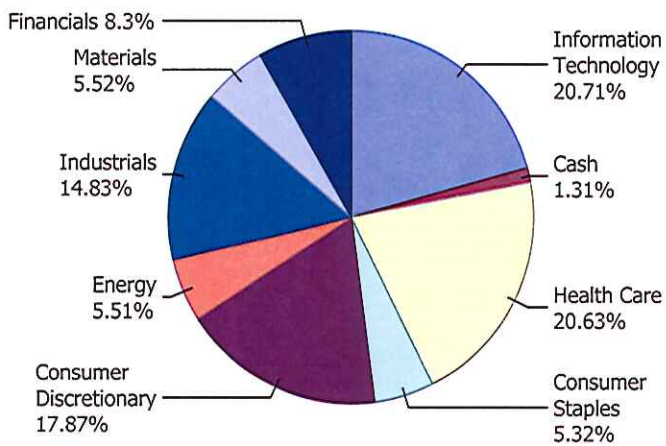
Performance Summary

	MTD	QTD	YTD	1 Year	3 Years	5 Years	Annualized Since Inception
Gross	-.18	-.18	29.92	37.07	19.52		22.72
Net	-.40	-.40	28.73	35.81	18.54		21.75
RU20GRTR[1]	1.82	1.82	34.89	39.84	19.00		24.59

[1] *Russell 2000 Growth Index*

Performance is based on fiscal year end of portfolio

Industry Weightings



Top Ten Holdings

Security Description	Total Market Value	% of Market Value
GEOSPACE TECHNOLOGIES CORP	262,352.06	2.49%
GENESCO INC	241,449.95	2.29%
QUAKER CHEMICAL CORP	218,317.16	2.07%
MULTIMEDIA GAMES HOLDING CO	216,484.09	2.06%
HURON CONSULTING GROUP INC	209,914.88	1.99%
BALLY TECHNOLOGIES INC	200,988.72	1.91%
CENTENE CORP	192,853.44	1.83%
HANGER INC	178,985.90	1.70%
VITAMIN SHOPPE INC	178,586.37	1.70%
MEDASSETS INC	162,792.00	1.55%

Currency Valuation: USD

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

Small Cap Value | Total Market Value: $10,455,788 (1.8% Cash) | Month Ended October 31, 2013

Performance Returns - Gross of Fees

	MTD	QTD	YTD	Since Incept.
Portfolio - Total Return	2.24 %	2.24 %	34.23 %	9.97 %
Portfolio - Equity Only	2.29	2.29	35.10	9.90
Russell 2000 Value Index	3.25	3.25	27.07	8.45
Russell 2000 Index	2.51	2.51	30.90	8.72
S&P 500 Index	4.60	4.60	25.30	7.43

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)	13.6x	15.3x	17.1x
Price / Cash Flow Ratio	5.1x	7.6x	9.8x
Price / Book Ratio	1.5x	1.5x	2.3x
Dividend Yield	1.2%	2.0%	1.3%
Market Capitalization (mm)	$2,132	$1,469	$1,707
# of Holdings / 1-Yr Turnover	62 / 50%		

Top and Bottom Five Contributors to Performance

	End Wgt	Ttl Ret.	Contr.
Horsehead Holding Corp.	2.33 %	16.45 %	0.32 %
Quiksilver Inc.	1.81	18.35	0.31
Avis Budget Group Inc.	3.30	8.67	0.28
LifePoint Hospitals Inc.	2.77	10.74	0.27
Miller Industries Inc.	2.78	10.37	0.26
Ruby Tuesday Inc.	0.55 %	-20.93 %	-0.15 %
Con-Way Inc.	3.86	-4.39	-0.17
Valassis Communications	3.93	-5.26	-0.21
Meritor Inc.	1.59	-12.60	-0.23
Rent-A-Center Inc.	3.67	-10.13	-0.39

Trading Data

Major Buy(Sell) *New buy/final sell	+/-
Masonite Intl Corp.	1.4%
Great Plains Energy Inc.	1.2%
Kaiser Aluminum Corp.	1.1%
First Horizon National Corp.	1.1%
Sonic Automotive Inc.	0.9%
(Huntington Ingalls Ind. Inc.)	-0.8%
(CNO Financial Group Inc.)	-0.8%
(Argo Group Intl Hldgs Ltd.)	-0.9%
(ManpowerGroup)	-1.0%
(PharMerica Corp.)	-1.2% *

Top Ten Stocks - Total Portfolio

	End Wgt
Masonite Intl Corp.	4.3 %
Valassis Communications	3.9
Con-Way Inc.	3.9
Rent-A-Center Inc.	3.7
First Horizon National Corp.	3.6
Arris Group Inc.	3.5
Avis Budget Group Inc.	3.3
PHH Corp.	3.0
Huntington Ingalls Ind. Inc.	2.8
Miller Industries Inc.	2.8

Performance Attribution

	Portfolio		Russell 2000 Value		Allocation		
	Avg Wgt	Equ. Ret.	Avg Wgt	Equ. Ret.	Sector	Stock	Total
Information Technology	8.28 %	4.42 %	10.79 %	1.00 %	0.06	0.33	0.39
Health Care	8.64	5.79	4.51	2.09	-0.05	0.30	0.25
Materials	3.96	7.12	4.64	4.62	0.00	0.18	0.18
Industrials	30.88	3.40	13.49	2.80	-0.08	0.20	0.12
Telecommunication Services	0.00	0.00	0.65	-6.56	0.06	0.00	0.06
Utilities	3.78	5.37	6.12	4.34	0.00	0.03	0.03
Consumer Staples	0.00	0.00	2.78	2.85	0.01	0.00	0.01
Energy	1.36	-5.96	7.80	6.42	-0.20	-0.16	-0.36
Financials	28.04	1.26	38.54	3.91	-0.06	-0.75	-0.81
Consumer Discretionary	15.06	-4.32	10.69	1.54	-0.07	-0.91	-0.98
					-0.33	-0.78	-1.12

Top Ten Industries - Total Portfolio

	End Wgt
Insurance	12.5 %
Commercial Banks	7.7
Road & Rail	7.2
Specialty Retail	6.1
Health Care Prov. & Srvcs	5.5
Metals & Mining	5.3
Machinery	4.7
Media	4.4
Building Products	4.3
Aerospace & Defense	4.1

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.

Portfolio Summary

Date Run: 11/05/2013
Period Covered: 09/30/2013 to 10/31/2013
Base Currency: USD

Bay County Employees Ret System
4407N1

Portfolio Composition as of 10/31/2013

	Total USD Market Value	% of Total
Bonds	32,680,183	98.45%
Cash and Equivalents	176,645	0.53%
Accrued Income	337,067	1.02%
Total	33,193,896	100.00%

Statement of Changes

Total Market Value at 09/30/2013	32,590,105
Net Additions/Withdrawals	0
Income Earned	116,388
Portfolio Appreciation/Depreciation	487,402
Total Market Value at 10/31/2013	33,193,896

Performance Returns (Supervised Assets)

	1Mth	3Mths	YTD	1 YR	3 YRS*	5 YRS*
Total	1.85	2.14	-0.25	0.22	5.95	12.92
Barclays U.S. Corporate Investment Grade	1.48	1.47	-1.18	-1.40	4.77	10.28

* - 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 10/31/2013

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CLIENT	Bay County Employees" Retirement System
ACRONYM	BCSE
DATA AS OF	31 October 2013

PERFORMANCE

	MTD	QTD	Rolling 3 months	YTD	1 Year	3 Year	5 Year	*Since Inception
Bay County Employees' Retirment System (Gross)	3.95	3.95	9.18	29.51	34.41	N/A	N/A	29.17
Bay County Employees' Retirment System (Net)	3.90	3.90	9.01	28.86	33.60	N/A	N/A	28.39
Rusell 1000 Growth Index	4.42	4.42	7.21	26.22	28.30	N/A	N/A	22.90

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.

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MACKAYSHIELDS

November 2013

Enclosed please find your portfolio's October, 2013 Investment Summary report. Should you have any questions or comments about this report, your portfolio, or the markets in general, please do not hesitate to call.

Beginning in 2014, MacKay would like to provide you with your reports through our safe and secure website. All of your monthly and quarterly reports can be easily accessed through the "Client Login" portal found on the gateway page of our website at www.mackayshields.com. Be assured that only you, and others you may authorize, will have direct access to your specific client directory. MacKay will also maintain an archive of your portfolio's statement and reports on the site. Just let us know when you are ready, and we'll get you set-up with password access to your directory.

MacKay Shields values our relationship with you and your organization, and we would welcome any opportunity to be of further assistance.

Best,

Virginia

Virginia Rose

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1345 Avenue of the Americas New York, NY 10105 212.758.5400 MacKayShields.com

A New York Life Company

BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

Monthly Report

October 31, 2013

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MACKAY SHIELDS

OCTOBER 2013
OVERVIEW OF MONTHLY PERFORMANCE

MACKAYSHIELDS

MARKET OVERVIEW

The U.S. convertible market, as measured by the BofA Merrill Lynch All Convertible Index, rose 2.11% in October 2013, while underlying equities climbed 2.66%. During the month, investment-grade convertibles, as measured by the BofA Merrill Lynch Investment Grade Convertible Index, increased 2.74%, outperforming speculative-grade convertibles, which rose 2.11% during the same time period.

The rise in the convertible and equity markets during the month 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. The brief shutdown of a portion of the federal government proved to be merely a distraction. In addition, certain economic indicators in Germany and Britain suggested that the recession in Europe may be nearing an end. Lastly, energy prices led by crude oil, retreated during the month, which could provide a slight tailwind for economic activity. 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 month. Telecom and Transportation each climbed over 6%, while Consumer Staples, Energy and Materials were up 2.93%, 2.85% and 2.70%, respectively. Technology (+1.28%) and Consumer Discretionary (+0.72%) were the only two sectors to lag the return of the convertible benchmark.

October 2013 produced the strongest issuance year-to-date. Ten new convertible securities were issued in the US market during the month, raising a total of $4.7 billion. The average convertible new issue offering was $447 million in size. Thus far, in 2013, approximately $30.6 billion of new convertibles have been issued.

PERFORMANCE

As many of the companies in the portfolio reported quarterly earnings during the month of October, individual security performance during the month was largely a function of the quality of quarterly earnings releases and any accompanying financial outlook offered by company management. Leading contributors included the convertible bonds of Gilead Sciences and Alza (Johnson & Johnson), and the synthetic convertible bonds of Schlumberger. Gilead Sciences continues to be a strong performer. The company reported third quarter sales and earnings which exceeded expectations. More importantly, however, the company received a very favorable FDA advisory panel review for its novel hepatitis C therapy, sofosbuvir, which is expected to receive formal FDA approval by the end of the year. Sofosbuvir is expected to achieve annual sales of several billion dollars shortly after the product launches in the final days of 2013. Alza (Johnson & Johnson) rose after the company reported solid sales and earnings in mid-October. Of Johnson's three main segments, consumer products, medical devices, and pharmaceuticals, the latter was the strongest. Schlumberger Ltd. rose in October after the company reported sales and earnings that were strong across nearly all regions and product lines. We were concerned that investor expectations might be too high following July's outstanding results, but Schlumberger did not disappoint even those investors who had favorable expectations.

In contrast, the convertible bonds of Covanta Holding Corp and Chart Industries, and the convertible preferred shares of Stanley Black & Decker weighed on performance. Covanta dropped sharply in late October after the company reported third quarter earnings and cash flow which were below expectations. In addition, management reported that unplanned maintenance downtime and increased capital expenditures would dampen earnings in the coming quarters as well. We believe that this situation will resolve itself in the coming year and that Covanta's healthy free cash flow generation will create value for equity and convertible bond holders. Holdings in manufacturer, Chart Industries, declined at the end of October after the company reported earnings which were below investor expectations.

Chart's share price rose sharply following July's outstanding earnings report and some investors may have been expecting a repeat. Chart's main driver of growth, the sale of equipment used to convert natural gas to a liquid state, is strong and the company's order backlog reached a new record. Last, Stanley Black & Decker fell after the company reported third quarter sales and earnings that were slightly below investor expectations, and more importantly, the company reduced its free cash flow guidance for the year by twenty percent. We believe that the issues weighing on the company's free cash flow generation are transitory and thus continue to hold the shares.

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.

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BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

MACKAYSHIELDS

Portfolio Composition and Performance — Account 1256

October 31, 2013

Composition	Market Value	Percent of Total
Fixed Income	12,533,735	73.53
Equity	2,208,577	12.96
Cash & Equivalents	2,304,359	13.52
Total Portfolio	$17,046,672	100.00%

Performance	Latest Month	Latest 3 Months	Year To Date	Latest 12 Months	3 Years Annualized	5 Years Annualized	Since 10/1/2003	Annualized Since 10/1/2003
Total Fund (Gross of fees)	1.88%	3.35%	14.85%	16.62%	8.58%	11.76%	87.18%	6.41%
Merrill Lynch Convertible Inv Grade	3.37%	5.26%	21.41%	23.01%	9.68%	13.11%	93.20%	6.74%
ML Convt Inv Grade BDS (Inc Mandatory)	2.74%	4.02%	18.88%	20.14%	9.65%	12.61%	58.35%	4.66%

Expressed in USD

Past performance is not indicative of future results.

BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

MACKAY SHIELDS

Summary Report — Account 1256

October 31, 2013

	Total Cost	Percent at Cost	Yield at Cost	Market Value	Percent of Assets	Yield at Market	Annual Income
Bonds	10,328,755	85.72	1.76	12,478,451	73.20	1.46	181,901
Stocks	1,720,986	14.28	3.55	2,201,377	12.91	2.78	61,157
Cash & Equivalents	0	0.00		2,304,359	13.52	0.09	2,074
Accrued Income				62,460	0.37		
Accrual Adjustment for Unsettled Trades				24	0.00		
	$12,049,741	100.00%	2.02	$17,046,672	100.00%	1.44	$245,132

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BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

MACKAY SHIELDS

Holdings Report — Account 1256

October 31, 2013

Shares or Par Value	Security	Unit Cost	Total Cost	Current Price	Market Value	Percent of Assets	Yield	Annual Income	S & P
Bonds									
228,000	AIRTRAN HOLDINGS INC CONV BOND 5.250 11/01/2016	136.07	310,248	161.50	368,220	2.16	3.25	11,970	BBB-
37,000	ALCOA INC CONV BOND 5.250 03/15/2014	100.00	37,000	145.00	53,650	0.31	3.62	1,943	BBB-
451,000	ALLEGHENY TECHNOLOGIES CONV BOND REG 4.250 06/01/2014	116.52	525,524	103.69	467,631	2.74	4.10	19,168	BBB-
690,000	ALZA CORP CONV BOND 07/28/2020	81.14	559,876	127.81	881,906	5.17	0.00	0	AAA
303,000	APOLLO INVESTMENT CORP REG CONV BOND 5.750 01/15/2016	100.49	304,499	106.38	322,316	1.89	5.41	17,423	BBB
292,000	ARES CAPITAL CORP REG CONV BOND 5.750 02/01/2016	106.39	310,648	107.94	315,178	1.85	5.33	16,790	BBB
68,000	BLUCORA INC 144A 4.250 04/01/2019	100.23	68,156	128.31	87,253	0.51	3.31	2,890	NR
169,000	CHART INDUSTRIES INC 2.000 08/01/2018	135.55	229,072	167.75	283,498	1.66	1.19	3,380	B+
147,000	CORNERSTONE ONDEMAND INC 144A 1.500 07/01/2018	115.85	170,293	114.19	167,856	0.98	1.31	2,205	NR
109,000	CUBIST PHARMACEUTICALS 144A 1.125 09/01/2018	100.00	109,000	108.38	118,129	0.69	1.04	1,226	NR
177,000	CUBIST PHARMACEUTICALS 144A 1.875 09/01/2020	100.00	177,000	107.69	190,607	1.12	1.74	3,319	NR
419,000	DANAHER CORP CNV BND REG 01/22/2021	101.16	423,870	209.69	878,591	5.15	0.00	0	A+
412,000	EMC CORP CONV BOND REG 1.750 12/01/2013	139.96	576,637	151.19	622,895	3.65	1.16	7,210	A
240,000	GILEAD SCIENCES INC CONV BOND REG 1.000 05/01/2014	107.86	258,864	315.44	757,050	4.44	0.32	2,400	A-
95,000	HELIX ENERGY SOLUTIONS CONV BOND REG 3.250 03/15/2032	112.50	106,875	127.13	120,769	0.71	2.56	3,088	NR
443,000	INTEL CORP CONV BND REG 2.950 12/15/2035	100.57	445,514	113.31	501,974	2.94	2.60	13,069	A-
493,000	INTEL CORP CONV BOND 3.250 08/01/2039	125.25	617,485	131.00	645,832	3.79	2.48	16,023	A-
359,000	INTL GAME TECHNOLOGY REG CONV BND 3.250 05/01/2014	115.44	414,421	110.63	397,144	2.33	2.94	11,668	BBB
118,000	KB HOME REG 1.375 02/01/2019	104.79	123,655	99.38	117,263	0.69	1.38	1,623	B
82,000	MICROCHIP TECHNOLOGY CONV BOND REG 2.125 12/15/2037	136.31	111,773	166.50	136,530	0.80	1.28	1,743	NR
120,000	MICRON TECHNOLOGY INC CONV BOND 144A 1.625 02/15/2033	125.63	150,758	171.81	206,175	1.21	0.95	1,950	BB-
291,000	NEWMONT MINING CONV BND REG 1.625 07/15/2017	121.45	353,418	108.50	315,735	1.85	1.50	4,729	BBB
48,000	NUANCE COMMUNICATIONS CONV BOND REG 2.750 11/01/2031	106.17	50,962	98.13	47,100	0.28	2.80	1,320	BB-
493,000	OMNICOM GROUP INC 07/31/2032	111.66	550,486	127.69	629,499	3.69	0.00	0	BBB+
553,000	PRICELINE.COM INC CONV BOND REG 1.000 03/15/2018	113.18	625,877	132.94	735,144	4.31	0.75	5,530	BBB
149,000	RTI INTERNATIONAL METALS REG 1.625 10/15/2019	103.90	154,805	107.88	160,734	0.94	1.51	2,421	NR
48,000	RYLAND GROUP REG 0.250 06/01/2019	100.00	48,000	93.00	44,640	0.26	0.27	120	BB-
556,000	SCHLUMBERGER 05/05/2015	136.47	758,773	163.89	911,228	5.35	0.00	0	NR
113,000	SHUTTERFLY INC 144A 0.250 05/15/2018	106.89	120,788	106.81	120,698	0.71	0.23	283	NR
180,000	TELEFLEX INC CONV BOND REG 3.875 08/01/2017	101.42	182,550	155.88	280,575	1.65	2.49	6,975	BB-
597,000	TEVA PHARMACEUTICALS CONV BOND 0.250 02/01/2026	112.35	670,730	104.44	623,492	3.66	0.24	1,493	A-
72,000	WABASH NATIONAL CORP CONV BOND 3.375 05/01/2018	121.62	87,568	128.31	92,385	0.54	2.63	2,430	NR
511,000	WELLPOINT INC 144A 2.750 10/15/2042	101.68	519,573	130.38	666,216	3.91	2.11	14,053	A-

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BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

MACKAY SHIELDS

Holdings Report — Account 1256

October 31, 2013

Shares or Par Value	Security	Unit Cost	Total Cost	Current Price	Market Value	Percent of Assets	Yield	Annual Income	S & P
Bonds (Continued)									
132,000	XILINX INC 2.625 06/15/2017	131.86	174,059	159.50	210,540	1.24	1.65	3,465	BBB+
			10,328,755		12,478,451	73.20	1.46	181,901	BBB-
Stocks									
99	BANK OF AMERICA 7.250%	830.69	82,238	1,077.50	106,673	0.63	6.73	7,178	BB+
2,100	CLIFFS NATURAL RESOURCES	25.00	52,500	22.71	47,691	0.28	0.00	0	NR
2,100	GOODYEAR TIRE & RUBBER	51.28	107,691	59.94	125,874	0.74	4.90	6,170	NR
1,000	HEALTH CARE REIT 6.500 CNV PFD	50.00	50,000	59.09	59,094	0.35	5.50	3,250	BB+
1,000	MAIDEN HOLDINGS CNVPFD	50.00	50,000	46.79	46,790	0.27	0.00	0	NR
900	POST HOLDINGS INC 144A	100.00	90,000	109.13	98,217	0.58	0.00	0	NR
5,200	STANLEY BLACK & DECKER I CONV PFD UNITS	108.87	566,110	127.70	664,040	3.90	4.20	27,872	NR
6,700	UNITED TECHNOLOGIES CORP CONV PFD	56.54	378,846	63.66	426,549	2.50	2.95	12,563	BBB+
550	WELLS FARGO & COMPANY 7.500%	624.73	343,600	1,139.00	626,450	3.67	0.66	4,125	BBB+
			1,720,986		2,201,377	12.91	2.78	61,157	B
Cash & Equivalents									
	UNITED STATES DOLLAR 0.0900	0.00	2,304,359	1.00	2,304,359	13.52	0.09	2,074	AAA
			2,304,359		2,304,359	13.52	0.09	2,074	AAA
	Accrued Income				62,460	0.37			
	Accrual Adjustment for Unsettled Trades				24	0.00			
Total Portfolio			$14,354,100		$17,046,672	100.00%	1.44	$245,132	BBB-

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BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

MACKAY SHIELDS

Purchases Report — Account 1256

Month Ending October 31, 2013

Trade Date	Quantity (Units)	Security Description	Average Cost	Total Cost
Purchases				
10/30/13	147,000	CORNERSTONE ONDEMAND INC 144A 1.500 7/1/2018	115.85	170,293.47
10/30/13	23,000	RTI INTERNATIONAL METALS REG 1.625 10/15/2019	108.50	24,955.00
10/30/13	113,000	SHUTTERFLY INC 144A 0.250 5/15/2018	106.89	120,787.96
Total Purchases				$316,036.43

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BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

MACKAY SHIELDS

Sales Report — Account 1256

Month Ending October 31, 2013

Trade Date	Quantity (Units)	Security Description	Unit Cost	Total Proceeds	Realized Gain/Loss
Sell Long					
10/21/13	28,000	CUBIST PHARMACEUTICALS 144A 1.125 9/1/2018	100.00	30,606.94	2,606.94
10/23/13	82,000	GILEAD SCIENCES INC CONV BOND REG 1.000 5/1/2014	107.95	247,271.00	158,749.51
10/25/13	44,000	MICROCHIP TECHNOLOGY CONV BOND REG 2.125 12/15/2037	106.56	66,436.70	19,549.25
Total Sales				$344,314.64	$180,905.7

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ConvergEx Group
Execution Solutions

Recapture Services

Bay County Employees Retirement System by Trade Date

Ref#: 23803

Directed Commission Summary

January 01, 2013 through October 31, 2013

Plan Sponsor	Revenue Type	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
GRAND TOTAL														

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

This statement represents trades through Trade Date October 31, 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 Trading Summary (US Dollars)

January 01, 2013 - October 31, 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		0.00	0.00	2,543.24	1,780.27
Denver Invmt Advisors		0.00	0.00	0.00	0.00
Eagle Asset Management		92.66	64.86	1,008.38	705.87
Eagle Asset Management	Execution	0.00	0.00	146.57	0.00
Geneva Capital Management Ltd		371.76	260.23	2,282.36	1,597.65
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		**464.42**	**325.09**	**8,597.63**	**5,915.74**
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		1,155.15	808.61	1,392.48	974.74
Integrity Asset Management	Corrsp Broker	394.25	0.00	497.92	0.00
Totals for Correspondent Equity		**1,549.40**	**808.61**	**2,048.61**	**1,068.58**
Revenue Type: International Correspondent					
Baring Asset Management Ltd.		190.31	142.74	2,304.41	1,728.31
Baring Asset Management Ltd.	Corrsp Broker	219.97	0.00	2,706.53	0.00
Schroder Investment Management Ltd		0.00	0.00	0.00	0.00
Totals for International Correspondent		**410.28**	**142.74**	**5,010.94**	**1,728.31**
Grand Totals		**2,424.10**	**1,276.43**	**15,657.18**	**8,712.63**

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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

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ConvergEx Group
Execution Solutions

Recapture Services

Bay County Employees Retirement System

Plan Activity Summary and Balance

January 01, 2013 - October 31, 2013

Ref#: 23803

Summary by Revenue Type

Revenue Type	Month to Date		Year to Date	
	Commissions	Credits	Commissions	Credits
Equity	464.42	325.09	8,564.47	5,892.53
Correspondent Equity	1,155.15	808.61	1,526.55	1,068.58
Correspondent Broker Fees	394.25	0.00	522.06	0.00
International Correspondent	190.31	142.74	2,304.41	1,728.31
Correspondent Broker Fees	219.97	0.00	2,706.53	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	2,424.10	1,276.43	15,657.18	8,712.63

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	2,424.10	1,276.43	0.00	1,675.83	1,276.44
November 2013	0.00	0.00			
December 2013	0.00	0.00			
TOTAL	15,657.18	8,712.63	0.00	10,118.34	
				Current Balance	1,276.44

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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 October 31, 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 Recapture Services
Commission Recapture Schedule for
Bay County Employee Retirement System

Effective Date: 12/1/2013

December 3, 2013

Ms. Crystal Hebert
Bay County Finance Department
Bay County Building
515 Center Avenue, Suite 706
Bay City, MI 48708-5128

Dear Crystal:

This addendum to your current commission recapture agreement represents the new rates in place with respect to the brokerage transactions on behalf of the Bay County Employee Retirement System (herein referred to as the "Fund") to be directed to ConvergEx Execution Solutions LLC (herein referred to as "ConvergEx") and its correspondent brokers. All commission charges per share will continue to be based on your managers' normal negotiated rate schedules. Pursuant to this agreement, we will refund to the Fund a percentage of the commission paid directly to ConvergEx, as per the below Schedule.

TYPE	RECAPTURE RATE
U.S. EQUITY RECAPTURE THROUGH CONVERGEX DESK	ALL COMMISSIONS OVER 1 CENT PER SHARE
ALL TRADING FOR RECAPTURE THROUGH MASTER BROKER NETWORK	70% OF NET
EVENT	ALL COMMISSIONS OVER 75 MILS PER SHARE

*Net is the commission amount received by ConvergEx less correspondent execution and clearing charges, and local charges and taxes.

Signed: _____
By Francine Greenberg
ConvergEx

_____
By: Crystal Hebert
Bay County Employee Retirement System

Tax ID: _____

Tax Certification: Under penalties of perjury, I certify that (1) the Tax I.D. number shown on this form is my correct Tax I.D. number, and (2) I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the IRS that I am subject to backup withholding as a result of a failure to report all interest and dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and (3) I am a U.S. person (including a U.S. resident alien)

I understand that I must cross out the text contained in clause (2) above if I have been notified by the IRS that I am subject to backup withholding as a result of underreporting dividend or interest income.

I meet the requirements of 2a above as an exempt recipient.

The IRS does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

Sign here: _____ Date: _____

ConvergEx Group

Recapture Services
Global Value Cycle

www.convergex.com

Through a commission recapture program, ConvergEx offers you a simple yet effective way to save on your commission costs and conserve assets. The program lets you:

- Reduce your fund's expenses
- Increase your fund's cash flow
- Save money

What is Commission Recapture?
Commission Recapture is a program designed to reduce fund expenses and increase cash flow. This simple diagram details the process:

- No separate commission recapture program fees
- No minimums
- No time requirements

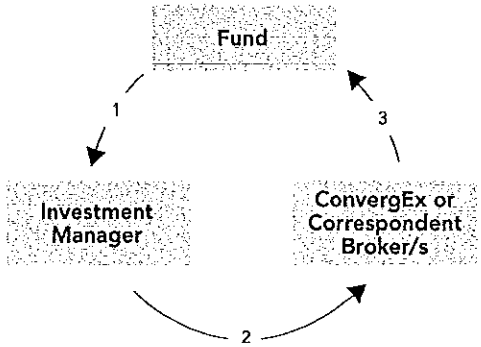
We require only a letter of agreement between your fund and ConvergEx detailing the proportion of commission that we will rebate to your fund, and a direction letter from you to each of your fund managers who will be participating in the program.

Why Use ConvergEx?
We are a pioneer and one of the leaders in commission recapture. Over 1,700 funds worldwide have established a commission recapture program with ConvergEx to save commissions, conserve assets and benefit participants.

Global Trading Network
Our correspondent brokers around the world offer you global recapture opportunities. Please contact us for our current list of correspondent brokers.

GLOBAL VALUE CYCLE

How ConvergEx generates commission recapture in global trading



1. You instruct your investment managers to execute a portion of your trades through your commission recapture program at ConvergEx.
2. Your managers execute trades at their usual commission rates through our ConvergEx or non-U.S. correspondent brokers.
   - We report your trades, and reconcile your non-U.S. transactions by comparing manager and broker records.
3. We rebate a portion of the commissions, either in cash to your fund, or in payment of your fund expenses.

About ConvergEx Group
ConvergEx Group is a leading provider of global brokerage and trading-related services for institutional investors and financial intermediaries. ConvergEx combines client-first service with innovative products, sophisticated strategies and proprietary technology to meet the challenges of increasingly dynamic and fast-paced markets. Headquartered in New York with 15 key locations, the company serves more than 3,000 clients accessing over 100 global market centers.

For more information on our Recapture Services offering, please contact us at 1.800.992.7526.

SL Custom - Scorecards

Summary Earnings Report for MR

BAY COUNTY EMPLOYEES

From Oct 1, 2013 To Oct 31, 2013

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUMBER : 1799220					
ACCOUNT NAME : BAYCO- BARINGS					
CURRENCY : USD					
OPEN CASH	0.00	0.00	0.00	157.45	157.45
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	0.00	0.00	157.45	157.45
TOTAL REBATES	0.00	0.00	0.00	-7.72	-7.72
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	0.00	0.00	165.17	165.17
BANK FEES	0.00	0.00	0.00	65.85	65.85
NET INCOME	0.00	0.00	0.00	99.32	99.32
ACCOUNT NUMBER : 2608694					
ACCOUNT NAME : *BAYCO - COLUMBIA MANAGEMENT					
CURRENCY : USD					
OPEN CASH	0.00	2,147.24	0.00	0.00	2,147.24
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	2,147.24	0.00	0.00	2,147.24
TOTAL REBATES	0.00	-34.10	0.00	0.00	-34.10
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,181.34	0.00	0.00	2,181.34
BANK FEES	0.00	872.16	0.00	0.00	872.16
NET INCOME	0.00	1,309.18	0.00	0.00	1,309.18

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Summary Earnings Report for MR

BAY COUNTY EMPLOYEES

From Oct 1, 2013 To Oct 31, 2013

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUMBER : 2618668					
ACCOUNT NAME : *BAYCO - BAIRD -SL					
CURRENCY : USD					
OPEN CASH	2,265.65	0.00	0.00	0.00	2,265.65
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	11.46	0.00	0.00	0.00	11.46
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	2,277.11	0.00	0.00	0.00	2,277.11
TOTAL REBATES	782.89	0.00	0.00	0.00	782.89
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	1,494.22	0.00	0.00	0.00	1,494.22
BANK FEES	597.54	0.00	0.00	0.00	597.54
NET INCOME	896.68	0.00	0.00	0.00	896.68
ACCOUNT NUMBER : 2622490					
ACCOUNT NAME : *BAYCO - MACKAY SHIELDS -SL					
CURRENCY : USD					
OPEN CASH	1,157.81	53.79	0.00	3.60	1,215.20
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	85.04	0.00	0.00	0.00	85.04
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	1,242.85	53.79	0.00	3.60	1,300.24
TOTAL REBATES	-1,168.67	-7.72	0.00	-0.05	-1,176.44
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	2,411.52	61.51	0.00	3.65	2,476.68
BANK FEES	964.23	24.51	0.00	1.44	990.18
NET INCOME	1,447.29	37.00	0.00	2.21	1,486.50

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Summary Earnings Report for MR

BAY COUNTY EMPLOYEES

From Oct 1, 2013 To Oct 31, 2013

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUMBER : 2622536					
ACCOUNT NAME : *BAYCO - HOTCHKIS & WILEY -SL					
CURRENCY : USD					
OPEN CASH	0.00	1,248.16	0.00	147.58	1,395.74
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	27.75	0.00	0.00	27.75
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,275.91	0.00	147.58	1,423.49
TOTAL REBATES	0.00	-78.04	0.00	-6.01	-84.05
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,353.95	0.00	153.59	1,507.54
BANK FEES	0.00	539.39	0.00	61.10	600.49
NET INCOME	0.00	814.56	0.00	92.49	907.05
ACCOUNT NUMBER : 2641401					
ACCOUNT NAME : *BAYCO - LOOMIS SAYLES -SL					
CURRENCY : USD					
OPEN CASH	1,513.52	0.00	559.60	0.00	2,073.12
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	1,513.52	0.00	559.60	0.00	2,073.12
TOTAL REBATES	-23.59	0.00	-29.17	0.00	-52.76
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	1,537.11	0.00	588.77	0.00	2,125.88
BANK FEES	614.04	0.00	235.21	0.00	849.25
NET INCOME	923.07	0.00	353.56	0.00	1,276.63

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Summary Earnings Report for MR

BAY COUNTY EMPLOYEES

From Oct 1, 2013 To Oct 31, 2013

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUMBER : 2649057					
ACCOUNT NAME : *BAYCO GENEVA CAPITAL MGMT -SL					
CURRENCY : USD					
OPEN CASH	0.00	2,763.00	0.00	20.56	2,783.56
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	2,763.00	0.00	20.56	2,783.56
TOTAL REBATES	0.00	-190.68	0.00	-0.16	-190.84
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,953.68	0.00	20.72	2,974.40
BANK FEES	0.00	1,180.75	0.00	8.27	1,189.02
NET INCOME	0.00	1,772.93	0.00	12.45	1,785.38
ACCOUNT NUMBER : 2653308					
ACCOUNT NAME : *BAYCO - INTEGRITY -SL					
CURRENCY : USD					
OPEN CASH	0.00	2,293.73	0.00	51.26	2,344.99
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	2,293.73	0.00	51.26	2,344.99
TOTAL REBATES	0.00	-681.97	0.00	-0.83	-682.80
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,975.70	0.00	52.09	3,027.79
BANK FEES	0.00	1,189.02	0.00	20.80	1,209.82
NET INCOME	0.00	1,786.68	0.00	31.29	1,817.97

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Summary Earnings Report for MR

BAY COUNTY EMPLOYEES

From Oct 1, 2013 To Oct 31, 2013

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUMBER : 2663296					
ACCOUNT NAME : *BAYCO - CORNERSTONE REALES-SL					
CURRENCY : USD					
OPEN CASH	0.00	1,374.41	0.00	0.00	1,374.41
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,374.41	0.00	0.00	1,374.41
TOTAL REBATES	0.00	-44.18	0.00	0.00	-44.18
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,418.59	0.00	0.00	1,418.59
BANK FEES	0.00	565.88	0.00	0.00	565.88
NET INCOME	0.00	852.71	0.00	0.00	852.71
ACCOUNT NUMBER : 2683854					
ACCOUNT NAME : *BAYCO - MFS INVESTMENTS -SL					
CURRENCY : USD					
OPEN CASH	0.00	2,112.07	0.00	275.95	2,388.02
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	2,112.07	0.00	275.95	2,388.02
TOTAL REBATES	0.00	-96.51	0.00	-153.02	-249.53
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,208.58	0.00	428.97	2,637.55
BANK FEES	0.00	882.53	0.00	171.42	1,053.95
NET INCOME	0.00	1,326.05	0.00	257.55	1,583.60

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Summary Earnings Report for MR

BAY COUNTY EMPLOYEES

From Oct 1, 2013 To Oct 31, 2013

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUMBER : 2695063					
ACCOUNT NAME : *BAYCO - EAGLE ASSET -SL					
CURRENCY : USD					
OPEN CASH	0.00	1,655.33	0.00	48.71	1,704.04
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	15.73	0.00	0.00	15.73
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,671.06	0.00	48.71	1,719.77
TOTAL REBATES	0.00	-481.19	0.00	-61.97	-543.16
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,152.25	0.00	110.68	2,262.93
BANK FEES	0.00	858.08	0.00	44.14	902.22
NET INCOME	0.00	1,294.17	0.00	66.54	1,360.71
ACCOUNT NUMBER : BYC03					
ACCOUNT NAME : BAYCO- BARINGS					
CURRENCY : USD					
OPEN CASH	0.00	0.00	0.00	39.17	39.17
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	0.00	0.00	39.17	39.17
TOTAL REBATES	0.00	0.00	0.00	-7.85	-7.85
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	0.00	0.00	47.02	47.02
BANK FEES	0.00	0.00	0.00	18.80	18.80
NET INCOME	0.00	0.00	0.00	28.22	28.22

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SL Custom - Scorecards

Summary Earnings Report for MR

BAY COUNTY EMPLOYEES

From Oct 1, 2013 To Oct 31, 2013

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
GRAND TOTAL					
CURRENCY : USD					
OPEN CASH	4,936.98	13,647.73	559.60	744.28	19,888.59
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	96.50	43.48	0.00	0.00	139.98
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	5,033.48	13,691.21	559.60	744.28	20,028.57
TOTAL REBATES	-409.37	-1,614.39	-29.17	-237.61	-2,290.54
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	5,442.85	15,305.60	588.77	981.89	22,319.11
BANK FEES	2,175.81	6,112.32	235.21	391.82	8,915.16
NET INCOME	3,267.04	9,193.28	353.56	590.07	13,403.95

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Although this report has been prepared using information believed to be reliable, it may contain information provided by third parties or derived from third party information, and/or information that may have been obtained from, categorized or otherwise reported based upon client direction. The Northern Trust Company does not guarantee the accuracy, timeliness or completeness of any such information. The information included in this report is intended to assist clients with their financial reporting needs, but you must consult with your accountants, auditors and/or legal counsel to ensure your accounting and financial reporting complies with applicable laws, regulations and accounting guidance. The Northern Trust Company and its affiliates shall have no responsibility for the consequences of investment decisions made in reliance on information contained in this report.

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

REFUNDS: FOR THE MONTH ENDED:		November 30, 2013		
EMPLOYEE/BENEFICIARY	CONTRIBUTIONS	PROCESSED	DEPARTMENT	TERMINATION
MATTHEWS, DORIAN	1,292.61	11/8/13	BABH	10/31/11
NICHOLAS, ADAM	37,951.54	11/26/13	BABH	10/1/13
TOTAL REFUNDS:	39,244.15			
NEW RETIREE	CONTRIBUTIONS TRANSFERRED	RETIREMENT GROUP/ COUNTY DEPT	EFFECTIVE DATE	
SOWERS, JAMIE	19,550.44	DEFERRED - GENERAL	10/9/2013	
DECEASED EMPLOYEE/ RETIREE	BENEFICIARY	REFUND/ PENSION	DATE OF DEATH	DIVISION/ DEPARTMENT
ROSEBUSH, ELSA	N/A	PENSION	11/2/2013	GENERAL
KELLY, SHARON	N/A (Straight Life)	PENSION	6/24/2013	GENERAL
NO REFUNDS EMPLOYEE NAME	ACCUMULATED CONTRIBUTIONS	UNION GROUP	DATE TERMINATED	
ARTHUR, ASHLEY	113.30	BMCF	10/12/2013	
NEUMEYER, KATHERINE	251.37	BMCF	10/31/2013	
TAYLOR, DOROTHY	4,197.49	BMCF	10/10/2013	
SZAROLETTA, SAMUEL	6,704.75	BMCF	10/24/2013	
WITTBRODT, MECHELLE	9,855.70	GEN	10/28/2013	
MARTINEZ, MARGARET	128.88	BMCF	10/3/2013	
BRIGGS, JOHN	461.49	GEN	9/24/2013	
	21,599.68			

BCERS

Bay County, Michigan

FOR 2013 11

	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 FUNDBALNCE	0	0	.00	.00	.00	.00	.0%
73127400 40003 FBRSV/DESG	0	0	.00	.00	.00	.00	.0%
73127400 40004 NETASTSRSV	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 ERCON BABH	-1,000,000	-1,000,000	.00	.00	.00	-1,000,000.00	.0%*
73127400 59402 ERCON MOSQ	0	0	-11,879.02	-988.90	.00	11,879.02	100.0%
73127400 59403 ERCON H.F.	0	0	-51,588.76	-4,601.21	.00	51,588.76	100.0%
73127400 59404 ER CON R C	-540,000	-540,000	.00	.00	.00	-540,000.00	.0%*
73127400 59406 ER CON LIB	-130,000	-130,000	.00	.00	.00	-130,000.00	.0%*
73127400 59407 ER CON G.C	0	0	-5,339.24	-452.61	.00	5,339.24	100.0%
73127400 59408 ER CON G.F	0	0	-419,969.11	-35,264.81	.00	419,969.11	100.0%
73127400 59409 ERCON DWS	0	0	.00	.00	.00	.00	.0%
73127400 59410 ER CON 911	0	0	-39,660.79	-3,187.88	.00	39,660.79	100.0%
73127400 59411 ER CON C.F	0	0	-37,290.13	-3,178.21	.00	37,290.13	100.0%
73127400 59412 EMPRCONDOA	0	0	-39,835.44	-3,380.84	.00	39,835.44	100.0%
73127400 59413 EMPRCONRET	0	0	-1,660.65	.00	.00	1,660.65	100.0%
73127400 59414 EMPRCONTHS	0	0	-2,119.67	.00	.00	2,119.67	100.0%
73127400 59415 EMPRCONGMF	0	0	-1,896.22	-169.03	.00	1,896.22	100.0%
73127400 59416 EMPRCONHRF	0	0	-71.63	-19.72	.00	71.63	100.0%
73127400 59418 EMRCON100%	0	0	-3,000.46	-253.75	.00	3,000.46	100.0%
73127400 59419 EMPRCONMCF	-650,000	-650,000	.00	.00	.00	-650,000.00	.0%*
73127400 59424 EMPRCONSIF	0	0	-337.77	.00	.00	337.77	100.0%
73127400 59427 EMRCNCMCOR	0	0	-2,598.33	-209.95	.00	2,598.33	100.0%
73127400 59429 EMPRCONFOC	0	0	-2,220.93	-194.12	.00	2,220.93	100.0%
73127400 59430 EMPRCONHSG	0	0	-4,889.31	-322.43	.00	4,889.31	100.0%
73127400 59434 EMPLERCCFO	0	0	-245.46	-2.71	.00	245.46	100.0%
73127400 59499 EMRCONBCSD	0	0	.00	.00	.00	.00	.0%
73127400 59501 EMPECNBABH	-510,000	-510,000	.00	.00	.00	-510,000.00	.0%*

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FOR 2013 11

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73127400 59502 EMPLECONMC	-12,500	-12,500	-11,457.22	-912.84	.00	-1,042.78	91.7%*
73127400 59503 EMPLECONHF	-60,000	-60,000	-49,681.71	-4,247.27	.00	-10,318.29	82.8%*
73127400 59504 EMPLECONRC	-120,000	-120,000	.00	.00	.00	-120,000.00	.0%*
73127400 59506 EMPLECNLIB	-75,000	-75,000	.00	.00	.00	-75,000.00	.0%*
73127400 59507 EMPLECONGC	-4,800	-4,800	-5,147.07	-417.79	.00	347.07	107.2%
73127400 59508 EMPLECONGF	-405,000	-405,000	-412,727.82	-33,239.82	.00	7,727.82	101.9%
73127400 59509 EMPECONDWS	-83,801	-83,801	.00	.00	.00	-83,801.00	.0%*
73127400 59510 EMPECON911	-64,000	-64,000	-53,720.85	-4,088.15	.00	-10,279.15	83.9%*
73127400 59511 EMPECONCCF	-42,500	-42,500	-35,956.70	-2,933.73	.00	-6,543.30	84.6%*
73127400 59512 EMPECONDOA	-50,500	-50,500	-38,381.16	-3,120.78	.00	-12,118.84	76.0%*
73127400 59513 EMPECONRTR	-1,600	-1,600	-1,602.94	.00	.00	2.94	100.2%
73127400 59514 EMPEECONHS	0	0	-2,117.74	.00	.00	2,117.74	100.0%
73127400 59515 EMPLECONGM	0	0	-1,828.02	-156.03	.00	1,828.02	100.0%
73127400 59516 EMPECONHRF	-180	-180	-69.04	-18.21	.00	-110.96	38.4%*
73127400 59518 EMPECN100%	-2,800	-2,800	-2,894.13	-234.23	.00	94.13	103.4%
73127400 59519 EMPECONMCF	-350,000	-350,000	.00	.00	.00	-350,000.00	.0%*
73127400 59524 EMPECONSIF	-400	-400	-329.37	.00	.00	-70.63	82.3%*
73127400 59527 EMECNCMCOR	0	0	-2,508.61	-193.80	.00	2,508.61	100.0%
73127400 59529 EMPECONFOC	-2,850	-2,850	-2,139.72	-179.18	.00	-710.28	75.1%*
73127400 59530 EMPECONHSG	-4,000	-4,000	-4,721.79	-297.62	.00	721.79	118.0%
73127400 59534 EMPLEECCFO	0	0	-234.48	-2.50	.00	234.48	100.0%
73127400 59599 EMPECNBCSD	-245,000	-245,000	-65,508.67	-4,208.77	.00	-179,491.33	26.7%*
TOTAL LOCAL UNIT CONTRIBUT	-4,354,931	-4,354,931	-1,315,629.96	-106,476.89	.00	-3,039,301.04	30.2%
RP INTEREST & RENTALS							
73127400 66400 INVINTRDIV	-5,000,000	-5,000,000	.00	.00	.00	-5,000,000.00	.0%*
73127400 66500 INVTSLGAIN	-15,000,000	-15,000,000	.00	.00	.00	-15,000,000.00	.0%*
73127400 66501 UNRLZDGAIN	-3,000,000	-3,000,000	.00	.00	.00	-3,000,000.00	.0%*
73127400 66502 EXCHNGGAIN	-40,000	-40,000	.00	.00	.00	-40,000.00	.0%*
73127400 66600 SECRTYEARN	-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 MISC REV	0	0	.00	.00	.00	.00	.0%
73127400 67600 RMBURSEMNT	0	0	.00	.00	.00	.00	.0%
73127400 67601 RMBINDVIDL	0	0	.00	.00	.00	.00	.0%

FOR 2013 11

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73127400 68900 TRADE-IN	0	0	.00	.00	.00	.00	.0%
73127400 69000 COMMRECAPT	-25,000	-25,000	.00	.00	.00	-25,000.00	.0%*
73127400 69200 CLMSETLJDG	-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 SALARY E/A	44,635	44,635	25,426.76	.00	.00	19,208.24	57.0%
73127400 70500 TEMP HELP	0	11,600	6,626.56	2,705.40	.00	4,973.44	57.1%
73127400 70501 WAGES PT	7,135	7,135	6,841.06	644.84	.00	293.94	95.9%*
73127400 70600 OVERTIME	2,809	2,809	128.26	.00	.00	2,680.74	4.6%
73127400 70800 HOLIDAYPAY	0	0	1,454.98	28.67	.00	-1,454.98	100.0%*
73127400 71000 PER DIEM	3,420	3,420	2,535.00	135.00	.00	885.00	74.1%
73127400 71200 VACTIONPAY	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 TERMSCKPAY	0	0	2,500.00	.00	.00	-2,500.00	100.0%*
73127400 71204 TERMVACPAY	0	0	4,791.70	.00	.00	-4,791.70	100.0%*
TOTAL WAGES & SALARIES	57,999	69,599	54,109.27	3,513.91	.00	15,489.73	77.7%
XF FRINGES							
73127400 71500 SOCSECURTY	3,784	4,672	3,756.04	258.48	.00	915.96	80.4%
73127400 71600 HEALTH INS	15,401	15,401	10,896.66	.00	.00	4,504.34	70.8%
73127400 71603 RETHLTHCAR	0	0	.00	.00	.00	.00	.0%
73127400 71632 EINCENTIVE	200	200	.00	.00	.00	200.00	.0%
73127400 71700 LIFE INS	114	114	91.04	3.60	.00	22.96	79.9%
73127400 71800 RETIREMENT	3,683	3,683	3,122.51	.00	.00	560.49	84.8%
73127400 71900 OTHRFRINGE	469	469	.00	.00	.00	469.00	.0%
73127400 72001 SIF ADMIN	89	109	87.61	5.75	.00	21.39	80.4%
73127400 72100 WORKERCOMP	757	926	753.05	49.34	.00	172.95	81.3%
73127400 72200 SCK&ACDINS	295	295	249.86	.00	.00	45.14	84.7%
73127400 72500 UNEMPLOYMN	281	344	278.48	18.24	.00	65.52	81.0%
TOTAL FRINGES	25,073	26,213	19,235.25	335.41	.00	6,977.75	73.4%
XI SUPPLIES							
73127400 72700 OFFICE SUP	1,000	1,000	583.29	45.64	.00	416.71	58.3%

FOR 2013 11

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73127400 72702 BOOKSUPPLY	0	0	210.00	.00	.00	-210.00	100.0%*
73127400 72800 PRNT&BIND	750	750	204.78	.00	.00	545.22	27.3%
73127400 72900 POSTAGE	250	250	301.95	39.28	.00	-51.95	120.8%*
73127400 73000 MAG&PERDCL	600	600	.00	.00	.00	600.00	.0%
73127400 73301 COPY/FXSUP	250	250	.00	.00	.00	250.00	.0%
73127400 74200 FOODSUPPLY	150	150	80.76	.00	.00	69.24	53.8%
73127400 74700 PHO/MFMSUP	0	0	.00	.00	.00	.00	.0%
73127400 75100 COMPSUPLY	1,000	1,000	436.47	.00	.00	563.53	43.6%
TOTAL SUPPLIES	4,000	4,000	1,817.25	84.92	.00	2,182.75	45.4%
XL OTHER SERVICES AND C							
73127400 80100 PROFESSNL	1,500,000	1,500,000	1,110,310.17	167,002.97	.00	389,689.83	74.0%
73127400 80101 ACTUARIAL	40,000	40,000	57,000.00	9,875.00	.00	-17,000.00	142.5%*
73127400 80200 CONTRACTL	0	0	.00	.00	.00	.00	.0%
73127400 81200 MEDICALSRV	0	0	.00	.00	.00	.00	.0%
73127400 81400 INVST/BANK	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 CONSULTANT	125,000	125,000	140,000.00	.00	.00	-15,000.00	112.0%*
73127400 82000 MBRSHPDUES	550	550	960.00	.00	.00	-410.00	174.5%*
73127400 82900 FILINGFEES	250	250	.00	.00	.00	250.00	.0%
73127400 83500 HEALTHSERV	2,500	2,500	.00	.00	.00	2,500.00	.0%
73127400 85200 TELEPHONE	420	420	182.60	5.93	.00	237.40	43.5%
73127400 86100 CNFFEES/EX	9,200	9,200	6,319.58	.00	.00	2,880.42	68.7%
73127400 86500 STRAVLMILE	2,000	2,000	4.53	.00	.00	1,995.47	.2%
73127400 86600 LCLTRVMILE	300	300	57.44	.00	.00	242.56	19.1%
73127400 87500 PENSIONPAY	11,500,000	11,500,000	.00	.00	.00	11,500,000.00	.0%
73127400 90000 PRT/PUB/AD	500	500	149.00	.00	.00	351.00	29.8%
73127400 90100 LEGALNOTIC	1,000	1,000	.00	.00	.00	1,000.00	.0%
73127400 93100 EQUIPMTR&M	400	400	.00	.00	.00	400.00	.0%
73127400 94601 EQPRNTCOPY	5,000	5,000	979.67	.00	.00	4,020.33	19.6%
73127400 95500 MISC	500	500	.00	.00	.00	500.00	.0%
73127400 95600 IDC EXP	126,570	126,570	116,022.50	10,547.50	.00	10,547.50	91.7%
73127400 96000 EDUCA/TRNG	500	500	.00	.00	.00	500.00	.0%
73127400 96200 ASSETDISLS	10,000,000	10,000,000	.00	.00	.00	10,000,000.00	.0%
73127400 96201 URZDLSSINV	0	0	.00	.00	.00	.00	.0%
73127400 96203 LOSSFRCURX	100,000	100,000	.00	.00	.00	100,000.00	.0%
73127400 96401 CONTRREFGN	75,000	75,000	.00	.00	.00	75,000.00	.0%
73127400 96402 CNTRRFBCSD	25,000	25,000	.00	.00	.00	25,000.00	.0%
73127400 96403 CONTRREFRC	25,000	25,000	.00	.00	.00	25,000.00	.0%
73127400 96404 CONTRRFMCF	75,000	75,000	.00	.00	.00	75,000.00	.0%

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FOR 2013 11

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73127400 96405 CNTRRFBABH	100,000	100,000	.00	.00	.00	100,000.00	.0%
73127400 96406 CNTRRFDWS	10,000	10,000	.00	.00	.00	10,000.00	.0%
73127400 96407 CONTRRFLIB	25,000	25,000	.00	.00	.00	25,000.00	.0%
73127400 96500 INS/BONDS	22,000	22,000	20,434.50	.00	.00	1,565.50	92.9%*
73127400 96730 MACH/EQPEX	0	0	.00	.00	.00	.00	.0%
73127400 96740 OEQPFURNEX	0	0	.00	.00	.00	.00	.0%
73127400 96741 COMPHARDEX	0	0	.00	.00	.00	.00	.0%
73127400 96742 COMPSOFTEX	0	0	.00	.00	.00	.00	.0%
73127400 96770 BOOK EXP	0	0	.00	.00	.00	.00	.0%
73127400 96999 BUD REDUCE	0	0	.00	.00	.00	.00	.0%
TOTAL OTHER SERVICES AND C	24,009,190	24,009,190	1,452,922.49	187,431.40	.00	22,556,267.51	6.1%
XQ CAPITAL OUTLAY							
73127400 98001 COMP SOFT	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	212,454.30	84,888.75	.00	-212,454.30	100.0%
TOTAL RETIREMENT SYSTEM FUND	0	0	212,454.30	84,888.75	.00	-212,454.30	100.0%
TOTAL REVENUES	-24,112,262	-24,159,002	-1,315,629.96	-106,476.89	.00	-22,843,372.04	
TOTAL EXPENSES	24,112,262	24,159,002	1,528,084.26	191,365.64	.00	22,630,917.74	
GRAND TOTAL	0	0	212,454.30	84,888.75	.00	-212,454.30	100.0%

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

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BCERS

Bay County, Michigan

PROJECTION: 2014 2014 BUDGET PROJECTION

FOR PERIOD 99

ACCOUNTS FOR:

RETIREMENT SYSTEM FUND			2012 ACTUAL	2013 ORIG BUD	2013 REVISED BUD	2013 ACTUAL	2013 PROJECTION	2014 COMMISSION	PCT CHANGE
73127400 RETIREMENT BOARD									
RA	FUND BALANCE, NET AS								
73127400	40003	FBRSV/DESG	.00	.00	.00	.00	.00	16,176.00	.0%
73127400	40004	NETASTSRSV	.00	3,757,669.00	3,710,929.00	.00	3,757,669.00	3,763,344.00	1.4%
TOTAL FUND BALANCE, NET AS			.00	3,757,669.00	3,710,929.00	.00	3,757,669.00	3,779,520.00	1.8%
RJ	LOCAL UNIT CONTRIBUT								
73127400	59401	ERCON BABH	-1,286,935.72	-1,000,000.00	-1,000,000.00	.00	-1,000,000.00	-1,300,000.00	30.0%
73127400	59402	ERCON MOSQ	-12,506.83	.00	.00	-11,879.02	.00	-13,000.00	.0%
73127400	59403	ERCON H.F.	-57,702.80	.00	.00	-51,588.76	.00	-57,000.00	.0%
73127400	59404	ER CON R C	-518,707.10	-540,000.00	-540,000.00	.00	-540,000.00	-520,000.00	-3.7%
73127400	59406	ER CON LIB	-133,017.16	-130,000.00	-130,000.00	.00	-130,000.00	-130,000.00	.0%
73127400	59407	ER CON G.C	-5,935.84	.00	.00	-5,339.24	.00	-6,000.00	.0%
73127400	59408	ER CON G.F	-375,815.35	.00	.00	-419,969.11	.00	-375,000.00	.0%
73127400	59409	ERCON DWS	-249,683.84	.00	.00	.00	.00	-250,000.00	.0%
73127400	59410	ER CON 911	-44,988.11	.00	.00	-39,660.79	.00	-45,000.00	.0%
73127400	59411	ER CON C.F	-39,802.04	.00	.00	-37,290.13	.00	-40,000.00	.0%
73127400	59412	EMPRCONDOA	-42,797.96	.00	.00	-39,835.44	.00	-43,000.00	.0%
73127400	59413	EMPRCONRET	-1,787.59	.00	.00	-1,660.65	.00	-1,800.00	.0%
73127400	59414	EMPRCONTHS	-3,547.42	.00	.00	-2,119.67	.00	-3,500.00	.0%
73127400	59415	EMPRCONGMF	-1,974.16	.00	.00	-1,896.22	.00	-2,000.00	.0%
73127400	59416	EMPRCONHRF	-182.74	.00	.00	-71.63	.00	-180.00	.0%
73127400	59418	EMRCON100%	-3,214.87	.00	.00	-3,000.46	.00	-3,200.00	.0%
73127400	59419	EMPRCONMCF	-704,528.93	-650,000.00	-650,000.00	.00	-650,000.00	-700,000.00	7.7%
73127400	59424	EMPRCONSIF	-446.89	.00	.00	-337.77	.00	-500.00	.0%
73127400	59427	EMRCNCMCOR	-3,158.44	.00	.00	-2,598.33	.00	-3,100.00	.0%
73127400	59429	EMPRCONFOC	-2,134.36	.00	.00	-2,220.93	.00	-2,100.00	.0%
73127400	59430	EMPRCONHSG	-6,818.15	.00	.00	-4,889.31	.00	-6,800.00	.0%
73127400	59434	EMPLERCCFO	.00	.00	.00	-245.46	.00	.00	.0%
73127400	59501	EMPECNBABH	-586,035.04	-510,000.00	-510,000.00	.00	-510,000.00	-580,000.00	13.7%
73127400	59502	EMPLECONMC	-12,506.83	-12,500.00	-12,500.00	-11,457.22	-12,500.00	-12,500.00	.0%
73127400	59503	EMPLECONHF	-57,702.80	-60,000.00	-60,000.00	-49,681.71	-60,000.00	-60,000.00	.0%
73127400	59504	EMPLECONRC	-134,565.16	-120,000.00	-120,000.00	.00	-120,000.00	-130,000.00	8.3%
73127400	59506	EMPLECNLIB	-76,010.09	-75,000.00	-75,000.00	.00	-75,000.00	-75,000.00	.0%
73127400	59507	EMPLECONGC	-5,935.84	-4,800.00	-4,800.00	-5,147.07	-4,800.00	-4,800.00	.0%
73127400	59508	EMPLECONGF	-527,909.98	-405,000.00	-405,000.00	-412,727.82	-405,000.00	-500,000.00	23.5%
73127400	59509	EMPECONDWS	-85,289.09	-83,801.00	-83,801.00	.00	-83,801.00	-85,000.00	1.4%
73127400	59510	EMPECON911	-61,928.08	-64,000.00	-64,000.00	-53,720.85	-64,000.00	-62,000.00	-3.1%
73127400	59511	EMPECONCCF	-39,802.05	-42,500.00	-42,500.00	-35,956.70	-42,500.00	-40,000.00	-5.9%

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PROJECTION: 2014 2014 BUDGET PROJECTION FOR PERIOD 99

ACCOUNTS FOR:

RETIREMENT SYSTEM FUND		2012 ACTUAL	2013 ORIG BUD	2013 REVISED BUD	2013 ACTUAL	2013 PROJECTION	2014 COMMISSION	PCT CHANGE
73127400 59512	EMPECONDOA	-42,797.95	-50,500.00	-50,500.00	-38,381.16	-50,500.00	-43,000.00	-14.9%
73127400 59513	EMPECONRTR	-1,787.59	-1,600.00	-1,600.00	-1,602.94	-1,600.00	-1,800.00	12.5%
73127400 59514	EMPEECONHS	-3,547.44	.00	.00	-2,117.74	.00	.00	.0%
73127400 59515	EMPLECONGM	-1,974.17	.00	.00	-1,828.02	.00	-1,900.00	.0%
73127400 59516	EMPECONHRF	-182.75	-180.00	-180.00	-69.04	-180.00	-180.00	.0%
73127400 59518	EMPECN100%	-3,214.89	-2,800.00	-2,800.00	-2,894.13	-2,800.00	-3,000.00	7.1%
73127400 59519	EMPECONMCF	-382,896.77	-350,000.00	-350,000.00	.00	-350,000.00	-380,000.00	8.6%
73127400 59524	EMPECONSIF	-446.91	-400.00	-400.00	-329.37	-400.00	-400.00	.0%
73127400 59527	EMECNCMCOR	-3,158.46	.00	.00	-2,508.61	.00	-3,100.00	.0%
73127400 59529	EMPECONFOC	-2,134.37	-2,850.00	-2,850.00	-2,139.72	-2,850.00	-2,100.00	-26.3%
73127400 59530	EMPECONHSG	-6,818.12	-4,000.00	-4,000.00	-4,721.79	-4,000.00	-6,800.00	70.0%
73127400 59534	EMPLEECCFO	.00	.00	.00	-234.48	.00	.00	.0%
73127400 59599	EMPECNBCSD	-80,280.10	-245,000.00	-245,000.00	-65,508.67	-245,000.00	-245,000.00	.0%
TOTAL LOCAL UNIT CONTRIBUT		-5,612,610.78	-4,354,931.00	-4,354,931.00	-1,315,629.96	-4,354,931.00	-5,738,760.00	31.8%
RP INTEREST & RENTALS								
73127400 66400	INVINTRDIV	-5,515,774.61	-5,000,000.00	-5,000,000.00	.00	-5,000,000.00	-5,000,000.00	.0%
73127400 66500	INVTSLGAIN	-19,237,260.14	-15,000,000.00	-15,000,000.00	.00	-15,000,000.00	-15,000,000.00	.0%
73127400 66501	UNRLZDGAIN	-11,712,800.61	-3,000,000.00	-3,000,000.00	.00	-3,000,000.00	-3,000,000.00	.0%
73127400 66502	EXCHNGGAIN	-14,469.76	-40,000.00	-40,000.00	.00	-40,000.00	-40,000.00	.0%
73127400 66600	SECRTYEARN	-141,006.77	-300,000.00	-300,000.00	.00	-300,000.00	-300,000.00	.0%
TOTAL INTEREST & RENTALS		-36,621,311.89	-23,340,000.00	-23,340,000.00	.00	-23,340,000.00	-23,340,000.00	.0%
RR OTHER REVENUE								
73127400 69000	COMMRECAPT	-25,798.41	-25,000.00	-25,000.00	.00	-25,000.00	-25,000.00	.0%
73127400 69200	CLMSETLJDG	-145,224.31	-150,000.00	-150,000.00	.00	-150,000.00	-150,000.00	.0%
TOTAL OTHER REVENUE		-171,022.72	-175,000.00	-175,000.00	.00	-175,000.00	-175,000.00	.0%
XE WAGES & SALARIES								
73127400 70300	SALARY E/A	35,516.23	44,635.00	44,635.00	25,426.76	44,635.00	57,460.00	28.7%
73127400 70500	TEMP HELP	.00	.00	11,600.00	7,682.00	.00	12,740.00	9.8%
73127400 70501	WAGES PT	7,172.37	7,135.00	7,135.00	6,902.80	7,135.00	7,349.00	3.0%
73127400 70600	OVERTIME	.00	2,809.00	2,809.00	128.26	2,809.00	2,809.00	.0%
73127400 70800	HOLIDAYPAY	2,612.53	.00	.00	1,512.33	.00	.00	.0%
73127400 71000	PER DIEM	1,755.00	3,420.00	3,420.00	2,535.00	3,420.00	3,420.00	.0%
73127400 71200	VACTIONPAY	5,450.89	.00	.00	3,227.78	.00	.00	.0%
73127400 71202	SICK PAY	1,346.73	.00	.00	577.17	.00	.00	.0%
73127400 71203	TERMSCKPAY	.00	.00	.00	2,500.00	.00	.00	.0%

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Bay County, Michigan

PROJECTION: 2014 2014 BUDGET PROJECTION FOR PERIOD 99

ACCOUNTS FOR:

RETIREMENT SYSTEM FUND			2012 ACTUAL	2013 ORIG BUD	2013 REVISED BUD	2013 ACTUAL	2013 PROJECTION	2014 COMMISSION	PCT CHANGE
73127400	71204	TERMVACPAY	.00	.00	.00	4,791.70	.00	.00	.0%
TOTAL WAGES & SALARIES			53,853.75	57,999.00	69,599.00	55,283.80	57,999.00	83,778.00	20.4%
XF	FRINGES								
73127400	71500	SOCSECURTY	3,722.93	3,784.00	4,672.00	3,845.89	3,784.00	4,740.00	1.5%
73127400	71600	HEALTH INS	12,967.66	15,401.00	15,401.00	10,896.66	15,401.00	17,592.00	14.2%
73127400	71603	RETHLTHCAR	7,482.00	.00	.00	.00	.00	.00	.0%
73127400	71632	EINCENTIVE	875.00	200.00	200.00	.00	200.00	219.00	9.5%
73127400	71700	LIFE INS	108.72	114.00	114.00	94.64	114.00	131.00	14.9%
73127400	71800	RETIREMENT	2,401.11	3,683.00	3,683.00	3,122.51	3,683.00	4,598.00	24.8%
73127400	71900	OTHRFRINGE	.00	469.00	469.00	.00	469.00	652.00	39.0%
73127400	72001	SIF ADMIN	150.49	89.00	109.00	89.60	89.00	111.00	1.8%
73127400	72100	WORKERCOMP	739.70	757.00	926.00	770.20	757.00	163.00	-82.4%
73127400	72200	SCK&ACDINS	355.95	295.00	295.00	249.86	295.00	391.00	32.5%
73127400	72500	UNEMPLOYMN	226.26	281.00	344.00	284.82	281.00	358.00	4.1%
TOTAL FRINGES			29,029.82	25,073.00	26,213.00	19,354.18	25,073.00	28,955.00	10.5%
XI	SUPPLIES								
73127400	72700	OFFICE SUP	446.31	1,000.00	1,000.00	583.29	1,000.00	2,000.00	100.0%
73127400	72702	BOOKSUPPLY	.00	.00	.00	210.00	.00	.00	.0%
73127400	72800	PRNT&BIND	24.52	750.00	750.00	204.78	750.00	1,000.00	33.3%
73127400	72900	POSTAGE	463.30	250.00	250.00	301.95	250.00	300.00	20.0%
73127400	73000	MAG&PERDCL	.00	600.00	600.00	.00	600.00	600.00	.0%
73127400	73301	COPY/FXSUP	.00	250.00	250.00	.00	250.00	500.00	100.0%
73127400	74200	FOODSUPPLY	80.41	150.00	150.00	80.76	150.00	150.00	.0%
73127400	75100	COMPSUPLY	386.95	1,000.00	1,000.00	436.47	1,000.00	1,500.00	50.0%
TOTAL SUPPLIES			1,401.49	4,000.00	4,000.00	1,817.25	4,000.00	6,050.00	51.3%
XL	OTHER SERVICES AND C								
73127400	80100	PROFESSNL	1,434,891.81	1,500,000.00	1,500,000.00	1,110,310.17	1,500,000.00	1,500,000.00	.0%
73127400	80101	ACTUARIAL	40,052.50	40,000.00	40,000.00	57,000.00	40,000.00	40,000.00	.0%
73127400	81200	MEDICALSRV	.00	.00	.00	.00	.00	1,000.00	.0%
73127400	81400	INVST/BANK	190,641.08	230,000.00	230,000.00	.00	230,000.00	230,000.00	.0%
73127400	81700	LEGAL FEES	577.50	7,500.00	7,500.00	502.50	7,500.00	7,500.00	.0%
73127400	81900	CONSULTANT	125,000.00	125,000.00	125,000.00	140,000.00	125,000.00	125,000.00	.0%
73127400	82000	MBRSHPDUES	815.00	550.00	550.00	960.00	550.00	550.00	.0%
73127400	82900	FILINGFEES	.00	250.00	250.00	.00	250.00	250.00	.0%
73127400	83500	HEALTHSERV	.00	2,500.00	2,500.00	.00	2,500.00	.00	-100.0%

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Bay County, Michigan

PROJECTION: 2014 2014 BUDGET PROJECTION

FOR PERIOD 99

ACCOUNTS FOR:

RETIREMENT SYSTEM FUND		2012 ACTUAL	2013 ORIG BUD	2013 REVISED BUD	2013 ACTUAL	2013 PROJECTION	2014 COMMISSION	PCT CHANGE
73127400 85200	TELEPHONE	169.12	420.00	420.00	182.72	420.00	420.00	.0%
73127400 86100	CNFFEES/EX	9,606.56	9,200.00	9,200.00	6,319.58	9,200.00	15,000.00	63.0%
73127400 86500	STRAVLMILE	1,925.98	2,000.00	2,000.00	4.53	2,000.00	2,000.00	.0%
73127400 86600	LCLTRVMILE	5.56	300.00	300.00	57.44	300.00	300.00	.0%
73127400 87500	PENSIONPAY	12,273,870.86	11,500,000.00	11,500,000.00	.00	11,500,000.00	13,000,000.00	13.0%
73127400 90000	PRT/PUB/AD	.00	500.00	500.00	149.00	500.00	500.00	.0%
73127400 90100	LEGALNOTIC	.00	1,000.00	1,000.00	.00	1,000.00	1,000.00	.0%
73127400 93100	EQUIPMTR&M	.00	400.00	400.00	.00	400.00	500.00	25.0%
73127400 94601	EQPRNTCOPY	1,096.32	5,000.00	5,000.00	979.67	5,000.00	5,000.00	.0%
73127400 95500	MISC	85.70	500.00	500.00	.00	500.00	500.00	.0%
73127400 95600	IDC EXP	43,925.00	126,570.00	126,570.00	116,022.50	126,570.00	95,437.00	-24.6%
73127400 96000	EDUCA/TRNG	.00	500.00	500.00	.00	500.00	1,500.00	200.0%
73127400 96200	ASSETDISLS	6,861,760.63	10,000,000.00	10,000,000.00	.00	10,000,000.00	10,000,000.00	.0%
73127400 96203	LOSSFRCURX	14,762.88	100,000.00	100,000.00	.00	100,000.00	100,000.00	.0%
73127400 96401	CONTRREFGN	45,735.46	75,000.00	75,000.00	.00	75,000.00	60,000.00	-20.0%
73127400 96402	CNTRRFBCSD	.00	25,000.00	25,000.00	.00	25,000.00	5,000.00	-80.0%
73127400 96403	CONTRREFRC	4,508.31	25,000.00	25,000.00	.00	25,000.00	5,000.00	-80.0%
73127400 96404	CONTRRFMCF	26,278.62	75,000.00	75,000.00	.00	75,000.00	40,000.00	-46.7%
73127400 96405	CNTRRFBABH	37,027.62	100,000.00	100,000.00	.00	100,000.00	50,000.00	-50.0%
73127400 96406	CNTRRFDWS	.00	10,000.00	10,000.00	.00	10,000.00	5,000.00	-50.0%
73127400 96407	CONTRRFLIB	.00	25,000.00	25,000.00	.00	25,000.00	5,000.00	-80.0%
73127400 96500	INS/BONDS	19,711.78	22,000.00	22,000.00	20,434.50	22,000.00	22,000.00	.0%
73127400 96730	MACH/EQPEX	.00	.00	.00	.00	.00	2,000.00	.0%
73127400 96740	OEQPFURNEX	.00	.00	.00	.00	.00	1,000.00	.0%
73127400 96741	COMPHARDEX	490.64	.00	.00	.00	.00	.00	.0%
TOTAL OTHER SERVICES AND C		21,132,938.93	24,009,190.00	24,009,190.00	1,452,922.61	24,009,190.00	25,321,457.00	5.5%
XQ CAPITAL OUTLAY								
73127400 98001	COMP SOFT	.00	16,000.00	50,000.00	.00	16,000.00	34,000.00	-32.0%
TOTAL CAPITAL OUTLAY		.00	16,000.00	50,000.00	.00	16,000.00	34,000.00	-32.0%
TOTAL RETIREMENT BOARD		-21,187,721.40	.00	.00	213,747.88	.00	.00	.0%
TOTAL RETIREMENT SYSTEM FUND		-21,187,721.40	.00	.00	213,747.88	.00	.00	.0%
	TOTAL REVENUE	-42,404,945.39	-24,112,262.00	-24,159,002.00	-1,315,629.96	-24,112,262.00	-25,474,240.00	.0%
	TOTAL EXPENSE	21,217,223.99	24,112,262.00	24,159,002.00	1,529,377.84	24,112,262.00	25,474,240.00	.0%
	GRAND TOTAL	-21,187,721.40	.00	.00	213,747.88	.00	.00	.0%

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

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From: Ron Wlock/MAXIMUS [mailto:ronwlock@maximus.com]
Sent: Wednesday, November 27, 2013 8:17 AM
To: Crystal Hebert
Subject: Retirement Fund 2012 Indirect Costs Summary

Crystal,

Here is a summary of the indirect costs related to the Retirement Fund. If anyone has any questions, please let me know.

Have a great Thanksgiving!

Ron Wlock, CMA
Manager
MAXIMUS Consulting

3941 Traxler Ct.
Bay City, MI 48706

Office: (989) 684-4111
Fax: (989) 684-6062

Bay County, Michigan
Retirement Fund Indirect Costs Summary
Based On The Year Ended December 31, 2012

Central Service Dept.	Amount	Explanation
Building Use Charge	897	This represents the portion of depreciation of the County Building related to the space occupied by the employee who's wages are charged directly to the Retirement Fund.
Equipment Use	-	Does not apply.
County Commissioners	1,065	This is the portion of the annual general County audit related to the Retirement Fund.
Accounting	16,121	This includes the portion of costs by the Accounting Division related to managing all accounting activity, payroll sevices, administrative oversight of employees charged directly to the Retirement Fund and specific time directly related to attending Retirement Board meetings.
Payroll	2,918	This includes the portion of payroll and fringe benefit services related to the employee assigned directly to the Retirement Fund.
Budget	2,208	This represents the portion of budgeting services, processing accounts payables, and assisting the Accouting Division with general accounting matters as they relate to the Retirement Fund.
Administrative Services	-	Does not apply.
Information Services	4,496	This represents the portion of Desktop Support, Technical Support, and Network Support related to I.T. devices supported by the Information Services Department and handling workorder request related to the Retirement Fund.
Financial System MUNIS	2,409	This represents the portion of depreciation, computer repair & maintenance, software and other operating expenses associated with the MUNIS system. The depreciation component will end in 2013 however the remaining annual operating expense of this system are expected to continue.
Purchasing	153	This represents the costs of processing purchase orders for servcies related to the Retirement Fund.
Treasurer	822	This represents the portion of costs related to processing cash receipts and performing bank reconcilations and managing all cash related activity.
Building & Grounds	3,919	This represents the portion of building maintenance, utilities and other building operating expenses at the County Building related to the space occupied by the employee who's wages are charged directly to the Retirement Fund.
Corporation Counsel	32,947	This includes the costs of providing general legal advice, responding to legal matters related to the Retirement Fund and attending Retirement Board meetings by the County's legal representive.
Personnel	796	This is the portion of the Human Resources department related to managing and enforcing the County's personnel policies and labor relations services for all County employees including the employee assigned to the Retirement Fund.
Riso Printing / Postage	169	This includes the allocated portion of the centralized mail services provided to all county department.
Park Maintenance	-	Does not apply.
Risk Management	947	This includes the portion of the County's liability insurance policy which provides liability coverage for of the actions of all County employees as well as property insurance for the portion of space at the County Building assigned to the Retirement Fund.
Retiree Insurance	3,943	This is the allocated portion of Retiree Health Insurance that the County centrally budgets for and does not charge back directly to individual departments.
Building Authority	-	Does not apply.
Total Allocated	**73,810**	
Roll Forward	21,627	The Roll Forward is a method used to true the difference between the amount billed in a given year from a prior year cost allocation plan with the actual costs are for that same year after the actual costs are known.
Proposed Costs	**95,437**	

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AMENDMENT
TO THE
BAY COUNTY EMPLOYEES RETIREMENT SYSTEM
MASTER CUSTODY AGREEMENT

THIS AMENDMENT is made this 12th day of November, 2013 by and between the BOARD OF TRUSTEES OF THE BAY COUNTY EMPLOYEES RETIREMENT SYSTEM (the "Board") of Bay City, Michigan, and THE NORTHERN TRUST COMPANY, an Illinois corporation of Chicago, Illinois (the "Custodian");

WHEREAS the Board and the Custodian executed Bay County Employees Retirement System Master Custody Agreement (the "Agreement") dated the 2nd day of January, 1997; and

WHEREAS the Board and the Custodian desire to amend the Agreement pursuant to Section 20 in Appendix B to the Agreement;

NOW, THEREFORE, the sections of the Agreement set forth below are amended as follows, but all other sections of the Agreement shall remain in full force and effect.

Section 13 is removed in its entirety and replaced with the following:

Attached as Appendix C is a resolution of the Board indicating the person or persons authorized to direct Northern with respect to the actions so identified. Northern may conclusively rely on a direction of the persons identified in Appendix C as having authority to take such action until further notice. Any action not authorized in Appendix C may be taken pursuant to a Board resolution. Northern shall incur no liability to the Board or the Account for acting on any instruction, direction or other communication on which northern is authorized to rely pursuant to this agreement, or for any delay in deliver or non-delivery or error in transmission.

Notices to the Board shall be sent to:

Bay County Employees Retirement
System Board of Trustees
_____
_____

The following Section 20 shall be added to the Agreement immediately following Section 19:

(a) Notwithstanding any other provision of this agreement, directions or instructions and other communications provided under this agreement may be given to Northern by letter, telex, SWIFT or other electronic or electro-mechanical means deemed acceptable by Northern, including the use of Northern's Northern Trust Passport® applications, subject to such additional terms and conditions as Northern may require. In addition, certain directions or instructions given to Northern under this agreement may be subject to such authentication process as Northern may from time to time require. The Board agrees that any individuals designated as "authenticators" pursuant to such authentication process shall be authorized to authenticate directions or instructions given to Northern hereunder and that Northern may delay the processing of directions or instructions that are subject to such authentication process until it has received an authentication in accordance with such process.

(b) Northern may conclusively rely on, and Northern shall incur no liability to the Board or the Account for acting on, any direction or instruction on which Northern is authorized to rely pursuant to this agreement, or for not acting on such direction or instruction where the direction or instruction is not authenticated as provided above, or for any non-delivery, or delay in the delivery, of a direction or instruction, or error in the transmission of such direction or instruction, to Northern.

(c) In its sole discretion, Northern may, but shall not be required to, accept instructions, directions or other communications given to Northern by telephone. Any instructions, directions or other communications given to Northern by telephone shall promptly thereafter be confirmed in writing, but Northern will incur no liability for the Board's failure, or the failure of an investment manager, to send such written confirmation or for the failure of any such written confirmation to conform to the telephonic instruction received by Northern.

IN WITNESS WHEREOF, the Board and the Custodian have caused this Amendment to be executed and their respective corporate seals to be affixed and attested by their respective corporate officers on the day and year first written above.

BOARD OF TRUSTEES OF THE
BAY COUNTY EMPLOYEES
RETIREMENT SYSTEM
By: _____
Its: _____

APPROVED AS TO LEGAL FORM ONLY
Martha P. Fitzhugh
MARTHA P. FITZHUGH
BAY COUNTY CORPORATION COUNSEL
DATE: 11/7/13

62

THE NORTHERN TRUST COMPANY
By: _____
Its: _____

63

DEPARTMENT OF CORPORATION COUNSEL **BAY COUNTY**

MARTHA P. FITZHUGH
Corporation Counsel/Risk Manager
fitzhughm@baycounty.net

DEBRA A. RUSSELL
Legal Coordinator/Administrative Assistant
russelld@baycounty.net

THOMAS L. HICKNER
County Executive

TO: **Chair Steve Gray and the Bay County Employees' Retirement System**

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

RE: **Delegation Resolution of Board of Trustees**

DATE: **December 4, 2013**

The Bay County Employees' Retirement System has not updated its Delegation Resolution for several years and previously authorized staff are no longer working at the County except for interim work by Sue Gansser.

RECOMMENDATION: That, on December 10, 2013, the BCERS Board approves the attached Delegation Resolution which identifies the officials and staff designated to transfer or deposit funds on behalf of the Bay County Employees' Retirement System. The Retirement Administrator would keep Northern Trust informed of those named individuals who fill the positions listed.

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

DELEGATION RESOLUTION OF BOARD OF TRUSTEES

OF THE

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

WHEREAS, the Bay County Employees' Retirement System Board of Trustees previously deemed that the care and custody of the assets of the Bay County Employees' Retirement System (the "Fund") be lodged with The Northern Trust Company, a corporation existing under the laws of Illinois, located at Chicago, Illinois ("Northern"), and that a Custody Agreement, dated January 2, 1997, was entered into by the Board with Northern (the "Agreement"); Therefore,

BE IT RESOLVED, that Trustees of the Board were and are authorized to deposit with Northern under the provisions of the Agreement such assets of the Fund as they, in their sole and absolute discretion may deem advisable from time to time. The Trustees of the Board have taken and may continue to take, from time to time, all action under the Agreement on behalf of the Board and Fund as may be necessary to carry out the intent and meaning of the Agreement.

BE IT FURTHER RESOLVED that the Trustees of the Board may delegate in writing any part or all of the authority referenced in the previous paragraph to such other person or persons, including the Chair or Secretary of the Board or officer of the Fund, as they, in their discretion may deem advisable from time to time. The Secretary of the Board shall file with Northern a certified copy of this resolution, and a list of the person or persons authorized by the Board to act for the Board with respect to matters pertaining to the assets of the Fund held by Northern under the Agreement. Northern shall be entitled to conclusively presume that the persons authorized pursuant to this Resolution to act on behalf of the Board shall continue to have such authority until Northern is otherwise notified in writing by the Secretary of the Board.

BE IT FURTHER RESOLVED, that this Resolution shall be in full force and effect and binding upon the Board and Fund until it shall have been repealed or amended and until written notice of such repeal or amendment shall have been delivered to Northern at its office in the City of Chicago, Illinois.

I do further certify that the following BCERS Officials have been designated by the Board to act individually on behalf of the Board with respect to all actions under the Agreement:

FIINANCE OFFICER/SECRETARY

CHAIR, BOARD OF TRUSTEES

VICE CHAIR, BOARD OF TRUSTEES

In addition, I do further certify that the following individuals have been designated by the Board to act individually on behalf of the Board with respect to providing instructions and directions to, and communicating with Northern with respect to pension payments, lump sum distributions, rollovers of member contributions, member/employer contributions, error adjustments to monthly statements and all other matters pertaining to such activities.

RETIREMENT ADMINISTRATOR

PAYROLL/BENEFITS SUPERVISOR

I, CRYSTAL HEBERT, certify that I am the duly appointed and qualified Secretary of the Bay County Employees' Retirement System (the "Board") of the County of Bay, State of Michigan and the keeper of its records and that the foregoing resolution, being the Delegation Resolution, was duly passed and adopted by the Bay County Employees' Retirement System Board of Trustees at their regular meeting held on December 10, 2013 where a majority and quorum of the Board were present, by the following vote:

Aye: Trustees:
No: Trustees:
Absent: Trustees:

_____

Crystal Hebert, Secretary of the Bay County Employees' Retirement System Board of Trustees

BCERSdelegation- Microsoft Word

DEPARTMENT OF CORPORATION COUNSEL **BAY COUNTY**

MARTHA P. FITZHUGH
Corporation Counsel/Risk Manager
fitzhughm@baycounty.net

THOMAS L. HICKNER
County Executive

DEBRA A. RUSSELL
Legal Coordinator/Administrative Assistant
russelld@baycounty.net

TO: **Chair Steve Gray and the Bay County Employees' Retirement System**

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

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

DATE: **December 4, 2013**

At last month's meeting, we began consideration of Attorney Thomas Michaud's draft documents for consideration and adoption by the Bay County Employees' Retirement Board.

Today, I have included an updated draft of the Education/Travel/Due Diligence Policy. Staff are evaluating our current travel procedures for further discussion. Some proposed changes have been noted on this policy for the Board's comment.

The other proposed documents are also included without changes for Board comment.

RECOMMENDATION: That, in January, 2014, the BCERS Board considers 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: 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 *to attend MAPERS conferences and other similar educational conferences, if available.* ~~attend (3) three conferences per year~~; ~~specifically, one out of state and (2) two MAPERS conferences.~~ Individuals wishing to attend *non-MAPERS sponsored conferences shall request prior Board approval and* ~~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~~, *every 24 months. The manager will appear once every 12 months if included on the Retirement System's watch list due to marginal investment performance or other concerns or has been an investment manager for less than two years* 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 *Retirement System*. ~~Internal Revenue Service~~ for ~~out-of-state business travel.~~ *for Retirement System business.* 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.

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.

GRS Gabriel Roeder Smith & Company
Consultants & Actuaries

Memorandum

Date: December 3, 2013

To: Bay County Employees' Retirement System
c/o Ms. Sue Gansser

From: Shana Neeson, ASA, MAAA and James D. Anderson, FSA, EA, MAAA

cc: Mark Buis

Re: Interest on Accumulated Member Contributions

As requested, we have investigated your recent inquiry into the Interest earned on Accumulated Member Contributions. The ordinance defines "Regular Interest" as the rate or rates of interest per annum, compounded annually, which the Board shall adopt annually. This has been set at 4% for the Bay County Employees' Retirement System for as long as we could find in our records. The selection of interest for this purpose varies from system to system. A common approach is to set this rate of interest based on a long term savings rate or long term inflation rate. A rate of 2% to 4% is fairly common for this purpose. For example, the current long term inflation assumption used by the Social Security Trustees is 2.8%. While short term rates are somewhat below this at the moment, changing the interest rate from year to year can add complexity and cost to the plan administration. A lower rate will result in lower plan costs, however, this typically will have a relatively minor impact on the liabilities of the Retirement System.

Circular 230 Notice: Pursuant to regulations issued by the IRS, to the extent this communication (or any attachment) concerns tax matters, it is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) marketing or recommending to another party any tax-related matter addressed within. Each taxpayer should seek advice based on the individual's circumstances from an independent tax advisor.

This communication shall not be construed to provide tax advice, legal advice or investment advice.

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

DATE: December 4, 2013

TO: Deanne Berger
Board of Commissioners

COPY

FROM: Sue Gansser
Retirement

RE: Military Service Credit - **Patrick Baker** - Bay Arenac Behavioral Health

Enclosed please find the request from Patrick Baker to purchase three (3) years and zero (0) months of military service credit from August 5, 1965 to August 4, 1968.

I have all of the required documents needed to process this request.

I would note that, normally, requests to purchase military service credit appear on the agenda of the Bay County Employees' Retirement System Board of Trustees the month after approval by the Personnel Committee. In this instance, that is not possible because Mr. Baker must make payment prior to his date of retirement, which is December 31, 2013, which is the last date employees are eligible to retire under the retirement incentive being offered to employees of Bay Arenac Behavioral Health. Therefore, his request will appear on the December 10, 2013 agenda of the BCERS Board. Approval by the BCERS Board will be contingent upon approval of the Personnel Committee. Mr. Baker first became aware that he was eligible to purchase military service credit on November 20, 2013. He is prepared to make payment immediately upon approval by the Personnel Committee.

If you have any questions please contact me.

PURCHASE OF MILITARY SERVICE CREDIT

EMPLOYEE NAME: PATRICK BAKER

DEPARTMENT	Bay Arenac Behavioral Health
JOB TITLE	Arenac Program Manager
DATE APPROVED BY PERSONNEL COMMITTEE	Request will appear on Personnel Committee Agenda - December 17, 2013
RESOLUTION NUMBER	Request will appear on Personnel Committee Agenda - December 17, 2013
TIME BEING PURCHASED	Three (3) Years and zero (0) Months (Member is only purchasing a portion of 3 years 6 months active military service)
ACTIVE MILITARY SERVICE:	FROM: August 5, 1965 TO: March 1, 1969
CERTIFIED COPY OF FORM DD214 ON FILE?	Yes
DOES APPLICANT HAVE MINIMUM OF 8 YEARS SERVICE CREDIT IN BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM?	Yes
AFFIDAVIT ON FILE DECLARING INELIGIBILITY TO DRAW MILITARY PENSION?	Yes
GROSS EARNINGS ON DATE OF APPROVAL:	$ 76,152.00
ADJUSTMENTS TO GROSS EARNINGS FOR THIS CALCULATION:	$
OVERTIME:	$
ESTIMATED GROSS ANNUAL COMPENSATION	$ 76,152.00
5% OF GROSS ANNUAL COMPENSATION	$ 3,807.60
YEARS & MONTHS OF MILITARY SERVICE BEING PURCHASED	Three (3) Years and zero (0) months (3.0)
AMOUNT DUE RETIREMENT SYSTEM	$ 11,422.80
PAYMENT MUST BE COMPLETED BY:	December 17, 2014 or prior to retirement, whichever is earlier.

Prepared by: Sue Gansser, Interim Retirement Administrator

G:\TIFFANY\SUE SEPT 2013\BABH RETIREMENT INCENTIVE\EMPLOYEE FILES\BAKER, PATRICK\PURCHASE OF MILITARY SERVICE CREDITEMPLOYEE NAME.wpd

Cynthia A. Luczak
Bay County Clerk

515 Center Ave., Suite 101
Bay City, MI 48708-5941
Phone (989) 895-4280
Fax (989) 895-4284
TDD (989) 895-4049

Courthouse Erected A.D. 1932

November 19, 2013

Bay County Retirement System
Board of Trustees
c/o Crystal Hebert
515 Center Avenue
Bay City, MI 48708

RE: BCERS Trustee Elections - Groups 2 and 3

Dear Crystal,

The filing deadline for employees wishing to serve as a representative for the Bay County Employees' Retirement System Group #2, the Bay Medical Care Facility, and Group #3, the Bay County Sheriff's Office and the Bay County Library System, has lapsed with only one (1) candidate filing for each open position.

Kristal Zielinski qualified as a candidate for the Trustee position representing Group #2, Bay Medical Care Facility, and Matthew Pett qualified as a candidate for the Trustee position representing Group #3, Sheriff's Office and Library System. Both candidates submitted nominating petitions with the required number of member signatures.

Section XIX of the Election Rules of the Bay County Employees' Retirement System allows the Board of Trustees to not proceed with an election and deem a candidate elected to the position of Trustee when only one (1) candidate files for the open position.

The vote of at least five (5) concurring members of the Board of Trustees shall waive the need to hold an election and deem Kristal Zielinski to be the elected representative for Group #2, the Bay Medical Care Facility, and Matthew Pett to be the elected representative for Group #3, the Bay County Sheriff's Office and the Bay County Library System. Please advise me of your board action taken in this regard, including a copy of your adopted resolution.

Sincerely,

Cynthia A. Luczak

Cynthia A. Luczak
Bay County Clerk

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G:\TIFFANY\SUE SEPT 2013\TRUSTEE ELECTION 12-2013\Letter from Clerk RE waive election.wpd

RESOLUTION

12/10/2013
BY: BAY COUNTY RETIREMENT BOARD OF TRUSTEES

WHEREAS, An election was scheduled to be held on December 10, 2013 for representatives of employee Groups 2 and 3; and

WHEREAS, Kristal Zielinski was the only candidate to file for the position representing Group 2 by the stated deadline of November 12, 2013 at 4:00 P.M..; and

WHEREAS, Matthew Pett was the only candidate to file for the position representing Group 3 by the stated deadline of November 12, 2013 at 4:00 P.M.; and

WHEREAS, This resulted in only one candidate running for each open position; and

WHEREAS, The Bay County Clerk has checked the nominating petitions of the candidates to verify that the signatures contained therein are those of the eligible members of the candidate's employee group; and

WHEREAS, Section XIX of the Trustee Election Rules states if only one candidate has filed, it shall be at the discretion of the Board of Trustees to not proceed with the election and deem the candidates to be elected by a vote of at least five (5) concurring votes; Therefore Be It

RESOLVED, That effective January 1, 2014, Kristal Zielinski shall be deemed to be elected to the position of Retirement Board of Trustee representative for employee Group 2 and Matthew Pett shall be deemed to be elected to the position of Retirement Board of Trustee representative for employee Group 3, both for the term January 1, 2014 through December 31, 2016.

Brzezinski	Yea___	Nay ___	Abstain ___	Absent ___
Coonan	Yea___	Nay ___	Abstain ___	Absent ___
Gray	Yea___	Nay ___	Abstain ___	Absent ___
Herek	Yea___	Nay ___	Abstain ___	Absent ___
Morse	Yea___	Nay ___	Abstain ___	Absent ___
Peltier	Yea___	Nay ___	Abstain ___	Absent ___
Pett	Yea ___	Nay ___	Abstain ___	Absent ___
Starkweather	Yea___	Nay ___	Abstain ___	Absent ___
Vacant	Yea___	Nay ___	Abstain ___	Absent ___

G:\TIFFANY\SUE SEPT 2013\TRUSTEE ELECTION 12-2013\Resolution - No Election 2013.wpd

NOTICE OF PUBLIC MEETINGS

THE BOARD OF TRUSTEES OF THE BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM, 515 CENTER AVENUE, 7TH FLOOR, BAY CITY, MICHIGAN 48708, PHONE NUMBER (989) 895-4030, HAS SCHEDULED REGULAR MEETINGS FOR **2014**. ALL MEETINGS WILL BE HELD AT **1:30 P.M. (*except as noted)** IN THE **BOARD OF COMMISSIONERS CHAMBERS**, LOCATED IN THE BAY COUNTY BUILDING, 515 CENTER AVENUE, **4TH FLOOR**, BAY CITY, MI 48708.

*JANUARY 14, 2014 at 10:00 A.M.
JANUARY 14, 2014 AT 1:30 P.M.
FEBRUARY 11, 2014
MARCH 11, 2014
APRIL 8, 2014
* APRIL 24, 2014 - 8:30 A.M.
MAY 13, 2014
JUNE 10, 2014
JULY 8, 2014
AUGUST 12, 2014
SEPTEMBER 9, 2014
OCTOBER 14, 2014
* OCTOBER 23, 2014 - 8:30 A.M.
NOVEMBER 12, 2014
DECEMBER 9, 2014

Date

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

The County of Bay will provide reasonable and necessary auxiliary aids and services, such as signers for the hearing impaired and audio tapes of printed materials being considered the meeting, to individuals with disabilities at the meeting/hearing upon ten days notice to the County of Bay. Individuals with disabilities requiring auxiliary aids or services should contact the County of Bay by calling or writing: Martha P. Fitzhugh, ADA Coordinator, Office of Corporation Counsel, 515 Center Avenue, Suite 402, Bay City, MI 48708, (989) 895-4131 or (989) 895-4049. TDD