

BAY COUNTY RETIREMENT BOARD OF TRUSTEES AGENDA
TUESDAY, JUNE 11, 2013 @ 1:30 P.M.
COMMISSIONERS CHAMBERS
515 CENTER AVENUE - 4TH FLOOR
BAY CITY, MI 48708

PAGE	I.	CALL TO ORDER
	II.	ROLL CALL
	III.	MINUTES
1 - 4	A.	APRIL 25, 2013 - MONEY MANAGER PRESENTATIONS
5 - 13	B.	MAY 14, 2013 - REGULAR MEETING
	IV.	PUBLIC INPUT
	V.	PETITIONS & COMMUNICATIONS
	A.	HOTCHKIS & WILEY - SMALL CAP VALUE
	1.	PAT MCMENAMIN
14 - 17	B.	PORTFOLIO VALUE - 1/1/13 - 6/5/13
	C.	MONEY MANAGERS ON WATCH - (EFFECTIVE DATE)
18	1.	WHV INVESTMENT MANAGEMENT - (9/14/10) PORTFOLIO ENDING 5/31/13
19	2.	BARINGS - 6/6/13) CORRESPONDENCE REGARDING WATCH STATUS
	D.	MONEY MANAGER REPORTS
20 - 31	1.	CORNERSTONE - ENDING 4/30/13
	2.	EAGLE ASSET MGMT -ENDING 4/30/13
	3.	GENEVA CAPITAL - ENDING 3/31/13
	4.	HOTCHKIS & WILEY - ENDING 4/30/13
	5.	LOOMIS SAYLES - ENDING 4/30/13
	6.	MFS INVESTMENT -ENDING 4/30/13
	7.	MACKAY SHIELDS -ENDING 4/30/13
	E.	RECAPTURE SERVICES
32 - 34	1.	CONVERGEX - ENDING 4/30/13
	F.	NORTHERN TRUST
35 - 39	1.	SUMMARY EARNINGS - ENDING 4/30/13
40	G.	REFUNDS/RETIREMENTS ENDING 5/31/13

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H. NON DUTY DISABILITY

- 1. DONNA BECK-BALZER , BAY MEDICAL CARE DOCUMENTATION TO BE PROVIDED AT THE MEETING.

VI. ANNOUNCEMENTS

- A. NEXT REGULAR MEETING - TUESDAY, JULY 9, 2013 @ 1:30 P.M. - **COMMISSIONERS CHAMBERS, 515 CENTER AVENUE - 4TH FLOOR, BAY CITY, MI 48708**

VII. UNFINISHED BUSINESS

- A. PA 347 RIGHTS AND RESPONSIBILITIES OF A PENSION BOARD

- 1. MARTHA FITZHUGH, CORPORATION COUNSEL, REQUESTS THIS AGENDA ITEM BE SCHEDULED FOR THE JULY MEETING.

- B. RE-BALANCE OF ASSETS

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- 1. JEFF BLACK, BECKER, BURKE

- C. LARGE CAP CORE INDEX EQUITY MANAGERS

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- 1. JEFF BLACK, BECKER, BURKE

VIII. NEW BUSINESS

IX. MISCELLANEOUS BUSINESS

X. ADJOURNMENT

The meeting, held in the Bay County Commission Chambers, 4th Floor, Bay County Building, 515 Center Avenue, Bay City, Michigan, was called to order by Chairman, Steve Gray at 9:03 a.m. Roll call was taken. All trustees are present except Mr. Coonan and Ms. Peltier.

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

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

Present today are representatives from three money managers to present their performance report. Copies were provided to all Trustees in advance via the web.

First to present is Barbara Cassidy, Relationship Manager, Baring Asset Management, Boston, Massachusetts. Mr. David Bertocchi, Head of International and World Equities, is also presenting via telephone. Ms. Cassidy gave a brief update on the firm. The last six months have been challenging for them with under performance of the index in spite of absolute returns. There have been no major organizational changes, no changes to the investment team. They have acquired a company in Korea which is now Baring Asset Korea, so they continue to expand globally. She gave an overview of how they run international equity portfolios.

Their calendar year composite performance generally outperformed the index, the exception being 2012. In 2012 they had an under performance of about 610 basis points versus the index. That under performance was really concentrated in the fourth quarter of 2012.

The performance for the Bay County Retirement System has outperformed the index since inception through the third quarter of 2012. The negative performance in the fourth quarter of 2012 and the first quarter of 2013 impacted the long term performance. Several factors contributed to this including emerging markets not performing well, the weakening of the Japanese yen, and being underweight in Financials (European banks) which Mr. Bertocchi explained in more detail.

Ms. Cassidy added that a formal review was conducted of their investment process to insure that it was adhered to, and concluded that it was adhered to. This under performance was not the result of a process failure. This situation was more a "perfect storm" of the market working against their top down ideas and some certain stock specific issues that they have taken action on. This formal review resulted in some fine tuning being done in certain areas. Mr. Bertocchi referred to page 15 and reviewed their continuing and new positioning in regard to sectors, countries, and themes.

The representatives responded to questions from Trustees and concluded their presentation. A five minutes break was taken at 9:45 a.m. Back on the record at 9:55 a.m.

Next to present are Warren Pierson, Managing Director and Senior Portfolio Manager and Sharon deGuzman, Senior Vice President and Senior Portfolio Manager from Baird Advisors, Milwaukee, Wisconsin. Ms. deGuzman gave an overview of Baird which is employee owned and privately held. Things are going well at Baird and they are focused on the long term goal of what makes sense for the firm. The average client relationship exceeds 14 years, with new clients bring this average down. Ms. deGuzman discussed their two fold investment process and feels that is why they can provide consistent and competitive performance. At this time, they feel that the guidelines and parameters set forth in our Investment Policy are just fine.

Mr. Pierson reviewed our portfolio performance. The yield is 1.61% compared to the benchmark of 1.70%. They have become a little more defensive and have paid up for some securities they feel gives them better structure, that limit that extension risk. Though they have a slight yield disadvantage, they are comfortable that they can outperform the bench mark over time. They currently have 73 issues with a market value of \$22,542,092. Since inception (2006) the cumulative return (gross of fees) is 49.43% compared to the benchmark of 47.25%. On an annualized basis the return is 5.90% compared to the benchmark of 5.68%.

The representatives answered questions from Trustees and from Becker, Burke, and concluded their presentation.

Break taken at 10:45 a.m. Back on the record at 10:56 a.m.

Next to present are Alan Puklin, Senior Relationship Manager and Richard Rosen, Portfolio Manager from Columbia Management, New York City, New York. They have been managing the portfolio with the same strategy and the same team since January of 2001. They have not changed their approach or style in managing a Large Cap Value Equity portfolio for us. Mr. Puklin reviewed the performance of our Fund as though December 31, 2012. For the calendar year ending 2012 they slightly under performed the Russell 1000 Value Index and were even with the broad market as measured by the S&P 500. The under performance in 2012 is a result of one holding in the portfolio, which was Humana. The health care sector, in general, had a tough period in 2012. Humana was the largest single negative contributor to the performance. They also had slight under weights in Financials. Looking at the 3, 5 and 10 year comparison, they have outperformed the bench mark which goes to their approach and style.

For the period ending March 31, 2013 the portfolio was up over 13% which out performed the benchmark. This out performance was led by individual stock selection, in particular the energy and industrial sectors.

Mr. Rosen states that over the last ten years our portfolio has appreciated at a rate of almost 12.5% per year. That is amazing from a couple of standpoints, one being the downturn in 2008, and second, speaking of the market rather than the portfolio, is that historically over the last 100 years, the market is up between 8-9% per year. In spite of this massive dislocation in 2008, it has been a period of out performance relative to history as far as the market is concerned.

Mr. Rosen provided commentary on capitalism in America and gave two examples of success and how it is handled. One being a basketball player who over the course of his career made in excess of 200 million dollars and as of today has gone bankrupt. The other being Apple Computer. About a year ago the price of Apple was in the high 600's, now the stock is below 400, and this is in a period when the market was doing well. You must have a plan to keep getting better going forward. Apple saved the music business and transformed social media and the cell phone business. PC sales have grown globally because Apple revolutionized the Tablet business. This great company is already at a point where they need to re-invent themselves and that is our society - you have to continually get better.

Mr. Rosen talked about the high debt in this country and the help the economy is getting from the Feds. The Feds don't want to see deflation take hold, so they are printing money to help. The bottom line is that we have conspired to get corporate profits up, we have conspired to get the stock market up and the economy looking better. It is not really. In the last six years we have two million fewer manufacturing jobs in this country than we did prior to the downturn.

Columbia would like to see more incentives. They would rather that oil and gas companies not be referred to as "cheating the system" for taking advantage of incentives to explore for oil and gas. They would like to see more incentives for business to do well, for corporate tax rates to be reduced, for companies to have reason to hire more people, rather than be concerned about the impact of health care. In the mean time, the market is going up, we all feel good, and if the Feds continue to print money we will continue to feel good as investors in the stock market. It makes it a lot harder in the long term for bond investors.

He reviewed the top ten holdings and equity sector weighting. The biggest weighting is in Financials followed by Energy and Industrials. He discussed new positions, and closed positions for the year 2012, and for the first quarter of 2013.

The representatives answered questions from Trustees and from Becker, Burke, and concluded their presentation.

2. Moved, supported and carried to receive the performance report from Baring Asset Management.
3. Moved, supported and carried to receive the performance report from Baird Advisors.
4. Moved, supported and carried to receive the performance report from Columbia Management.

ANNOUNCEMENTS:

- A. Next regularly scheduled meeting will be Tuesday, May 14, 2013 at 1:30 P.M. in Commissioner's Chambers, 515 Center Avenue - 4th Floor, Bay City, MI 48708.

UNFINISHED BUSINESS:

Jeff Black thanked everyone for coming today and stated that these meetings are an important way for Trustees to really become educated on what is happening behind the scenes and will have a much better understanding of what is happening with the portfolios. Overall, what we have heard from these managers is that we are facing a period of uncertainty, even more so than we have been. The two weapons we have against that uncertainty is diversification and using active management to avoid undue risks.

In response to Trustee question, Mary Nye states that all three firms are structurally sound from a team and organizational point of view. All three are following their processes. For those that are under performing, it is short term as sometimes the market agrees with them and sometimes not, which is the case for every manager. Our long term focus has definitely helped us and our funding ratio is very good and our returns, in general, are very strong.

Discussion regarding the rise and fall of Apple stock and the procedures and guidelines in place as to what percentage our money managers should invest. We held our position at 5% rather than going to 8%, so when the price fell, we benefitted from that.

NEW BUSINESS:

None

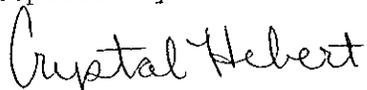
MISCELLANEOUS BUSINESS:

None

ADJOURNMENT:

5. Moved, supported and carried to adjourn the meeting at 11:40 a.m.

Respectfully submitted,



Crystal Hebert
Finance Officer/Secretary

Transcribed by: Naomi Wallace

MEETING OF THE BCERS BOARD OF TRUSTEES COMMITTEE
APRIL 25, 2013 - MONEY MANAGER PRESENTATIONS

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 9:03 A.M.

OTHER PRESENT: JEFF BLACK, DANEAN WRIGHT

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

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 1:30 p.m. Roll call was taken. All trustees are present.

Chairman introduced newly elected Trustee, Jon Morse.

1. Moved, supported and carried to approve the minutes, as printed, from the April 9, 2013 regular meeting.

Discussion:

Trustee Carpenter clarified a statement she had made in last month's meeting regarding terminated employees at the Bay Medical Care Facility. All of those positions were terminated positions either by choice of the employee, or by the employer. Ms. Carpenter requested that if there are questions regarding this in future, that those questions be directed to the HR Department at the Bay Medical Care Facility.

Trustee Starkweather stated he could not find in the minutes the authorization of \$34,000 and additional employees that were authorized by the Board last month. Plan Administrator advised that information is in the VEBA minutes.

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

Two legal opinions were received just prior to today's scheduled meeting and therefore were not on the printed Agenda. One opinion is from the firm of VanOverbeke, Michaud & Timmony, Detroit, Michigan, and the other opinion is from Corporation Counsel. Copies were passed out to all Trustees. Chairman Gray has Martha Fitzhugh, Corporation Counsel discuss her written opinion at this time.

Ms. Fitzhugh states she completed her opinion this morning which was addressed to this Board, but later the same question was raised by the Bay County Board of Commissioners. The Retirement Board voted to approve the purchase of software and also approved wages for temporary personnel to help with the project. The question is do these proposed expenditures require the prior approval of the Bay County Board of Commissioners? The answer is yes because these are new expenditures that were not originally included in the approved budget. Budget transfers require Commission approval.

The second question was when the BCERS Board approves the purchase of already budgeted items or professional services authorized by the BCERS Ordinance and in conformity with the Bay County Purchasing Policy, does such an expenditure require further approval of the Bay County Board of Commissioners? The answer is no.

The third issue she addressed is the process. If the amount for the software had been budgeted for in 2012, the approval would have come by the approval of the budget in 2012. Therefore, the software would have already been accepted by the Board of Commissioners and would not now require a budget adjustment to go to the Board of Commissioners. The Purchasing Policy of the County must be followed. The conditions that relate to that level of expenditure would have to be followed.

She gave additional background regarding MCL 46.12a which allows the County Board of Commissioners to provide for a Board of Trustees to administer a Plan for payment of pension and retirement benefits. The rest of the powers which belong to the Retirement Board are found in the Bay County Ordinance. The Board of Commissioners places in the Ordinance a description of the organization, the plan, parameters and powers which this Board may exercise. In that document, which regulates this Board, there is mention of the County Treasurer being involved, Corporation Counsel, the Medical Director and the expectations of the Board of Commissioners that this Board will use county services in

that area, but it also speaks to the fact that you may hire other independent contractors to provide additional services that you might need.

The Michigan Retirement System Investment Act also applies to this Retirement Board. She cited MCL 38.1132c Focusing on MCL 38.1133(5) and explained a section that applies only to State run retirement systems. Any expansion of powers regarding this Board would only happen if the Bay County Board of Commissioners amended the Ordinance to charge this Board of Trustees with carrying out additional powers directly and not by their association with county services.

In summary, the purchase of software, and the hiring of temporary personnel, which require budget adjustments, require the approval of the Board of Commissioners.

Ms. Fitzhugh answered questions from the Trustees regarding this issue and deferred to the Finance Director, Crystal Hebert, regarding budget questions. Ms. Fitzhugh clarified that this retirement board is not completely autonomous. It has autonomy in certain specific areas granted by the Board of Commissioners through the Ordinance, but is still subject to County policies.

There was discussion and questions from Trustees regarding clarification of the autonomy of the retirement board regarding budget issues, hiring outside professional services, sole source purchases, and requesting an RFP for another actuary to determine if they have the software that would meet our requirements.

Ms. Fitzhugh commented on the opinion submitted by Thomas C. Michaud of the law firm of VanOverbeke, Michaud & Timmony, P.C., from Detroit, Michigan. This opinion was provided at the request of Trustee Herek. The sections of the Ordinance as outlined on page one are accurately quoted. On page 2, Section 21 of the Retirement Ordinance is also accurately quoted. She has no issue with the paragraphs that follow that quote that cover Section 13 of PA 314, fiduciary duties of the Trustees, ERISA, providing benefits to participants in the Plan, and defraying reasonable administrative expenses. She has no argument with the quotes in this opinion from the law and the Ordinance.

Trustee Brzezinski comments on the opinion submitted by Thomas C. Michaud and his reference to a law passed on December 5, 2012 that expanded some of the rights of the Retirement Board and also many more responsibilities including an extensive preparation of summary of an annual statement, including point H about the systems itemized budget. It appears it may require work by Plan Administrator, Corporation Counsel, Becker Burke, and perhaps our Actuary. He feels this issue needs to be addressed by this Board whether today or next month's meeting.

Trustee Starkweather asks Corporation Counsel if we have any enabling legislation that identifies this body to come into existence from the Board of Commissioners that identifies our responsibilities and authority. Ms. Fitzhugh responds that the Retirement Ordinance covers that along with the investment Policy. Mr. Starkweather asks if there is a requirement for this Board to submit a budget to the county. Ms. Fitzhugh responds there is nothing in there to her knowledge that requires that. Trustee Starkweather suggests perhaps we should review the enabling legislation to see if it consistent with the new State law.

2. Moved, supported and carried to review PA 347 of 2012 at the June meeting.

Ms. Fitzhugh leaves the meeting.

Present today are Jeff Black and Mary Nye from Becker, Burke Associates to present the first quarter report. A copy was provided to all Trustees in advance via the web.

Lots of things happened in the first quarter. We had the fiscal cliff issue, the European crisis continued to flare up, we saw Cyprus pull some unprecedented moves by confiscating citizens deposits. These issues made the market nervous, but in fact we saw some strong returns especially in the United States. On Page 4, the benchmark indices shows for the quarter a 10.6% return. Across the Large Cap we saw value up a little more than growth. The Russell 2000 which represents the Small/Mid Cap part of the U.S. market returns were even better at 12.4% for the quarter. Looking back over five years we are seeing a 8.2% return in Small/Cap and 5.8% for Large Cap. It has been a good run after the crisis of 2008.

In the International Stocks, the performance was not as good. A 5.1% return for the quarter. Quantitative easing in Japan caused Japanese stocks to rally which was the bright spot across International equities. Emerging markets were the low point where we saw a negative return for the quarter.

The Barclays Aggregate represents our Fixed Income. There we see a negative for the quarter. This is one of the first quarters where we have seen a negative return coming in on the Bond markets. It is an indication that sentiment is changing. Across the Bond market we saw treasuries falling the most. The safest bonds were the ones most effective on the down side. The longer duration bonds were also negative in a big way. The things that worked in the Bond market were Short and Intermediate Duration and Corporate Credits. With half of our Fund in Fixed Income in Treasuries and the other half in Corporate we were able to take advantage of the gains in the Corporate side.

NFI-ODCE is a real estate market. We received 2.7% for the quarter which is what they expected from real estate.

Page 11 is a new exhibit showing Net of Fees in more detail. It shows the actual fees charged by each money manager and what that would mean if you multiply the annual fee times the ending market value. It gives you the annual fee in dollars, and also shows what the performance was on a gross and net basis for a few select periods.

Mary Nye discussed the Fund performance. She stated that for the quarter we had a return of 7.6% which is beating the Policy benchmark and against all Plans we are in the top 1/3 of the universe. At one year at 10.5% rate of return and for three years, 10.9% and for five years 6.6%. For ten years the total plan was 8.4% over the policy index of 7.5%. As a whole our Plan is doing very well against all other Plans in our universe.

She reviewed the performance for the individual money managers. MFS, a recently hired manager is off to a good start, with 9.9% for the quarter out performing the benchmark. WHV is still struggling. They were 8.2% for the quarter versus their policy of 10.9%. They were also below the benchmark for the one year, three year and five year performances.

Trustee had a question about Barings and their performance. Mary advised they have made some bad calls recently, but she is comfortable with keeping them for a few more quarters to see if things turn around. Jeff Black stated that in April they saw large gains from stocks that Barings hold. They expect to see a good rebound from them, but suggested putting them on a watch list and asked for a motion.

3. Moved, supported and carried to place Barings on the watch list.

Jeff requested to address the issue of re-balancing. We are starting to see a large gain in domestic equities and little return from fixed income. He had a hand out for the Trustees on Asset Allocation vs. Policy Target Allocation. Becker, Burke is

recommending that we make a pre-emptive re-balance to move \$10 million from the Domestic Equity Managers, re-direct \$5 million to International and \$5 million to Fixed Income which will effectively get us half way back to the target while still giving us plenty of exposure to the Equity markets which is where we will see most of the returns over the medium term horizon.

4. Moved, and supported to re-balance \$10 million dollars.

Discussion:

Trustees discussed changing allocation, moving toward Corporate bonds, taking another look at real estate, the Policy Target, and concluded that they needed more details regarding re-allocating money. Jeff Black offers to table this idea until next month when he can provide the Board with a more detailed cash flow diagram which will show the proposed flows from specific fund to specific fund.

Roll call on Motion to re-balance funds:

Mr. Brzezinski - No
Ms. Carpenter - No
Mr. Coonan - Yes
Mr. Gray - No
Mr. Herek - No
Mr. Morse - No
Ms. Peltier - No
Mr. Pett - No
Mr. Starkweather - Yes

Motion fails two votes to seven.

5. Moved, supported and carried to have Becker Burke prepare a more specific recommendation, including real estate, on how to re-balance our portfolio.
6. Moved, supported and carried to receive the first quarter 2013 performance report from Becker, Burke Associates.
7. Moved, supported and carried to receive Portfolio Value from 1/1/12 to 5/7/13. The value today is \$270 million.

The next item on the agenda is WHV Investment Management, portfolio reports ending 3/31/13 and 4/30/13. This manager has been on watch status since September 14, 2010. Jeff Black wants to address this issue today. Over the last two years they have missed the benchmark by significant amounts. Now we are continuing to see deterioration in their relative rankings on the three and five year performance. Mary Nye stated she does not have the confidence in them that she used to have. Jeff is recommending that this Board terminate WHV and he has some recommendations as to what to do with the money.

They have looked at similar managers that fit into Large Cap Core and managers that have a fundamental process of stock picking are showing meager returns as well. At this time they do not have a good candidate to replace WHV, so in lieu of another active manager they are recommending that we sell 100% out of WHV, take half of those proceeds and put it into the S&P 500 Index into a Vanguard Fund which is the lowest cost vehicle. The remaining 50% to be split between Columbia and MFS. We would still have equal exposure across the Large Cap spectrum without putting too many assets with any one Large Cap manager. They are not keen on splitting the assets entirely and putting them in both camps because that would put our manager asset total up near \$40-

MINUTES BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM BOARD OF TRUSTEES (BCERS)
MAY 14, 2013
PAGE 5

45 million per manager and that would be a little too high relative to what those managers are able to handle. A new Index Fund would have 9 basis points versus the current 50 basis points so the fee would be reduced.

8. Moved, and supported to terminate WHV.

Discussion:

Trustees questioned the re-allocation, costs involved, and the timing of this termination. The Board agrees this issue should be tabled until next month when Becker Burke can provide a new strategy to re-balance and terminate WHV. The Motion to terminate WHV is withdrawn.

9. Moved, supported and carried to receive portfolio reports from Baird, Columbia, Cornerstone, Eagle Asset, Integrity Asset, Loomis Sayles, MFS Investment, and Schroder, all ending 3/31/13.
10. Moved, supported and carried to receive the report from ConvergEx ending 3/31/13.
11. Moved, supported and carried to receive Northern Trust's Summary Earnings ending 3/31/13.
12. Moved, supported and carried to receive Refunds/Retirements for the month ending 4/30/13.
13. Moved, supported and carried to approve Kim Withrow's request to purchase military service credit.
14. Moved, supported and carried to approve Dave Engelhardt's request to purchase other government service credit.
15. Moved, supported and carried to receive correspondence sent to money managers regarding re-balancing of the retirement fund.
16. Moved, supported and carried to receive the retirement election results for the General Group. Jon Morse is the new Trustee elected to the Board.

ANNOUNCEMENTS:

- A. Next regularly scheduled meeting will be Tuesday, June 11, 2013 at 1:30 P.M. in Commissioner's Chambers, 515 Center Avenue - 4th Floor, Bay City, MI 48708.

UNFINISHED:

- A. Bid Process

Trustee Coonan inquired about the process of going out for a bid for another Actuary. Finance Director, Ms. Hebert responds that we need to determine what process we need to follow. Because this is for professional services she recommends going with the qualification selection which would require certain steps to be followed pursuant to the County Purchasing Policy. The first step is to identify the scope of work.

Trustee Coonan states that we have a fiduciary responsibility to request a RFP and along with that we could ask for the software that we are seeking.

Moved and supported to request a RFP for Actuary services.

Discussion:

Trustees agreed that they have a fiduciary responsibility to look at other Actuaries. Information from conferences indicate that pension boards should look at their professional service providers at least once every five years. Perhaps not all actuaries offer the level of services as Gabriel, Roeder, but it is still the Board's responsibility to look at other service providers. There was a question about requesting an RFP or a QBS for this.

New GASB mandates have been issued and must be implemented by 2014. The Finance Department is currently talking to the auditors and actuary to gather as much information as possible to determine how to implement these changes. The Purchasing Agent, Frances Horgan, stated she could not give a time frame for completion because there are too many factors that influence a bid. Other Trustee agreed that we should look at other alternatives but given the new GASB requirement, we should allow the Finance Department staff the time needed to do it well.

Chairman asks for a roll call vote.

Roll call:

Mr. Brzezinski - Yes
Ms. Carpenter - Yes
Mr. Coonan - Yes
Mr. Gray - Yes
Mr. Herek - Yes
Mr. Morse - Yes
Ms. Peltier - Yes
Mr. Pett - Yes
Mr. Starkweather - Yes

Motion passes.

17. Moved, supported and carried to have a QBS bid for Actuary services.

B. BARRACK, RODOS & RACINE, SECURITIES LITIGATION FIRM

Chairman Gray states the sub-committee agreed that this type of service is something we should look at to see if we could possibly recoup money above and beyond what Northern Trust is getting for us. Chairman Gray states he would like Becker Burke to provide names of two other law firms that provide this service and those two, along with Barrack, Rodos & Racine, would be interviewed by this Board.

18. Moved, supported and carried to interview three legal firms that provide securities litigation services.

Jeff Black states they can provide some names of law firms although this is not an area they specialize in.

Mr. Brzezinski, who was on the sub-committee, stated that the service that Barrack, Rodos is proposing is that they have computer programs that will monitor all the companies we invest in and they will be looking to see if any of these companies have any law suits, or class action law suits pending. Although Northern Trust currently provides this service, they see themselves as "another set of eyes". There is no cost for there services. As they find the money, they make it available. Oakland County uses this law firm but could not verify that any money had been found for them. This law firm also does work for the State of Michigan, but again no figures on what they have found, but we have been assured that this process is without cost. He feels we should pursue this.

Trustee Herek inquired about retaining professional services in the past. If we are going out for bid and interviewing firms for Actuaries, and for securities litigation, then perhaps we should consider having an RFP for law firms that specialize. Mr. Herek makes a motion to that effect.

19. Moved and supported to have an RFP to retain legal services to represent this Retirement Board.

Discussion:

The Retirement Board Ordinance states that the Bay County Corporation Counsel is the attorney for this Board. We have an existing policy regarding legal services. We could perhaps look at another attorney for a specific situation, but we have an existing policy. The current policy should first be reviewed to determine if we could even do this. Trustee Herek stated that with the new state law that just came out there is a long list of things that we may not all know about. He offered a comparison between the county and the city. The charter for the City of Bay City states that the city attorney is the attorney for the pension board, but he is not. The pension board has a separate attorney that specializes in pension fund matters. He states that as long as we are looking into other firms that provide services we are currently receiving, that it would not hurt to look into this also.

Rather than trying to change the ordinance a recommendation was made that perhaps the Chairman and Co-chairman of this board, and perhaps a member of the Board of Commissioners, discuss the possibility of reducing the work load of the Corporation Counsel and look at a specialized attorney. He acknowledges that she works hard, but this board has not always received answers as soon as we would like. As Trustee Herek stated, this is a specialized area that we are responsible for. He does feel there may be other solutions to changing the ordinance, and thought that Corporation Counsel had alluded to that fact, and that she could assist this Board if we chose to do that.

More discussion on whether this Board should get another point of view, as we are doing with actuaries and security fraud law firms, but not necessarily request an RFP. Trustee Herek withdraws his motion for an RFP for legal services.

NEW BUSINESS:

A. Trustee Herek proposes that this Board bring in someone to explain the processes of the State laws and what this Board can/cannot do. If not for the next Board meeting, then perhaps in July.

20. Moved and supported to have a legal specialist present to the Board.

Discussion:

Several board members will be attending the MAPERS conference and there may be a specialist there. Those attending could bring back information to this Board, and we could make a decision after that. We also need to clarify that this information gathering would be without cost.

Roll call:

Mr. Brzezinski - No
Ms. Carpenter - Yes
Mr. Coonan - No
Mr. Gray - Yes
Mr. Herek - Yes
Mr. Morse - Yes

MINUTES BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM BOARD OF TRUSTEES (BCERS)
MAY 14, 2013
PAGE 8

Ms. Peltier - No
Mr. Pett - Yes
Mr. Starkweather - No

Motion passes.

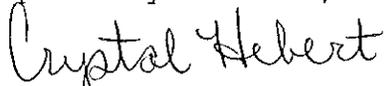
MISCELLANEOUS BUSINESS:

None

ADJOURNMENT:

21. Moved, supported and carried to adjourn the meeting at 3:28 p.m.

Respectfully submitted,



Crystal Hebert
Finance Officer/Secretary

Transcribed by: Naomi Wallace

MEETING OF THE BCERS BOARD OF TRUSTEES COMMITTEE
MAY 14, 2013

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

MEETING CALLED TO ORDER BY: CHAIR STEVE GRAY AT 1:30 P.M.

OTHER PRESENT: JEFF BLACK, MARY NYE, DANEAN WRIGHT, CRYSTAL HEBERT, MARTHA FITZHUGH,
 FRANCES HORGAN

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

TRUSTEE	11	12	13	14	15	16	17	18	19	20	21
BRZEZINSKI	Y	Y	Y	S	M	M	Y	S	Y	N	Y
CARPENTER	M	Y	Y	Y	S	Y	Y	Y	Y	Y	Y
COONAN	Y	Y	S	Y	Y	Y	M-Y	Y	Y	N	M
GRAY	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
HEREK	Y	Y	Y	Y	Y	Y	Y	M	M	M-Y	Y
MORSE	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
PELTIER	S	Y	M	Y	Y	Y	Y	Y	Y	N	Y
PETT	Y	S	Y	M	Y	S	Y	Y	S	S-Y	S
STARKWEATHER	Y	M	Y	Y	Y	Y	S-Y	Y	Y	N	Y

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

PORTFOLIO VALUE
YEAR 2012-2013

2012	BAIRD	BARINGS	CORNERSTONE	DENVER	EAGLE	GENEVA	HOTCHKISS & WILEY	LOOMIS SAYLES	MACKAY SHIELDS	MARVIN PALMER	MFS	INTEGRITY	SCHROEDER	COLUMBIA	WENTWORTH	CASH	TOTAL
JAN	22,037,372.94	13,205,317.06	8,880,807.54	18,505,222.66	9,091,184.15	0.00	9,616,762.28	27,887,347.36	16,323,036.47	24,478,549.21	0.00	18,661,170.80	8,655,756.68	25,494,523.89	28,270,329.85	2,418,984.84	236,728,165.73
FEB	21,981,851.09	13,860,852.41	8,776,050.96	20,488,720.54	9,547,851.49	0.00	10,040,742.50	28,210,710.54	18,585,218.68	25,577,643.20	0.00	19,284,118.98	9,453,798.51	26,691,840.34	28,660,888.67	1,593,093.65	243,793,277.54
MARCH	21,884,667.68	13,655,740.21	9,223,873.24	20,929,328.69	9,414,543.74	0.00	10,269,614.84	27,983,659.78	18,597,965.13	26,488,213.09	0.00	19,302,569.37	9,461,279.08	27,837,072.61	28,853,719.95	3,172,275.40	247,102,612.61
APRIL	22,125,101.56	13,591,442.81	9,483,422.11	20,254,819.11	9,163,567.10	0.00	10,108,048.67	28,389,418.92	18,476,888.37	26,410,651.70	0.00	19,189,547.12	9,451,149.38	27,305,074.31	28,163,034.04	2,728,791.13	244,850,956.33
MAY	22,340,285.29	12,023,002.95	9,012,107.33	18,100,308.10	8,302,504.11	0.00	9,514,710.70	28,531,331.25	17,817,593.00	25,078,794.12	0.00	17,885,656.50	8,316,247.94	25,193,030.07	25,807,231.53	2,119,399.73	230,043,203.62
JUNE	22,332,110.80	12,683,538.96	9,502,879.80	18,355,465.35	8,586,741.70	0.00	10,029,760.40	28,701,192.21	18,213,023.01	25,584,665.85	0.00	18,402,526.81	8,652,162.15	26,249,628.46	26,766,484.17	1,588,662.82	235,699,837.49
JULY	22,526,652.66	12,858,006.65	9,697,971.18	18,072,227.04	8,588,408.58	0.00	9,903,353.54	29,517,025.90	16,394,421.41	25,221,087.88	0.00	18,252,917.66	8,573,420.96	26,149,886.06	27,653,640.24	3,196,205.18	236,599,205.75
AUG	22,555,529.46	13,217,691.51	9,700,053.45	18,942,714.63	8,919,842.79	0.00	10,228,481.16	29,669,516.96	16,651,517.03	110,894.13	25,583,213.52	18,978,401.93	8,607,347.86	27,099,903.18	28,534,349.38	2,249,291.41	241,248,548.40
SEPT	22,599,320.54	13,863,509.03	9,452,119.75	19,251,047.40	9,269,774.41	0.00	10,584,167.91	30,012,507.11	16,971,366.46	24,574.97	28,485,271.20	19,372,849.55	9,215,665.74	27,711,817.11	29,223,246.90	557,451.90	244,614,689.98
OCT	22,589,856.25	13,743,037.56	9,457,228.74	18,967,771.58	9,008,790.04	0.00	10,557,411.08	30,365,706.50	15,265,968.59	24,278.57	25,620,871.83	19,221,364.95	9,225,258.92	27,733,612.83	27,343,970.22	3,622,368.30	242,727,483.91
NOV	22,627,236.78	13,728,074.92	9,457,844.15	19,035,506.80	9,217,595.81	0.00	10,717,314.34	30,487,046.77	15,348,823.56	24,280.85	26,323,255.13	19,650,278.22	9,268,180.79	27,894,734.92	27,231,893.91	2,923,559.79	243,893,418.32
DEC	22,583,357.10	13,814,730.19	9,789,010.61	19,412,939.51	9,503,155.34	0.00	11,127,938.04	30,510,363.39	15,434,506.34	0.34	26,593,053.91	20,337,318.59	9,673,251.87	28,347,470.99	28,006,866.44	1,844,370.54	246,970,953.20
2013	BAIRD	BARINGS	CORNERSTONE	DENVER	EAGLE	GENEVA	HOTCHKISS & WILEY	LOOMIS SAYLES	MACKAY SHIELDS	MARVIN PALMER	MFS	INTEGRITY	SCHROEDER	COLUMBIA	WENTWORTH	CASH	TOTAL
JAN	22,420,682.07	14,361,871.99	10,128,089.75	1,013.55	10,057,763.88	20,525,062.60	12,052,863.14	30,322,288.54	15,789,752.23	0.00	27,874,477.97	21,879,596.30	10,183,373.77	30,362,702.28	29,603,346.66	988,076.88	256,550,981.62
FEB	22,528,215.48	13,969,338.23	10,179,606.05	890.06	10,158,593.40	20,812,377.68	10,755,129.02	30,560,229.50	15,281,938.07	0.00	28,264,428.42	22,188,021.99	10,208,675.71	30,642,040.58	29,308,336.94	2,624,568.58	257,511,327.71
MARCH	22,539,820.62	14,156,136.07	10,528,164.04	9,620.13	10,756,985.40	21,447,855.23	11,310,555.83	30,611,499.45	15,618,583.96	0.00	29,217,285.85	23,263,326.39	10,330,641.21	32,066,615.99	30,311,411.59	1,463,387.35	283,691,859.11
APRIL	22,712,417.72	14,665,711.46	11,185,789.12	9,631.80	10,705,106.05	21,046,585.80	11,103,625.36	31,223,325.79	15,655,996.31	0.00	29,377,565.77	23,508,784.08	10,634,825.60	32,445,229.51	30,213,839.88	1,196,328.65	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	30,493,479.96	16,124,872.80	0.00	30,201,352.83	23,971,423.26	10,560,827.26	33,502,570.25	30,605,395.79	2,382,786.88	269,067,954.00
JUNE																	0.00
JULY																	0.00
AUG																	0.00
SEPT																	0.00
OCT																	0.00
NOV																	0.00
DEC																	0.00

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	BAIRD	BARINGS	CORNERSTONE	DENVER	EAGLE	GENEVA	HOTCHKIS & WILEY	LOOMIS SAYLES	MACKAY SHIELDS	MARVIN PALMER	MFS	INTEGRITY	SCHRODER	COLUMBIA	WENTWORTH	CASH	TOTAL
2013																	
1ST QTR	16,906.57	32,779.08	0.00	0.00	20,192.89	29,213.00	28,432.09	24,131.20	18,435.18	0.00	41,402.42	45,632.00	0.00	40,042.85	36,498.00	0.00	334,865.38
2ND QTR					22,844.11												22,844.11
3RD QTR																	
4TH QTR																	0.00
2012 YTD	16,906.57	32,779.08	0.00	0.00	43,037.10	28,432.09	24,131.20	19,435.18	0.00	41,402.42	45,632.00	0.00	40,042.85	36,498.00	0.00	0.00	357,709.49

BAIRD
 BARING
 COLUMBIA
 CORNERSTONE REAL ESTATE
 EAGLE
 GENEVA
 HOTCHKIS & WILEY
 INTEGRITY
 LOOMIS SAYLES
 MACKAY SHIELDS
 MFS
 SCHRODER
 WENTWORTH

GOVERNMENTAL FIXED INCOME MANAGER
 LARGE CAP GROWTH INTERNATIONAL EQUITY MANAGER
 LARGE CAP DEEP VALUE MANAGER
 REAL ESTATE INVESTMENT TRUST MANAGER
 SMALL-CAP GROWTH MANAGER
 MID-CAP GROWTH MANAGER
 SMALL CAP VALUE MANAGER
 MID-CAP VALUE MANAGER
 CORPORATE BOND MANAGER
 CONVERTIBLE BOND MANAGER
 LARGE CAP GROWTH EQUITY MANAGER
 INTERNATIONAL SMALLMID CAP EQUITY MANAGER
 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 .40% - ABOVE \$100 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

Favorites

05 JUN 13

Account number 8765

FAMILY CODE FAM8765

◆ Mgr Mix w/ Accruals

Page 1 of 2

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total market value/ % of consolidation
*BAYCO - COLUMBIA MANAGEMENT 2608694	0.00 0.00%	150,637.77 0.46%	32,744,019.62 99.54%	0.00 0.00%	0.00 0.00%	0.00 0.00%	32,894,657.39 12.45%
*BAYCO - BAIRD -SL 2618668	0.00 0.00%	518,077.80 2.32%	0.00 0.00%	21,302,664.57 95.51%	0.00 0.00%	482,468.56 2.16%	22,303,210.93 8.44%
*BAYCO - SCHRODERS -SL 2618669	0.00 0.00%	217.18 0.00%	10,545,218.27 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	10,545,435.45 3.99%
*BAYCO - MACKAY SHIELDS -SL 2622490	0.00 0.00%	1,645,198.59 10.34%	2,552,537.90 16.05%	11,601,995.41 72.95%	0.00 0.00%	105,013.24 0.66%	15,904,686.14 6.02%
*BAYCO - HOTCHKIS & WILEY -SL 2622536	0.00 0.00%	42,258.72 0.38%	11,011,124.86 99.96%	0.00 0.00%	0.00 0.00%	-38,037.92 -0.35%	11,015,345.66 4.17%
*BAYCO - WENTWORTH -SL 2624463	0.00 0.00%	442,498.04 1.47%	29,687,747.46 98.53%	0.00 0.00%	0.00 0.00%	0.00 0.00%	30,130,245.50 11.40%
*BAYCO - CASH -SL 2639953	0.00 0.00%	1,310,345.79 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	1,310,345.79 0.50%
*BAYCO - DENVER INV ADV -SL 2639956	0.00 0.00%	0.51 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.51 0.00%
*BAYCO - LOOMIS SAYLES -SL 2641401	0.00 0.00%	201,575.93 0.66%	0.00 0.00%	30,123,947.47 99.04%	0.00 0.00%	91,758.79 0.30%	30,417,282.19 11.51%
*BAYCO GENEVA CAPITAL MGMT -SL 2649057	0.00 0.00%	435,567.12 2.05%	20,885,282.77 98.49%	0.00 0.00%	0.00 0.00%	-115,568.55 -0.54%	21,205,281.34 8.02%
*BAYCO - INTEGRITY -SL 2653308	0.00 0.00%	665,634.72 2.85%	22,685,814.88 96.98%	0.00 0.00%	0.00 0.00%	41,443.93 0.18%	23,392,893.53 8.85%
*BAYCO - CORNERSTONE REALES-SL 2663296	0.00 0.00%	169,036.04 1.63%	10,234,440.97 98.69%	0.00 0.00%	0.00 0.00%	-33,697.62 -0.32%	10,369,779.39 3.92%
*BAYCO - MFS INVESTMENTS -SL 2668854	0.00 0.00%	482,065.32 1.63%	29,166,863.04 98.43%	0.00 0.00%	0.00 0.00%	-16,215.25 -0.05%	29,632,713.11 11.21%
*BAYCO - EAGLE ASSET -SL 2665063	0.00 0.00%	47,801.13 0.44%	10,851,649.79 99.56%	0.00 0.00%	0.00 0.00%	0.00 0.00%	10,899,450.92 4.12%

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Favorites

05 JUN 13

Account number 8765

FAMILY CODE FAM8765

◆ **Mgr Mix w/ Accruals**

Page 2 of 2

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-BARINGS	417,634.53	0.00	13,899,668.83	0.00	29,588.56	-1,907.00	14,284,984.92
BYC03	2.92%	0.00%	96.88%	0.00%	0.21%	-0.01%	5.40%
Total for consolidation	417,634.53	6,110,854.66	194,204,368.39	63,028,608.45	29,588.56	515,258.18	264,306,312.77
% for consolidation	0.16%	2.31%	73.48%	23.85%	0.01%	0.19%	100.00%

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June 4, 2013

Ms. Danean Wright
Retirement Accountant
Bay County Employee's Retirement System
515 Center Avenue
Suite 706
Bay City, MI 48708-5128

RE: **Bay County Employees' Retirement System**

Dear Board of Trustees:

Please find the preliminary investment returns for the periods ending May 31, 2013 in the table below:

Time Weighted Total Return
Gross of Fees

	May 2013	Year to Date	One Year	Three Year Annualized	Five Year Annualized	Since Inception* Annualized
Bay County Employees' Retirement System	2.92%	11.07%	24.90%	15.73%	5.50%	6.11%
S&P 500	2.34%	15.37%	27.28%	16.87%	5.43%	6.32%

*Since Inception Date 03/18/04

As always, we stand ready to answer any questions or comments you may have regarding the portfolio performance. Thank you for your continued confidence in WHV Investment Management and the Large Cap Core Investment Team.

Best regards,

Jeffrey C. Coburn, CFA

Cc: Mary Nye
Jeffrey T. Black



**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
William Deaton
Tom Herek
Shari Peltier
Matthew Pett
Thomas Starkweather

June 6, 2013

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

Ms. Barbara Cassidy
Vice President, Relationship Mgr.
Baring Asset Management
Independence Wharf
470 Atlantic Avenue
Boston, MA 02210

Dear Ms. Cassidy:

Based on the quarter ending March 31, 2013, Investment Performance Analysis report prepared and presented by Becker, Burke Associates, it was noted that the investment performance of Baring Asset Management, for the three year period ended March 31, 2013 has not met the agreed to long term performance objectives.

For the reason stated above, the Board of Trustees have decided to place Baring Asset Management "on watch" for a period of one year from the date of this missive. The Trustees expect improvements in your performance so as to progress towards satisfying your stipulated long term performance objectives MSCI EAFE Index. After one year, the Trustees will re-evaluate the "on watch" status of Baring Asset Management.

Please contact me or Mr. Jeff Black from Becker, Burke Associates if you would like to discuss.

Sincerely,

Crystal Hebert
Finance Officer

C: Board of Trustees, BCERS
Marty Fitzhugh, Corporation Counsel
Jeff Black, Becker, Burke Associates



PERFORMANCE HISTORY
Bay County Employees' Retirement System

Time Period	4/30/2013	Percent Return Per Period		
		Portfolio Gross	Portfolio Net	FTSE/NAREIT Equity REIT Index
1 Month		6.24%	6.19%	6.68%
YTD		14.27%	14.05%	15.42%
1 Year		17.82%	17.13%	19.55%
3 Year		17.31%	16.62%	17.08%
Inception (October 21, 2008)		20.71%	20.00%	18.87%

PORTFOLIO VALUATION AND STATEMENTS

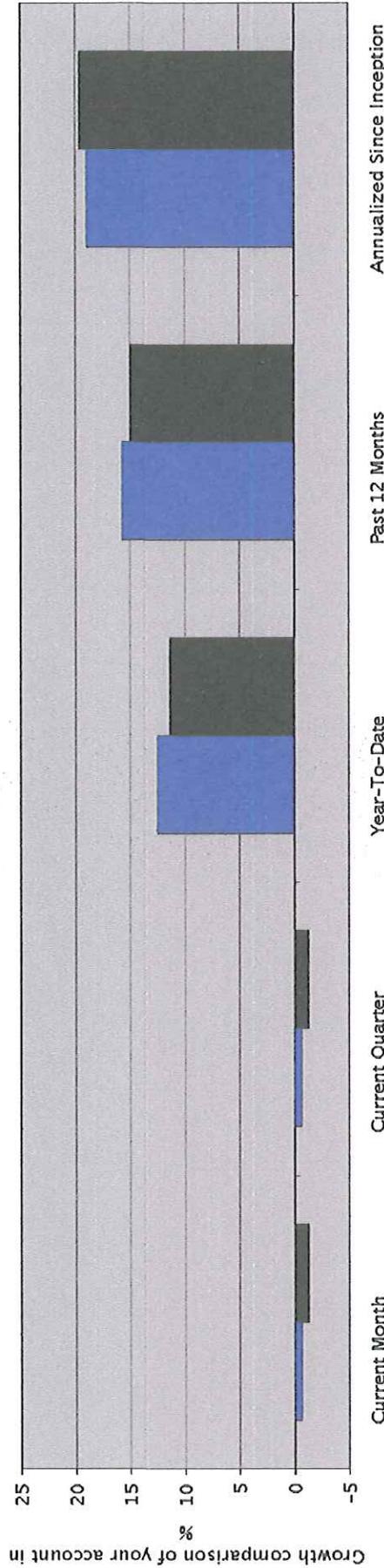
Bay County Employees' Retirement System
 05231100/
 SmallCap Growth Equity

CURRENT PERIOD STARTED ON: 04/01/2013
 CURRENT QUARTER STARTED ON: 04/01/2013
 YEAR-TO-DATE STARTED ON: 01/01/2013
 INCEPTION DATE: 09/02/2010

AS OF 04/30/2013

ANALYSIS OF RATES OF RETURN

	CURRENT MONTH	CURRENT QUARTER	YEAR-TO-DATE	PAST 12 MONTHS	ANNUALIZED THREE-YEARS	ANNUALIZED FIVE-YEARS	ANNUALIZED SINCE INCEPTION
TOTAL MANAGED ASSETS	-1.33%	-1.33%	11.40%	15.03%	N/A	N/A	19.66%
Russell 2000 Growth Index	-0.66%	-0.66%	12.47%	15.67%	N/A	N/A	18.93%

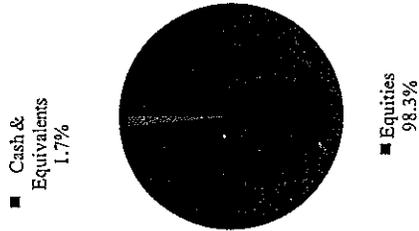


Geneva Capital Management Ltd.
PORTFOLIO OBJECTIVES
Bay County Employees' Retirement System XXXX9057 (bbccers)
 March 31, 2013

Asset Allocation Objectives:

Objective	Style	Range		Ladder of Maturities
		Equity	Fixed Income	
Equity	Midcap	95-100%	0%	n/a
				Cash 0-5%

Portfolio Allocation:



Geneva Capital Management Ltd.
PORTFOLIO SUMMARY
Bay County Employees' Retirement System XXXX9057 (bbccers)
 March 31, 2013

Security Type	Total Cost	Market Value	Pct. Assets	Yield	Est. Annual Income
Equities					
COMMON STOCK	19,726,880	21,092,372	98.3	0.5	95,026
	19,726,880	21,092,372	98.3	0.5	95,026
Cash & Equivalents					
CASH AND EQUIVALENTS	355,823	355,823	1.7	0.0	0
	355,823	355,823	1.7	0.0	0
TOTAL PORTFOLIO	20,082,703	21,448,195	100.0	0.4	95,026

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Geneva Capital Management Ltd.
PERFORMANCE HISTORY
NET OF FEES
Bay County Employees' Retirement System
XXXXX9057 (bbccers)

From 01-17-13 to 03-31-13

Time Period	Percent Return Per Period		
	Total Account	Equities	Russell Midcap Growth Index
01-17-13 to 03-31-13	5.56	5.64	6.76

Date to Date			
01-17-13 to 03-31-13	5.56	5.64	6.76

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BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

Small Cap Value

Total Market Value: \$11,103,820 (0.8% Cash)

Month Ended April 30, 2013

Performance Returns - Gross of Fees		Weighted Average Portfolio Characteristics	
MTD	QTD	YTD	Since Incept.
-1.83 %	-1.83 %	13.69 %	8.60 %
-1.84	-1.84	14.10	8.49
-0.10	-0.10	11.52	7.42
-0.37	-0.37	11.98	7.42
1.93	1.93	12.74	6.63

Performance Returns - Gross of Fees		Weighted Average Portfolio Characteristics	
Portfolio	Rus 2000 V	Portfolio	Rus 2000 V
Portfolio - Total Return	11.0x	11.0x	13.2x
Portfolio - Equity Only	4.1x	4.1x	7.3x
	1.1x	1.1x	1.4x
	1.3%	1.3%	2.1%
	\$2,005	\$2,005	\$1,348
	59 / 42%	59 / 42%	\$1,536

Top and Bottom Five Contributors to Performance		Trading Data		Top Ten Stocks - Total Portfolio	
End Wgt	Ttl Ret.	Contr.	Major Buy(Sell)	*New buy/final sell	+/-
2.39 %	10.87 %	0.25 %	Questor Pharmaceuticals Inc.		0.9% *
1.34	22.62	0.25	Tutor Perini Corp.		0.7% *
2.22	11.36	0.24	City National Corp.		0.5% *
2.32	8.15	0.18	Ruby Tuesday Inc.		0.5% *
3.90	3.63	0.16			
4.32 %	-4.00 %	-0.17 %	(Quiksilver Inc.)		-0.7%
4.03	-4.89	-0.20	(Geo Group Inc.)		-0.8%
2.43	-10.72	-0.28			
1.63	-16.24	-0.32			
4.85	-14.19	-0.80			

Performance Attribution		Russell 2000 Value		Allocation	
Portfolio	Equ. Ret.	Equ. Ret.	Avg Wgt	Sector	Stock
Energy	2.37 %	-6.41 %	6.27 %	0.17	-0.05
Materials	2.16	-6.66	5.16	0.14	-0.04
Financials	31.62	0.34	38.72	-0.02	0.03
Industrials	30.23	-1.52	12.15	-0.63	0.62
Telecommunication Services	0.00	0.00	0.44	-0.02	0.00
Consumer Staples	1.43	1.27	2.63	-0.04	-0.03
Utilities	3.49	5.17	6.49	-0.13	0.02
Health Care	6.78	-5.60	4.40	0.00	-0.36
Information Technology	7.54	-4.16	11.63	-0.05	-0.41
Consumer Discretionary	14.38	-4.93	12.10	0.06	-1.03
				-0.52	-1.24
					-1.76

Returns are calculated using daily holding information, gross of fees, within FactSet. 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: 05/15/2013
 Period Covered: 03/31/2013 to 04/30/2013
 Base Currency: USD

Bay County Employees Ret System
 4407N1

Portfolio Composition as of 04/30/2013

Total USD Market Value	% of Total
Bonds	98.22%
Cash and Equivalents	0.83%
Accrued Income	0.95%
Total	100.00%

Statement of Changes

Total Market Value at 03/31/2013	30,609,915
Net Additions/Withdrawals	0
Income Earned	106,302
Portfolio Appreciation/Depreciation	499,896
Total Market Value at 04/30/2013	31,216,113

Performance Returns (Supervised Assets)

	1Mth	3Mths	YTD	1 YR	3 YRS*	5 YRS*
Total	1.98	2.95	2.32	10.01	9.58	9.16
Barclays U.S. Corporate Investment Grade	1.85	2.63	1.72	7.92	8.00	7.84

* - 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 4/30/2013

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





CLIENT	Bay County Employees' Retirement System
ACRONYM	BCSE
DATA AS OF	30 April 2013

PERFORMANCE

Bay County Employees' Retirement System (Gross)
 Bay County Employees' Retirement System (Net)
 Russell 1000 Growth Index

MTD	QTD	Rolling 3 months	YTD	1 Year	3 Year	5 Year	*Since Inception
0.55	0.55	5.39	10.51	N/A	N/A	N/A	14.80
0.50	0.50	5.24	10.29	N/A	N/A	N/A	14.34
2.12	2.12	7.27	11.87	N/A	N/A	N/A	12.56

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.

MARKET OVERVIEW

The U.S. convertible market, as measured by the BofA Merrill Lynch All Convertible Index, rose 1.70% in April 2013, outpacing the rise in underlying equities (up 1.64%). During the month, investment-grade convertibles, as measured by the BofA Merrill Lynch Investment Grade Convertible Index, rose 1.81%, outperforming speculative-grade convertibles, which were up 1.16% during the same time period.

The rise in equities over the month (the S&P 500 Index climbed 1.93%), coupled with continued credit spread tightening, drove the convertible market higher. The stock market continues to advance, while struggling off what it deems to be minor setbacks such as the recession in Europe, the budget sequestration in Washington, and the moderately slow pace of economic growth in the U.S. The combination of fairly benign economic data in the U.S. with increased investor appetite for risk, relatively inexpensive valuation of stocks, and perhaps a lack of alternatives, has driven the market higher. Economic data continues to show a decline in new unemployment claims and increasing home prices in a majority of real estate markets. The improvement in real estate values has led to an increase in consumer confidence and a steep drop in the number of foreclosures.

Given the many 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, 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, barring some geopolitical shock combined with sharply higher energy prices.

Utilities (up 5.09%) was the best performing sector during the month. Healthcare, Telecom, Consumer Discretionary and Financials also outperformed. The Industrials, Materials, and Energy sectors lagged the overall market, each declining for the period.

There were 5 new convertibles issued in April, raising a total of \$1.8 billion. Issuance came from the Materials, Financials and Media sectors. The average size convertible bond deal in the month was \$353 million.

PERFORMANCE

The convertible bonds of Wellpoint, Boston Properties and Gilead Sciences were leading contributors in April. The convertible bonds of Wellpoint rose sharply after the company reported first quarter earnings that were well above analyst expectations. The company's shares and convertible bonds were weak earlier in the year after the company appointed a new chief executive, who was relatively unknown to the investment community. The first quarter's results and the raised earnings guidance for the remainder of the year helped to ease some of the initial skepticism. Boston Properties' convertibles rose during the month despite the absence of any meaningful company-specific news. Several other large office property REITs such as Vornado and SL Green soared to all-time highs during the month on the general theme that increased levels of unemployment should bode well for the office property REITs. In addition, the common shares and convertible bonds of Gilead Sciences continue to advance as investors become increasingly convinced that the company's anticipated treatment for hepatitis c is likely to receive approval and become a multibillion product for Gilead.

Conversely, exposure to the convertible bonds of Newmont Mining, Teleflex, and EMC weighed on performance during the month. Newmont Mining fell during the month largely due to the sharp drop in the price of gold, Newmont's main mining product. The common shares and convertible bonds of Teleflex fell slightly during the month after the company reported earnings that were essentially in-line with investor expectations, with revenue slightly below expectations. Teleflex maintained earnings guidance for the full-year and expects revenue growth to accelerate. Last, EMC Corp.'s convertible bonds were weak after the company

APRIL 2013

OVERVIEW OF MONTHLY PERFORMANCE



reported earnings that were slightly below investor expectations. The most recent quarter was the continuation of a pattern of slowing growth due to customer reluctance to consummate large purchases given the economic uncertainty.

OUTLOOK

We remain convinced that convertible bonds and equities are undervalued in the current slow growth environment, with interest rates and bond yields at near-record lows. Stocks remain inexpensive based on various measures such as price to earnings, price to cash flow, or price to free cash flow, particularly when compared to other investment options such as U.S. Treasury and investment grade corporate bonds. As such, we expect convertible bond and stock prices to be higher in the coming twelve to eighteen months.

Convertible bonds remain an excellent vehicle through which to participate in further equity advances, especially given the significant macro uncertainty stemming from Europe. At the current attractive valuations of convertible bonds, they 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



Portfolio Composition and Performance — Account 1256

April 30, 2013

Composition	Market Value	Percent of Total
Fixed Income	12,001,690	75.79
Equity	2,511,523	15.86
Cash & Equivalents	1,321,492	8.35
Total Portfolio	\$15,834,704	100.00%

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Performance	Latest Month	Latest 3 Months	Year To Date	Latest 12 Months	3 Years Annualized	5 Years Annualized	Since 10/1/2003	Annualized Since 10/1/2003
Total Fund (Gross of fees)	1.19%	3.42%	5.17%	8.53%	6.08%	2.65%	71.40%	5.78%
Merrill Lynch Convertible Inv Grade	1.83%	5.65%	8.37%	9.99%	6.14%	5.93%	72.46%	5.85%
ML Convt Inv Grade BDS (Inc Mandatory)	1.81%	5.60%	8.77%	12.16%	7.17%	1.99%	44.89%	3.94%

Expressed in USD
 Past performance is not indicative of future results.

BAY COUNTY EMPLOYEES RETIREMENT SYSTEM



Summary Report — Account 1256 April 30, 2013

	Total Cost	Percent at Cost	Yield at Cost	Market Value	Percent of Assets	Yield at Market	Annual Income
Bonds	10,215,332	82.81	1.85	11,938,043	75.39	1.59	189,414
Stocks	2,119,831	17.19	4.15	2,491,918	15.74	3.53	88,003
Cash & Equivalents	0	0.00		1,321,492	8.35	0.09	1,189
Accrued Income				83,238	0.53		
Accrual Adjustment for Unsettled Trades				13	0.00		
	<u>\$12,335,163</u>	<u>100.00%</u>	<u>2.25</u>	<u>\$15,834,704</u>	<u>100.00%</u>	<u>1.77</u>	<u>\$278,606</u>



Execution Solutions

Recapture Services
 Bay County Employees Retirement System
 Plan Trading Summary (US Dollars)
 January 01, 2013 - April 30, 2013

Ref#: 23803

Manager	Current Month Commissions	Current Month Credits	Year-To-Date Commissions	Year-To-Date Credits
Revenue Type: Equity				
Columbia Management Advisors, LLC	591.90	414.33	1,796.40	1,257.48
Denver Invmt Advisors	0.00	0.00	0.00	0.00
Eagle Asset Management	374.60	262.22	388.22	271.75
Eagle Asset Management	0.00	0.00	146.57	0.00
Geneva Capital Management Ltd	376.52	263.56	773.20	541.24
Geneva Capital Management Ltd	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	1,470.00	1,029.00	2,275.92	1,593.14
Totals for Equity	2,813.02	1,969.11	5,413.47	3,686.83
Revenue Type: Correspondent Equity				
Integrity Asset Management	0.00	0.00	15.60	10.92
Integrity Asset Management	0.00	0.00	10.00	0.00
Totals for Correspondent Equity	0.00	0.00	25.60	10.92
Revenue Type: International Correspondent				
Baring Asset Management Ltd.	208.01	156.01	704.94	528.70
Baring Asset Management Ltd.	208.01	0.00	778.75	0.00
Schroder Investment Management Ltd	0.00	0.00	0.00	0.00
Totals for International Correspondent	416.02	156.01	1,483.69	528.70
Grand Totals	3,229.04	2,125.12	6,922.76	4,226.45

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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, crclientservices@convergex.com

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

Recapture Services
 Bay County Employees Retirement System
 Plan Activity Summary and Balance
 January 01, 2013 - April 30, 2013

Ref#: 23803

Summary by Revenue Type

Revenue Type	Month to Date		Year to Date	
	Commissions	Credits	Commissions	Credits
Equity	2,813.02	1,969.11	5,380.31	3,663.62
Correspondent Equity	0.00	0.00	15.60	10.92
Correspondent Broker Fees	0.00	0.00	10.00	0.00
International Correspondent	208.01	156.01	704.94	528.70
Correspondent Broker Fees	208.01	0.00	778.75	0.00
Fixed Income	0.00	0.00	0.00	0.00
12B-1 fcs	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	3,229.04	2,125.12	6,922.76	4,226.45

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	0.00	0.00			
June 2013	0.00	0.00			
July 2013	0.00	0.00			
August 2013	0.00	0.00			
September 2013	0.00	0.00			
October 2013	0.00	0.00			
November 2013	0.00	0.00			
December 2013	0.00	0.00			
TOTAL	6,922.76	4,226.45	0.00	4,783.48	

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

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

Current Balance	2,125.12
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Commission Recapture Sales : Kimberly Doran, 212.468.7701, kdoran@convergex.com

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

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1633 Broadway, 48th floor, New York, NY 10019

view your statements online @ clients.convergex.com

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

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

BILLING DATE: 05/06/2013
 BILLING PERIOD: 04/01/2013 - 04/30/2013

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUM.: BYC03					
ACCOUNT NAME: BAYCO- BARINGS					
OPEN CASH	0.00	0.00	0.00	139.49	139.49
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	0.00	0.00	139.49	139.49
TOTAL REBATES	0.00	0.00	0.00	1,613.06-	1,613.06-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	0.00	0.00	1,752.55	1,752.55
BANK FEES	0.00	0.00	0.00	700.97	700.97
NET INCOME	0.00	0.00	0.00	1,051.58	1,051.58

ACCOUNT NUM.: 1799220					
ACCOUNT NAME: *TNT-LDN-BYC03-BAYCO-BARING-SL					
OPEN CASH	0.00	0.00	0.00	196.71	196.71
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	0.00	0.00	196.71	196.71
TOTAL REBATES	0.00	0.00	0.00	32.85	32.85
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	0.00	0.00	163.86	163.86
BANK FEES	0.00	0.00	0.00	65.29	65.29
NET INCOME	0.00	0.00	0.00	98.57	98.57

ACCOUNT NUM.: 2608694					
ACCOUNT NAME: *BAYCO - COLUMBIA MANAGEMENT					
OPEN CASH	0.00	1,927.89	0.00	0.00	1,927.89
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,927.89	0.00	0.00	1,927.89
TOTAL REBATES	0.00	317.81	0.00	0.00	317.81
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,610.08	0.00	0.00	1,610.08
BANK FEES	0.00	643.62	0.00	0.00	643.62
NET INCOME	0.00	966.46	0.00	0.00	966.46

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	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUM.: 2618668					
ACCOUNT NAME: *BAYCO - BAIRD	-SL				
OPEN CASH	2,075.89	0.00	0.00	0.00	2,075.89
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	2,075.89	0.00	0.00	0.00	2,075.89
TOTAL REBATES	1,075.44	0.00	0.00	0.00	1,075.44
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	1,000.45	0.00	0.00	0.00	1,000.45
BANK FEES	400.12	0.00	0.00	0.00	400.12
NET INCOME	600.33	0.00	0.00	0.00	600.33

ACCOUNT NUM.: 2622490					
ACCOUNT NAME: *BAYCO - MACKAY SHIELDS	-SL				
OPEN CASH	982.16	73.26	0.00	0.00	1,055.42
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	982.16	73.26	0.00	0.00	1,055.42
TOTAL REBATES	367.52	12.74	0.00	0.00	354.78
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	1,349.68	60.52	0.00	0.00	1,410.20
BANK FEES	539.47	24.15	0.00	0.00	563.62
NET INCOME	810.21	36.37	0.00	0.00	846.58

ACCOUNT NUM.: 2622536					
ACCOUNT NAME: *BAYCO - HOTCHKIS & WILEY	-SL				
OPEN CASH	0.00	1,553.91	0.00	172.01	1,725.92
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	6.85	0.00	0.00	6.85
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,560.76	0.00	172.01	1,732.77
TOTAL REBATES	0.00	108.56	0.00	28.67	137.23
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,452.20	0.00	143.34	1,595.54
BANK FEES	0.00	578.89	0.00	56.98	635.87
NET INCOME	0.00	873.31	0.00	86.36	959.67

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THE NORTHERN TRUST COMPANY

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUM.: 2624493					
ACCOUNT NAME: *BAYCO - WENTWORTH	-SL				
OPEN CASH	0.00	1,776.50	0.00	323.58	2,100.08
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	10.97	10.97
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,776.50	0.00	334.55	2,111.05
TOTAL REBATES	0.00	57.15-	0.00	219.53-	276.68-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,833.65	0.00	554.08	2,387.73
BANK FEES	0.00	733.03	0.00	221.53	954.56
NET INCOME	0.00	1,100.62	0.00	332.55	1,433.17

ACCOUNT NUM.: 2639956					
ACCOUNT NAME: *BAYCO - DENVER INV ADV	-SL				
OPEN CASH	0.00	0.00	0.00	0.00	0.00
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	0.00	0.00	0.00	0.00
TOTAL REBATES	0.00	0.00	0.00	0.00	0.00
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	0.00	0.00	0.00	0.00
BANK FEES	0.00	0.00	0.00	0.00	0.00
NET INCOME	0.00	0.00	0.00	0.00	0.00

ACCOUNT NUM.: 2641401					
ACCOUNT NAME: *BAYCO - LOOMIS SAYLES	-SL				
OPEN CASH	1,598.31	0.00	545.01	0.00	2,143.32
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	1,598.31	0.00	545.01	0.00	2,143.32
TOTAL REBATES	226.70	0.00	80.14	0.00	306.84
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	1,371.61	0.00	464.87	0.00	1,836.48
BANK FEES	548.04	0.00	185.69	0.00	733.73
NET INCOME	823.57	0.00	279.18	0.00	1,102.75

THE NORTHERN TRUST COMPANY

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUM.: 2649057					
ACCOUNT NAME: *BAYCO GENEVA CAPITAL MGMT -SL					
OPEN CASH	0.00	2,762.54	0.00	7.84	2,770.38
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	2,762.54	0.00	7.84	2,770.38
TOTAL REBATES	0.00	448.04	0.00	1.06	449.10
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,314.50	0.00	6.78	2,321.28
BANK FEES	0.00	925.02	0.00	2.69	927.71
NET INCOME	0.00	1,389.48	0.00	4.09	1,393.57

	-SL	INTEGRITY			
ACCOUNT NUM.: 2653308					
ACCOUNT NAME: *BAYCO - INTEGRITY					
OPEN CASH	0.00	2,135.14	0.00	161.41	2,296.55
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	2,135.14	0.00	161.41	2,296.55
TOTAL REBATES	0.00	313.42	0.00	27.43	340.85
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,821.72	0.00	133.98	1,955.70
BANK FEES	0.00	727.63	0.00	53.54	781.17
NET INCOME	0.00	1,094.09	0.00	80.44	1,174.53

	REALS-SL				
ACCOUNT NUM.: 2663296					
ACCOUNT NAME: *BAYCO - CORNERSTONE REALS-SL					
OPEN CASH	0.00	1,475.50	0.00	0.00	1,475.50
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,475.50	0.00	0.00	1,475.50
TOTAL REBATES	0.00	209.45	0.00	0.00	209.45
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,266.05	0.00	0.00	1,266.05
BANK FEES	0.00	505.32	0.00	0.00	505.32
NET INCOME	0.00	760.73	0.00	0.00	760.73

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THE NORTHERN TRUST COMPANY

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUM.: 2683854					
ACCOUNT NAME: *BAYCO - MFS INVESTMENTS -SL					
OPEN CASH	0.00	1,998.21	0.00	129.81	2,128.02
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
GROSS EARNINGS	0.00	1,998.21	0.00	129.81	2,128.02
TOTAL REBATES	0.00	327.93	0.00	52.98	274.95
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,670.28	0.00	182.79	1,853.07
BANK FEES	0.00	667.17	0.00	72.99	740.16
NET INCOME	0.00	1,003.11	0.00	109.80	1,112.91

	-SL				
ACCOUNT NUM.: 2695063					
ACCOUNT NAME: *BAYCO - EAGLE ASSET					
OPEN CASH	0.00	1,812.54	0.00	60.56	1,873.10
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,812.54	0.00	60.56	1,873.10
TOTAL REBATES	0.00	816.62	0.00	261.41	1,078.03
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,629.16	0.00	321.97	2,951.13
BANK FEES	0.00	1,048.86	0.00	128.66	1,177.52
NET INCOME	0.00	1,580.30	0.00	193.31	1,773.61

GRAND TOTAL					
OPEN CASH	4,656.36	15,515.49	545.01	1,191.41	21,908.27
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	6.85	0.00	10.97	17.82
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	4,656.36	15,522.34	545.01	1,202.38	21,926.09
TOTAL REBATES	934.62	864.18	80.14	2,056.97	178.03
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	3,721.74	14,658.16	464.87	3,259.35	22,104.12
BANK FEES	1,487.63	5,853.69	185.69	1,302.65	8,629.66
NET INCOME	2,234.11	8,804.47	279.18	1,956.70	13,274.46

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6/4/2013

REFUNDS: FOR THE MONTH ENDED May 31, 2013

EMPLOYEE/BENEFICIAR'	CONTRIBUTIONS REFUNDED	PROCESSED ON	DEPARTMENT TERMINATED	TERMINATION DATE
Barnhart, Kimberly	251.27	05/01/13	SHERIFF	06/08/12
Harper Joseph	235.41	05/17/13	BABH	03/01/13
Barnhard, Vicki	6,187.46	05/22/13	BABH	04/05/13
Grosart, Deanna	85.45	05/21/13	Dist Court	03/08/13
McLaren, Kay	<u>6,929.33</u>	05/30/13	BABH	04/20/13
TOTAL REFUNDS:	<u>13,688.92</u>			

RETIREE	CONTRIBUTIONS TRANSFERRED	DEPARTMENT	EFFECTIVE DATE
Duggan, Patrick	59,506.81	Deferred - General	5/28/13
Shook, Kathryn	43,295.94	BMCF	04/13/13
Coones, Tina	81,135.63	Prosecutor's	05/18/13
Gonzales, Robert	25,358.66	Community Ctr.	05/18/13

DECEASED EMPLOYEE/ RETIREE	BENEFICIARY	REFUND/ PENSION	DATE/DEPARTMENT
Fenwick, Leroy	Spouse	Pension	05/09/13 R/C

NO REFUNDS EMPLOYEE NAME	ACCUMULATED CONTRIBUTIONS	UNION GROUP	DATE TERMINATED
Barnhart, Kimberly	9,486.96	BMCF	04/05/13
Derosia, Jordon	119.01	Gen - CFO	03/14/13
Grosart, Deanna	170.88	Gen - AFSCME	03/08/13
Byce, Patti	3,839.20	Gen - CFO	12/23/12
LaMere, Shawn	7,165.38	Gen - Bcamps	04/01/13
Snyder, Megan	343.62	Gen - Nurses	03/01/13

21,125.05

Bay County Employees Retirement System

May 28, 2013

Asset Allocation vs. Policy

Manager	Asset Class	Asset Value	% of Fund
WHV	Large Cap Core	\$31,062,370	11.4%
Columbia	Large Cap Value	\$33,762,522	12.4%
MFS	Large Cap Growth	\$30,671,583	11.3%
Geneva	Mid Cap Growth	\$21,817,274	8.0%
Integrity	Mid Cap Value	\$24,147,200	8.9%
Eagle Asset	Small Cap Growth	\$11,295,890	4.2%
Hotchkis	Small Cap Value	\$11,207,834	4.1%
Barings	Intl Large Cap	\$14,596,208	5.4%
Schroders	Intl Small/Mid	\$10,688,414	3.9%
Baird	Government Bds	\$22,325,339	8.2%
Loomis Sayles	Corporate Credit	\$30,655,688	11.3%
MacKay Shields	Convertibles	\$16,251,760	6.0%
Cornerstone	REIT	\$11,003,684	4.1%
Cash	Cash	\$2,084,832	0.8%
Total Assets		\$271,570,597	100%

Asset Class	Minimum	Investment Policy Allocation Target	Maximum	Current Over/Under Target
Domestic Eq		n/a		
Large Cap	26%	31%	35.2%	4.2% About \$11m
Mid Cap	11%	15%	16.9%	1.9% About \$5m
Small Cap	3%	6%	8.3%	2.3% About \$6m
International Eq	10%	14%	18%	-4.7% About -\$12m
Fixed Income	20%	26%	32%	-6.5% About -\$17m
Real Estate	1%	3%	4.1%	1.1% About \$3m
Convertibles	3%	5%	6.0%	1.0% About \$3m
Other (Cash)		n/a		0.8% About \$1m

Current Allocation

Bay County Employees Retirement System

Asset Allocation vs. Policy

May 28, 2013

Manager	Asset Value	% of Fund	1. WHV Termination	2. Proposed Rebalance	3. Combined Transfers	Resulting Allocation
WHV	\$31,062,370	11.4%	(\$31,062,370)		(\$31,062,370)	0.0%
NEW/Lg Cap Core Index	\$0	0.0%	\$16,062,370	(\$2,000,000)	\$14,062,370	\$14,062,370
Columbia	\$33,762,522	12.4%	\$7,500,000	(\$2,000,000)	\$5,500,000	\$39,262,522
MFS	\$30,671,583	11.3%	\$7,500,000	(\$2,000,000)	\$5,500,000	\$36,171,583
Geneva	\$21,817,274	8.0%		(\$500,000)	(\$500,000)	\$21,317,274
Integrity	\$24,147,200	8.9%		(\$500,000)	(\$500,000)	\$23,647,200
Eagle Asset	\$11,295,890	4.2%		(\$1,500,000)	(\$1,500,000)	\$9,795,890
Hotchkis	\$11,207,834	4.1%		(\$1,500,000)	(\$1,500,000)	\$9,707,834
Barings	\$14,596,208	5.4%		\$2,500,000	\$2,500,000	\$17,096,208
Schroders	\$10,688,414	3.9%		\$2,500,000	\$2,500,000	\$13,188,414
Baird	\$22,325,339	8.2%		\$2,500,000	\$2,500,000	\$24,825,339
Loomis Sayles	\$30,655,688	11.3%		\$2,500,000	\$2,500,000	\$33,155,688
MacKay Shields	\$16,251,760	6.0%				\$16,251,760
Cornerstone	\$11,003,684	4.1%				\$11,003,684
Cash	\$2,084,832	0.8%				\$2,084,832
Total Assets	\$271,570,597	100%	Split half among Columbia & MFS, rest to new fund	\$10m from US equity to Intl and Fixed Inc.	Effect of both transfers combined	\$271,570,597

Investment Policy Allocation

Asset Class	Minimum	Target	Maximum	After Proposed Transfers Over/Under Target
Domestic Eq	n/a	n/a		
Large Cap	26%	31%	33.0%	2.0% About \$5m
Mid Cap	11%	15%	16.6%	1.6% About \$4m
Small Cap	3%	6%	7.2%	1.2% About \$3m
International Eq	10%	14%		-2.8% About -\$7m
Fixed Income	20%	26%		-4.7% About -\$12m
Real Estate	1%	3%	4.1%	1.1% About \$3m
Convertibles	3%	5%	6.0%	1.0% About \$3m
Other (Cash)		n/a		0.8% About \$1m

Resulting Allocation

Large Cap Core Index Equity Managers Summary Sheet

	Location	Fund Assets (\$ million)	Share Class Assets (\$ million)	Share Class Inception Date	Stocks (#)	Turnover (%)	Avg Mkt Cap (\$ billion)	Purchase Min (\$)	Fee (basis points)	Vehicle / Negotiable*
Fidelity (FUSEX)	Boston, MA	\$56,718	\$4,847	02/17/88	505	4	\$59.4	2,500	9.5	mf / no
Northern	Chicago, IL	\$32,507	\$32,507	12/31/93	500	7	\$58.0	0**	6.0	cit / no
Vanguard (VINIX)	Valley Forge, PA	\$135,125	\$76,880	07/31/90	506	5	\$58.1	5,000,000	4.0	mf / no

*cit = collective investment trust, mf = mutual fund

Data as of 04/30/13

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Large Cap Core Managers: ANNUALIZED

Time-Weighted Rates of Return for Periods Ending: March 31, 2013

	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
Fidelity - FUSEX (net)	13.9	11.1	12.6	20.9	5.8	3.9	5.0	5.8	5.9	8.5
Fidelity - FUSEX (gross)	14.0	11.2	12.7	21.0	5.9	4.0	5.1	5.9	6.0	8.6
Rank	63	54	45	63	62	61	57	66	81	81
Northern (net)	13.9	11.2	12.6	20.9	5.8	3.9	5.0	5.8	5.9	8.5
Northern (gross)	14.0	11.2	12.7	21.0	5.8	3.9	5.0	5.8	5.9	8.6
Rank	64	54	45	63	64	61	57	66	81	81
Vanguard - VINIX - (net)	13.9	11.2	12.6	21.0	5.8	3.9	5.0	5.8	5.9	8.5
Vanguard - VINIX - (gross)	14.0	11.2	12.7	21.0	5.9	4.0	5.1	5.9	6.0	8.6
Rank	64	53	45	61	61	59	55	56	79	79
S&P 500 Index	14.0	11.2	12.7	21.0	5.8	3.9	5.0	5.8	5.9	8.5
Russell 1000 Index	14.4	11.1	12.9	21.6	6.2	4.1	5.2	6.2	6.3	9.0
BBA Large Cap Core Median	14.7	11.3	12.4	21.4	6.3	4.3	5.3	6.0	6.4	9.6

Represents outperformance of median

Returns have been ranked against the Becker, Burke Associates Large Cap Core Universe

Returns have been supplied by the managers and are believed to be accurate.

Past performance is no guarantee of future performance.

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Large Cap Core Managers: ANNUAL

Time-Weighted Rates of Return for Years Ending: March 31

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Fidelity - FUSEX (net)	13.9	8.4	15.6	49.7	-38.1	-5.1	11.8	11.7	6.6	34.9
Fidelity - FUSEX (gross)	14.0	8.5	15.7	49.9	-38.0	-5.0	11.9	11.8	6.7	35.2
Rank	63	41	44	58	67	54	77	74	87	69
Northern (net)	13.9	8.5	15.6	49.7	-38.1	-5.1	11.8	11.7	6.7	35.1
Northern (gross)	14.0	8.5	15.7	49.8	-38.1	-5.0	11.9	11.8	6.8	35.2
Rank	64	41	45	59	67	52	77	74	85	67
Vanguard - VINIX - (net)	13.9	8.5	15.6	49.9	-38.0	-5.1	11.8	11.7	6.7	35.1
Vanguard - VINIX - (gross)	14.0	8.6	15.7	50.0	-38.0	-5.0	11.9	11.8	6.7	35.2
Rank	64	40	45	57	66	54	77	74	85	69
S&P 500 Index	14.0	8.5	15.6	49.8	-38.1	-5.1	11.8	11.7	6.7	35.1
Russell 1000 Index	14.4	7.9	16.7	51.6	-38.3	-5.4	11.8	13.2	7.2	36.4
BBA Large Cap Core Median	14.7	7.5	15.3	51.0	-37.1	-4.9	13.2	14.1	9.6	40.4

Represents outperformance of median

Returns have been ranked against the Becker, Burke Associates Large Cap Core Universe

Returns have been supplied by the managers and are believed to be accurate.

Past performance is no guarantee of future performance.

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