

BAY COUNTY RETIREMENT BOARD OF TRUSTEES AGENDA  
TUESDAY, NOVEMBER 10, 2015 @ 1:30 P.M.  
**COMMISSIONERS CHAMBERS**  
**515 CENTER AVENUE - 4<sup>TH</sup> FLOOR**  
**BAY CITY, MI 48708**

PAGE	I. CALL TO ORDER
	II. ROLL CALL
	III. MINUTES
1 - 12 .....	A. OCTOBER 13, 2015 REGULAR MEETING
	IV. PUBLIC INPUT
	V. PETITIONS & COMMUNICATIONS
	A. PRESENTATION OF LINE ITEM COSTS FOR ADMINISTRATIVE LEGAL, INDIRECT COSTS, OUTSIDE LEGAL, ADMINISTRATIVE DUTIES
	B. THE BOGDAHN GROUP - 2015 THIRD QTR REPORT
	1. HOWARD POHL & PETER BROWN
13 - 15 .....	C. MONTHLY REPORTS - <b>RES NO. 2015-53</b>
	1. PORTFOLIO VALUE - 1/1/15 - 9/30/15
	2. CHANGE IN BOOK AND MARKET VALUE - 9/30/15
	3. MONEY MANAGERS ON WATCH - ( <b>EFFECTIVE DATE</b> )
	a. NONE
16 - 99 .....	4. MONEY MANAGER REPORTS
	a. BAIRD - ENDING 9/30/15
	b. CORNERSTONE - ENDING 9/30/15
	c. EAGLE ASSET MGMT -ENDING 9/30/15
	d. HENDERSON GENEVA - ENDING 9/30/15 & PROXY VOTING QTRLY REPORT 9/30/15
	e. HOTCHKIS & WILEY - ENDING 9/30/15 & PROXY VOTING QTRLY REPORT 9/30/15
	f. INTEGRITY - ENDING 9/30/15
	g. LOOMIS SAYLES - ENDING 9/30/15
	h. MFS INVESTMENT - ENDING 9/30/15 & PROXY VOTING QTRLY REPORT 9/30/15
	i. MFS HERITAGE TRUST - ENDING 9/30/15
	j. MACKAY SHIELDS - ENDING 9/30/15
	k. PRISA - ENDING 9/30/15
	5. RECAPTURE SERVICES

BAY COUNTY RETIREMENT BOARD OF TRUSTEES AGENDA  
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**COMMISSIONERS CHAMBERS**  
**515 CENTER AVENUE - 4<sup>TH</sup> FLOOR**  
**BAY CITY, MI 48708**

- 100 - 102. ....
  - a. ABEL/NOSER - SUMMARY ENDING 9/30/15
  - b. CAPIS - SUMMARY ENDING 9/30/15
- 6. NORTHERN TRUST
- 103 - 108. ....
  - a. SUMMARY EARNINGS - ENDING 9/30/15
- 109. ....
  - 7. REFUNDS/RETIREMENTS ENDING 10/31/15
- 110 - 115. ....
  - 8. BCERS YTD BUDGET REPORT - ENDING 10/31/15
- 116. ....
  - 9. INVOICES APPROVED - 10/31/15
- D. CORPORATION COUNSEL
- 117 - 131. ....
  - 1. DISABILITY RETIREMENT POLICY  
RES NO. 2015-35
- E. OUTSIDE LEGAL COUNSEL - RES NO. 2015-52
- F. PRESENTATION OF LINE ITEM COSTS FOR  
ADMINISTRATIVE LEGAL, INDIRECT COSTS, OUTSIDE  
LEGAL, ADMINISTRATIVE DUTIES
- G. PURCHASE OF PREVIOUS SERVICE TIME -  
RES. NO. 2015-51
- 1. EDWARD KLOPF - DWS
- H. SPEAKER SCHEDULE 2016 RES NO. 2015-54
- I. NON-DUTY DISABILITY RES NO. 2015-55
- 1. TODD MAXSON - ROC (CLOSED SESSION)

**Motion: To go into closed session  
pursuant to MCLA 15.268, Sec. 8 (h) to  
consider material exempt from  
discussion or disclosure by state or  
federal statute.**

VI. ANNOUNCEMENTS

- A. NEXT REGULAR MEETING - DECEMBER 8, 2015 AT 1:30  
P.M., COMMISSIONERS CHAMBERS, 515 CENTER AVENUE  
4<sup>TH</sup> FLOOR, BAY CITY, MI 48708

VII. UNFINISHED BUSINESS

VIII. NEW BUSINESS

**BAY COUNTY RETIREMENT BOARD OF TRUSTEES AGENDA  
TUESDAY, NOVEMBER 10, 2015 @ 1:30 P.M.  
COMMISSIONERS CHAMBERS  
515 CENTER AVENUE - 4<sup>TH</sup> FLOOR  
BAY CITY, MI 48708**

- X. MISCELLANEOUS BUSINESS
- XI. ADJOURNMENT

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

A meeting of the Board of Trustees was held on October 13, 2015 at 1:30 p.m. in the Commission Chambers, 4th Floor, Bay County Building, 515 Center Avenue, Bay City, Michigan. Roll call taken.

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

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

**Also Present:**

Consultant: The Bogdahn Group: Howard Pohl and Peter Brown.  
Finance Officer: Crystal Hebert  
Retirement Administrator: Rebecca Marsters  
Corporation Counsel: Shawna Walraven  
Payroll Supervisor: Tiffany Jerry  
Attorney: Thomas Michaud

Trustee Herek arrived at 1:35 p.m. after motion to excuse.

MOTION 72: Moved, supported and carried to excuse Trustees Herek and Gromaski.

The meeting was called to order by Chairman, Steve Gray at 1:31 p.m.

MOTION 73: Moved, supported and carried to approve the minutes, as printed, from the August 25, 2015 special meeting.

MOTION 74: Moved, supported and carried to approve the minutes, as printed, from the September 8, 2015 regular meeting.

Mr. Gray called for public input. There was no public input and he moved onto petitions and communications.

Chairman Gray diverted from the agenda and moved to the actuarial presentation.

Present were Jim Anderson and Shana Neeson, from Gabriel Roeder Smith and Company, to present the December 31, 2014 actuarial valuation report. A copy was provided to all Trustees, in advance, via the web.

Mr. Anderson discussed the new mortality tables that are coming out and told the Board that at the next VEBA valuation they may be recommending updating the mortality tables due to people living longer and the need to stretch pension payments longer. He discussed eventually taking the fully generational route. He also talked about the results of the Actuarial Standards Board hearing on Public pension funding in July of 2015 where they stated a separate standard of practice for public pension plans is not needed.

**MINUTES** BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM BOARD OF TRUSTEES (BCERS)  
OCTOBER 13, 2015 - REGULAR MEETING  
PAGE 2

The third update is that GASB has released new standards for Other Post-employment Benefit Plans (OPEBs) for VEBA. GASB 74 and 75 are going to replace GASB 43 and 45. They will closely mirror GASB 67/68. The effective dates are June 15, 2016 for fiscal years July 1, 2016 and January 1, 2017. They will have more news on that going forward.

He then went over investment return assumptions. They have had a shrinking of the allowable range of natural standards that they deal with. They have had a general decrease in the expected inflation. He stated the base inflation level has generally gone down.

He also discussed funding objectives. They are trying to have inter-generational equity with respect to the plan costs. They don't like to have shifting burdens to future generations. They try to keep things relatively fair as they go. They have had focus on ratio of assets to liabilities. They want to see that stable or increasing and certainly the county has been increasing and is in a very good position and also a stable pattern of contribution rates. He talked about prefunding as well as pay as earned. He stated in their valuation they want to pay more in the early years and less in later years of employer and employee contributions. They want to use investment income that has been growing on the invested assets to ultimately pay a big chunk of the benefits in the future.

He discussed the present value of future benefits payable to all current participants. Present retirees \$159.9 million. That is accrued liability and that is what is promised future retirees based on service yet to be rendered and that is also called present value future normal cost. He went over the actuarial valuation process and how they break up the benefits. He explained paying an amount towards the unfunded accrued liability to get to the annual contribution requirement.

Ms. Neeson went over the plan total. For the 2014 valuation the membership data included 1,160 active members with a total payroll of \$46.5 million. Total membership was 2,165 members which included active, retired, those terminated, but vested and eligible for deferred retirement. The total actual accrued liability or the present value of benefits accrued to date is \$272 million when rounded. The actuarial value of assets that they used in determining the unfunded portion was \$282.2 million.

The difference between the accrued liability and the actuarial value of assets gives them the unfunded liability. In this instance, the plan is actually over funded so there are more assets than there are liabilities so the over funded amount is \$10.2 million. In total, the funded ratio is 104%. This is an increase over last year's result which was 101%. She went through the historical information for each group.

She went over the comparison from the 2013 to 2014 results. Overall the investment performance of the plan was good. They saw a loss from fewer retiree deaths than expected and higher payroll than they were expecting based on their assumptions. Those things were more than offset by the favorable

investment performance. In total they see contribution rates that are lower than those developed in the 2013 valuation.

She discussed the overall performance of the plan. There was an overall gain of \$8.6 million. There was a gain on the asset side of \$9.8 million and then they saw a loss of about \$1.3 million. This is attributable to fewer retiree deaths than they were expecting as previously stated. They are seeing there are more benefit payments occurring than they expected based on mortality assumptions and higher than expected payroll increases.

In general, the contribution rates should trend toward the long term effects. Their goal is 100% funding.

All of the groups have required contributions this year except for General and Sheriff groups. They are both over funded and they are over funded by an amount larger than their normal cost. Their normal cost percent is more than offset by their over funding. In addition to General and Sheriff, the Library and Medical Care Facility are also over funded; therefore, their contributions are lower than their normal cost percent.

She talked about the anticipated future benefit payments to retired members and beneficiaries. They compared the accrued liability to the retirement reserve account. Their valuation shows that there is a shortfall in the retiree reserves for all of the groups except DWS, BABH and the Sheriff's department. Their valuation anticipates that the difference between the accrued liability and the reported reserved will be transferred from the Retirement System employer reserve to the retiree reserve effective January 1, 2015. I believe the board usually makes a motion to approve this transfer and this would be the time to do that.

MOTION 75: Moved, supported and carried to approve the actuary's recommendation to transfer the difference between accrued liability and reported reserve from the retirement system employer reserve to the retiree reserve effective 1/1/2015.

She also talked about asset transfer in the amount of \$181,804 from the general to the Road Commission. They had a similar recommendation in the last valuation due to a member who transferred with a significant amount of service from general to Road Commission. An additional member has transferred again in 2014. Their recommendation is that the Board approve the asset transfer of \$181,804

Resolution No. 2015-47:

Moved, supported and carried to adopt Res No. 2015-47 that this Board approve the actuary's recommendation to transfer assets in the amount of \$181,804 from the General Group to the Road Commission.

Trustee asked about a policy for transferring.

Ms. Neeson explained in the past people transferred between groups but they had a smaller amount of service so the impact to the plan was not significant and there has not necessarily been an asset transfer for those people. She believed they recommended that a policy be established so there would be a consistent procedure perhaps for people with maybe five years of service.

Mr. Anderson stated they could follow up with a communication to the Board regarding a sample policy.

Trustee Coonan asked if the actuary report reflected the purchase of other governmental service time.

Mr. Anderson stated the valuation reflects everyone in whatever position and whatever status they were in through 2014.

Ms. Neeson talked about asset performance and about asset smoothing helping the volatility of the employer contributions. The retirement system will continue to mature and see more retirees than active employees. She stated this is normal for a pre-funded retirement system. In the short-term, meeting the 7.5% assumed market return is going to put downward pressure on the contribution requirements because of the remaining phase-in of past market gains. In the favorable investment performance in the recent years the funding value asset is 92% of our market value asset.

Chairman Gray asked Mr. Anderson to send a framework of the policy to Ms. Walraven.

Mr. Pohl commented on the investment performance and other things that helped lower contributions for this year and smoothing some of those in but recognizing what has happened since the end of the year. He asked if Gabriel Roeder Smith had any recommendations as to potentially phasing in any of these higher cost issues like potentially lowering the investment return assumption or phasing in some of the mortality or anything else that would likely make the contributions this year higher than they could have been, but might mitigate against big bumps in the future years.

Mr. Anderson stated the valuation presented here, based on all the information today, that they are not suggesting changes for this valuation or these results that would affect the contributions. These results are as stated and they would talk about updating mortality rates correction tables and interest rates for when they do their experience study.

Trustee Brzezinski asked about the five-year smoothing and five years ago the fund was \$235 million. Today it is still about \$295 million. Given any major reductions at the end of the year, he asked if Mr. Anderson would expect some more of this positive trend into next year as the numbers get closer together in a year from now unless there is a big bump in the market.

Mr. Anderson answered yes. He talked about \$6.3 million of expected income for the next year. He stated there were gains in the pipeline that are going to phase in going forward.

Chairman asked if any guests from other departments had any questions. There were none.

Trustee Herek asked about increasing the 10-year.

Mr. Anderson stated they make that note for plans that are over funded. If they are over funded, they use 10-year amortization which is used throughout the public sector. He believes sometimes it is good for over funded plans to bump that amortization time up as a decision so that when you come out of over funding, there is not quite the impact. He gave an example of 25-year amortization.

Trustee Herek asked if that was a recommendation because of the situation that we are in because we have large gains to amortize that over a long period of time.

Mr. Anderson stated it is something to consider as a possibility for future cash management.

MOTION 76: Moved, supported and carried to receive the December 31, 2014 actuary valuation report from Gabriel Roeder Smith.

Next on the agenda was a change to part-time clerical position. Res No: 2015-38 moved by Brzezinski and supported by Morse. Trustee Pett had a question on going to 16 hours from 10. It had been 10 hours a week for years and he stated that they went to 16 for the scanning project. He stated reading the recommendation he is not opposed to the merging for a full time position with the other department. It is just the justification for the extra time if that could be answered.

Ms. Marsters responded that the change for resolutions on the agenda takes extra time to put together. There is also a lot of upkeep with the scanning. As new information comes in, she is going to have to scan documents into the files. Also, keeping up with the GRS software and inputting that information into the system. It's a lot of little things with the changes that were made over the last year or two. We have also taken the contribution cards and made those electronic.

Trustee Brzezinski commented that as Mr. Pett pointed out that there seems to be, over the course of time, where there have been costs being added to administration on this. He thought it may be helpful if the Board had a comparison of what was paid to administration when Danean Wright did this 80/20 and what the costs were at that time and what has been added since that time as far as one position being 100% instead of 80% and then 10 hours turning into 16. There was a time when they had a lot of indirect costs attributed to the legal fees and some of that changed now to the accounting side. Mr. Brzezinski thinks, as a Board, they should have a better idea of what they are actually paying now versus what they did in the past.

RES NO: 2015-38 Moved and supported That the Bay County Employees' Retirement System Board approve combining the PT Retirement clerk and PT Personnel clerk into one full-time position as

well as adjusting the budget to reflect possible increase for benefits.

ROLL CALL VOTE:  
BRZEZINSKI: No  
Coonan: Yes  
Goetz: No  
Gray: No  
Gromaski: No  
Herek: No  
Morse: Yes  
Pett: No  
Starkweather: No

Motion fails.

Chairman Gray suggested coming back next month with a comparison like Mr. Brzezinski asked for maybe going back five years in time up to the current year and they would take another look at it.

**RESOLUTION NO 2015- 39:**

Moved, supported and carried to adopt Res. No 2015-39 to receive the following monthly reports: The Portfolio Value Ending 9/30/15 (Today's Value is \$301.5 million), Change in Book & Market Value -8/31/15, Money Managers on Watch - None, Money Manager Reports: Cornerstone - Ending 8/31/15, Eagle Asset - Ending 8/31/15, Hotchkis & Wiley - Ending 8/31/15, Loomis Sayles - Ending 8/31/15, Mackay Shields - Ending 8/31/15, MFS Heritage - Ending 8/31/15, MFS Investment - Ending 8/31/15; Recapture Services: Abel/Noser - Summary Ending 8/31/15, CAPIS - Summary Ending 8/31/15; Northern Trust Summary Earnings 8/31/15; Refunds & Retirements Ending 9/30/15; BCERS YTD Budget Report ending 9/30/15; Approved Expenses Ending 9/30/15.

Corporation Counsel: Update on Disability Policy.

Ms. Walraven was happy that the Board came to an agreement on the disability policy in her absence. Ms. Marsters sent the forms over to the Medical Director, Dr. Herick to review and use. He had some comments and questions about those. He and Ms. Davis-Johnson have been ironing out the last details on the forms. Ms. Walraven stated she will have all of those in a packet for the Board to approve next month. In the meantime, administration will be trying to follow the policy and procedure as closely as possible until we are able to implement it.

Purchase of Military Service Time:

**RES NO: 2015-40**

Moved, supported and carried to adopt Res No: 2015-40 That this Board approve the request of Brian Pedler to purchase two (2) years

and five (5) months of military service time for retirement purposes.

Purchase of Other Governmental Service Time:

**Res No: 2015-41**

Moved, supported and carried to adopt resolution No: 2015-41 That this Board approve the requests and applications of Judith Deaton from Williams Township for 2 years and 0 months; William Deaton from Bangor Township for 1 years and 0 months; and Brian Emmendorfer from Midland County for 2 years and 1 month for the purchase of Other Governmental Service Credit for retirement purposes.

Question was asked as to why these are coming in a month or two after the deadline. Ms. Marsters stated it was due waiting for verifications on wages from previous employers in order to do the calculations.

Application for Non-Duty Disability:

**Res No: 2015-42**

Moved, supported and carried to adopt resolution 2015-42 to refer the matter to the Medical Director regarding non-duty disability retirement for Todd Maxson.

Non-duty Disability Retirement:

**Res. No: 2015-43**

Moved, supported and carried to adopt Res No: 2015-43 approving the non-duty disability application for Tracy Desjarlais.

Trustee questioned the re-examination process which was clarified that the Board has the right to send them for a recheck with our Medical Director if there are any questions as to their slip from their personal physician regarding their disability status.

**Res. No: 2015-44**

Moved, supported and carried to adopt Res No: 2015-44 approving the non-duty disability application for Robert Stender.

Approval of the revised 2016 proposed budget:

Ms. Hebert asked for clarification on approving the budget with the additional 6 hours for the clerical part-time position as it was approved in the previous proposed budget. She explained the budgetary changes for approval today were some fringe benefits as an increase in sick and accident and a decrease in unemployment related to employees that are already in there and approved in the budget.

Trustee stated if was approved for 16 hours that did not mean they had to

spend it. If they did end up coming to an agreement on the 16 hours, then it is already budgeted for.

**Res No: 2015-45**

Moved, supported and carried to adopt Resolution No: 2015-45 approving the revised 2016 proposed budget.

Correspondence from Cornerstone regarding rebalance of asset allocation:

MOTION 77: Moved, supported and carried to receive correspondence to Cornerstone regarding rebalance of asset allocation.

Correspondence from Schrodgers regarding International Small-Cap team update:

MOTION: 78: Moved, supported and carried to receive correspondence from Schrodgers regarding International Small-Cap Team update.

**Res. No: 2015-46**

Moved, supported and carried to adopt Res No: 2015-46 approving the election calendar.

**ANNOUNCEMENTS:**

- A. There will be a special meeting Thursday, October 22, 2015 at 8:30 a.m. in Commissioner's Chambers, 515 Center Avenue - 4<sup>th</sup> Floor, Bay City, MI 48708.
- B. Next regularly scheduled meeting will be Tuesday, November 10, 2015 at 1:30 P.M. in Commissioner's Chambers, 515 Center Avenue - 4<sup>th</sup> Floor, Bay City, MI 48708.

**UNFINISHED BUSINESS:** None.

**NEW BUSINESS:** None

**MISCELLANEOUS BUSINESS**

Trustee Coonan brought up the previous discussion regarding legal fees and the amount of times that outside counsel, Mr. Thomas Michaud, would be attending Board meetings and at whose discretion as well as what his costs were. He believed Mr. Michaud was only to attend three Board meetings and stated he has attended significantly more than three.

Chairman Gray stated he believed there was discussion of the Board being able to vote to have him attend or it was an option of the chair.

Trustees discussed the previous decision on when outside legal counsel attend and who had the authority to consult outside legal counsel. Trustee Coonan asked that the minutes reflect his displeasure.

Trustee Coonan asked to see all costs including travel costs involving attorney Thomas Michaud.

Attorney Thomas Michaud addressed the Board. He stated he wanted to make it clear that he was here only at the discretion and direction of the Board. He stated all of his bills were itemized. All the directions he makes are on behalf of the Board. He stated when he is invited to the board meetings, he appears at issues such as the disability retirement which is on the agenda today and is something that they have had significant discussions on previously. His understanding was that the issue was going to come up and there were issues that he would need to participate with. Similarly, with the tax issues that may come up later on in the agenda. He wanted to be available to answer any questions with respect to those issues. He stated he is more than happy to accommodate in whatever discussion and direction of the Board.

It was clarified who worked on the Disability Retirement Policy and that the sample policy Mr. Michaud proposed was used as a template.

Trustee Brzezinski asked to see line item costs of indirect costs for the last two years.

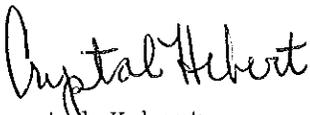
Chairman Gray asked Ms. Walraven and Ms. Hebert for a presentation to see line item costs for administrative legal costs and indirect costs as well as outside legal costs to include Trustee Coonan's query as to what Mr. Michaud's fees and travel fees were.

Chairman Gray stated he asked Mr. Michaud to look into an issue dealing with two or three groups that are contributing into the pension system by the employees. He stated there either needs to be a language change in the Retirement Ordinance or the individual labor agreements by the affected parties. Mr. Michaud brought a handout for the Board today. Chairman Gray asked the Board members to read through the information and come back with questions in November.

**ADJOURNMENT:**

MOTION 79: Moved, supported and carried to adjourn the meeting at 2:48 p.m.

Respectfully submitted,



Crystal Hebert  
Finance Officer/Secretary

Transcribed by: Tracy Cederquist

**MEETING OF THE BCERS BOARD OF TRUSTEES COMMITTEE**  
OCTOBER 13, 2015

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

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

**RESOLUTIONS**

TRUSTEE	2015-38	2015-39	2015-40	2015-41	2015-42	2015-43	2015-44	2015-45	2015-46	2015-47
BRZEZINSKI	M-N	Y	M-Y	Y	S-Y	Y	M-Y	S-Y	M-Y	Y
COONAN	Y	Y	Y	S-Y	M-Y	M-Y	Y	Y	Y	Y
GOETZ	N	Y	Y	Y	Y	Y	Y	Y	Y	S-Y
GRAY	N	Y	Y	Y	Y	Y	Y	Y	Y	Y
GROMASKI	E	E	E	E	E	E	E	E	E	E
HEREK	N	Y	Y	Y	Y	S-Y	Y	Y	Y	Y
MORSE	Y	S-Y	Y	Y	Y	Y	Y	Y	S-Y	Y
PETT	N	Y	S-Y	M-Y	Y	Y	S-Y	M-Y	Y	Y
STARKWEATHER	N	M-Y	Y	Y	Y	Y	Y	Y	Y	M-Y

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

**MEETING OF THE BCERS BOARD OF TRUSTEES COMMITTEE  
OCTOBER 13, 2015**

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

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

**MOTIONS**

Trustee Herek arrived 1:35 p.m.

TRUSTEE	72	73	74	75	76	77	78	79		
BRZEZINSKI	Y	Y	S-Y	Y	M-Y	S-Y	S-Y	Y		
COONAN	Y	Y	Y	S-Y	Y	Y	Y	Y		
GOETZ	Y	Y	Y	Y	S-Y	Y	Y	Y		
GRAY	Y	Y	Y	Y	Y	Y	Y	Y		
GROMASKI	E	E	E	E	E	E	E	E		
HEREK	E	Y	Y	Y	Y	M-Y	M-Y	Y		
MORSE	Y	S-Y	Y	Y	Y	Y	Y	S-Y		
PETT	M-Y	M-Y	M-Y	M-Y	Y	Y	Y	M-Y		
STARKWEATHER	Y	Y	Y	Y	Y	Y	Y	Y		

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

**BAY COUNTY RETIREMENT BOARD  
11/10/2015  
RESOLUTION**

BY: BAY COUNTY RETIREMENT BOARD

RESOLVED By the Bay County Retirement Board that the following reports are received:

1. PORTFOLIO VALUE - 1/1/15 -10/31/15
2. CHANGE IN BOOK AND MARKET VALUE -9/30/15
3. MONEY MANAGERS ON WATCH - NONE
4. MONEY MANAGER REPORTS
  - a. BAIRD - ENDING 9/30/15
  - b. CORNERSTONE - ENDING 9/30/15
  - c. EAGLE ASSET MGMT - ENDING 9/30/15
  - d. HENDERSON GENEVA - ENDING 9/30/15& QTRLY PROXY VOTING 9/30/15
  - e. HOTCHKIS & WILEY - ENDING 9/30/15 & QTRLY PROXY VOTING 9/30/15
  - f. INTEGRITY - ENDING 9/30/15
  - g. LOOMIS SAYLES - ENDING 9/30/15
  - h. MFS INVESTMENT - ENDING 9/30/15& QTRLY PROXY VOTING 9/30/15
  - i. MFS HERITAGE TRUST - ENDING 9/30/15
  - j. MACKAY SHIELDS - ENDING 9/30/15/15
  - k. PRISA(PRUDENTIAL) - ENDING 9/30/15
5. RECAPTURE SERVICES
  - a. ABEL/NOSER - SUMMARY ENDING 9/30 /15
  - b. CAPIS - SUMMARY ENDING 9/30 /15
6. NORTHERN TRUST SUMMARY EARNINGS -9/30/15
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8. BCERS YTD BUDGET REPORT - ENDING 10/31/15
9. APPROVED EXPENSES -10/31/15

STEVE GRAY, CHAIR  
AND BOARD

MONTHLY REPORTS NOVEMBER

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

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

Vote Totals:  
 Roll Call: Yeas \_\_\_\_\_ Nays \_\_\_\_\_ Excused \_\_\_\_\_  
 Voice: Yeas \_\_\_\_\_ Nays \_\_\_\_\_ Excused \_\_\_\_\_  
 Disposition: Adopted \_\_\_\_\_ Defeated \_\_\_\_\_ Withdrawn \_\_\_\_\_  
 Amended \_\_\_\_\_ Corrected \_\_\_\_\_ Referred \_\_\_\_\_

RET.	2015	BAIRD	BARINGS	CORNERSTONE	DENVER	EAGLE (R/E)	GENEVA	HOTCHKIS & WILEY	LOOMIS SAYLES	MACKAY SHIELDS	MES	MES INTL	INTEGRITY	SCHRODER	COLUMBIA	VANGUARD	PRISA	CASH	TOTAL
VENDOR #	69541	1530	444	29024	2980	4289	52427	3812	6832	402	MES INTL	INTEGRITY	SCHRODER	COLUMBIA	VANGUARD	PRISA	CASH	TOTAL	
JAN	25,954,494.81	18,548.92	14,930,295.11	0.11	9,746,990.22	22,736,052.32	10,466,429.37	36,779,554.50	19,088,857.01	46,475,341.50	15,278,006.70	21,347,500.05	17,998,557.17	44,653,307.82	14,848,350.99			4,580,099.44	304,086,341.84
FEB	25,699,772.32	18,293.74	14,500,330.44	0.11	10,308,479.59	24,218,314.77	11,215,548.48	35,898,859.38	24,428,781.07	33,165,871.83	24,740,538.82	22,445,787.78	28,406,539.80	31,897,449.56	30,858,317.96			3,437,191.54	318,869,088.16
MARCH	25,849,611.06	17,625.39	14,781,791.56	0.11	10,435,015.36	24,495,890.35	11,236,212.23	36,888,691.43	18,916,352.84	32,790,558.90	25,595,791.39	22,555,528.97	28,587,122.19	31,178,272.37	30,368,218.58			2,232,776.79	314,287,332.51
APRIL	25,791,296.30	18,349.91	13,913,879.08	0.11	10,060,308.23	24,420,047.69	11,231,578.62	38,471,974.37	15,991,922.14	32,576,453.55	25,375,195.38	22,080,940.19	27,690,924.91	31,524,713.83	30,858,694.29			4,559,077.37	312,951,350.48
MAY	25,772,264.89	10,065.37	13,889,300.28	0.11	10,521,250.61	24,892,254.62	11,427,015.55	36,554,310.10	15,676,728.57	33,164,340.21	28,300,081.20	22,631,525.11	27,897,897.88	31,893,443.18	31,052,702.90			3,547,541.80	315,586,898.36
JUNE	25,580,850.64	10,188.50	13,243,171.01	0.11	10,902,795.80	22,032,823.00	10,574,813.83	35,880,577.83	12,559,847.79	32,888,679.51	28,300,081.20	22,229,821.72	27,691,207.36	31,440,601.74	30,453,469.99			5,125,650.23	310,889,407.26
JULY	25,751,940.42	9,987.21	14,086,281.12		11,144,385.01	22,813,008.24	10,108,127.93	35,863,131.92	12,698,874.56	34,414,354.86	25,572,051.27	22,067,034.58	28,006,490.01	31,375,840.87	31,091,619.53			4,242,860.05	313,406,121.48
AUG	25,768,233.06	10,009.97	13,216,059.49		10,294,473.82	21,483,490.49	9,631,518.56	35,596,190.82	12,377,052.28	32,432,003.96	28,072,571.85	20,982,180.94	26,793,478.57	29,310,728.04	28,218,944.37			3,021,353.52	300,344,374.72
SEPT	25,874,738.86	9,934.22	7,787,054.40		9,710,664.75	20,984,823.38	9,228,365.90	35,687,846.71	12,317,075.45	31,417,822.62	23,997,290.88	20,187,196.72	25,674,633.59	28,108,953.89	28,490,179.50			3,488,561.25	293,282,483.82
OCT	25,922,485.66	9,940.17	8,194,199.97		10,082,293.50	22,243,942.68	9,839,088.71	36,028,950.23	12,825,935.35	34,014,148.79	23,443,365.07	21,388,087.08	27,158,538.67	30,483,098.27	30,894,140.35			2,552,694.15	305,355,704.65
NOV																			0.00
DEC																			0.00
2014 YTD	38,381.52	0.00	41,875.66	0.00	45,342.65	89,268.00	55,127.65	55,229.28	62,529.03	108,204.61	84,580.57	90,811.00	87,065.45	78,205.53					0.00

[INVESTMENT MANAGER FEES ARE PAID FROM: 73172400 80100 (Professional Services)]

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

GOVERNMENTAL FIXED INCOME MANAGER  
 LARGE CAP GROWTH INTERNATIONAL EQUITY 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

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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 \$80 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

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◆ Change in Book and Market Value

	Cost	Market Value	For more information
Opening balance	261,612,584.80	298,725,189.48	
Participant Contributions	82,989.69	82,989.69	See funding & disbursement summary
Sponsor Contributions	2,263,922.99	2,263,922.99	See funding & disbursement summary
Interportfolio Transfers In	5,812,913.00	5,812,913.00	See funding & disbursement summary
Benefit Payment Redeposits	5,077.98	5,077.98	See funding & disbursement summary
Total receipts	8,164,903.56	8,164,903.56	See funding & disbursement summary
Interportfolio Transfers Out	- 5,812,913.00	- 5,812,913.00	See funding & disbursement summary
Benefit Payments / Beneficiary Payments	- 1,377,050.32	- 1,377,050.32	See funding & disbursement summary
Total disbursements	- 7,189,963.32	- 7,189,963.32	See funding & disbursement summary
Income received	586,385.37	586,385.37	See income & expense summary, cash activity detail
Expenses paid	- 528,619.85	- 528,619.85	See income & expense summary
Unrealized gain/loss change	0.00	- 8,455,237.32	See asset summary
Realized gain/loss	1,401,486.39	1,401,486.39	See realized gain/loss summary
Accrued income change	3,285.18	3,285.18	See income & expense summary
Closing balance	264,050,062.13	292,707,429.49	

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Warren D. Pierson, CFA

Managing Director  
Senior Portfolio Manager  
Baird Advisors

October 29, 2015

Ms. Rebecca Marsters  
Retirement Administrator  
Bay County Employees' Retirement System  
515 Center Avenue, Suite 706  
Bay City, MI 48708-5128

Dear Rebecca:

Enclosed please find a summary review as of September 30, 2015 for the Bay County Employees' Retirement System Portfolio managed by Baird Advisors.

#### **Market Review**

Global market volatility intensified during the third quarter driven primarily by the uncertainty of global growth (i.e. China) and uncertainty surrounding Fed policy. After a sharp decline in Chinese equities in July, linked to slower than expected growth especially in exports, the Central Bank of China unexpectedly devalued the Yuan in August by nearly 3% against the U.S. Dollar. In the U.S., the Fed decided not to raise the Fed Funds rate at its September meeting, noting that recent global economic and financial developments may restrain U.S. economic activity.

Investors sought the liquidity and safety of U.S. Government securities and overall, yields declined during this volatile quarter. The 10-year Treasury traded in a 56 basis point range from 1.90% to 2.46% before ending the quarter at 2.06%. The decline in yields resulted in positive nominal returns for most sectors. However, wider yield spreads detracted from returns in non-Government sectors relative to like duration U.S. Treasuries.

Please find attached a copy of our September 2015 Bond Market Comments which provides a more detailed review of the market.

#### **Performance Update**

During the third quarter, the Bay County Employees' Retirement System Portfolio generated positive absolute performance and modestly outperformed its custom benchmark. The Portfolio's exposure to high-quality agency residential mortgage-backed securities (RMBS) and select, well-

structured agency commercial mortgage-backed securities (CMBS) continues to drive performance as these were two of the few sectors to outperform Treasuries for the quarter. Specifically, our security selection and allocation to higher-rated bonds was beneficial as higher rated securities outperformed lower rated securities within the sectors. The Portfolio also continued to benefit from its yield curve positioning as the yield curve flattened considerably out to five year maturities.

Looking forward, we expect continued positive contribution from the Portfolio's agency RMBS and CMBS exposures, which offer attractive value and stable cash flow profiles.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Warren D. Pierson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Warren D. Pierson, CFA

cc: Crystal Herbert - Bay County Employees' Retirement System  
Tiffany Jerry - Bay County Employees' Retirement System  
Tracy Cederquist - Bay County Employees' Retirement System  
Howard Pohl - The Bogdahn Group  
Peter Brown - The Bogdahn Group

# Bay County Employees' Retirement System

## Fixed Income Portfolio

September 30, 2015

	<b>Fixed Income Portfolio</b>	<b>Custom Benchmark</b>
Average Quality	AAA	AAA
Average Coupon	3.45 %	2.90 %
Current Yield	3.20 %	2.77 %
Yield to Maturity	1.90 %	1.98 %
Duration	4.92 years	4.92 years
Average Maturity	5.94 years	6.81 years
 <b>Quality Profile</b>		
US Treasury	34.7 %	46.2 %
Agency	64.6 %	53.8 %
Aaa	0.7 %	0.0 %
Aa	0.0 %	0.0 %
A	0.0 %	0.0 %
Baa	0.0 %	0.0 %
	100.0 %	100.0 %
 <b>Sector Profile</b>		
US Treasury	34.7 %	46.2 %
Agency	1.5 %	3.8 %
Mortgages/CMOs	43.8 %	50.0 %
Asset-Backed	0.0 %	0.0 %
CMBS	19.3 %	0.0 %
Other Govt	0.0 %	0.0 %
Industrial	0.0 %	0.0 %
Utility	0.0 %	0.0 %
Financial Institutions	0.0 %	0.0 %
Cash	0.7 %	0.0 %
	100.0 %	100.0 %
 <b>Number of Issues</b>	 88	 1,232
 <b>Market Value</b>	 \$25,974,738	

Custom benchmark is comprised of 50% Barclays U.S. Government/50% Barclays U.S. MBS

**Baird Advisors  
Performance Summary**

3/31/2006 - 9/30/2015



**Bay County Employees' Retirement System**

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	<b>Portfolio Performance Gross of Fees</b>	<b>Custom Benchmark*</b>
1 Month Return	0.80%	0.72%
Trailing 3 Months	1.62%	1.51%
Year to Date	1.99%	1.71%
Trailing 12 Months	3.97%	3.56%
3 Year	1.67%	1.64%
5 Year	2.93%	2.76%
7 Year	4.33%	4.04%
Annualized Since Inception	4.89%	4.72%
Cumulative Since Inception	57.34%	54.98%
Market Value as of 9/30/2015	\$25,974,738	

The performance is presented on a cumulative compound and annualized basis and does not reflect the deduction of investment advisory fees. Returns would be reduced by an advisory fee and other fees such as custodial expenses; refer to the client contract for client specific fee schedule. All returns are calculated on a time weighted, total return basis. The results shown should not be considered representative of future investment returns. Baird Advisors relies on securities valuations provided by client's custodian for purposes of performance reports. The Baird Advisors Brochure is available upon request.

\*The current benchmark is the custom benchmark of 50% Barclays U.S. Government/50% Barclays U.S. MBS which is an unmanaged portfolio of specific securities. Direct investment in the index is not available.

# Baird Advisors Performance Summary

3/31/2006 - 9/30/2015



## Bay County Employees' Retirement System

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	Portfolio Performance Net of Fees	Custom Benchmark*
1 Month Return	0.78%	0.72%
Trailing 3 Months	1.55%	1.51%
Year to Date	1.77%	1.71%
Trailing 12 Months	3.67%	3.56%
3 Year	1.37%	1.64%
5 Year	2.63%	2.76%
7 Year	4.02%	4.04%
Annualized Since Inception	4.57%	4.72%
Cumulative Since Inception	52.95%	54.98%
Market Value as of 9/30/2015	\$25,974,738	

The performance is presented on a cumulative compound and annualized basis net of fees. Returns would be reduced by an advisory fee and other fees such as custodial expenses; refer to the client contract for client specific fee schedule. All returns are calculated on a time weighted, total return basis. The results shown should not be considered representative of future investment returns. Client should review all account statements provided by its custodian and compare those account statements to any account statement provided by Baird Advisors. Baird Advisors relies on securities valuations provided by client's custodian for purposes of performance reports. The Baird Advisors Brochure is available upon request.

\*The current benchmark is the custom benchmark of 50% Barclays U.S. Government/50% Barclays U.S. MBS which is an unmanaged portfolio of specific securities. Direct investment in the index is not available.

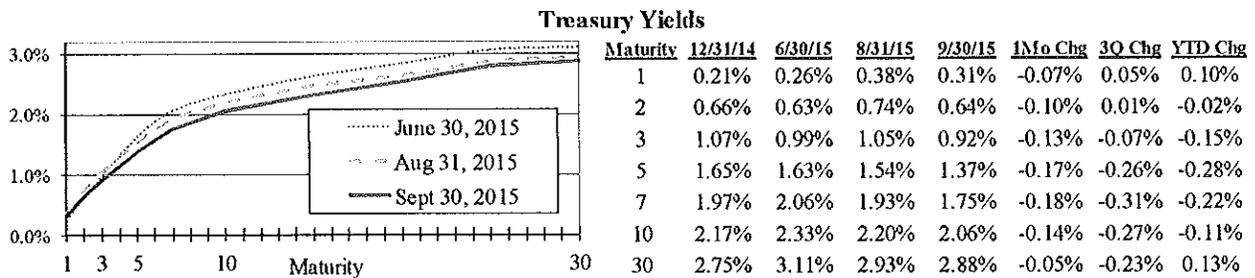
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**Baird Advisors**  
**Fixed Income Market Comments**  
**September 2015**

**Market Volatility Rises, Yields Fall, and the Fed Waits**

Global markets were struck by a bout of volatility in the third quarter driven by Greece's narrowly avoided exit from the Euro, China-led global growth concerns and heightened uncertainty surrounding the Fed's timing of lift-off from their zero policy rate. Early in July Greece agreed to austere bailout terms, narrowly averting an exit from the Euro in last-minute negotiations. After a sharp decline in Chinese equities in July, linked to slower than expected growth in China, especially exports, the Central Bank of China unexpectedly devalued the Yuan in August by nearly 3% against the US Dollar. Yields ended a volatile quarter lower as the 10-year Treasury traded in a 56 bp range from 1.90% to 2.46% ending the quarter at 2.06%, while the S&P 500 fell 6.94% and WTI Crude Oil dropped nearly 25% to \$45/bbl. The Fed decided not to raise the Fed Funds rate at its September meeting, noting that "recent global economic and financial developments may restrain economic activity." However, Chair Yellen said in a late September speech that the first increase will still likely be "later this year" (the Fed meets in October and December). In the midst of global uncertainty, U.S. economic data have been relatively steady (Aug. nonfarm payrolls +173K and +30K in prior month revisions; 1<sup>st</sup> half annualized GDP +2.2%); however, inflation remains below the Fed's 2% target (Aug headline CPI +0.2% YoY, CPI ex. food/energy +1.8% YoY). Markets are pricing a nearly 50% probability of a rate increase by year end.



**Macro Uncertainty, Commodity Weakness Pressure Spreads**

Global macro concerns remained high in September, pushing yield spreads to some of the widest levels in three years. Investors sought the liquidity and safety of U.S. Government-guaranteed securities (note relatively stable spreads on Agency debentures and pass-throughs in table at right). Falling commodity prices continued to pressure investment-grade corporate spreads in commodity-related sectors (Industrials widened 31 bps for the quarter) while Corporate High Yield spreads widened 154 bps for the quarter to 630 bps, now 147 bps wider than year end.

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

	12/31/14	6/30/15	8/31/15	9/30/15	1M Chg	3Q Chg	YTD Chg
U.S. Aggregate Index	48	51	57	59	2	8	11
U.S. Agency (non-mortgage)	16	18	14	17	3	-1	1
<b>Mortgage and ABS Sectors</b>							
U.S. Agency Pass-throughs	27	26	27	31	4	5	4
Asset-Backed Securities	58	62	61	69	8	7	11
CMBS	98	101	112	108	-4	7	10
<b>Corporate Sectors</b>							
U.S. Investment Grade	131	145	163	169	6	24	38
Industrial	140	153	177	184	7	31	44
Utility	119	137	149	152	3	15	33
Financial Institutions	117	133	142	145	3	12	28
U.S. High Yield	483	476	544	630	86	154	147

Source: Barclays

**Mixed Returns - High Yield and TIPS Lag**

Falling yields kept nominal returns positive for the quarter with the exception of High Yield and TIPS. U.S. Treasuries led the pack (+1.76%) for the quarter, while spread sectors such as Corporates (+0.83%) had more modest absolute performance. Sectors with shorter average durations (ABS +0.74%) benefitted less from the drop in yields. Fundamental stress combined with High Yield fund outflows caused the High Yield sector to post the worst quarterly returns (-4.86%) by a wide margin, and falling inflation expectations pressed TIPS returns into negative territory (-1.15%).

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

Barclays Index/Sector	September	3 <sup>rd</sup> Quarter	YTD
U.S. Aggregate Index	0.68%	1.23%	1.13%
U.S. Gov't/Credit Index	0.70%	1.20%	0.90%
U.S. Intermediate Gov't/Credit Index	0.67%	0.95%	1.77%
U.S. 1-3 Yr. Gov't/Credit Index	0.30%	0.29%	1.02%
U.S. Treasury	0.88%	1.76%	1.80%
U.S. Agency	0.56%	1.06%	1.66%
MBS (Mortgage-Backed Securities)	0.58%	1.30%	1.61%
CMBS (Commercial Mortgage-Backed Securities)	1.22%	1.54%	2.24%
ABS (Asset-Backed Securities)	0.45%	0.74%	1.83%
U.S. Corporate - Investment Grade	0.75%	0.83%	-0.10%
Corporate High Yield	-2.60%	-4.86%	-2.45%
Municipal Bond Index	0.72%	1.65%	1.77%
TIPS (Treasury Inflation Protected Securities)	-0.59%	-1.15%	-0.80%

## Disclosures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

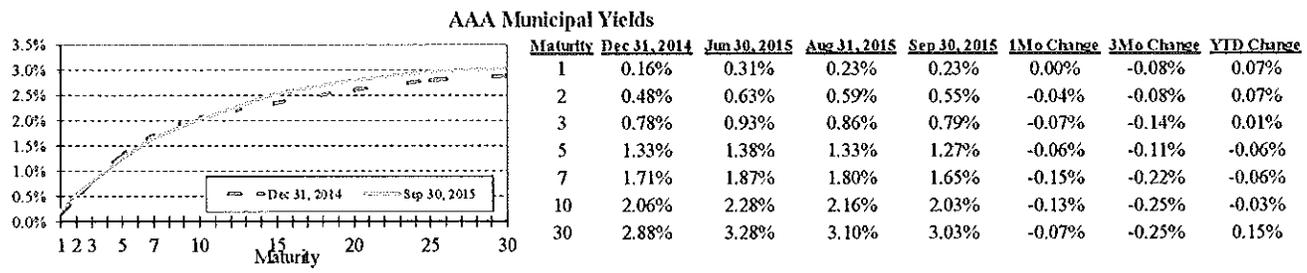
The Barclays TIPS Index consists of Treasury Inflation Protected Securities (TIPS). TIPS are securities whose principal is tied to the Consumer Price Index. TIPS pay interest semi-annually, based on the fixed rate applied to the adjusted principal.



**Baird Advisors**  
**Municipal Fixed Income Market Comments**  
**September 2015**

**Lower Municipal Rates on Slowing New Issuance**

Similar to the Treasury market, municipal rates fell and the yield curve flattened last quarter thanks to a risk-off rally. Amid heightened volatility across global markets, driven most notably by Chinese related equity market declines and a surprise Yuan devaluation, municipal yield changes were relatively muted even as they drifted lower. Municipal valuations relative to Treasuries were little changed during last quarter, but became less attractive relative to corporates due to the widening of credit spreads in that market. One helpful factor for municipals was the moderate pace of new issuance. A total of \$84.5B was issued in the third quarter, up 8.5% from last year, but down sharply from the \$116.5B issued in the 2Q and the \$107.8B in 1Q. The slower pace of issuance was largely due to less refunding activity, which slowed from the brisk first-half pace when issuers were rushing to market in anticipation of a Fed rate hike. The Fed opted not to hike in September, but may yet move this year or in early 2016. Year-to-date municipal issuance is still up 34.2% against the 2014 pace and, despite the recent slowing, remains on target to achieve the \$400B annual supply many expected. Overall demand for tax-free debt has been solid despite modest, yet persistent, outflows from municipal funds during the quarter. Lipper fund flow data indicate \$2.9B in outflows in the third quarter, \$2B of which were from short-term funds (presumably due once again to rate hike concerns). Yet, fund flows are positive YTD (+\$5.1B) and non-fund investors, including banks, insurance companies and separate account managers have stepped up their purchases of municipal securities.



**Credit News**

- In Chicago, Mayor Emanuel proposed a \$543 million property tax hike to be phased in over four years. If passed, essentially all of the new revenue would be used to fund police and fire pension fund shortfalls. The market reacted favorably to the news as Chicago credit spreads narrowed despite no reaction from the rating agencies.
- Puerto Rico officials estimate they face a \$13B funding shortfall for debt payments over the next five years and hope to begin negotiations with creditors in October. They announced the intention to “respect the priority of debts” which, if true, suggests greater protection for general obligation and sales tax (COFINA) debt relative to other island issuers.
- In the latest pension news, Wilshire Consulting reported that local government pensions are now 75% funded, on average, up from 70% in the prior year thanks to solid stock market returns; the second year of improvement. On the flipside, investment returns generally underperformed plan assumptions in the past year, even as return assumptions continue to drift lower. The National Association of State Retirement Administrators reported the average public pension plan return assumption is now 7.68%, the lowest since at least 1989 and down from a peak of 8.1% in 2001.

**Third Quarter Drives YTD Performance**

Returns across all tax-free sectors and curve segments were positive in the third quarter; a quarter that accounts for essentially all of the YTD performance. The flattening yield curve led to the outperformance of the intermediate and long maturity segments over short-term issues. Unlike corporate spreads in the taxable market which widened on the quarter, credit spreads in the municipal market were little changed. In fact, the high yield municipal sector set the pace for the quarter, particularly when Puerto Rico high yield issues are excluded.

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

Barclays Index/Sector	Sep	3Q	YTD	Barclays Quality	Sep	3Q	YTD
Municipal Bond Index	0.72%	1.65%	1.77%	AAA	0.67%	1.60%	1.65%
General Obligation bonds	0.80%	1.73%	1.66%	AA	0.69%	1.70%	1.85%
Revenue bonds	0.73%	1.70%	1.88%	A	0.82%	1.68%	1.68%
Prerefunded bonds	0.40%	0.86%	1.00%	BBB	0.74%	1.13%	1.85%
Long maturities (22+ yrs.)	0.72%	2.07%	2.03%	High Yield	2.12%	1.99%	0.03%
Intermediate maturities (1 - 17 yrs.)	0.71%	1.51%	1.69%	HY - exPuerto Rico	1.30%	2.59%	4.52%
Short maturities (1 - 5 yrs.)	0.32%	0.74%	1.13%				

## Disclosures

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

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

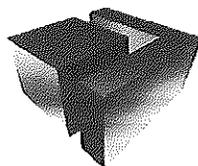
Indices are unmanaged, and are not available for direct investment. *Past performance is not a guarantee of future results.*

The Barclays Municipal Bond Index is a broad-based, total-return index. The bonds are all investment-grade, tax-exempt, and fixed-rate securities with long-term maturities (greater than 2 years). They are selected from issues larger than \$50 million. The components listed below the Municipal Bond Index (long maturities, intermediate maturities, short maturities, prerefunded bonds, general obligation bonds and revenue bonds) are subsectors of the Barclays Municipal Bond Index and do not represent separate indices.

The Barclays High Yield Municipal Index includes bonds with a par value of at least \$3 million and must be issued as part of a transaction of at least \$20 million. The maximum rating for inclusion is Ba1/BB+/BB+ using the middle rating.

For more information about the Barclays Municipal Bond Index or Barclays High Yield Municipal Index, please visit [https://index.barcap.com/Home/Guides\\_and\\_Factsheets](https://index.barcap.com/Home/Guides_and_Factsheets).

Municipal securities investments are not appropriate for all investors, especially those taxed at lower rates. The alternative minimum tax (AMT) may be applicable, even for securities identified as tax exempt. Past performance is not a guarantee of future results.



## CORNERSTONE

October 30, 2015

Bay County Employees' Retirement System  
Bay County Voluntary Employees' Beneficiary Association  
Bay County Building  
515 Center Avenue, Suite 706  
Bay City, MI 48708-5128

Dear Bay County Employees' Retirement System:

The total return of the Bay County Employees' Retirement System REIT account for the quarter ended September 30, 2015 is as follows:

### Total Returns Ending September 30, 2015

Portfolio	Q3 2015	1 Year
Bay County Employees' Gross	3.30%	13.46%
Bay County Employees' Net	3.14%	12.79%
<i>FTSE NAREIT Equity REIT Index</i>	<i>2.00%</i>	<i>9.88%</i>

### Market Overview

Coming off of nearly double-digit loss in the second quarter, the Index rebounded to a 2.00% return in the third quarter, outperforming the S&P 500 Index which was down 6.44% in the same period. Overall market volatility continued in global financial markets in the third quarter, due to concerns about China, a slowing global economy, and interest rate uncertainty.

Self-Storage, Apartments, and Industrial were the strongest sectors in the Index in the third quarter. Self-Storage gains were due to REIT- leading net operating income growth reported by the sector during the quarter, with operators benefitting from a lack of new supply, and robust apartment demand. We are still optimistic that growth will continue in the sector, because of limited new supply, low cost of capital, and struggling non-institutional operators. Private equity is beginning to enter the sector, and consolidation among operators is expected.

The Apartment sector was also a leader in the third quarter. Apartment companies saw strong net operating income growth in the quarter, driven by solid performance from major west coast markets. Washington D.C., a major U.S. market, continues to lag, but revenue growth is now positive. Revenue growth is accelerating and is setting up for a strong 2016, aided by strong leasing trends and limited deliveries. Demographics continue to be the key catalyst for

apartment demand. Starts continue to be at elevated levels which may lead to supply issues starting in 2017. Any slowdown in U.S. employment trends could hinder apartment growth.

The combination of earnings disappointments and macro fears caused nearly every stock in the lodging sector to under-perform in the third quarter. Guidance misses for third quarter were attributed to the lack of group business due to a combination of the shift of the Jewish Holidays and an unusually late Labor Day.

The Diversified sector also posted negative returns. This was mostly due to non-core property types sectors, including data centers, prisons, and billboard companies. With most of the core properties in the Index trading inexpensively, investors have been showing little interest in non-core property types.

### **Market Commentary**

Anticipation and uncertainty will remain in global financial markets, including those in the U.S., through at least the end of 2015. Anticipation, that the FOMC will raise the fed funds rate in December or in the first quarter of 2016, after holding back in September. Uncertainty, over global economic events including those in China, an important export partner with the U.S. and Europe. Although anxiety over Greece exiting the Eurozone has subsidized for now, fallout from the recent VW emissions scandal and the Syrian refugee crises may temporality dent confidence in Europe in the near-term.

The U.S. economic recovery was somewhat tempered in the third quarter, as concerns grew about the global economy, as well as the strong dollar slowing exports. September U.S. payroll gains were weak, and July and August gains were revised downward, when an upward revision had been expected. The weakness was broad-based across industries. Lower energy prices, a windfall for consumers, has slowed growth in oil-producing regions, and puts these areas at risk if prices fall further. A government shutdown has been averted for now, but a long-term agreement between policymakers is not final and is causing uncertainty. The housing recovery is helping to offset the global-related downturn.

### **REIT Outlook**

Although global events have caused uncertainty in financial markets, the U.S. economic recovery is still on track. Real Estate fundamentals remain positive. We expect conditions to remain in place through 2015 and 2016 to support listed real estate: a low interest rate environment, improving albeit choppy employment growth, and limited new supply. Although events outside the United States can slow the recovery, we remain confident that our current portfolio positioning will provide above average returns during this point in the economic recovery.

Sincerely,

A handwritten signature in black ink, appearing to read "David Wharmby". The signature is fluid and cursive, with a large initial 'D' and 'W'.

David Wharmby, CFA  
Managing Director, Global Head of Real Estate Securities, Portfolio Manager



# CORNERSTONE

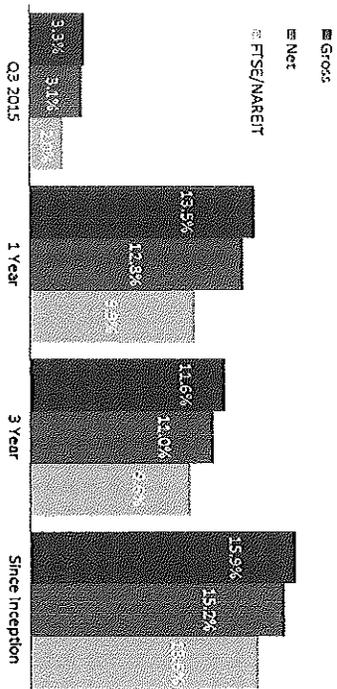
PERFORMANCE HISTORY  
 Bay County Employees' Retirement System  
 U.S. REIT Strategy

Total Return as of 09/30/2015

Time Period	Portfolio Returns Gross	Net	FTSE/NAREIT Equity/Index
Q3 2015	3.30%	3.14%	2.00%
YTD 2015	-2.50%	-2.93%	-3.79%
1 Year	13.46%	12.79%	9.88%
3 Year	11.65%	10.99%	9.59%
5 Year	13.46%	12.79%	12.00%
Since Inception	15.85%	15.16%	13.64%

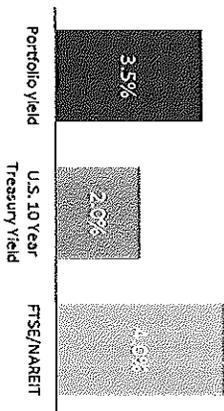
<sup>1</sup>Inception Date 10/21/2008

### Returns Summary



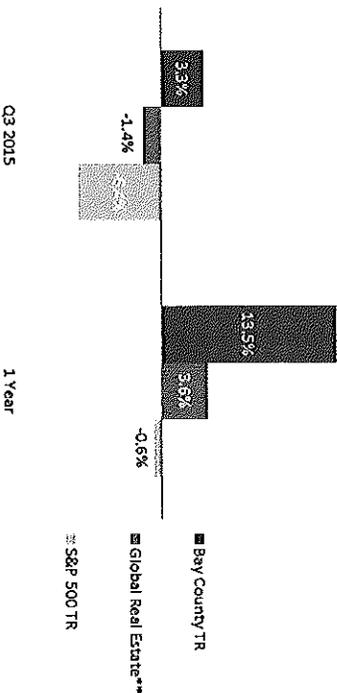
Past performance is not a guarantee of future performance.

### Dividend Yields<sup>1</sup>



<sup>1</sup>All forward yields

### Capital Markets & Real Estate Comparison



\*\* FTSE EPRA/NAREIT Developed Index

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# CORNERSTONE

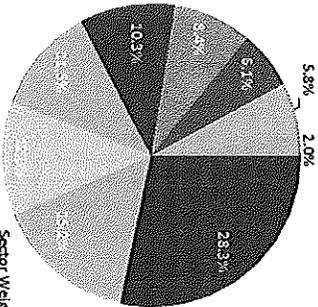
Bay County Employees' Retirement System  
 U.S. REIT Strategy  
 September 30, 2015

## Top Ten Equity Holdings

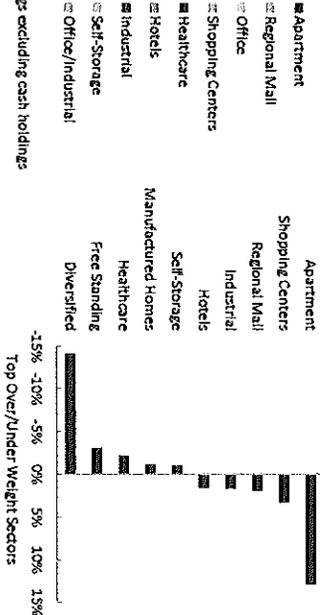
Ticker	Security	Total Portfolio Weight	Sector	Quantity	Market Close Price	Portfolio Market Value	Equity Weight*	Dividend Yield	Security/Market Return Quarter	
SPG	Simon Property Group Inc	10.9%	Regional Mall	4,618	\$183.72	\$848,419	11.1%	3.1%	7.0%	
EQR	Equity Residential	8.0%	Apartment	8,260	\$75.12	\$620,491	8.1%	2.9%	7.9%	
AVB	AvalonBay Communities Inc	7.2%	Apartment	3,206	\$174.82	\$560,473	7.3%	2.8%	10.2%	
ESS	Essex Property Trust Inc	6.6%	Apartment	2,300	\$223.42	\$513,866	6.7%	2.5%	5.8%	
UDR	UDR Inc	6.1%	Apartment	13,830	\$34.48	\$476,858	6.2%	3.1%	8.6%	
PLD	Prologis Inc	6.0%	Industrial	12,090	\$38.90	\$470,301	6.1%	3.7%	6.0%	
HGN	Welltower Inc	5.1%	Healthcare	5,860	\$67.72	\$396,839	5.2%	4.8%	4.4%	
BXP	Boston Properties Inc	4.1%	Office	2,700	\$118.40	\$319,680	4.2%	6.0%	4.0%	
REG	Regency Centers Corp	4.0%	Shopping Centers	4,970	\$62.15	\$308,886	4.0%	3.1%	6.2%	
EXR	Extra Space Storage Inc	3.4%	Self-Storage	3,450	\$77.16	\$266,202	3.5%	2.7%	19.3%	
							<b>61.4%</b>			
							<b>\$4,782,015</b>	<b>62.3%</b>	<b>3.4%</b>	

## FTSE NAREIT Equity Index vs. Portfolio Sector Weightings

Sector	Equity Allocated*	NAREIT Equity Index Weight	Over/Under Weight
Apartment	28.3%	15.4%	12.9%
Regional Mall	15.2%	13.3%	1.9%
Self-Storage	5.8%	6.8%	-1.0%
Industrial	6.1%	4.4%	1.7%
Diversified	0.0%	14.1%	-14.1%
Hotels	8.4%	6.8%	1.6%
Shopping Centers	11.5%	8.2%	3.3%
Healthcare	10.3%	12.6%	-2.2%
Office/Industrial	2.0%	2.5%	-0.5%
Manufactured Homes	0.0%	1.2%	-1.2%
Office	12.3%	11.7%	0.6%
Free Standing	0.0%	3.1%	-3.1%
		100.0%	0.0%



Sector Weightings excluding cash holdings



\*Note: Weight excludes cash and cash equivalents.  
 Sector weights include securities that are not in the index.



CORNERSTONE

**PERFORMANCE HISTORY**  
**Bay County Employees' Retirement System**  
**U.S. REIT Strategy**

**Percent Total Return**  
**Per Period**

Time Period	9/30/2015	Portfolio		FTSE/NAREIT
		Gross	Net	Equity REIT Index
<b>1 Month</b>		3.51%	3.46%	2.93%
<b>YTD</b>		-2.50%	-2.93%	-3.79%
<b>1 Year</b>		13.46%	12.79%	9.88%
<b>3 Year</b>		11.65%	10.99%	9.59%
<b>5 Year</b>		13.46%	12.79%	12.00%
<b>Inception (October 21, 2008)</b>		15.85%	15.16%	13.64%

**Bay County Employees' Retirement System - 05231100**  
 Portfolio Style: SmallCap Growth Equity

**Portfolio Summary**

	Month To Date	Year To Date
Beginning Market Value	10,294,451.83	10,177,409.68
Contributions	0.00	666.36
Withdrawals	-47.96	-265.78
Dividend and Interest Income	1,970.69	38,349.88
Change in Market Value	-585,539.44	-505,325.02
Ending Market Value	9,710,835.12	9,710,835.12

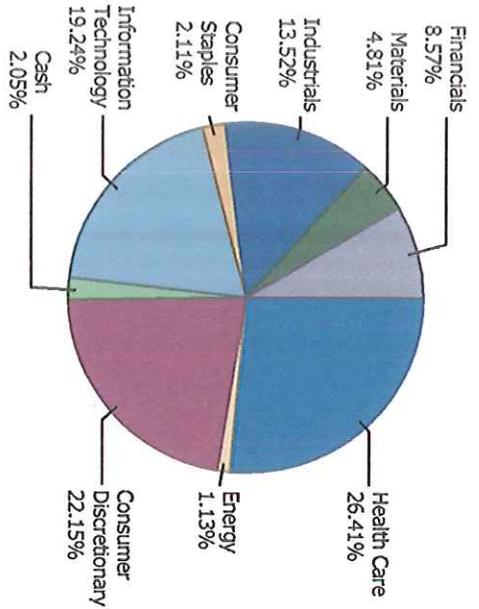
**Performance Summary**

	MTD	QTD	YTD	1 Year	3 Years	5 Years	Annualized Since Inception
Gross	-5.67	-10.93	-4.59	3.29	12.24	13.54	14.90
Net	-5.67	-11.12	-5.21	2.40	11.22	12.61	13.97
RU20GRTR <sup>1</sup>	-6.32	-13.06	-5.47	4.04	12.85	13.26	16.01

<sup>1</sup> 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
THORATEC CORP	372,095.32	3.83%
GENESCO INC	301,386.67	3.10%
UNIVERSAL ELECTRONICS INC	285,930.09	2.94%
IMPERVA INC	277,373.28	2.86%
MARTIN MARIETTA MATERIALS	270,015.15	2.78%
NATUS MEDICAL INC	247,864.35	2.55%
TUMI HOLDINGS INC	238,980.06	2.46%
JETBLUE AIRWAYS CORP	232,445.40	2.39%
SNYDERS-LANCE INC	204,403.80	2.11%
QUAKER CHEMICAL CORP	197,093.56	2.03%

October 1, 2015

Ms. Tracy Cederquist  
Bay County Employees' Retirement System  
515 Center Avenue, Suite 706  
Bay City, MI 48708

Dear Ms. Cederquist:

We are pleased to announce that as of September 30, we have unveiled new branding for Geneva Capital Management, now Henderson Geneva Capital Management.

As you are aware, Henderson Global Investors acquired Geneva Capital Management on October 1, 2014. The new cobrand reflects the unification of the businesses under one brand identity which represents a strong investment capability and global presence. Please note that our service and portfolio management teams remain unchanged and our office continues to be located in Milwaukee.

Please call with any questions, and thank you for your continued confidence in Henderson Geneva Capital Management.

With best regards,

Henderson Geneva Capital Management

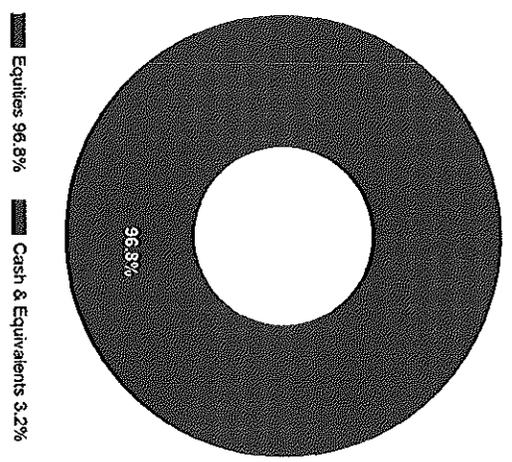
Enclosure

### Activity Summary

	Month To Date	Quarter To Date	Year To Date
Beginning Market Value	21,483,566.20	22,032,782.66	23,224,664.42
Net Additions	-75.97	-326.38	-3,000,829.51
Gains/Losses (Net of Fees)	-498,714.01	-1,047,680.06	760,941.31
Ending Market Value	20,984,776.22	20,984,776.22	20,984,776.22

### Account Objectives & Asset Allocation

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



# Performance Overview

Bay County Employees' Retirement System XXXX9057 (bcers)

Net of Fees | US Dollar  
9/30/2015

## Performance Returns

Asset Class	Month To Date	Quarter To Date	Year To Date	Latest 1 Year	Annualized
					Inception To Date (1/17/2013)
Equities	-2.39	-4.88	2.43	10.27	12.44
<b>Account</b>	<b>-2.32</b>	<b>-4.94</b>	<b>2.06</b>	<b>9.39</b>	<b>11.45</b>
<b>Index</b>					
Russell Midcap Growth Index	-3.86	-7.99	-4.15	1.45	13.09

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# Performance History - YTD

Bay County Employees' Retirement System XXXX9057 (bcers)

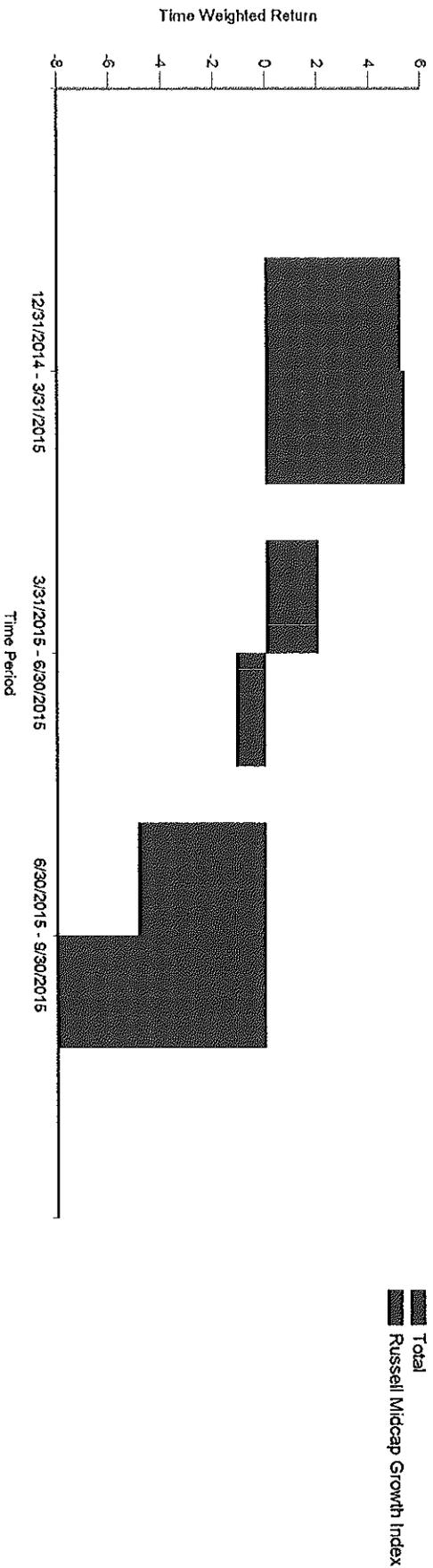
Net of Fees | US Dollar  
12/31/2014 - 9/30/2015

## Performance History

Percent Return Per Period

Time Period	Total	Equities	Russell Midcap Growth Index
12/31/2014 to 03/31/2015	5.23	5.55	5.38
03/31/2015 to 06/30/2015	2.03	2.02	-1.14
06/30/2015 to 09/30/2015	-4.94	-4.88	-7.99
<b>Date to Date</b>			
12/31/2014 to 09/30/2015	2.06	2.43	-4.15

## Time Weighted Return



35

# Performance Since Inception

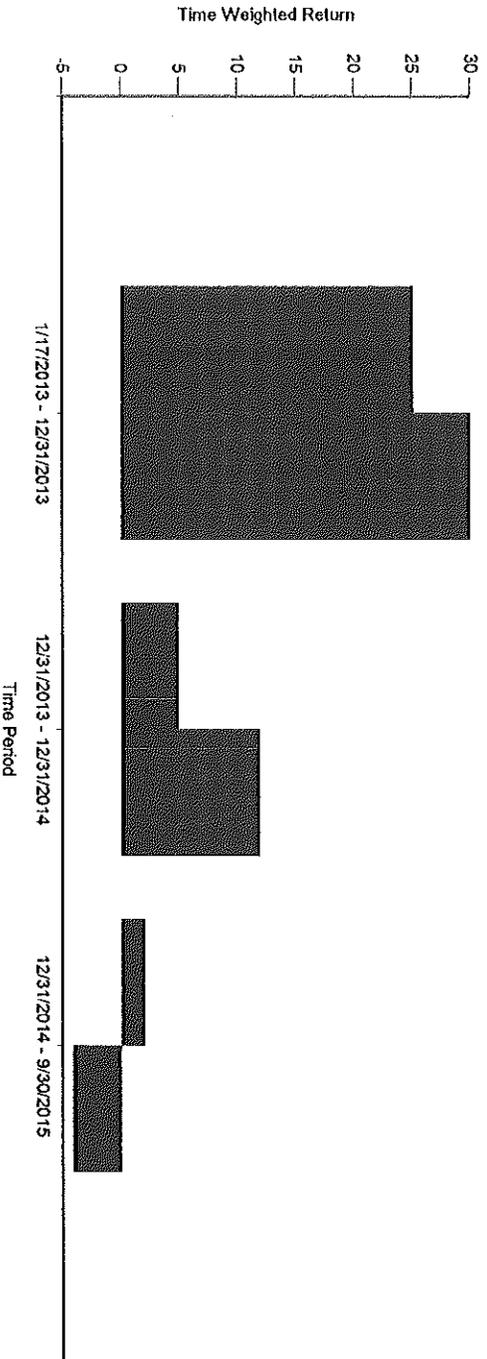
## Performance History

### Percent Return Per Period

Time Period	Total	Equities	Russell Midcap Growth Index
01/17/2013 to 12/31/2013	25.11	26.17	29.97
12/31/2013 to 12/31/2014	4.96	6.21	11.90
12/31/2014 to 09/30/2015	2.06	2.43	-4.15

Inception to Date		Total	Equities	Russell Midcap Growth Index
01/17/2013	to 09/30/2015	34.02	37.26	39.40
Annualized		11.45	12.44	13.09

## Time Weighted Return



■ Total  
■ Russell Midcap Growth Index

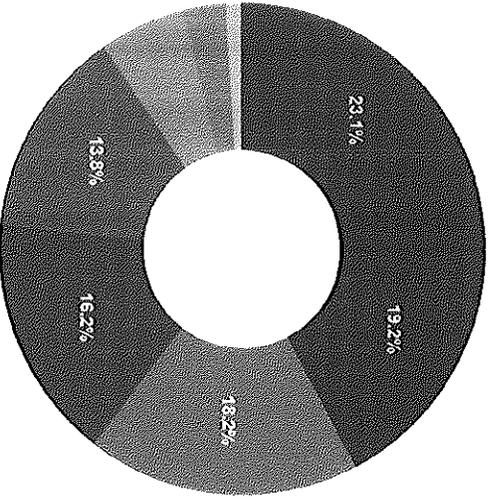
36

# Equity Overview

US Dollar  
9/30/2015

Bay County Employees' Retirement System XXXX9057 (boers)

## Portfolio Allocation as of 9/30/2015



Industry Sector	Market Value	% Equity	% Assets
CONSUMER DISCRETIONARY	4,690,749	23.1	22.4
TECHNOLOGY	3,895,323	19.2	18.6
PRODUCER DURABLES	3,686,649	18.2	17.6
HEALTH CARE	3,282,880	16.2	15.6
FINANCIAL SERVICES	2,809,613	13.8	13.4
CONSUMER STAPLES	1,154,463	5.7	5.5
MATERIALS & PROCESSING	588,770	2.9	2.8
ENERGY	195,224	1.0	0.9
<b>Equity Total</b>	<b>20,303,672</b>	<b>100.0</b>	<b>96.8</b>

## Top 10 Holdings

Quantity	Symbol	Security	Cost Basis	Market Value	% Assets
2,966	only	O REILLY AUTOMOTIVE INC NEW COM	260,078	741,500	3.5
6,851	ua	UNDER ARMOUR INC CL A	235,645	663,040	3.2
6,891	flsv	FISERV INC COM	285,220	596,830	2.8
7,032	tsco	TRACTOR SUPPLY CO COM	329,224	592,938	2.8
3,857	tyl	TYLER TECHNOLOGIES INC COM	347,245	575,889	2.7
8,910	manh	MANHATTAN ASSOCS INC COM	306,738	555,093	2.6
4,873	midl	MIDDLEBY CORP COM	373,990	512,591	2.4
5,737	chd	CHURCH & DWIGHT INC COM	341,560	481,334	2.3
9,370	aph	AMPHENOL CORP NEW CL A	318,188	477,495	2.3
7,608	dsh	COGNIZANT TECHNOLOGY SOLUTIONS CL A	297,352	476,337	2.3
<b>Top 10 Holdings Total</b>			<b>3,095,241</b>	<b>5,673,046</b>	<b>27.0</b>

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Geneva

Produced by Glass, Lewis & Co.

# Proxy Voting Report

Jul 01, 2015 to Sep 30, 2015  
2015 PROXY VOTING REPORT - BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM (BCERS)

## Ballot Status Summary

Number of Meetings	2	
Number of Ballots	2	
Confirmed	2	% Of All Ballots 100.0%
Validated	0	% Of All Ballots NA
Sent Ballots	0	% Of All Ballots NA
Unsent Ballots	0	% Of All Ballots NA
Take No Action	0	% Of All Ballots NA
No Vote Cast	0	% Of All Ballots NA

## Vote Against Management (VAM) Summary

Number of Meetings	2	Number of Proposals	22
Number of Countries (Country of Origin)	1	Number of Countries (Country of Trade)	1
Number of Meetings With VAM	1	% of All Meetings Voted	50.0%
Number of Proposals With VAM	1	% of All Proposals Voted	4.5%
Number of Meetings With Votes For Mgmt	2	% of All Meetings Voted	100.0%
Number of Proposals With Votes For Mgmt	21	% of All Proposals Voted	95.5%
Number of Abstain Votes	0	% of All Proposals Voted	NA

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Number of No Votes Cast	0	% of All Proposals Voted	N/A
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### Votes Against Policy (VAP) Summary

Number of Meetings	2	Number of Proposals	22
Number of Countries (Country of Origin)	1	Number of Countries (Country of Trade)	1
Number of Meetings With VAP	0	% of All Meetings Voted	N/A
Number of Proposals With VAP	0	% of All Proposals Voted	N/A
Number of Meetings With Votes For Policy	2	% of All Meetings Voted	100.0%
Number of Proposals With Votes For Policy	22	% of All Proposals Voted	100.0%
Number of Abstain Votes	0	% of All Proposals Voted	N/A
Number of No Votes Cast	0	% of All Proposals Voted	N/A
Number of Proposals with Votes with GL	22	% of All Proposals Voted	100.0%

### Proposal Summary

Number of Meetings: 2  
 Number of Mgmt Proposals: 21  
 Number of Shareholder Proposals: 1

Mgmt Proposals Voted FOR	21	% of All Mgmt Proposals	100.0%
Mgmt Proposals Voted Against/Withold	0	% of All Mgmt Proposals	N/A
Mgmt Proposals Voted Abstain	0	% of All Mgmt Proposals	N/A
Mgmt Proposals With No Votes Cast	0	% of All Mgmt Proposals	N/A
Mgmt Proposals Voted 1 Year	0	% of All Mgmt Proposals	N/A
Mgmt Proposals Voted 2 Years	0	% of All Mgmt Proposals	N/A
Mgmt Proposals Voted 3 Years	0	% of All Mgmt Proposals	N/A

ShrHldr Proposal Voted FOR	1	% of All ShrHldr Proposals	100.0%
ShrHldr Proposals Voted Against/Withold	0	% of All ShrHldr Proposals	N/A
ShrHldr Proposals Voted Abstain	0	% of All ShrHldr Proposals	N/A
ShrHldr Proposals With No Votes Cast	0	% of All ShrHldr Proposals	N/A

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	0		NA
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Red Hat Inc

Annual Meeting Agenda (08/06/2015)	Ballot Created	Ballot Status	Confirmed	Decision Status	Approved	Record Date	Record Date	Agenda Type	Mgmt	Geneva	Vote	Country Of	Origin	Share Blocking	Country Of Trade
1	Elect Sohrab Abbasi	For	For	For	For	08/05/2015	08/15/2015	Mgmt	Geneva	Policy	Vote	Country Of	Origin	RHT	US
2	Elect Charlene T. Begley	For	For	For	For										
3	Elect Narenda K. Gupta	For	For	For	For										
4	Elect William S. Kaiser	For	For	For	For										
5	Elect Donald H. Livingstone	For	For	For	For										
6	Elect James M. Whitehurst	For	For	For	For										
7	Ratification of Auditor	For	For	For	For										
8	Advisory Vote on Executive Compensation	For	For	For	For										

Accounts With Shares

Northern Trust Company- Bay County	6,610	bcers	6,610	0	Henderson	Geneva -	Policy
Employees' Retirement System	6,610		6,610	0			
<b>Totals</b>	<b>6,610</b>		<b>6,610</b>	<b>0</b>			

Staris Corp.

Annual Meeting Agenda (08/27/2015)	Ballot Created	Ballot Status	Confirmed	Decision Status	Approved	Record Date	Record Date	Agenda Type	Mgmt	Geneva	Vote	Country Of	Origin	Share Blocking	Country Of Trade
1	Elect Richard C. Breedden	For	For	For	For	08/26/2015	07/01/2015	Mgmt	Geneva	Policy	Vote	Country Of <td>Origin</td> <td>STE</td> <td>US</td>	Origin	STE	US
1.1	Elect Cynthia Feldmann	For	For	For	For										
1.2	Elect Jacqueline B. Kosecoff	For	For	For	For										
1.3	Elect David B. Lewis	For	For	For	For										
1.4	Elect Kevin M. McMullen	For	For	For	For										
1.5	Elect Walter M. Rosebrough, Jr.	For	For	For	For										
1.6	Elect John P. Wareham	For	For	For	For										
1.7	Elect John W. Wilson	For	For	For	For										
1.8	Elect Michael B. Wood	For	For	For	For										
1.9	Elect Michael B. Wood	For	For	For	For										
1.10	Approval of Incentive Compensation Plan	For	For	For	For										
2	Advisory Vote on Executive Compensation	For	For	For	For										
3	Ratification of Auditor	For	For	For	For										
4	Shareholder Proposal Regarding Simple	Against	Against	Against	Against										
5	Majority Vote	Against	Against	Against	Against										

Vote Note: Supermajority vote requirements can impede shareholders' ability to approve ballot items that are in their interests

Accounts With Shares

Shares Voted	Holdings Id	Shares Held	Shares On Loan	Policy Id

Northern Trust Company- Bay County Employees' Retirement System	676	bcers	2,376	1,700	Henderson Geneva - Policy
Totals	676		2,376	1,700	

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## Vote Summary Report

Date range covered: 07/01/2015 to 09/30/2015

Location(s): Hotchkis & Wiley Capital Management, LLC

Institution Account(s): 1122 Bay Counties Emp Retirement System

### Lakes Entertainment, Inc.

Meeting Date: 07/29/2015 Country: USA Primary Security ID: 51206P208 Meeting ID: 989695  
 Record Date: 06/19/2015 Meeting Type: Annual Ticker: LACO

Primary CUSIP: 51206P208 Primary ISIN: US51206P2083 Primary SEDOL: BQS39H2  
 Shares Voted: 1,850 Votable Shares: 1,850 Shares on Loan: 100 Shares Instructed: 1,850

Total Ballots: 1

Proposal Number	Proposal Text	Proponent	Mgmt Rec	ISS Rec	Vote Instruction
1.1	Elect Director Lyle A. Berman	Mgmt	For	For	For
1.2	Elect Director Timothy J. Cope	Mgmt	For	For	For
1.3	Elect Director Neil I. Sell	Mgmt	For	For	For
1.4	Elect Director Ray M. Moberg	Mgmt	For	For	For
1.5	Elect Director Larry C. Barenbaum	Mgmt	For	For	For
2	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	For	For
3	Ratify Percy Bowler Taylor & Kem, Certified Public Accountants, as Auditors	Mgmt	For	For	For
4	Opt Out of State's Control Share Acquisition Law	Mgmt	For	For	For
5	Adopt, Renew or Amend NOL Rights Plan (NOL Pill)	Mgmt	For	For	For

#### Ballot Details

Institutional Account Detail (IA Name, IA Number)	Custodian Account Number	Ballot Status	Instructor Name	Date Instructed	Approver Name	Date Approved	Votable Shares	Shares Voted
1122 Bay Counties Emp Retirement System, 1122	2622535	Confirmed	vswade	07/09/2015	vswade	07/09/2015	1,850	1,850
<b>Total Shares:</b>							<b>1,850</b>	<b>1,850</b>

### QLogic Corporation

Meeting Date: 08/20/2015 Country: USA Primary Security ID: 747277101 Meeting ID: 992793  
 Record Date: 06/25/2015 Meeting Type: Annual Ticker: QLGC

Primary CUSIP: 747277101 Primary ISIN: US7472771010 Primary SEDOL: 2717320  
 Shares Voted: 1,600 Votable Shares: 1,600 Shares on Loan: 8,800 Shares Instructed: 1,600

Total Ballots: 1

Proposal Number	Proposal Text	Proponent	Mgmt Rec	ISS Rec	Vote Instruction
1a	Elect Director John T. Dickson	Mgmt	For	For	For
1b	Elect Director Balakrishnan S. Iyer	Mgmt	For	For	For

## Vote Summary Report

Date range covered: 07/01/2015 to 09/30/2015

Location(s): Hotchkis & Wiley Capital Management, LLC

Institution Account(s): 1122 Bay Counties Emp Retirement System

### QLogic Corporation

Proposal Number	Proposal Text	Proponent	Mgmt Rec	ISS Rec	Vote Instruction
1c	Elect Director Christine King	Mgmt	For	For	For
1d	Elect Director D. Scott Mercer	Mgmt	For	For	For
1e	Elect Director Prasad L. Rampalli	Mgmt	For	For	For
1f	Elect Director Jay A. Rossiter	Mgmt	For	For	For
1g	Elect Director George D. Wells	Mgmt	For	For	For
1h	Elect Director William M. Zeitler	Mgmt	For	For	For
2	Amend Qualified Employee Stock Purchase Plan	Mgmt	For	For	For
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	For	For
4	Ratify KPMG LLP as Auditors	Mgmt	For	For	For

#### Ballot Details

Institutional Account Detail (IA Name, IA Number)	Custodian Account Number	Ballot Status	Instructor Name	Date Instructed	Approver Name	Date Approved	Votable Shares	Shares Voted
1122 Bay Counties Emp Retirement System, 1122	2622536	Confirmed	vwade	07/29/2015	vwade	07/29/2015	1,600	1,600
<b>Total Shares:</b>							<b>1,600</b>	<b>1,600</b>

### Noranda Aluminum Holding Corporation

Meeting Date: 08/24/2015

Country: USA

Primary Security ID: 65542W107

Meeting ID: 994341

Record Date: 07/24/2015

Meeting Type: Special

Ticker: NOR

Primary CUSIP: 65542W107

Primary ISIN: US65542W1071

Primary SEDOL: B3T6G12

Shares Voted: 0

Votable Shares: 0

Shares on Loan: 53,700

Shares Instructed: 0

Total Ballots: 1

Proposal Number	Proposal Text	Proponent	Mgmt Rec	ISS Rec	Vote Instruction
1	Approve Reverse Stock Split	Mgmt	For	For	For

#### Ballot Details

Institutional Account Detail (IA Name, IA Number)	Custodian Account Number	Ballot Status	Instructor Name	Date Instructed	Approver Name	Date Approved	Votable Shares	Shares Voted
1122 Bay Counties Emp Retirement System, 1122	2622536	Approved	vwade	08/04/2015	vwade	08/04/2015	0	0
<b>Total Shares:</b>							<b>0</b>	<b>0</b>

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**Vote Summary Report**

Date range covered: 07/01/2015 to 09/30/2015

Location(s): Hotchkis & Wiley Capital Management, LLC

Institution Account(s): 1122 Bay Counties Emp Retirement System



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# BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

Small Cap Value  
Investment Review

Quarter Ended  
September 30, 2015

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# BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

September 30, 2015

<u>Assets</u>		<u>Transactions Summary</u>	
Total Market Value:	\$9,227,939	Total Purchases:	\$1,119,661
		Total Sales:	\$1,209,648
Total Equity Value:	\$9,045,416	Total Commissions:	\$1,793
Total Cash Value:	\$177,777	Average Transaction Cost/Share:	\$0.018
Total Accrued Value:	\$4,746		
% Cash of Portfolio:	1.9%		

## Performance Returns Commencement of Portfolio December 1, 2003

	<u>MTD</u>	<u>QTD</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>10 Yrs</u>	<u>Inception</u> Since
Portfolio - Total Return	-4.19 %	-12.73 %	-10.54 %	-1.55 %	16.88 %	16.25 %	7.33 %	9.39 %
Russell 2000 Value Index	-3.46	-10.73	-10.06	-1.61	9.18	10.17	5.35	6.96
Russell 2000 Index	-4.91	-11.91	-7.73	1.25	11.03	11.74	6.55	7.50
S&P 500 Index	-2.47	-6.44	-5.29	-0.61	12.40	13.34	6.80	7.35

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

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# BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

September 30, 2015

## MARKET REVIEW AND OUTLOOK

### Market Commentary

The Russell 2000 Index returned -11.9% during the third quarter of 2015 and is now down -7.7% since the beginning of the year. Concerns about China's economy have dominated financial headlines and are the primary impetus of the equity market's decline. In aggregate, US small cap companies have little direct exposure to China, but concerns about its economy have triggered broad swings across equity markets. Thus far, Chinese government interventions have failed to stabilize the market, as investors appear to have perceived the actions as frantic.

China's effect on global commodity markets is significant but its effect on other global sectors is much more muted — in fact, just 2% of S&P 500 Index revenue is generated from China directly. Be that as it may, US stock volatility skyrocketed during the quarter as investors grew concerned about indirect linkages to China. The VIX Index, a gauge of implied equity market volatility, increased from 13 to 41 in less than a week, its highest level in four years. We often welcome periods of elevated volatility because our experience has taught us that stock prices fluctuate more than underlying business values, which creates opportunity.

The epicenter of marketplace fear — and opportunity — resides largely in commodity markets, where prices have been exceedingly turbulent. In the past twelve months, Brent crude oil has traded from a high of \$91/barrel to a low of \$38/barrel (a 58% decline). Crude prices fell -24% in the third quarter alone. Concerns about a slowdown in China (i.e. weakening demand) and elevated inventory levels in the US (i.e. excess supply) have combined to drive down crude prices. The market appears overly focused on current conditions rather than normal economic relationships, and as such, we believe that current crude prices are unsustainably low.

Small caps underperformed large caps by a considerable margin in the quarter, and performance dispersion between small cap sectors was large; commodity-tied sectors lagged and non-cyclicals held up relatively well. Within the Russell 2000 Value Index, the energy sector declined -34% and the materials sector declined -27% while utilities returned 0%.

In both times of calm and times of market turmoil, our approach to investing remains consistent and disciplined. While we have adjusted portfolio positioning as changes to valuations and/or risk profiles have dictated, we have made no changes to our general investment strategy. We have, and will always maintain an unwavering commitment to our value-focused investment approach. We have facilitated an investment culture at Hotchkis & Wiley that embraces non-consensus thinking and we are comfortable sticking to our approach irrespective of market temperament. This has been a critical component of our past success and we believe will continue to benefit our clients in the future.

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# BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

September 30, 2015

## Attribution: 3Q 2015

The Hotchkis & Wiley Small Cap Value portfolio underperformed the Russell 2000 Value Index in the third quarter of 2015. While stock selection was rather neutral in the quarter, our exposure to commodity and industrial sectors and underweight in REITs were the primary drivers of underperformance. The largest individual contributors were Con-Way, Great Plains Energy, and First Niagara Financial; the largest individual detractors were Horsehead Holding, Hanger, and Enpro Industries.

## Portfolio Activity: 3Q 2015

The most notable trading activity included an increase in technology and a decrease in materials and industrials. We added to several existing positions that have declined but where our investment thesis remains intact. We trimmed several outperformers in unrelated business; most notably was a large trim in Con-Way, which agreed to be acquired by XTO Logistics.

*Performance comparison is based on gross of management fee returns. Portfolio attribution is based on a representative Small Cap Value portfolio. Certain client portfolio(s) may or may not hold the securities discussed due to the account's guideline restrictions, cash flow, tax and other relevant considerations. Equity performance attribution is an analysis of the portfolio's return relative to a selected benchmark, is calculated using daily holding information and does not reflect management fees and other transaction costs and expenses. Returns calculated using this buy-and-hold methodology can differ from actual portfolio returns due to intraday trades, cash flows, corporate actions, accrued/miscellaneous income, and trade price and closing price difference of any given security. Specific securities identified are the largest contributors (or detractors) on a relative basis to the Russell 2000 Value Index. Securities' absolute performance may reflect different results. Securities identified do not represent all of the securities purchased, sold, or recommended for advisory clients, and are not indicative of current or future holdings or trading activity. H&W has no obligation to disclose purchases or sales of these securities. No assurance is made that any securities identified, or all investment decisions by H&W were, or will be profitable.*

*The commentary is for information purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. Portfolio manager's opinions and data included in this commentary are as of September 30, 2015 and are subject to change without notice. Any forecasts made cannot be guaranteed. Information obtained from independent sources is considered reliable, but H&W cannot guarantee its accuracy or completeness. Certain information presented is based on proprietary or third-party estimates, which are subject to change and cannot be guaranteed. Equity securities may have greater risks and price volatility than U.S. Treasuries and bonds, where the price of these securities may decline due to various company, industry and market factors. Investing in value stocks presents the risk that value stocks may fall out of favor with investors and underperform growth stocks during given periods. Investing in smaller and/or newer companies involves greater risks than those associated with investing in larger companies, such as business risk, significant stock price fluctuations and illiquidity. All investments contain risk and may lose value. Past performance is no guarantee of future results. ©2015 Hotchkis & Wiley*

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BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

September 30, 2015

Weighted Average Portfolio Characteristics

	<u>Portfolio</u>	<u>Russell</u>	<u>Russell</u>
		<u>2000 Val</u>	<u>2000</u>
Projected P/E (FY2)	12.6x	14.1x	15.4x
Price / Normal Earnings	8.7x	13.7x	16.1x
Price / Cash Flow	7.3x	7.8x	9.2x
Price / Book	1.2x	1.3x	1.9x
Price / Sales	0.5x	1.0x	1.1x
Earnings Yield	7.9%	7.1%	6.5%
Dividend Yield	1.3%	2.4%	1.6%
Market Capitalization (mm)	\$1,921	\$1,613	\$1,793
Median Market Cap (mm)	\$1,037	\$600	\$682

Top 10 Holdings - Total Portfolio

<u>Company Name</u>	<u>Sector</u>	<u>Industry</u>	<u>Weight (%)</u>
Great Plains Energy Inc.	Utilities	Electric Utilities	5.6
Horace Mann Educ. Corp.	Financials	Insurance	4.6
Rush Enterprises Inc.	Industrials	Trading Cos & Distributors	3.9
Masonite Int'l Corp.	Industrials	Building Products	3.5
Geo Grp Inc.	Financials	Real Estate Investment Trusts	3.3
Con-way Inc.	Industrials	Road & Rail	3.2
Hanger Inc.	Health Care	Health Care Providers & Svcs	3.1
Sonic Automotive Inc.	Consumer Discretionary	Specialty Retail	2.9
Artis Grp Inc.	Information Technology	Communications Equipment	2.8
Enpro Inds. Inc.	Industrials	Machinery	2.6

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BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

September 30, 2015

Quarter-End Equity Attribution

	Portfolio		Russell 2000 Value		Attribution Analysis		
	Average Weight	Equity Return	Average Weight	Equity Return	Sector Allocation	Stock Selection	Total Effect
Industrials	26.57 %	-9.06 %	12.08 %	-16.47 %	-0.86	2.01	1.15
Energy	4.43	-27.06	5.16	-33.58	0.31	0.33	0.64
Information Technology	9.55	-9.32	10.30	-11.02	0.05	0.26	0.31
Utilities	7.38	3.55	6.90	-0.19	0.05	0.23	0.28
Consumer Discretionary	8.95	-12.37	10.78	-13.99	0.06	0.16	0.22
Telecommunication Services	0.00	0.00	0.88	-6.00	-0.04	0.00	-0.04
Consumer Staples	0.00	0.00	3.15	-5.98	-0.14	0.00	-0.14
Health Care	9.92	-21.75	4.43	-11.30	0.04	-1.10	-1.06
Materials	8.51	-35.83	3.47	-26.46	-0.88	-0.87	-1.75
Financials	24.68	-8.87	42.85	-5.29	-0.94	-0.83	-1.77
					-2.35	0.19	-2.16

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Returns are calculated using daily holding information, gross of fees. Performance attribution returns can differ from actual client portfolio returns due to data differences, cash flows, trading, and other activity. 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 S&P.

# Performance Summary



INTEGRITY ASSET MANAGEMENT

## Bay County Employees' Retirement System

Quarter Ending September 2015

As of 09/30/15	Market Value (\$)	% of Total
Equity	19,562,865.33	97.00
	19,562,865.33	97.00
Cash	513,303.14	2.55
Receivables	206,875.85	1.03
Payables	(141,427.44)	(0.70)
	578,751.55	2.87
Accrued Income/Dividends	25,543.34	0.13
<b>Total</b>	<b>20,167,160.22</b>	<b>100.00</b>

Gross Rate of Return as of 09/30/15 Inception Date 01/03/07	Month-to-Date (%)	Quarter-to-Date (%)	Year-to-Date (%)	1 Year (%)	3 Years (%)	5 Years (%)	Since Inception (%)
<b>Total Portfolio</b>	-3.79	-9.30	-8.38	-3.27	14.68	14.02	6.98
Russell Midcap <sup>®</sup> Value Index	-3.34	-8.04	-7.66	-2.07	13.67	13.15	6.09
<b>Relative Performance</b>	-0.45	-1.26	-0.72	-1.20	1.01	0.87	0.89

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## **MIDCAP VALUE**

### **NEW POSITIONS**

<b>Ticker</b>	<b>Company Name</b>
ASNA	Ascena Retail Group, Inc.
AXS	Axis Capital Holdings Limited
BWXT	BWX Technologies, Inc.
CSC	Computer Sciences Corporation
CYH	Community Health Systems, Inc.
DBD	Diebold, Incorporated
EQT	EQT Corporation
HRL	Hormel Foods Corporation
IM	Ingram Micro Inc. Class A
NBL	Noble Energy, Inc.
PLCE	Children's Place, Inc.
TAP	Molson Coors Brewing Company Class B

### **CLOSED POSITIONS**

<b>Ticker</b>	<b>Company Name</b>
ANF	Abercrombie & Fitch Co. Class A
BLMN	Bloomin' Brands, Inc.
BRS	Bristow Group Inc.
CAG	ConAgra Foods, Inc.
ESL	Esterline Technologies Corporation
FSL	Freescal Semiconductor Inc
HAIN	Hain Celestial Group, Inc.
HNT	Health Net, Inc.
LQ	La Quinta Holdings, Inc.
LRCX	Lam Research Corporation
TECD	Tech Data Corporation
TXT	Textron Inc.



## MIDCAP VALUE

### TOP 10 ACTIVE OVERWEIGHTS

<b>Ticker</b>	<b>Company Name</b>	<b>Active Weight</b>
PNW	Pinnacle West Capital Corporation	1.42
HII	Huntington Ingalls Industries, Inc.	1.35
HRC	Hill-Rom Holdings, Inc.	1.28
CNO	CNO Financial Group, Inc.	1.24
ZION	Zions Bancorporation	1.21
CI	Cigna Corporation	1.16
DRE	Duke Realty Corporation	1.14
DHI	D.R. Horton, Inc.	1.07
AFG	American Financial Group, Inc.	1.04
ZBH	Zimmer Biomet Holdings, Inc.	1.03

### TOP 10 ACTIVE UNDERWEIGHTS

<b>Ticker</b>	<b>Company Name</b>	<b>Active Weight</b>
SRE	Sempra Energy	-0.82
AVB	AvalonBay Communities, Inc.	-0.79
PEG	Public Service Enterprise Group Incorporated	-0.73
ED	Consolidated Edison, Inc.	-0.67
PRGO	Perrigo Co. Plc	-0.64
VTR	Ventas, Inc.	-0.64
PXD	Pioneer Natural Resources Company	-0.62
PGR	Progressive Corporation	-0.62
XEL	Xcel Energy Inc.	-0.62
VNO	Vornado Realty Trust	-0.58



**Outlook:**

We see similarities between the 2011 and 2015 economic and equity market environments. In 2011, investors were worried about a slowdown in China, the European debt crisis, oil prices (too high), QE2 ending, unrest in the Middle East and the US debt ceiling debate. Fast forward to 2015, we continue to worry about China, Europe (mainly Greece), unrest in the Middle East, possible fed rate hikes, oil prices (too low) and a debt ceiling debate. In our second and third quarter 2011 write-ups, the quotes we used to describe the market were: Round up the Usual Suspects (Casablanca) and Plus Ça change, plus c'est la même chose (The more things change the more they stay the same). The most appropriate quote for the market given the passing of Yogi Berra is, "it's déjà vu all over again"!! In 3Q 2011, the Russell Midcap Value was down more than 18%, while in 3Q 2015 the Russell Midcap Value was down 8%. The subsequent market strength in 4Q 2011, up 13%, caught investors off guard. Additionally, when you look at other similar non-recession market corrections such as 1987 and 1998, markets had very strong rebounds after these dramatic sell-offs.

There are certainly a lot of macro issues confronting global markets and economies. Currently, we are leaning towards getting a little more aggressive. Looking at the valuation of the market, the S&P 500 is trading at roughly 14.5x 2016 EPS, fairly attractive given low inflation and interest rates. Additionally, investor sentiment is quite negative. Third quarter earnings season has started and the initial results have been solid. With the market sell-off, we believe the bar is set pretty low for this earnings season. Historically, the fourth quarter has been a strong seasonal market. Since 2000, the S&P 500 has been positive 73% of the time (80% for the Russell Midcap Index) with an average total return for the S&P 500 of nearly 4.0%, far outperforming the other quarters of the year. As always, we will let valuation be our guide, but given the market correction, decent valuations and seasonal strength there are certainly interesting opportunities in the market.



**Comments:**

Most of our worst performing stocks were global cyclicals that were hit hard by slowing worldwide growth and weaker commodity prices. Continued capex spending to keep production going along with worries about leverage and the timing and pricing of planned asset sales hurt Whiting Petroleum (WLL). Lower commodity prices and higher leverage after a recent acquisition hurt WPX Energy (WPX). Bristow (BRS) and Superior Energy Services (SPN) are oil service companies that have suffered from a weaker spending environment. We did sell Bristow (BRS) as activity may take longer to recover. After holding up for much of the year, Carrizo Oil & Gas (CRZO) succumbed to lower energy prices.

**Attribution:**

Stock selection in financials and technology detracted from performance. Although we were underweight energy which significantly underperformed, negative security selection resulted in the group being a minor detractor. Sector weights were a small headwind overall. An underweight in utilities (best performing sector) and REITs outweighed the aforementioned underweight to energy. Stock selection in industrials and materials added to performance.

Within technology, Zebra Technologies Corporation (ZBRA) was the largest detractor to performance. The company reported mixed earnings results and guidance that was below analyst expectations. Reduced guidance from a weaker macro outlook and a subscription transition weighed on PTC (PTC). On average, our semiconductor holdings underperformed.

An underweight to REITs was the biggest negative with stock selection in banks a minor headwind. Our bank holdings underperformed as expectations for rising interest rates waned throughout the quarter. Comerica (CMA) and Zions Bancorporation (ZION) were most negatively affected. The lower level of interest rates helped the REIT group. The average midcap cap value REIT was flat for the quarter, outperforming by more than 800 basis points.

Whiting Petroleum (WLL) and WPX Energy (WPX) were the largest detractors within energy. Continued capex spending to keep production going along with worries about leverage and the timing and pricing of planned asset sales hurt Whiting Petroleum (WLL). Lower commodity prices and higher leverage after a recent acquisition hurt WPX Energy (WPX). A small underweight to energy contributed as the average midcap value energy stock was down almost 25% for the quarter.

Within industrials, Alaska Air Group (ALK) was the largest contributor to performance. Alaska Air Group (ALK) advanced as lower oil prices provided a tailwind for most airline stocks. We also avoided owning some of the worst performing machinery stocks. Materials were the second worst performing sector within the Russell Midcap® Value Index. Our security selection was positive as we avoided many of the poorest performing companies within this sector.

Other highlights for the quarter included Arch Capital (ACGL), Hartford Financial Services Group (HIG) and Pinnacle West (PNW). Good fundamentals have produced solid results at Arch Capital (ACGL) and Hartford Financial Services Group (HIG). A general pickup in smaller utility M&A along with good cost discipline helped Pinnacle West (PNW).

The most significant style attribute was a lower dividend yield and it went against us as lower interest rates led to a bid for dividend yielding stocks. A higher beta and smaller market cap were modest negatives. Higher momentum and larger earnings growth were positives.



**Comments:**

Overall, sector weights were fairly similar to the prior quarter. Financials and utilities did go up slightly, while consumer discretionary, energy and health care were down slightly. In financials, we increased our insurance weight with Axis Capital Holdings (AXIS). In REITs, we added to Prologis (PLD) on a pullback. We reduced some of our utility underweight by adding to FirstEnergy (FE).

We sold La Quinta Holdings (LQ), Bloomin' Brands (BLMN) and Abercrombie & Fitch (ANF) in consumer discretionary. New positions in Ascena Retail Group (ASNA) and Children's Place (PLCE) partially offset the sales. La Quinta (LQ) announced a CEO departure, reported disappointing earnings and twice lowered guidance as visibility remains challenging. We reduced exposure to restaurants with the sale of Bloomin' Brands (BLMN). We are concerned about execution in international operations, which has been a problem in the past. Children's Place (PLCE) was bought back after it underperformed making valuation more attractive. It is beginning to reap benefits of systems upgrades, resulting in lower inventories and discounting.

In energy, we sold Bristow (BRS) as the energy downturn is likely to hurt activity more than previously expected. The proceeds went into Noble Energy (NBL) which has a discounted valuation and above average portfolio of assets. We also purchased EQT (EQT) which has a strong balance sheet and history of good operational performance. Within health care, we trimmed Universal Health Services (UHS) and sold Health Net (HNT) to take gains. Some of this was offset by the purchase of Community Health Systems (CYH).

In consumer staples, we sold Hain Celestial Group (HAIN) due to valuation and weaker end market data. We exited our ConAgra Foods (CAG) position once the company announced another write-down of its underperforming private label food business. It is looking to divest this unit and it appears that the anticipated proceeds will now be \$1 billion less than previously estimated. Replacements included Molson Coors Brewing (TAP) and Hormel Foods (HRL). Molson Coors Brewing (TAP) is poised to benefit from a stronger beer market globally and increased consolidation of the brewing industry. Hormel Foods (HRL) will benefit from decreasing pork prices and it has produced more accretion from previous acquisitions and the recently acquired Applegate Farms further penetrates the value-added food space.

Within industrials, we sold out of Textron (TXT) and Esterline Technologies (ESL) in favor of BWX Technologies (BWXT) and added to Huntington Ingalls (HII).

In technology, we reduced exposure to semiconductors. Lam Research (LRCX) and Freescale Semiconductor (FSL) were sold. We exited Lam Research (LRCX) on concerns about reduced capex in DRAM and NAND following a year of high investment. Freescale Semiconductor (FSL) agreed to be acquired. Some of this was offset by the purchase of Diebold (DBD) and Computer Sciences (CSC). Diebold (DBD) has a new management team in place, efficiency and cost cutting opportunities, a favorable valuation and a better environment for an ATM refresh cycle over the next few years. We re-purchased Computer Sciences (CSC) at a lower price after shares underperformed. The company is spinning off its public sector practice. The discount to its sum of the parts valuation should normalize post spin as investors begin to value the two companies independently.

**Best/Worst Performers (Quarter ended 9/30/2015):**

Best			Worst		
Security	Name	Return	Security	Name	Return
ALK	Alaska Air Group, Inc.	23.62	WLL	Whiting Petroleum Corporation	-54.55
EIX	Edison International	14.24	WPX	WPX Energy, Inc. Class A	-46.09
ATO	Atmos Energy Corporation	14.24	BRS	Bristow Group Inc.	-41.77
PNW	Pinnacle West Capital Corp.	13.84	SPN	Superior Energy Services, Inc.	-39.70
WR	Westar Energy	13.49	CRZO	Carrizo Oil & Gas, Inc.	-37.98



**Integrity Asset Management  
Third Quarter 2015 Performance Summary**

**Mid Cap Value Equity Composite Returns as of 9/30/2015 (gross of fees):**

**Third Quarter**

Integrity Midcap Composite:	-9.37%
Russell Midcap Value Index:	<u>-8.04%</u>
Difference	-1.33%

**Year to Date**

Integrity Midcap Composite:	-8.43%
Russell Midcap Value Index:	<u>-7.66%</u>
Difference	-0.77%

**Top 5 Holdings:**

6/30/2015			9/30/2015		
Ticker	Name	Weight	Ticker	Name	Weight
ZBH	Zimmer Biomet Holdings, Inc.	1.63	PNW	Pinnacle West Capital Corporation	1.66
BSX	Boston Scientific Corporation	1.47	HIG	Hartford Financial Services Group	1.60
ZION	Zions Bancorporation	1.46	ZBH	Zimmer Biomet Holdings, Inc.	1.55
FITB	Fifth Third Bancorp	1.46	BSX	Boston Scientific Corporation	1.50
TGNA	TEGNA, Inc.	1.44	FITB	Fifth Third Bancorp	1.46

**Comments:**

Pinnacle West (PNW) and Hartford Financial Services (HIG) posted gains for the quarter and this outperformance resulted in both stocks becoming top five holdings. Zions Bancorporation (ZION) was a slight underperformer and is now just outside of the top five. TEGNA (TGNA) underperformed to fall out of the top five.

**Sector Weights:**

	6/30/2015	O/U	9/30/2015	O/U
Consumer Discretionary	10.88	2.48	9.69	1.26
Consumer Staples	4.29	0.63	4.37	0.43
Energy	8.21	-2.19	7.38	-1.46
Financials	26.14	-6.12	27.94	-6.18
Health Care	11.45	4.66	9.99	3.96
Industrials	11.44	1.40	11.10	1.63
Information Technology	11.66	2.40	11.48	1.94
Materials	6.23	-0.57	5.64	-0.42
Telecom Services	0.00	-1.55	0.00	-1.50
Utilities	7.93	-2.88	9.53	-2.54

## Composite Rates of Return

Calendar Year	Total Return (%)		Primary Benchmark (%)	3-Yr St Dev		Composite Portfolios	Dispersion within Composite (%)	Composite Assets (\$ millions)	Franchise Assets (\$ millions) <sup>b</sup>
	Gross	Net		Composite (%)	Benchmark (%)				
2014	11.94	11.00	14.75	11.59	9.81	13	0.23	338.27	5,163.75
2013	39.60	38.45	33.46	15.46	13.69	12	0.26	325.38	4,816.19
2012	18.08	17.10	18.51	18.56	16.76	12	0.12	227.19	3,282.82
2011	-1.37	-2.21	-1.38	23.71	22.78	13	0.08	221.64	3,098.55
2010	27.67	26.62	24.75	26.51	27.11	20	0.29	302.07	3,268.56
2009	31.82	30.73	34.21	23.92	25.01	21	0.22	201.52	2,364.11
2008	-37.99	-38.53	-38.44	17.77	18.74	23	0.58	152.91	1,641.29
2007	2.96	2.10	-1.42	9.54	9.13	20	0.45	211.76	2,498.71
2006	18.42	17.43	20.22	8.67	8.65	11	n.m.	141.47	2,496.81
2005	13.69	12.74	12.65	10.70	10.92	≤5	n.m.	53.78	1,407.74

<sup>a</sup> n.m. = not-meaningful

<sup>b</sup> Franchise assets are described below

### Past performance is no guarantee of future results.

Victory Capital Management Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Prior to their acquisition by Victory Capital on October 31, 2014, Munder Capital Management, and its wholly owned subsidiary, Integrity Asset Management has been independently verified for the periods from July 1, 2003 through December 31, 2013. The verification report is available upon request.

The "Total Firm Assets" figure described below has been adjusted to reflect the acquisition of Munder/Integrity by Victory Capital Management. The 12/31/2014 and original 3/31/2015 numbers were understated and have been corrected to reflect the combined firm assets.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Victory Capital Management Inc. is a multi-boutique asset manager comprised of multiple investment teams, referred to as investment franchises, each of which utilizes an independent approach to investing. Victory Capital's investment franchises are: Diversified Equity Management, Expedition Investment Partners, INCORE Capital Management, Integrity Asset Management, Munder Capital Management, NewBridge Asset Management, Sycamore Capital and Trivalent Investments. Each investment franchise utilizes an independent approach to investing and offers one or more investment strategies that specializes in a specific asset class intended primarily for institutional clients. Prior to their acquisition by Victory Capital on October 31, 2014, Munder Capital Management and its wholly owned subsidiary, Integrity Asset Management, were treated as separate entities for GIPS compliance purposes.

Victory Capital Management Inc. firm assets under management as of March 31, 2015 and December 31, 2014 were \$34,310 million and \$33,679 million, respectively. Prior to 10/31/2014 Integrity assets were not included in Victory's firm AUM and are thus Not Applicable. Franchise assets for periods prior to 2014 represent the firm assets of Integrity Asset Management when it was a separate firm for GIPS compliance purposes prior to the acquisition by Victory Capital. Beginning with 2014 and for prospective period's franchise assets represent all assets managed by the Integrity Asset Management franchise within Victory Capital.

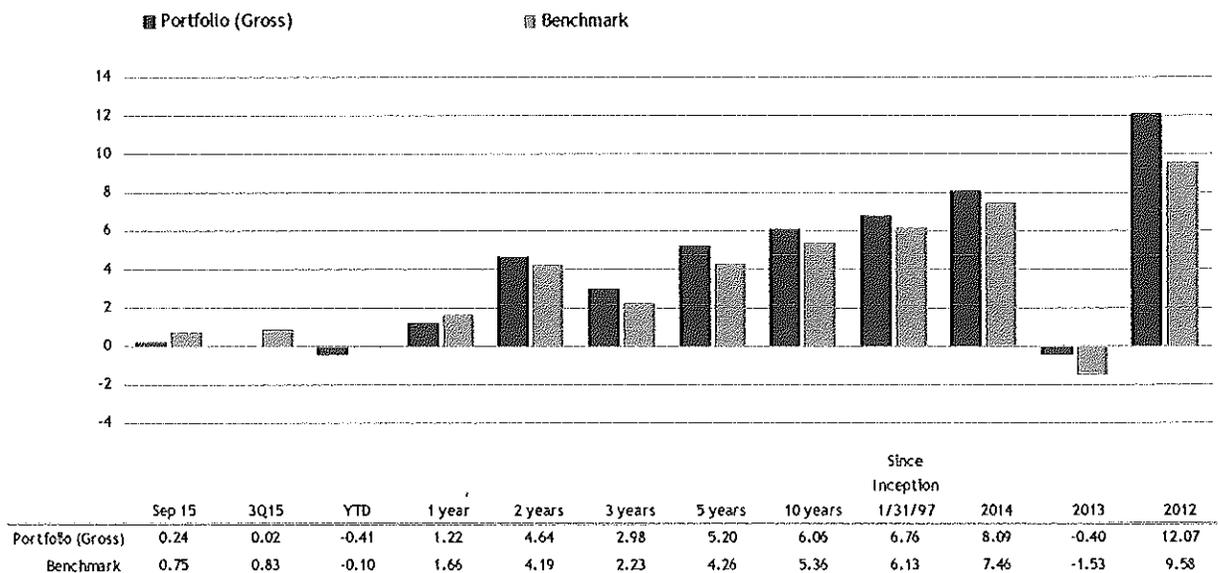
# performance review

july-september 2015

## MARKET VALUE

TOTAL PRINCIPAL	ACCRUED INCOME	TOTAL PORTFOLIO
\$35,327,304	\$356,507	\$35,683,811

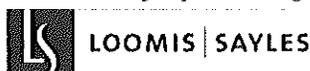
## RETURNS (%)



## MARKET OVERVIEW

- Flattening government yield curves in the United States, Europe and the United Kingdom supported investment grade corporate indices. The rally in long maturities across each curve provided a positive fundamental backdrop for long duration corporate bond prices. Returns were broadly positive across sectors in the US Corporate index, with the exception of energy. The energy sector, which represents 10.3% of the US index, came under significant selling pressure as oil prices failed to recover. European sector performance was mixed, with technology and transportation posting positive total returns and consumer cyclicals and industrials dragging on total returns. The Sterling Aggregate had the longest duration of the three corporate bond indices and benefited most from flattening curves; sector performance was also positive and well balanced.

*The current benchmark is Barclays U.S. Corporate Investment Grade. (1) Citigroup Broad Inv. Grade (BIG) from 1/31/1997 to 6/30/1999; Barclays Credit from 6/30/1999 to 2/29/2012; and Barclays U.S. Corporate Investment Grade from 2/29/2012 to 9/30/2015. Returns over one year are annualized. Information is reported on a trade date basis. Data Source: Barclays Capital, Bloomberg*



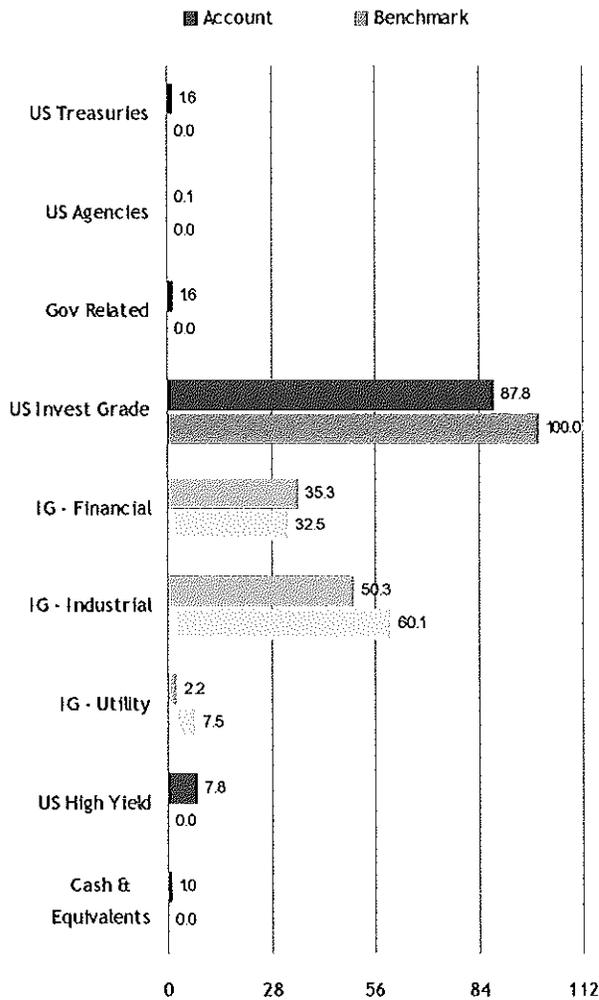
# performance review

july-september 2015

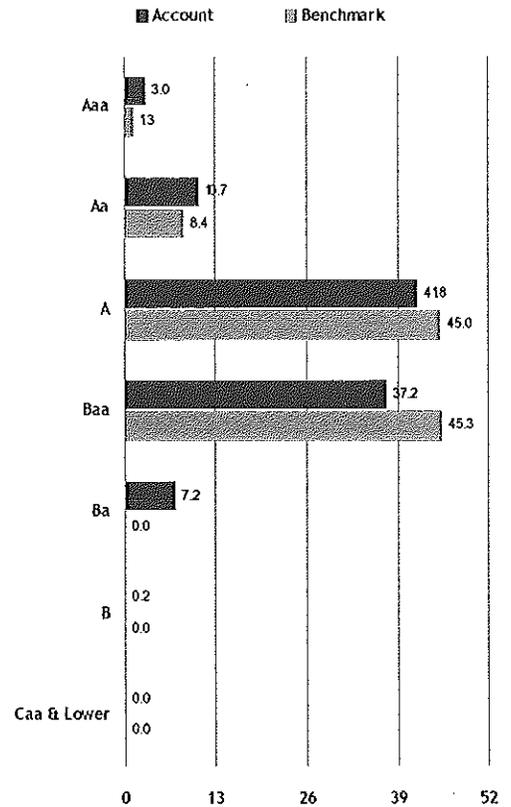
## CHARACTERISTICS

	PORTFOLIO	BENCHMARK
Effective Duration	7.24 years	7.07 years
Average Maturity	10.80 years	10.44 years
Yield	3.76%	3.36%
Average Coupon	4.28%	4.31%
Average Quality	Baa1	Baa1

SECTOR ANALYSIS AT SEPTEMBER 30, 2015 (%)



QUALITY ANALYSIS AT SEPTEMBER 30, 2015 (%)



The current benchmark is Barclays U.S. Corporate Investment Grade. For split rated securities in the quality distribution, the higher of Moody and S&P is used. The account's split rating treatment is based on client guidelines. The benchmark follows the vendor's methodology. Equity securities are deemed to have a duration and maturity value of zero. Yield is Yield to Effective Maturity. Data Source: Barclays Capital



# performance review

july-september 2015

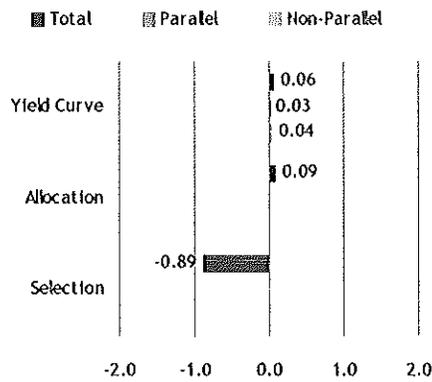
## CURRENT QUARTER TOTAL RETURNS (%)

Account Return	0.02
Benchmark Return	0.82
Excess Return	-0.81

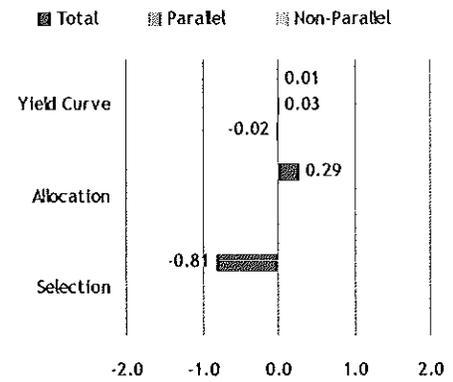
## TRAILING YEAR TOTAL RETURNS (%)

Account Return	1.22
Benchmark Return	1.66
Excess Return	-0.44

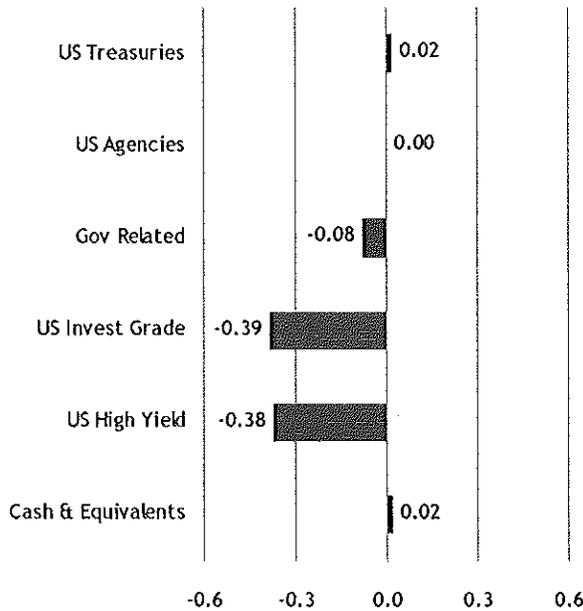
## CURRENT QUARTER EXCESS RETURN ATTRIBUTION (%)



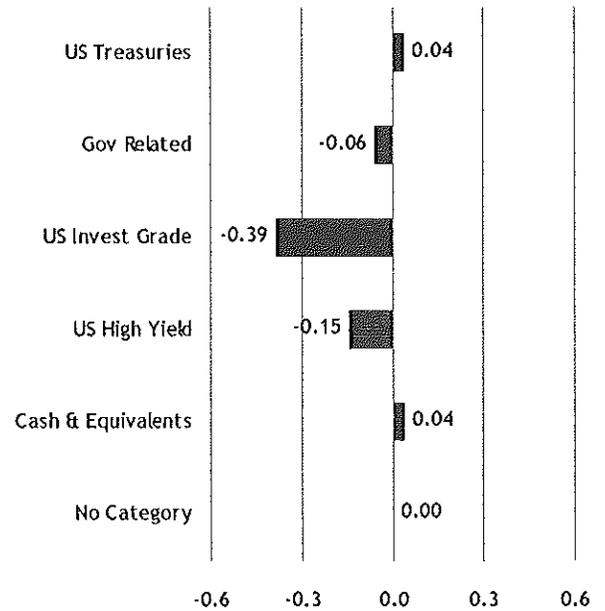
## TRAILING YEAR EXCESS RETURN ATTRIBUTION (%)



## EXCESS RETURN ATTRIBUTION BY SECTOR (%)



## EXCESS RETURN ATTRIBUTION BY SECTOR (%)



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



# corporate bond strategy

july-september 2015

- On average, the investment grade corporate bond strategy underperformed its Benchmark for the quarter as excess return was primarily diminished by adverse security selection.
- Investment Grade (IG) underperformed duration-matched Treasuries throughout the period. Security selection within the space weakened performance on a relative basis as selections within IG industrials detracted the most.
- Where applicable, security selection among IG financials diminished excess return but was offset by positive impacts from an overweight allocation. On a relative basis, security selection within our small exposure to IG utilities was limited by our underweight position to the sector. Overall, IG financials and utilities marginally impacted relative return.
- Generally, our slight out-of-Benchmark weighting to High Yield (HY) also hampered overall performance. Where held, the HY space exhibited a negative return across a majority of the sectors. As we saw within IG, exposure to energy and oil related companies had the greatest negative effect on relative return.
- Over the quarter, we generally maintained an underweight position to the Government Related sector. On a relative return basis, this proved slightly beneficial as sector allocation positively impacted performance, conversely, security selection weighed on performance. Names affiliated with the oil industry, more specifically, exposure to Brazilian and Mexican issues detracted from performance.
- We continued to have a small out-of-Benchmark allocation to US Treasuries. For the quarter, our positions generated modestly positive relative results as the yield curve flattened with rates in the long end of the curve moving lower.

Sector	Investment Themes	Investment Strategies
US Credit	While domestic credit fundamentals and corporate cash flows remain strong, balance sheet improvement seems to have peaked. The sector remains an attractive alternative to Gov't markets. Event risk is an increased concern. Issuance from M&A activity is expected to be large in the near term. We are in the late stages of the expansion cycle and expect corporate bonds to outperform US Treasuries given healthy fundamentals, strong technicals and a recent widening in spreads.	Overall credit risk moderately higher than that of the Index.
Industry Selection	Our industry selection remains cautious on companies where yield advantage does not compensate for credit risk, especially balance sheet leveraging and M&A activity. For this reason we are overweight financials and underweight several Industrial sectors.	Top overweights include banking, transportation and communications. Top underweights include electric, food & beverage and pharmaceuticals. We have reduced our overweight to the banking sector as the sector has outperformed and the trend toward deleveraging is slowing. We are overweight energy and are opportunistic with our energy buys.
Issue Selection	For issue selection, we find that new Issues continue to price at concessions (albeit smaller concessions than previously observed). Select off-the-run Issues offer good value without giving up too much liquidity.	Continue to favor new issues but also look for opportunities to purchase older seasoned securities at wider spreads. Avoid companies prone to re-leveraging. Issue selection is key.
Duration and Yield Curve	Our baseline rates expectation is for the UST 10 year to trend higher as the economic data is expected to improve, and markets look towards a start of tightening in Q4 of 2015. We believe that the FOMC will attempt to manage expectations for a very slow pace of policy accommodation removal, with a 25 bps every other meeting pace of tightening, perhaps until the Federal Reserve reaches a terminal 2.50% Fed Funds Rate. However, strong economic data could push rates up sooner than anticipated. Conversely, geopolitical events or a reversal in the positive trend in US employment figures could send yields lower.	Neutral versus the Index.

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# bond market review & outlook

THIRD QUARTER REVIEW JULY-SEPTEMBER 2015

By James Balfour, CFA, VP, Senior Global Economist

Risk assets suffered this quarter amid notable market volatility, as oil prices declined over \$15 a barrel and concerns about the economic health of China and emerging markets (EM) escalated. The uncertain global outlook swayed the Federal Reserve (the Fed) to leave interest rates unchanged in September, and the central bank questioned “whether or not there might be a risk of a more abrupt slowdown” in China.<sup>1</sup>

As might be expected, long duration assets within the major government bond markets outperformed in this environment, while riskier assets such as emerging markets, EM currencies, high yield bonds and equities declined as many investors shed risk. Market volatility was largely set off by the sharper-than-expected slowdown in Chinese infrastructure spending and exacerbated by a Fed on the cusp of raising rates. But more than just reduced investment spending in the Middle Kingdom has been roiling the markets. Knock-on effects of China’s fumbling policy response and the implications for emerging market growth and commodity prices have all contributed.

## KEY TAKEAWAYS

• The global credit cycle favors developed over emerging markets, but the shift has accelerated recently, causing tumult.

• Volatility was likely to develop as the global growth baton passed from emerging to developed markets.

• We believe developed economy fundamentals are stronger than markets may indicate.

• We view falling asset prices as creating opportunities, but investors will need to carefully balance value and risk.

## PASSING THE BATON FROM EM TO DM

Since 2012, the global credit cycle has favored developed over emerging markets. This shift has started to accelerate recently, causing tumult in fixed income markets. Most developed markets, notably the US, UK, Europe and Japan, have been deleveraging since the financial crisis and are now in favorable parts of the credit cycle. Growth may not be overly impressive, but headwinds from inflation and wage growth remain muted. On the other hand, China and other emerging economies have gotten a boost from exceptionally easy financial conditions in developed markets. The rapid credit growth of past years appears to finally be reaching its zenith, and the relative growth advantage of emerging markets has begun to fade.

With the boom in global trade and commodities behind us, we are transitioning to new growth drivers. Going forward, we expect US dollar strength to continue, while the US and other advanced economies continue their slow, and at times halting, recoveries from the financial crisis. Some good news: we don’t think the world is on the brink of another crisis. Interest rates are close to record lows in emerging markets and may go even lower. EM growth should stabilize, likely at a slower pace at least until these countries embrace reforms to open new avenues for growth.

## THE DM GROWTH ENGINE

Market prices seem to be adjusting to the new reality of lower EM growth and commodity prices. Some of this adjustment has directly hit developed markets, not only mining and energy earnings but also manufacturers and export-oriented firms. Typical of when risk appetites wane, markets appear to be expecting widespread stress across developed economies. We do not believe the deterioration in underlying fundamental values will be so extensive. The pace of credit rating agency downgrades may increase, but we believe corporate health is relatively strong and defaults will remain low.

<sup>1</sup>Janet Yellen (Chair, Board of Governors of the Federal Reserve System), press conference, 9/17/2015.

# bond market review & outlook

THIRD QUARTER REVIEW JULY-SEPTEMBER 2015

By James Balfour, CFA, VP, Senior Global Economist

Volatility was likely to develop as the baton passed from emerging to developed markets. We believe major developed economies have several years before the credit cycle progresses, with consumers the most likely candidates to borrow and spend in the meantime. As we see it, China finally seems willing to absorb a sharper economic adjustment while allowing credit growth to slow and relinquishing its current role as the world's growth engine. Any future stimulus will probably be defensive in nature. EM valuations will likely adjust lower as developed economies become the primary drivers of global growth. However, near record-low interest rates across emerging and developed markets should help to smooth the transition. We view falling asset prices as creating opportunities, but investors will need to carefully balance value and risk.

The Mid Cap Value Equity composite was created in July 2003, and includes all fee-paying, discretionary portfolios that are managed according to the Mid Cap Value Equity strategy. The strategy focuses on mid-cap companies that are currently trading below our estimate of intrinsic value and are characterized by improving investor sentiment. Please Note: The performance data for the period from July 2, 2002 through June 20, 2003, reflects the performance of a registered investment company managed by the portfolio management team members while at a prior employer. During that period, the portfolio management team members primarily responsible for the Integrity Mid Cap Value Equity strategy were primarily responsible for the management of the registered investment company. This performance history is gross of all fees charged to investors in the registered investment company, with the exception of transaction costs, and is derived by compounding the monthly returns as reported by Morningstar. The registered investment company represents the only account managed by the team in the Mid Cap Value Equity strategy while at their prior employer. For continuity, the Fund's performance has been linked, for the remainder of June 2003, to the performance of the one portfolio managed in the same strategy during this time period by the portfolio managers while at Integrity Asset Management. The Mid Cap Value strategy is managed by Integrity Asset Management, a Victory Capital investment franchise.

All returns reflect the reinvestment of investment income (dividends and/or interest) and capital gains, and are net of non-reclaimable withholding taxes, if any. Valuations and returns are stated in U.S. dollars. The gross returns shown are based on time-weighted rates of return less transaction costs. Effective June 21, 2003, net returns reflect gross performance less model investment management fees, which were derived using the maximum fixed fee rate in effect for the strategy for the respective time period. (For periods prior to June 21, 2003, net returns reflect the deduction of all expenses charged to the fund, including management fees, custodian, audit and other administrative fees.) Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size.

The investment management fee for this strategy is as follows: 0.85% on the first \$15 million; 0.75% on the next \$35 million; 0.65% on the next \$50 million; 0.60% thereafter. (Please note: Non-fee-paying portfolios accounted for 100% of composite assets as of 12/31/2003, and 0% of composite assets for all other annual period ends.)

The benchmark: Russell Midcap<sup>®</sup> Value Index measures the performance of those Russell Midcap<sup>®</sup> companies (approximately 800 of the smallest securities in the Russell 1000<sup>®</sup> Index, which includes the 1,000 largest stocks by market capitalization in the Russell 3000<sup>®</sup> Index, an index of the top 3,000 U.S. stocks by market capitalization covering 98% of the U.S. equity investable universe) with higher composite value scores. Index performance information was furnished by sources deemed reliable and is believed to be accurate, however, no warranty or representation is made as to the accuracy thereof and the information is subject to correction. You cannot invest directly in an index, securities in the Composite may not match those in the index and performance of the Composite will differ. Although reinvestment of dividend and interest payments is assumed, no expenses are netted against an index's return. The benchmark returns are not covered by the report of the independent verifiers.

Dispersion within the composite is calculated using the asset-weighted standard deviation of annual gross-of-fees returns of those portfolios that were included in the composite for the full year. If less than six portfolios are included in the composite for the full year, no dispersion measure is presented, as it is not considered meaningful.

The three-year annualized ex-post standard deviation measures the volatility of the composite and the benchmark returns over the preceding 36-month time period. The notation "n.a." (not available) will appear for periods where 36 monthly returns are not available for the composite.

Integrity Asset Management's policies for valuing portfolios, calculating performance, and preparing compliant presentations, as well as a complete list of composite descriptions, are available upon request. Please contact Victory Capital at 877-660-4400.

## Vote Summary Report

Date range covered: 07/01/2015 to 09/30/2015

Location(s): Massachusetts Financial Services

Institution Account(s): MFS International Growth Fund

### Nice Systems Ltd.

**Meeting Date:** 07/09/2015

**Country:** Israel

**Primary Security ID:** M7494X101

**Meeting ID:** 983460

**Record Date:** 06/08/2015

**Meeting Type:** Annual

**Ticker:** NICE

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
	Meeting for ADR Holders	Mgmt		
1a	Reelect David Kostman as Director Until the End of the Next Annual General Meeting	Mgmt	For	For
1b	Reelect Rimon Ben-Shaoul as Director Until the End of the Next Annual General Meeting	Mgmt	For	For
1c	Reelect Yehoshua (Shuki) Ehrlich as Director Until the End of the Next Annual General Meeting	Mgmt	For	For
1d	Reelect Leo Apotheker as Director Until the End of the Next Annual General Meeting	Mgmt	For	For
1e	Reelect Joe Cowan as Director Until the End of the Next Annual General Meeting	Mgmt	For	For
2	Elect Zehava Simon as External Director For a Three Year Term	Mgmt	For	For
3	Amend Articles Re: Shareholder Proposals and Election and Removal of Directors	Mgmt	For	For
4	Amend Compensation Policy for the Directors and Officers of the Company	Mgmt	For	For
5	Approve Cash Compensation of Non-Executive Directors	Mgmt	For	For
6	Grant Non-Executive Directors Options and RSUs	Mgmt	For	For
7	Approve Certain Employment Terms of CEO	Mgmt	For	For
8	Reappoint Kost Forer Gabbay & Kasierer as Auditors and Authorize Board to Fix Their Remuneration	Mgmt	For	For
9	Discuss Financial Statements and the Report of the Board for 2014	Mgmt		

### Burberry Group plc

**Meeting Date:** 07/16/2015

**Country:** United Kingdom

**Primary Security ID:** G1700D105

**Meeting ID:** 985871

**Record Date:** 07/14/2015

**Meeting Type:** Annual

**Ticker:** BRBY

## Vote Summary Report

Date range covered: 07/01/2015 to 09/30/2015

Location(s): Massachusetts Financial Services

Institution Account(s): MFS International Growth Fund

### Burberry Group plc

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1	Accept Financial Statements and Statutory Reports	Mgmt	For	For
2	Approve Remuneration Report	Mgmt	For	For
3	Approve Final Dividend	Mgmt	For	For
4	Re-elect Sir John Peace as Director	Mgmt	For	For
5	Elect Fabiola Arredondo as Director	Mgmt	For	For
6	Re-elect Philip Bowman as Director	Mgmt	For	For
7	Re-elect Ian Carter as Director	Mgmt	For	For
8	Re-elect Jeremy Darroch as Director	Mgmt	For	For
9	Re-elect Stephanie George as Director	Mgmt	For	For
10	Re-elect Matthew Key as Director	Mgmt	For	For
11	Elect Carolyn McCall as Director	Mgmt	For	For
12	Re-elect David Tyler as Director	Mgmt	For	For
13	Re-elect Christopher Bailey as Director	Mgmt	For	For
14	Re-elect Carol Fairweather as Director	Mgmt	For	For
15	Re-elect John Smith as Director	Mgmt	For	For
16	Reappoint PricewaterhouseCoopers LLP as Auditors	Mgmt	For	For
17	Authorise the Audit Committee to Fix Remuneration of Auditors	Mgmt	For	For
18	Authorise EU Political Donations and Expenditure	Mgmt	For	For
19	Authorise Issue of Equity with Pre-emptive Rights	Mgmt	For	For
20	Authorise Issue of Equity without Pre-emptive Rights	Mgmt	For	For
21	Authorise Market Purchase of Ordinary Shares	Mgmt	For	For
22	Authorise the Company to Call EGM with Two Weeks' Notice	Mgmt	For	For
23	Adopt New Articles of Association	Mgmt	For	For

## Vote Summary Report

Date range covered: 07/01/2015 to 09/30/2015

Location(s): Massachusetts Financial Services

Institution Account(s): MFS International Growth Fund

### HDFC Bank Limited

Meeting Date: 07/21/2015

Country: India

Primary Security ID: Y3119P174

Meeting ID: 970847

Record Date: 07/14/2015

Meeting Type: Annual

Ticker: 500180

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1	Accept Financial Statements and Statutory Reports	Mgmt	For	For
2	Approve Dividend Payment	Mgmt	For	For
3	Elect P. Sukthankar as Director	Mgmt	For	For
4	Elect K. Bharucha as Director	Mgmt	For	For
5	Approve Deloitte Haskins & Sells as Auditors and Authorize Board to Fix Their Remuneration	Mgmt	For	For
6	Elect M. Patel as Director	Mgmt	For	For
7	Approve Increase in Borrowing Powers	Mgmt	For	For
8	Approve Related Party Transactions with Housing Development Finance Corporation Limited	Mgmt	For	For
9	Approve Appointment and Remuneration of A. Puri as Managing Director	Mgmt	For	For
10	Amend Terms of Appointment of K. Bharucha as Executive Director	Mgmt	For	For
11	Approve Related Party Transactions with HDB Financial Services Limited	Mgmt	For	For

### Experian plc

Meeting Date: 07/22/2015

Country: United Kingdom

Primary Security ID: G32655105

Meeting ID: 947476

Record Date: 07/20/2015

Meeting Type: Annual

Ticker: EXPN

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1	Accept Financial Statements and Statutory Reports	Mgmt	For	For
2	Approve Remuneration Report	Mgmt	For	For
3	Elect Lloyd Pitchford as Director	Mgmt	For	For
4	Elect Kerry Williams as Director	Mgmt	For	For

## Vote Summary Report

Date range covered: 07/01/2015 to 09/30/2015

Location(s): Massachusetts Financial Services

Institution Account(s): MFS International Growth Fund

### Experian plc

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
5	Re-elect Fabiola Arredondo as Director	Mgmt	For	For
6	Re-elect Jan Babiak as Director	Mgmt	For	For
7	Re-elect Brian Cassin as Director	Mgmt	For	For
8	Re-elect Roger Davis as Director	Mgmt	For	For
9	Re-elect Deirdre Mahlan as Director	Mgmt	For	For
10	Re-elect Don Robert as Director	Mgmt	For	For
11	Re-elect George Rose as Director	Mgmt	For	For
12	Re-elect Judith Sprieser as Director	Mgmt	For	For
13	Re-elect Paul Walker as Director	Mgmt	For	For
14	Reappoint PricewaterhouseCoopers LLP as Auditors	Mgmt	For	For
15	Authorise Board to Fix Remuneration of Auditors	Mgmt	For	For
16	Authorise Issue of Equity with Pre-emptive Rights	Mgmt	For	For
17	Approve Performance Share Plan	Mgmt	For	For
18	Approve Co-Investment Plan	Mgmt	For	For
19	Approve Share Option Plan	Mgmt	For	For
20	Approve UK Tax-Qualified Sharesave Plan	Mgmt	For	For
21	Approve UK Tax-Qualified All-Employee Plan	Mgmt	For	For
22	Approve Free Share Plan	Mgmt	For	For
23	Authorise Issue of Equity without Pre-emptive Rights	Mgmt	For	For
24	Authorise Market Purchase of Ordinary Shares	Mgmt	For	For

### ITC Ltd.

Meeting Date: 07/31/2015

Country: India

Primary Security ID: Y4211T171

Meeting ID: 980189

Record Date: 07/24/2015

Meeting Type: Annual

Ticker: 500875

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1	Accept Financial Statements and Statutory Reports	Mgmt	For	For

## Vote Summary Report

Date range covered: 07/01/2015 to 09/30/2015

Location(s): Massachusetts Financial Services

Institution Account(s): MFS International Growth Fund

### ITC Ltd.

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
2	Approve Dividend Payment	Mgmt	For	For
3	Elect K.N. Grant as Director	Mgmt	For	For
4	Elect K. Vaidyanath as Director	Mgmt	For	For
5	Approve Deloitte Haskins & Sells as Auditors and Authorize Board to Fix Their Remuneration	Mgmt	For	For
6	Approve Remuneration of Cost Auditors	Mgmt	For	For

### Dassault Systemes

Meeting Date: 09/04/2015

Country: France

Primary Security ID: F2457H472

Meeting ID: 993796

Record Date: 09/01/2015

Meeting Type: Special

Ticker: DSY

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
	Extraordinary Business	Mgmt		
1	Authorize up to 2 Percent of Issued Capital for Use in Restricted Stock Plans	Mgmt	For	Against
2	Authorize Capital Issuances for Use in Employee Stock Purchase Plans	Mgmt	For	For
3	Amend Article 2 of Bylaws Re: Corporate Purpose	Mgmt	For	For
4	Authorize Filing of Required Documents/Other Formalities	Mgmt	For	For

### Guangzhou Automobile Group Co., Ltd.

Meeting Date: 09/18/2015

Country: China

Primary Security ID: Y2931M112

Meeting ID: 994947

Record Date: 08/18/2015

Meeting Type: Special

Ticker: 601238

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
	CLASS MEETING FOR HOLDERS OF H SHARES	Mgmt		
1	Approve Extension of Validity Period of the Resolution in Relation to the Issuance of A Share Convertible Bonds	Mgmt	For	For

## Vote Summary Report

Date range covered: 07/01/2015 to 09/30/2015

Location(s): Massachusetts Financial Services

Institution Account(s): MFS International Growth Fund

### Guangzhou Automobile Group Co., Ltd.

Meeting Date: 09/18/2015

Country: China

Primary Security ID: Y2931M112

Meeting ID: 994948

Record Date: 08/18/2015

Meeting Type: Special

Ticker: 601238

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
	EGM Ballot for Holders of H Shares	Mgmt		
1	Approve Extension of Validity Period in Relation to the Issuance of A Share Convertible Bonds	Mgmt	For	For
2	Amend Articles of Association	SH	For	For

### Diageo plc

Meeting Date: 09/23/2015

Country: United Kingdom

Primary Security ID: G42089113

Meeting ID: 994850

Record Date: 09/21/2015

Meeting Type: Annual

Ticker: DGE

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1	Accept Financial Statements and Statutory Reports	Mgmt	For	For
2	Approve Remuneration Report	Mgmt	For	For
3	Approve Final Dividend	Mgmt	For	For
4	Re-elect Peggy Bruzelius as Director	Mgmt	For	For
5	Re-elect Lord Davies of Abersoch as Director	Mgmt	For	For
6	Re-elect Ho KwonPing as Director	Mgmt	For	For
7	Re-elect Betsy Holden as Director	Mgmt	For	For
8	Re-elect Dr Franz Humer as Director	Mgmt	For	For
9	Re-elect Deirdre Mahlan as Director	Mgmt	For	For
10	Re-elect Nicola Mendelsohn as Director	Mgmt	For	For
11	Re-elect Ivan Menezes as Director	Mgmt	For	For
12	Re-elect Phillip Scott as Director	Mgmt	For	For
13	Re-elect Alan Stewart as Director	Mgmt	For	For
14	Appoint PricewaterhouseCoopers LLP as Auditors	Mgmt	For	For

## Vote Summary Report

Date range covered: 07/01/2015 to 09/30/2015

Location(s): Massachusetts Financial Services

Institution Account(s): MFS International Growth Fund

### Diageo plc

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
15	Authorise Board to Fix Remuneration of Auditors	Mgmt	For	For
16	Authorise Issue of Equity with Pre-emptive Rights	Mgmt	For	For
17	Authorise Issue of Equity without Pre-emptive Rights	Mgmt	For	For
18	Authorise Market Purchase of Ordinary Shares	Mgmt	For	For
19	Authorise EU Political Donations and Expenditure	Mgmt	For	For

### Lojas Renner

Meeting Date: 09/23/2015

Country: Brazil

Primary Security ID: P6332C102

Meeting ID: 996747

Record Date:

Meeting Type: Special

Ticker: LREN3

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1	Amend Article 5 to Reflect Changes in Capital	Mgmt	For	For
2	Approve Stock Split	Mgmt	For	For
3	Approve Long-Term Incentive Program: Stock Option Plan and Restricted Share Plan	Mgmt	For	For
4.1	Amend Article 5	Mgmt	For	For
4.2	Amend Article 6	Mgmt	For	For
4.3	Amend Articles 6, 12 and 20	Mgmt	For	For
4.4	Amend Article 10	Mgmt	For	For
4.5	Amend Article 20	Mgmt	For	For
4.6	Amend Article 23	Mgmt	For	For
4.7	Amend Article 25	Mgmt	For	For
4.8	Amend Article 25 Re: Include Paragraph 2	Mgmt	For	For
4.9	Amend Article 26	Mgmt	For	For
5	Consolidate Bylaws	Mgmt	For	For

## Vote Summary Report

Date range covered: 07/01/2015 to 09/30/2015

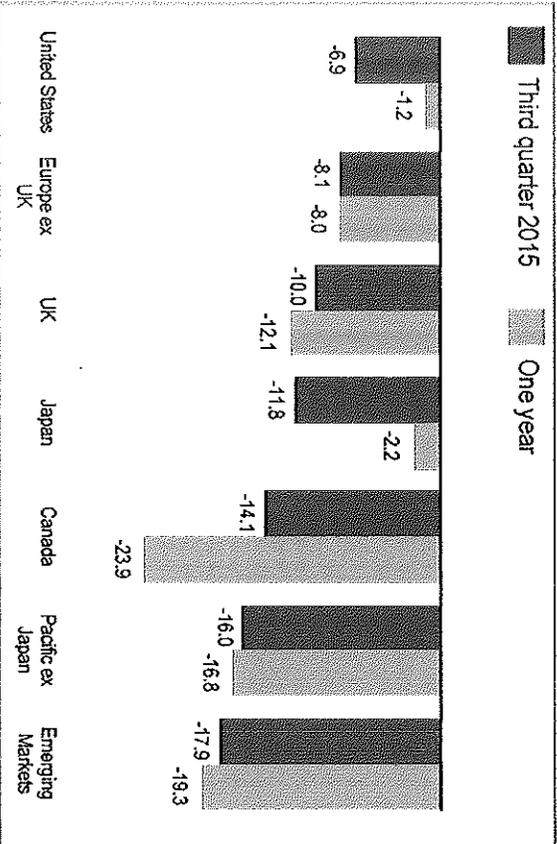
Location(s): Massachusetts Financial Services

Institution Account(s): MFS International Growth Fund



# Market overview

Region performance (%) (USD) as of 30-Sep-15



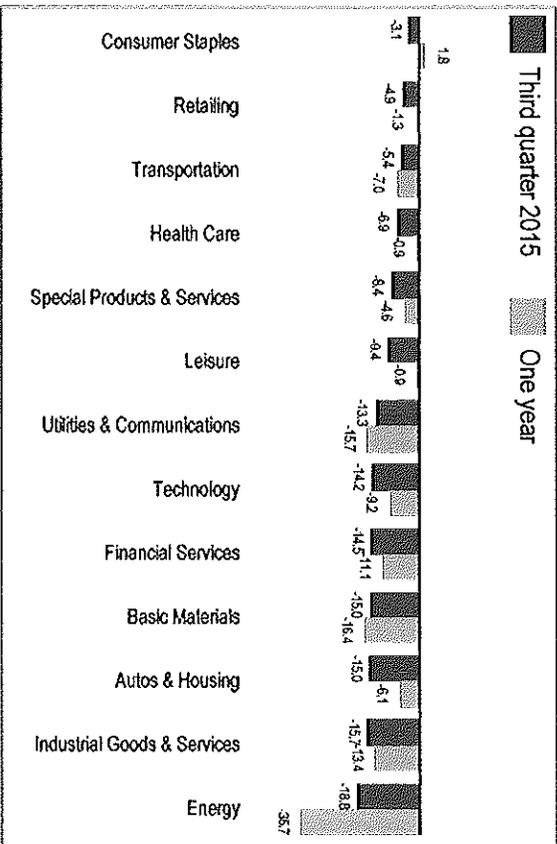
Source: FactSet. Region performance based on MSCI regional/country indexes.

## Market review as of 30-Sep-2015

- Global equity markets have pulled back in recent months on concerns about global growth, particularly the direct and indirect impact of China's slowdown.
- Equity markets remain fair to fully valued, but valuations do not seem excessive given low interest rates and recent market corrections.
- Growth and policies remain unsynchronized globally. The US Federal Reserve has indicated a desire to begin normalizing policy this year, although weaker-than-expected recent economic data may push market expectations for the first rate hike until early 2016. Policymakers in Europe and Japan continue to rely on stimulus policies to support their stagnant economies.
- Emerging markets overall continue to experience faster growth than developed markets, although their pace of growth has slowed. We believe different emerging economies are driven by different dynamics, and structural changes should lead to a long-term improvement of returns. EM currencies have adjusted substantially to reflect weakening fundamentals, which should help export-focused economies.

ORPEQUIN-ARTS-30-Sep-15

Sector performance (%) (USD) as of 30-Sep-15



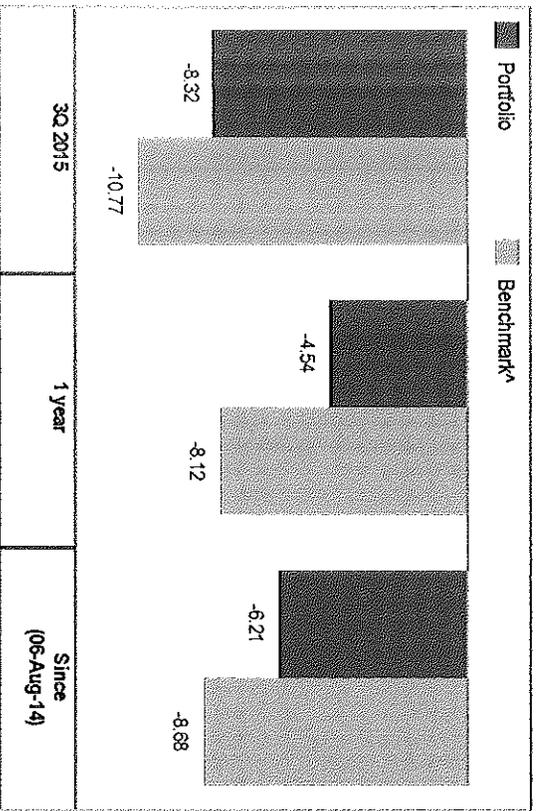
Source: FactSet. Sector performance based on MFS sector classification. The analysis of MSCI All Country World (ex-US) Growth Index constituents are broken out by MFS defined sectors.

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# Executive summary

Performance results (%) class 01 shares net of expenses (USD) as of 30-Sep-15



Source for benchmark performance: S&P, FactSet Research Systems Inc.  
 All periods greater than one year are annualized.  
 Past performance is no guarantee of future results.  
 For periods prior to the inception date of a unit class, performance information shown for such class is based on the performance of an older class of units that dates back to the Fund's inception, as adjusted to reflect differences in fees paid and expenses incurred by the newer class.  
 Net of expenses does not include management fees.  
<sup>^</sup> MSCI All Country World (ex-US) Growth Index (net div)

## Asset summary (USD)

Beginning value as of 30-Jun-15	25,572,050
Contributions	0
Withdrawals	0
Change in market value	-2,128,696
Ending value as of 30-Sep-15	23,443,354

## Sector weights (%) as of 30-Sep-15

	Portfolio	Benchmark <sup>^</sup>
<b>Top overweight</b>		
Consumer Staples	19.3	13.5
Special Products & Services	9.2	4.4
Health Care	16.7	12.8
<b>Top underweights</b>		
Autos & Housing	0.7	6.0
Utilities & Communications	0.7	5.9
Financial Services	11.9	16.3

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

The MFS Heritage Trust Company CIT - MFS International Growth Fund outperformed the MSCI All Country World (ex-US) Growth Index in the third quarter of 2015.

### Contributors

- Special Products & Services – Stock selection
- Technology – Stock selection
- Health Care – Stock selection
- Leisure – Stock selection
- Currency
- Individual stocks:

- Nestle SA
- Groupe Danone SA
- Reckitt Benckiser Group PLC
- LVMH Moet Hennessy Louis Vuitton SA
- Retailing – Stock selection
- Industrial Goods & Services – Stock selection
- Individual stocks:
- Mediatek Inc
- AIA Group Ltd
- British American Tobacco (not held)
- AEON Credit Service Co

### Detractors

- Retailing – Stock selection
- Industrial Goods & Services – Stock selection
- Individual stocks:
- Mediatek Inc
- AIA Group Ltd
- British American Tobacco (not held)
- AEON Credit Service Co



# Performance results

Performance results (%) class 01 shares net of expenses (USD) as of 30-Sep-15

Period	Portfolio net (%)	Benchmark <sup>^</sup> (%)	Excess return net vs benchmark (%)
3Q 2015	-8.32	-10.77	2.45
2Q 2015	0.77	0.59	0.18
1Q 2015	5.41	4.79	0.62
4Q 2014	-1.97	-2.30	0.33
2015 YTD	-2.62	-5.95	3.33
1 year	-4.54	-8.12	3.58
Since client inception (06-Aug-14)	-6.21	-8.68	2.47

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

**Past performance is no guarantee of future results.**

Net of expenses performance does not include management fees.

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

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4,493,798.66	8,493,798.72	0.89	0.89	15,093.00	Health Care	Health Care	Health Care	Health Care	Health Care	United Kingdom	GB00002232306	0922320
1,307,814.67	3,307,814.72	0.88	0.88	40,914.66	Health Care	Health Care	Health Care	Pharmaceuticals	United Kingdom	JE0080CKY927	B2CKN06	
2,270,243.68	8,270,243.72	0.87	0.87	21,238.91	Retailing	Consumer Cyclicals	Consumer Cyclicals	Food & Drug Stores	Canada	CA0334811015	2521880	
1,176,001.01	8,176,001.07	0.86	0.86	5,970.00	Basic Materials	Capital Goods	Capital Goods	Specialty Chemicals	United Kingdom	GB00002323570	0232357	
1,100,729.28	8,100,729.76	0.85	0.85	10,707.73	Health Care	Health Care	Health Care	Medical Equipment	Japan	JP354680008	6586074	
1,035,270.55	8,035,270.63	0.85	0.85	20,731.02	Financial Services	Financial Services	Financial Services	Other Banks and Diversified	Singapore	SG1L0100701	6175203	
1,557,296.30	7,557,296.47	0.80	0.80	13,004.00	Energy	Energy	Energy	Energy - Independent	Japan	JP329445005	B108B16	
4,229,237.62	7,429,237.65	0.78	0.78	16,076.99	Basic Materials	Capital Goods	Capital Goods	Specialty Chemicals	South Korea	KR0707191008	6446913	
4,980,660.70	6,980,660.75	0.73	0.73	3,787.27	Industrial Goods & Services	Capital Goods	Capital Goods	Machinery & Tools	United Kingdom	GB0000465807	0946580	
1,941,120.62	6,246,120.45	0.73	0.73	4,120.48	Financial Services	Financial Services	Financial Services	Other Banks and Diversified	Japan	JP3131400085	6037724	
4,439,252.40	6,439,252.69	0.69	0.69	40,415.81	Consumer Staples	Consumer Staples	Consumer Staples	Telecommunication Services	India	INE154A01025	B0JOC0P	
1,225,204.60	6,225,208.03	0.66	0.66	55,242.02	Utilities & Communications	Telecom / CMTY	Telecom / CMTY	Wireless Communications	Switzerland	CH0012549785	6770620	
1,130,115.10	6,130,115.12	0.65	0.65	8,572.70	Health Care	Health Care	Health Care	Medical Equipment	Switzerland	CH0012549785	7156036	
1,953,532.07	5,953,532.90	0.63	0.63	38,667.93	Energy	Energy	Energy	Energy - Integrated	Canada	CA067241079	B3NB1P2	
1,080,941.73	5,880,941.77	0.62	0.62	49,167.96	Energy	Energy	Energy	Energy - Integrated	United Kingdom	GB0000672889	0876289	
1,016,250.62	5,816,250.66	0.61	0.61	15,798.67	Special Products & Services	Technology	Technology	Business Services	United Kingdom	GB0001919L046	B19NL04	
1,728,212.92	5,728,213.29	0.60	0.60	7,385.35	Consumer Staples	Consumer Staples	Consumer Staples	Food & Beverage	Denmark	DK0000227568	B573M11	
1,090,424.07	5,690,424.07	0.59	0.59	14,124.98	Industrial Goods & Services	Capital Goods	Capital Goods	Electrical Equipment	France	FR0010307819	B1128X0	
1,540,816.72	5,540,816.75	0.58	0.58	16,016.66	Industrial Goods & Services	Capital Goods	Capital Goods	Machinery & Tools	Switzerland	CH0204638196	B111C10	
1,449,900.39	5,449,900.62	0.57	0.57	10,041.00	Consumer Staples	Consumer Staples	Consumer Staples	Food & Beverage	China	KY0943181030	B2C04423	
1,171,723.63	5,171,724.00	0.54	0.54	5,239.30	Automotive	Automotive	Automotive	Automotive	China	CNE100000035	B433895	
1,080,428.12	5,080,428.12	0.54	0.54	8,483.27	Financial Services	Financial Services	Financial Services	Other Banks and Diversified	Peru	BM0251911084	C26199108	
1,073,903.91	5,073,903.91	0.53	0.53	10,794.52	Basic Materials	Capital Goods	Capital Goods	Containers	Australia	AU0000009381	B1F10C0	
1,980,222.80	4,980,222.80	0.52	0.52	77,016.34	Consumer Staples	Consumer Staples	Consumer Staples	Alcoholic Beverage	Drazil	US0231911035	023191103	
1,721,131.09	4,721,131.09	0.50	0.50	13,585.73	Financial Services	Financial Services	Financial Services	Other Banks and Diversified	Mexico	MX0370711014	2421041	
1,616,878.78	4,616,878.78	0.49	0.49	20,329.35	Retailing	Consumer Cyclicals	Consumer Cyclicals	Apparel Manufacturers	France	FR0000121465	5000072	
1,388,266.45	4,388,266.88	0.46	0.46	11,016.62	Consumer Staples	Consumer Staples	Consumer Staples	Consumer Products	Japan	JP3951600000	6911485	
1,241,180.40	4,241,180.40	0.45	0.45	5,299.23	Health Care	Health Care	Health Care	Medical Equipment	Taiwan	TW0002454006	6372480	
1,178,253.04	4,178,253.07	0.44	0.44	29,230.40	Industrial Goods & Services	Capital Goods	Capital Goods	Machinery & Tools	Germany	NL0000240000	5732825	
1,204,657.31	3,204,659.12	0.35	0.35	5,697.24	Basic Materials	Capital Goods	Capital Goods	Specialty Chemicals	Japan	JP3734940002	6646567	
1,276,125.26	3,276,125.26	0.35	0.35	7,720.66	Energy	Energy	Energy	Energy - Independent	Australia	PG0000579683	6557694	
1,220,418.05	3,220,418.05	0.34	0.34	24,881.12	Financial Services	Financial Services	Financial Services	Other Banks and Diversified	Russia	RU0000929540	B56C9L8	
1,096,060.13	3,096,060.49	0.33	0.33	14,317.23	Technology	Technology	Technology	Internet	South Korea	KR0305420009	6560383	
1,637,779.89	2,637,779.89	0.28	0.28	8,633.64	Retailing	Consumer Cyclicals	Consumer Cyclicals	General Merchandise	Canada	CA0267171075	B41P9G2	
1,086,133.62	2,306,133.69	0.24	0.24	2,967.47	Retailing	Consumer Cyclicals	Consumer Cyclicals	Consumer Discretionary	Brazil	BR0000000001	B0CGYD6	
1,168,222.02	2,168,222.02	0.23	0.23	8,226.16	Retailing	Consumer Cyclicals	Consumer Cyclicals	Food & Drug Stores	Hong Kong	DM02524N1335	6180274	
1,967,612.11	1,967,612.48	0.21	0.21	141,657.35	Technology	Technology	Technology	Electronics	South Korea	KR0705830003	6771720	
1,865,203.47	1,365,203.52	0.15	0.15	1,662.62	Consumer Staples	Consumer Staples	Consumer Staples	Food & Beverage	Brazil	BR0000000007	B1FRH89	
1,101,124.19	1,101,123.03	0.12	0.12	5,630.64	Automotive	Capital Goods	Capital Goods	Homebuilding & Materials	Japan	JP3586200000	6897466	
678,480.07	678,480.70	0.07	0.07	11,992.65	Consumer Staples	Consumer Staples	Consumer Staples	Consumer Products	China	KY0440211710	6136233	
1,261,058.16	13,920,980.30	1.47	1.47	0.00	Cash & Cash Equivalents	Cash & Cash Equivalents	Cash & Cash Equivalents	Cash & Cash Equivalents	Cash & Cash Equivalents			

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Value (mm)	Equivalent Exposure (mm)	Market Value %	Equivalent Exposure %	Market Cap (mm)	MFS Sector	Global Sector	EQCS Sector	MFS Industry	MFS Country	ISIN	ID/Check
361,233.69	35,061,233.64	3.78	3.78	239,636.99	Consumer Staples	Consumer Staples	Consumer Staples	Food & Beverage	Switzerland	CH003083330	7123870
874,006.33	31,071,006.46	3.36	3.36	224,477.19	Health Care	Health Care	Health Care	Pharmaceuticals	Switzerland	CH0015032048	7110388
566,046.67	29,550,046.69	3.11	3.11	245,660.32	Health Care	Health Care	Health Care	Pharmaceuticals	Switzerland	CH0015006267	7103065
533,636.47	28,533,636.47	3.01	3.01	96,405.24	Retailing	Consumer Cyclicals	Consumer Discretionary	Apparel Manufacturers	France	FR0000131014	4061412
898,374.10	28,090,374.10	2.96	2.96	41,290.56	Consumer Staples	Consumer Staples	Consumer Staples	Food & Beverage	France	FR0000120044	81979783
179,1796.06	27,179,1796.06	2.86	2.86	61,609.02	Special Products & Services	Technology	Information Technology	Business Services	United States	IE00348NAT74	CT115101
732,144.05	24,732,144.05	2.61	2.61	71,527.90	Financial Services	Financial Services	Financials	Other Banks and Diversified Financials	Switzerland	CH0244767865	BDLL176
317,340.09	24,317,340.09	2.56	2.56	103,756.39	Health Care	Health Care	Health Care	Pharmaceuticals	Germany	DE0008210017	6699211
134,039.00	23,134,039.00	2.44	2.44	107,011.00	Technology	Technology	Information Technology	Electronics	Taiwan	US8740397003	874039700
560,075.69	21,560,075.62	2.27	2.27	62,726.44	Financial Services	Financial Services	Financials	Insurance	Hong Kong	HK0000606059	84173651
512,191.31	21,512,191.46	2.27	2.27	26,247.26	Special Products & Services	Technology	Consumer Discretionary	Business Services	United Kingdom	GB000LNNJL44	DLNNDJ4
354,164.63	20,354,164.63	2.14	2.14	26,746.76	Consumer Staples	Consumer Staples	Consumer Staples	Alcoholic Beverage	France	FR0000120650	4692329
154,217.04	20,164,217.04	2.12	2.12	45,322.87	Transportation	Capital Goods	Industrials	Railroad & Shipping	Canada	CA1363791027	136379102
899,201.67	19,009,202.00	2.01	2.01	64,389.31	Consumer Staples	Consumer Staples	Consumer Staples	Consumer Products	United Kingdom	GB000824CCK7	B24CCK7
268,407.80	18,268,407.82	1.92	1.92	26,918.22	Luggage	Consumer Cyclicals	Consumer Discretionary	Broadcasting	United Kingdom	JE0008K79049	804K7904
360,722.99	17,360,724.10	1.83	1.83	139,109.24	Health Care	Health Care	Health Care	Pharmaceuticals	Denmark	DK0060564915	BHC8390
929,726.13	16,929,726.13	1.69	1.69	96,972.23	Consumer Staples	Consumer Staples	Consumer Staples	Consumer Products	France	FR0000120321	4027088
640,449.37	16,640,449.37	1.66	1.66	30,002.67	Basic Materials	Capital Goods	Materials	Specialty Chemicals	Germany	DE0004648001	6740817
322,031.64	16,322,031.64	1.61	1.61	41,000.06	Financial Services	Financial Services	Financials	Other Banks and Diversified Financials	India	INE00401026	8EQJL25
207,205.26	14,207,205.26	1.52	1.52	67,266.70	Consumer Staples	Consumer Staples	Consumer Staples	Alcoholic Beverage	United Kingdom	GB0002374006	0237400
206,029.50	14,206,029.50	1.51	1.51	72,880.14	Luggage	Consumer Cyclicals	Consumer Discretionary	Restaurants	United Kingdom	GB0001K4L008	8TKLJ40
110,372.10	14,110,372.20	1.49	1.49	7,887.01	Industrial Goods & Services	Capital Goods	Health Care	Electrical Equipment	United States	US525881004	53268106
016,036.29	14,016,036.29	1.48	1.48	147,266.64	Financial Services	Financial Services	Financials	Major Banks	United Kingdom	GB0004462936	0446293
310,029.40	13,310,029.40	1.40	1.40	3,325.22	Technology	Technology	Information Technology	Computer Systems	Brazil	US636661006	63666100
726,029.66	12,726,029.66	1.35	1.35	8,316.13	Special Products & Services	Technology	Industrials	Business Services	Germany	DE000A1DMH90	841VYF6
723,174.10	11,723,174.78	1.24	1.24	32,035.79	Industrial Goods & Services	Capital Goods	Industrials	Electrical Equipment	France	FR0000121972	4634108
660,089.24	11,560,089.24	1.22	1.22	31,097.36	Technology	Technology	Information Technology	Network & Telecom	Sweden	SE0000108056	0099378
446,182.50	11,446,182.50	1.21	1.21	24,307.46	Health Care	Health Care	Health Care	Medical Services	Germany	DE0005768082	5126074
361,422.75	11,361,422.83	1.20	1.20	16,096.46	Basic Materials	Capital Goods	Materials	Specialty Chemicals	Netherlands	NL0000099132	6466314
190,391.31	11,190,391.31	1.18	1.18	9,207.13	Retailing	Consumer Cyclicals	Consumer Discretionary	Apparel Manufacturers	United Kingdom	GB0031743007	3174300
814,663.81	10,814,664.69	1.14	1.14	40,676.64	Basic Materials	Capital Goods	Materials	Specialty Chemicals	France	FR0000120073	D1YYDL7
461,089.48	10,461,089.48	1.10	1.10	11,708.36	Consumer Staples	Consumer Staples	Consumer Staples	Alcoholic Beverage	Denmark	DK0010181759	4169219
156,420.62	10,156,420.62	1.07	1.07	7,802.37	Basic Materials	Capital Goods	Materials	Specialty Chemicals	Germany	DE0005749999	81JL843
806,791.30	9,806,791.30	1.03	1.03	5,000.12	Luggage	Consumer Cyclicals	Consumer Discretionary	Gaming & Lodging	Ireland	IE0008VTEH84	8VXCCZ1
536,044.76	9,536,044.76	1.00	1.00	10,743.26	Special Products & Services	Technology	Information Technology	Business Services	Spain	ES0109067019	8BMSM28
509,051.49	9,509,051.56	1.00	1.00	4,660.01	Technology	Technology	Information Technology	Computer Software	Japan	JP3173400007	6136749
426,067.36	9,426,067.42	0.99	0.99	6,934.00	Special Products & Services	Technology	Industrials	Business Services	United Kingdom	GB0031630363	3163036
343,844.51	9,343,844.51	0.98	0.98	10,030.30	Industrial Goods & Services	Capital Goods	Industrials	Aerospace & Defense	United Kingdom	GB0008249491	8249491
176,144.67	9,176,144.67	0.97	0.97	4,467.22	Industrial Goods & Services	Capital Goods	Industrials	Electrical Equipment	Italy	IT0004170001	DTW4V69
882,473.29	8,882,473.29	0.94	0.94	10,838.30	Technology	Technology	Information Technology	Computer Software	France	FR0000130660	6330047
797,200.00	8,797,200.00	0.93	0.93	79,549.71	Technology	Technology	Information Technology	Computer Software	Germany	DE0007164600	4646288
614,001.26	8,614,001.26	0.91	0.91	62,216.60	Consumer Staples	Consumer Staples	Consumer Staples	Tobacco	Japan	JP3126000000	6479438
296,034.67	8,296,039.32	0.91	0.91	26,300.10	Health Care	Health Care	Health Care	Medical Equipment	France	FR0000121667	7212477
569,891.26	8,569,891.40	0.90	0.91	3,601.16	Retailing	Consumer Cyclicals	Consumer Staples	Food & Drug Stores	Japan	JP3336000006	6317995
				10,104.80	Financial Services	Financial Services	Financials	Other Banks and Diversified Financials	Switzerland	CH0102464906	84RC950

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### Vote Summary Report

Reporting Period: 07/01/2015 to 09/30/2015

Location(s): Massachusetts Financial Services

Institution Account(s): Bay Country Employees' Retirement System

## NXP Semiconductors NV

Meeting Date: 07/02/2015

Country: Netherlands

Primary Security ID: N6596X109

Meeting ID: 984170

Record Date: 06/04/2015

Meeting Type: Special

Ticker: NXPI

Primary CUSIP: H/A

Primary ISIN: NL0009538784

Primary SEDOL: B505PH7

Voting Policy: MFS

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
	Special Meeting	Mgmt		
1A	Approve Acquisition of Freescale Through a Cash and Share Consideration	Mgmt	For	For
1B	Approve Issuance of 12,500,000 Shares in Connection with the Acquisition under Item 1A	Mgmt	For	For
1C	Grant Board Authority to Issue Share Based Remuneration Units Re: Freescale Acquisition	Mgmt	For	For
2A	Elect Gregory L. Summe as Non-executive Director	Mgmt	For	For
2B	Elect Peter Smitham as Non-executive Director	Mgmt	For	For

## Burlington Stores, Inc.

Meeting Date: 07/17/2015

Country: USA

Primary Security ID: 122017106

Meeting ID: 983195

Record Date: 05/22/2015

Meeting Type: Annual

Ticker: BURL

Primary CUSIP: 122017106

Primary ISIN: US1220171060

Primary SEDOL: BF311Y5

Voting Policy: MFS

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1.1	Elect Director Thomas A. Kingsbury	Mgmt	For	For
1.2	Elect Director Frank Cooper, III	Mgmt	For	For
1.3	Elect Director William P. McNamara	Mgmt	For	For
2	Ratify Deloitte & Touche LLP as Auditors	Mgmt	For	For
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	For



### Vote Summary Report

Reporting Period: 07/01/2015 to 09/30/2015

Location(s): Massachusetts Financial Services

Institution Account(s): Bay Country Employees' Retirement System

## CONSTELLATION BRANDS, INC.

Meeting Date: 07/22/2015

Country: USA

Primary Security ID: 21036P108

Meeting ID: 987084

Record Date: 05/26/2015

Meeting Type: Annual

Ticker: STZ

Primary CUSIP: 21036P108

Primary ISIN: US21036P1084

Primary SEDOL: 2170473

Voting Policy: MFS

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1.1	Elect Director Jerry Fowden	Mgmt	For	For
1.2	Elect Director Barry A. Fromberg	Mgmt	For	For
1.3	Elect Director Robert L. Hanson	Mgmt	For	For
1.4	Elect Director Ernesto M. Hernandez	Mgmt	For	For
1.5	Elect Director James A. Locke, III	Mgmt	For	For
1.6	Elect Director Richard Sands	Mgmt	For	For
1.7	Elect Director Robert Sands	Mgmt	For	For
1.8	Elect Director Judy A. Schmeling	Mgmt	For	For
1.9	Elect Director Keith E. Wandell	Mgmt	For	For
2	Ratify KPMG LLP as Auditors	Mgmt	For	For
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	For

## McKesson Corporation

Meeting Date: 07/29/2015

Country: USA

Primary Security ID: 58155Q103

Meeting ID: 987442

Record Date: 06/01/2015

Meeting Type: Annual

Ticker: MCK

Primary CUSIP: 58155Q103

Primary ISIN: US58155Q1031

Primary SEDOL: 2378534

Voting Policy: MFS

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1a	Elect Director Andy D. Bryant	Mgmt	For	For
1b	Elect Director Wayne A. Budd	Mgmt	For	For
1c	Elect Director N. Anthony Coles	Mgmt	For	For
1d	Elect Director John H. Hammergren	Mgmt	For	For
1e	Elect Director Alton F. Irby, III	Mgmt	For	For
1f	Elect Director M. Christine Jacobs	Mgmt	For	For

**Vote Summary Report**

Reporting Period: 07/01/2015 to 09/30/2015

Location(s): Massachusetts Financial Services

Institution Account(s): Bay Country Employees' Retirement System

**McKesson Corporation**

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1g	Elect Director Donald R. Knauss	Mgmt	For	For
1h	Elect Director Marie L. Knowles	Mgmt	For	For
1i	Elect Director David M. Lawrence	Mgmt	For	For
1j	Elect Director Edward A. Mueller	Mgmt	For	For
1k	Elect Director Susan R. Salka	Mgmt	For	For
2	Ratify Deloitte & Touche LLP as Auditors	Mgmt	For	For
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	For
4	Amend Executive Incentive Bonus Plan	Mgmt	For	For
5	Provide Proxy Access Right	Mgmt	For	For
6	Report on Political Contributions	SH	Against	For
7	Pro-rata Vesting of Equity Awards	SH	Against	Against

**NIKE, Inc.**

Meeting Date: 09/17/2015

Country: USA

Primary Security ID: 654106103

Meeting ID: 994122

Record Date: 07/20/2015

Meeting Type: Annual

Ticker: NKE

Primary CUSIP: 654106103

Primary ISIN: US6541061031

Primary SEDOL: 2640147

Voting Policy: MFS

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1.1	Elect Director Alan B. Graf, Jr.	Mgmt	For	For
1.2	Elect Director John C. Lechleiter	Mgmt	For	For
1.3	Elect Director Michelle A. Peluso	Mgmt	For	For
1.4	Elect Director Phyllis M. Wise	Mgmt	For	For
2	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	For
3	Increase Authorized Common Stock	Mgmt	For	For
4	Amend Executive Incentive Bonus Plan	Mgmt	For	For
5	Amend Omnibus Stock Plan	Mgmt	For	Against
6	Report on Political Contributions	SH	Against	For
7	Ratify PricewaterhouseCoopers LLP as Auditors	Mgmt	For	For



## Vote Summary Report

Reporting Period: 07/01/2015 to 09/30/2015

Location(s): Massachusetts Financial Services

Institution Account(s): Bay Country Employees' Retirement System

## FedEx Corporation

Meeting Date: 09/28/2015

Country: USA

Primary Security ID: 31428X106

Meeting ID: 997270

Record Date: 08/03/2015

Meeting Type: Annual

Ticker: FDX

Primary CUSIP: 31428X106

Primary ISIN: US31428X1063

Primary SEDOL: 2142784

Voting Policy: MFS

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1.1	Elect Director James L. Barksdale	Mgmt	For	For
1.2	Elect Director John A. Edwardson	Mgmt	For	For
1.3	Elect Director Marvin R. Ellison	Mgmt	For	Against
1.4	Elect Director Kimberly A. Jabal	Mgmt	For	For
1.5	Elect Director Shirley Ann Jackson	Mgmt	For	For
1.6	Elect Director Gary W. Loveman	Mgmt	For	For
1.7	Elect Director R. Brad Martin	Mgmt	For	For
1.8	Elect Director Joshua Cooper Ramo	Mgmt	For	For
1.9	Elect Director Susan C. Schwab	Mgmt	For	For
1.10	Elect Director Frederick W. Smith	Mgmt	For	For
1.11	Elect Director David P. Steiner	Mgmt	For	For
1.12	Elect Director Paul S. Walsh	Mgmt	For	For
2	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	Against
3	Ratify Ernst & Young LLP as Auditors	Mgmt	For	For
4	Require Independent Board Chairman	SH	Against	Against
5	Adopt Policy Prohibiting Tax Payments on Restricted Stock Awards	SH	Against	Against
6	Clawback of Incentive Payments	SH	Against	For
7	Adopt Proxy Access Right	SH	Against	For
8	Report on Political Contributions	SH	Against	For
9	Report on Lobbying Payments and Policy	SH	Against	For
10	Report on Consistency Between Corporate Values and Political Contributions	SH	Against	Against



**Vote Summary Report**

Reporting Period: 07/01/2015 to 09/30/2015

Location(s): Massachusetts Financial Services

Institution Account(s): Bay Country Employees' Retirement System



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

Valuation Summary	30-Sep-15		Portfolio Currency: USD		Total Value	Total Value
	Cost	Market Value	Accrued Income	Total Value		
CASH	1,040,956.21	1,040,956.21	0.00	1,040,956.21	3.31 %	
COMMON STOCK	23,573,183.44	30,039,779.25	13,189.49	30,052,968.74	95.66 %	
ADR	369,167.55	323,584.13	0.00	323,584.13	1.03 %	
	<b>24,983,307.20</b>	<b>31,404,319.59</b>	<b>13,189.49</b>	<b>31,417,509.08</b>	<b>100.00 %</b>	
	Accrued Income:		13,189.49			
	Total Value:		31,417,509.08			

This report contains trade date position values, calculated by MFS. This is not the official book of record for the account. Cash is a net cash balance comprised of cash on deposit, and payables and receivables that have not settled.

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Bay County Employees' Retirement System  
 Growth Equity  
 Report as of 30 September 2015

Performance results (%) gross and net of fees (USD)				
Period	Portfolio gross	Portfolio net	Benchmark <sup>^</sup>	Excess <sup>^</sup> <sup>^</sup>
September	-3.13	-3.18	-2.47	-0.71
August	-5.76	-5.81	-6.07	0.26
July	4.61	4.56	3.39	1.17
3Q 2015	-4.50	-4.64	-5.29	0.65
2Q 2015	0.35	0.20	0.12	0.08
1Q 2015	3.82	3.67	3.84	-0.17
2015 YTD	-0.50	-0.94	-1.54	0.60
1 year	4.49	3.87	3.17	0.70
3 year	14.95	14.27	13.61	0.66
Since client inception (04-Sep-12)	15.74	15.05	13.98	1.07

Source for benchmark performance: SPAR, FactSet Research Systems Inc.

All periods greater than one year are annualized.

Past performance is no guarantee of future results.

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

<sup>^</sup> Excess return net vs benchmark (%)

The Growth Equity portfolio outperformed Russell 1000 Growth Index in the third quarter of 2015.

**Contributors**

Technology – Stock selection

Cash

**Individual stocks - Contributors**

Visa Inc

Netflix.Com Inc

Intercontinental Exchange Inc

Detractors

Consumer Staples – Stock selection and an underweight position

Transportation – Stock selection

**Individual stocks - Detractors**

Biogen Inc

Sherwin Williams Co

Home Depot (not held)

Valeant Pharmaceuticals Intl Inc

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MFS Institutional Advisors, Inc.

31016

# Bay County Employees' Retirement System

MFS® Heritage Trust Company CIT - MFS International Growth Fund

(Class 1 Shares)



Q3 | 30 September 2015

Performance results (%) class 1 shares net of expenses (USD)	Portfolio	Benchmark <sup>AA</sup>	Excess returns
3Q 2015	-8.32	-10.77	2.45
2015 YTD	-2.62	-5.95	3.33
1 year	-4.54	-8.12	3.58
Since client inception (06-Aug-14)	-6.21	-8.68	2.47

Source for benchmark performance: SPAR, FactSet Research Systems Inc.

All periods greater than one year are annualized.

Past performance is no guarantee of future results.

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

Net of expenses does not include management fees.

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

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

## Asset summary (USD)

Beginning value as of 30-Jun-15	25,572,050
Contributions	0
Withdrawals	0
Change in market value	-2,128,696
Ending value as of 30-Sep-15	23,443,354

Characteristics	Portfolio	Benchmark <sup>AA</sup>
IBES long-term EPS growth <sup>1</sup> - weighted median	9.4%	10.8%
Price/earnings (12 months forward ex-negative earnings) - weighted median	17.6x	17.1x
Return on invested capital - weighted median	12.0%	10.7%
Market capitalization (USD) <sup>2</sup>	32.8 bn	26.0 bn
Number of holdings	86	1,087
Trailing 1 year turnover <sup>3</sup>	32%	--
Barra predicted tracking error <sup>4</sup>	2.88%	--

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

<sup>2</sup> Weighted median.

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

<sup>4</sup> Source: Barra

No forecasts can be guaranteed.

Top 10 Issuers	Sector
NESTLE SA	Consumer Staples
ROCHE HOLDINGS AG	Health Care
NOVARTIS AG NEW	Health Care
LVMH MOET HENNESSY	Retailing
DANONE	Consumer Staples
ACCENTURE PLC	Special Products & Services
UBS GROUP AG	Financial Services
BAYER AG	Health Care
TAIWAN SEMICONDUCTOR	Technology
MANUFACTURING COMPANY LIMITED	
AIA GROUP LTD	Financial Services

Sectors (%)	Portfolio	Benchmark <sup>AA</sup>
Consumer Staples	19.3	13.5
Health Care	16.7	12.8
Financial Services	11.9	16.3
Special Products & Services	9.2	4.4
Technology	9.0	10.3
Basic Materials	7.7	5.2
Retailing	7.2	7.6
Industrial Goods & Services	7.2	6.9
Leisure	4.5	4.5
Energy	2.4	2.2
Transportation	2.1	4.4
Autos & Housing	0.7	6.0
Utilities & Communications	0.7	5.9

Regions (%)	Portfolio	Benchmark <sup>AA</sup>
Europe ex-U.K.	49.1	37.0
United Kingdom	18.6	12.2
Emerging Markets	10.0	20.7
North America	8.3	6.3
Japan	6.8	15.9
Asia/Pacific ex-Japan	4.2	7.5
Developed - Middle East/Africa	1.5	0.5
1.5% Cash & cash equivalents		

FOR EXISTING INSTITUTIONAL CLIENT USE ONLY.

MFS Heritage Trust Company

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

## FOR MORE INFORMATION CONTACT

Kimberly Hyland, Director, Relationship Management

Phone: +1 617 954 5575 | Cell: +1 781 929 6122

Email: khyland@mfs.com

Thomas Shanley, Client Service Manager

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

Email: tshanley@mfs.com



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

MFS HERITAGE TRUST COMPANY

Account Statement  
 09/01/2015 - 09/30/2015  
 Page 1 of 2

Registration: BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM  
 (BCERS)

Account Number: 193

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

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Account Summary - Period

Fund Name	09/30/2015 NAV	Beginning Market Value	Period Purchases	Redemptions	Ending Units	Ending Market Value
MFS INTERNATIONAL GROWTH FUND CL 1	\$118.50	\$23,997,289.67	\$0.00	(\$0.00)	197,834.210	\$23,443,353.89
Account Total		\$23,997,289.67				\$23,443,353.89

Account Summary - YTD

Fund Name	YTD Purchases	YTD Redemptions	Account Inception
MFS INTERNATIONAL GROWTH FUND CL 1	\$9,340,750.00	(\$0.00)	08/06/14

193 BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM



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

MFS HERITAGE TRUST COMPANY

Account Statement  
09/01/2015 - 09/30/2015  
Page 2 of 2

**Transaction History**

Trade Date	Transaction Type	Gross Amount	Net Amount	NAV	Transaction Units	Total Units
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MFS INTERNATIONAL GROWTH FUND CL 1

— There are no transactions for this section —

**Message**

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

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Bay County Employees' Retirement System  
MFS® Heritage Trust Company CIT - MFS International Growth Fund  
Class 1 Shares  
Report as of 30 September 2015

Performance results (%) class 1 shares net of expenses (USD)			
Period	Portfolio net	Benchmark <sup>^</sup>	Excess <sup>^^</sup>
September	-2.31	-3.78	1.47
August	-7.96	-7.51	-0.45
July	1.96	0.26	1.70
3Q 2015	-8.32	-10.77	2.45
2Q 2015	0.77	0.59	0.18
1Q 2015	5.41	4.79	0.62
2015 YTD	-2.62	-5.95	3.33
1 year	-4.54	-8.12	3.58
Since client inception (06-Aug-14)	-6.21	-8.68	2.47

Source for benchmark performance: SPAR, FactSet Research Systems Inc.

All periods greater than one year are annualized.

Past performance is no guarantee of future results.

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

Net of expenses does not include management fees.

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

<sup>^^</sup> Excess return net vs benchmark (%)

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MFS Heritage Trust Company



October, 2015

For your use and review, enclosed please find your portfolio's Third Quarter 2015 Investment Summary report. Should you have any questions or comments about this report, the portfolio, or the markets in general, please let us know.

We would also like to remind you that you can easily access your portfolio reports through the "Secure Site" section of our Website at [www.mackayshields.com](http://www.mackayshields.com). If you need assistance establishing password access, just send an email or give us a call.

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

Best,

A handwritten signature in cursive script that reads "Virginia".

Virginia Rose  
Senior Managing Director  
Head of Client Service

# THIRD QUARTER 2015 OVERVIEW OF QUARTERLY PERFORMANCE

MACKAYSHIELDS

## MARKET OVERVIEW

The U.S. convertible market, as measured by the BofA Merrill Lynch All Convertible Index, declined 7.14% during the third quarter of 2015, while underlying equities sank 13.53%. During the quarter, investment-grade convertibles, as measured by the BofA Merrill Lynch Investment Grade Convertible Index, were down 4.74%, while speculative-grade convertibles declined 6.93%. Year to date, the All Convertible Index is down 3.81%.

During the quarter, the Standard & Poor's 500 Index declined 6.44%, while the broader Russell 2000 Index fell 11.92% and the tech-heavy Nasdaq Index sank 7.09%. The convertible market's more than 50% downside participation with equities was surprising. This greater than usual downside participation was likely due to several factors. First, as convertible bond prices rose during the past several quarters, the securities became increasingly equity sensitive. Second, the worst performing equity sector during the third quarter was healthcare, which is heavily represented in the convertible universe. Lastly, credit spreads widened during the quarter as evidenced by the weak performance of high yield bonds.

Despite the recent market selloff, we continue to believe that equity markets will be higher in the coming twelve to eighteen months as economic growth in the U.S. continues at a slow pace, while Europe's economy expands in muted fits and starts. Growth in China is slowing, and although that region is not a significant market for exports from the U.S., a slowdown in China will serve to keep inflationary pressures under control. In addition, the sharp decline in energy prices should provide some material stimulus to those countries and regions that are net importers of oil and gas, particularly Europe and Japan. In addition, the Federal Reserve is likely to continue a monetary policy of low interest rates, which should foster a healthy climate for stocks and equity-linked securities, such as convertibles.

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

With the exception of Consumer Staples and Telecommunications, every benchmark sector declined during the quarter. Hard asset sectors, such as Energy and Materials were hardest hit, falling 22.3% and 10.8%, respectively. Healthcare and Industrials also underperformed the broad market. Best performing sectors included Consumer Staples (+0.29%), Utilities (-0.86%) and Telecommunications (-1.83%).

In contrast to the first half of 2015, convertible issuance in Q3 came at a slower pace. In the third quarter, 14 new issues totaling \$4.8 billion came to the U.S. convertible market, while approximately \$9.9 billion was redeemed through redemptions and maturities, according to BofA Merrill Lynch Research. Year-to-date, approximately \$31.4 billion has been issued in the U.S. market. Although the recent issuer base has been well-diversified across sectors, the vast majority of issuance over the past year has been non-rated. As previously noted, we expect new issuance from investment-grade companies to remain depressed until the yield on the 10-year U.S. Treasury exceeds 3.5%.

## PERFORMANCE<sup>1</sup>

The convertible bonds of Nvidia, The Medicines Company and The Priceline Group were among the top contributors during the quarter. Graphic chip manufacturer, Nvidia, rose during the third quarter after the company reported second quarter earnings that exceeded investor expectations. In addition, in August, Nvidia announced that sales for its upcoming quarter would also be ahead of estimates. Nvidia's chips are largely used in growing markets such as automotive and computer games. The Medicines Company rose during the third quarter after the company reported positive data from a clinical study showing that one of its drugs in development significantly lowered LDL (or "bad cholesterol") in patients. In addition to the drug's efficacy, there were no reported adverse events in patients taking the medicine which had been a source of concern prior to the data being released at the end of August. The Priceline Group performed well during the third quarter after the company reported better than expected fiscal second quarter earnings. Furthermore, management guided for bookings to increase 20% in the coming quarter, which was also ahead of expectations. Online booking for hotels and air travel through intermediaries continues to gain at the expense of travel agents and direct bookings with airlines or hotels.

Conversely, exposure to XPO Logistics, Whiting Petroleum and Schlumberger weighed on performance during the period. The convertible bonds of XPO Logistics were the worst performing security in the portfolio during the quarter. The company's equity sensitive bonds traded down in tandem with XPO common stock. The shares fell sharply following XPO's announcement that it entered into an agreement to acquire logistics and trucking firm, Con-Way, for approximately \$3 billion. Investors were concerned

# THIRD QUARTER 2015 OVERVIEW OF QUARTERLY PERFORMANCE

MACKAYSHIELDS

about the acquisition since it comes just several months after XPO closed a \$3.5 billion acquisition of French logistics firm, Norbert Dentressangle. In addition, following the closing of the Con-Way acquisition, XPO's debt ratio will increase from 4x estimated EBITDA to 5x. Lastly, Con-Way's business involves a greater ownership of trucking assets which require higher levels of capital expenditures. However, if XPO can achieve its stated revenue and EBITDA targets in the coming two years, we believe that the stock and convertible bonds can appreciate significantly from their current levels. Whiting Petroleum declined in the third quarter largely as a result of the decline in oil and natural gas prices. Whiting explores for and produces oil and natural gas in the continental United States. As commodity prices have dropped, the company's revenue from selling its oil and gas production has declined as well. In our view, Whiting is well-capitalized and will benefit once the price of energy commodities rebound. We believe that the loss of production from the closing of uneconomical wells will tighten supply and lead to rising oil prices within the next two years. Similarly, the synthetic convertible bonds of Schlumberger Limited declined during the third quarter largely in sympathy with the decline in crude oil and natural gas prices. Schlumberger's business of selling equipment and services needed to produce oil and gas has been hampered by low energy prices as production companies such as ExxonMobil and Shell cut back on their exploration budgets. Despite the decline in energy prices, Schlumberger has managed to significantly reduce its cost structure and exceed earnings estimates.

## OUTLOOK

Despite the third quarter's decline and increased volatility, the past two years have been very benign for the convertible market, which is somewhat surprising given that many were expecting a pullback following the tremendous advance in 2013. The past two and a half years have marked the resurrection of a vibrant market for new convertible issuance, which continued in 2014 following 2013's nearly \$50 billion of new issuance. The surge in new issuance was largely due to the simultaneous rise in stock prices and interest rates. With the rise in rates, issuing companies could once again realize a significant interest savings by issuing a convertible bond instead of a non-convertible high-yield security. For most investment-grade companies, however, rates remain so low in absolute terms that the benefits of a convertible offering remain relatively muted. As such, the preponderance of new issuance in 2013 and 2014 has been from non-investment grade companies. In addition, following the stock market decline of 2008, companies were reluctant to issue equity-linked securities as they believed that doing so would dilute existing equity holders at prices they believed undervalued their companies. However, with stocks at near-record levels, companies are no longer reluctant to issue a security linked to their equity.

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

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

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

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

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Past performance is not indicative of future results.

# BAY COUNTY EMPLOYEES RETIREMENT SYSTEM



Portfolio Composition and Performance — Account 1256  
 September 30, 2015

Composition	Market Value	Percent of Total
Fixed Income	9,640,226	78.07
Equity	1,745,196	14.13
Cash & Equivalents	962,822	7.80
<b>Total Portfolio</b>	<b>\$12,348,244</b>	<b>100.00%</b>

Performance	Latest Month	Latest 3 Months	Year To Date	Latest 12 Months	3 Years Annualized	5 Years Annualized	Since 10/1/2003	Annualized
								Since 10/1/2003
Total Fund (Gross of Fees)	-3.89%	-5.85%	-4.08%	-0.94%	7.77%	7.23%	102.99%	6.07%
CUSTOM BENCHMARK I	-3.33%	-6.71%	-4.40%	-0.51%	10.55%	8.66%	78.84%	4.96%
CUSTOM BENCHMARK II	-3.33%	-7.03%	-3.90%	0.85%	9.12%	N/A	N/A	N/A

Expressed in USD  
 Note: Custom Benchmarks consist of BotAML All Cont (Inc Mand) since 8/31/15. Previously, (i) was BotAML Convrt Inv Grade Bds (Inc Mand) Index and (ii) was BotAML Convrt Inv Grade Bds (Inc Mand) 5% Cap Index.  
 Past performance is not indicative of future results.

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# BAY COUNTY EMPLOYEES RETIREMENT SYSTEM



Summary Report — Account 1256  
September 30, 2015

	Total Cost	Percent at Cost	Yield at Cost	Market Value	Percent of Assets	Yield at Market	Annual Income
Bonds	9,455,335	85.11	1.42	9,603,573	77.77	1.40	134,073
Stocks	1,653,598	14.89	1.27	1,739,933	14.09	1.21	21,004
Cash & Equivalents	0	0.00		962,822	7.80	0.00	0
Accrued Income				41,916	0.34		
<b>Total Portfolio</b>	<b>\$11,108,933</b>	<b>100.00%</b>	<b>1.40</b>	<b>\$12,348,244</b>	<b>100.00%</b>	<b>1.26</b>	<b>\$155,077</b>



# PRISA

## Performance Report<sup>1</sup> | Third Quarter 2015

Performance <sup>2</sup>	PRISA Composite		PRISA SA		PRISA LP		NFI-ODCE <sup>3</sup>		2015 Projections <sup>4</sup>
	3Q15	YTD	3Q15	YTD	3Q15	YTD	3Q15	YTD	
Income	1.20%	3.74%	1.20%	3.74%	1.20%	3.76%	1.16%	3.57%	5.00% to 5.50%
Appreciation	3.68%	7.85%	3.70%	7.87%	3.53%	7.68%	2.51%	7.51%	3.50% to 5.50%
<b>Total Return</b>	<b>4.88%</b>	<b>11.78%</b>	<b>4.90%</b>	<b>11.80%</b>	<b>4.73%</b>	<b>11.63%</b>	<b>3.68%</b>	<b>11.29%</b>	<b>8.50% to 11.00%</b>

### Highlights

PRISA ("PRISA Composite" or "The Fund") delivered an outsized total gross return for the quarter of 4.88%, including an income return of 1.20%. The Fund's performance was reflective of broad based value increases across the portfolio, led by the industrial and apartment sectors. The Fund outperformed its benchmark by 120 bps for the quarter and 49 bps year-to-date. PRISA's longer-term relative performance also remains positive, with returns exceeding ODCE's in the one, three and five year time periods.

The industrial sector generated the strongest appreciation this quarter, increasing in value by 4.6%. Appreciation was driven primarily by leasing activity coupled with declining cap rates that were supported by market transactions activity. PRISA's warehouse assets located in Los Angeles and its build-to-core investments in the Baltimore-Washington corridor were particularly strong performers, contributing 54% of the sector's value increase, exceeding their allocation of 44%.

The apartment sector also outperformed this quarter, increasing in value by 3.8% and contributing 27% of the Fund's overall appreciation. The gains were driven largely by income growth and increased investor demand for well-located urban properties. The best performers were the Fillmore Center in San Francisco (9% increase, \$49 million), the Santa Monica portfolio (6% increase, \$17 million) and Left Bank at Kinzie Station in Chicago (7% increase, \$11 million). In addition, The Modern, PRISA's build-to-core apartment project in metro NY, delivered a value increase of 10%, or \$9 million. This property is undergoing its initial lease-up and the value increase was driven by higher rents and occupancy. The Modern is 62% leased and is currently appraised at \$269 million, or 24% in excess of its development cost.

PRISA had an active quarter for transactions and funded seven

new investments for an aggregate gross cost of \$1,123 million. The largest acquisitions were reflective of PRISA's strategy to benefit from the office recovery by increasing its exposure to the sector. The largest transaction was 500 8<sup>th</sup> Street, a 90% leased trophy office building in Washington D.C. totaling 325,361 sf for \$323 million. PRISA also acquired Cupertino Gateway, a three-building office complex totaling 220,672 sf in Silicon Valley that is 100% leased to Apple through 2026. Finally, the Fund gained exposure to the Portland CBD with the purchase of Block 300, a newly renovated creative office building totaling 356,745 sf. The property is 84% leased, so the existing vacancy coupled with scheduled lease expirations is expected to provide PRISA with the opportunity to capture upside as rental rates continue to improve.

The Fund executed four dispositions during the quarter for a total gross price of \$203 million. The most noteworthy was the note sale for the Atrium Mezzanine loan for \$155 million, which was slightly above PRISA's appraised value. This investment generated an IRR of 5.8% over its 7-year hold period.

### Outlook

PRISA's high-quality assets continue to deliver outsized income growth and value gains. Occupancies have increased and year-to-date same property income growth of 7.3% is exceeding expectations. Approximately 50% of the Fund's appreciation is emanating from income growth and we expect this growth to become an even greater driver of performance as we enter the later stages of the economic recovery. With a year-to-date total return of 11.78%, performance has already exceeded the high end of PRISA's return target of 8.5% to 11.0% for the full year, and is trending well in excess of the Fund's long-term return target of 7.5% to 9.5%.

### PRISA Composite<sup>5</sup>

Key Account Measures		Transaction Activity			Client Activity	
		3Q15	YTD		3Q15	YTD
Gross Assets	\$21.2B	Acquisitions (gross)	\$1,122.7M	\$2,196.3M	Deposits	\$299.1M \$742.1M
Net Assets	\$16.5B	Dispositions (gross)	\$202.5M	\$1,098.7M	Withdrawals	\$230.5M \$298.3M
Cash	\$96.9M				Cash Flow Distributions	\$74.5M \$218.3M
Leverage Ratio	20.2%				Reinvestments	\$86.5M \$249.1M
					Entry Queue	\$2.2B

## Disclosures

- <sup>1</sup> PRISA", or "PRISA Composite" or the "Fund", represents aggregate or composite of PRISA LP and PRISA Separate Account ("PRISA SA"). Although this is not an actual fund in which any client is invested or can invest, it is indicative of the overall performance of the PRISA investment strategy.
- <sup>2</sup> Quarterly returns are not annualized.
- <sup>3</sup> NFI-ODCE returns are based on the preliminary snapshot report published by NCREIF on October 13, 2015.
- <sup>4</sup> Past performance is not a guarantee or a reliable indicator of future results. This is a projection based upon management expectations of future events, which are subject to change and not guaranteed.
- <sup>5</sup> PRISA Composite information is based on the aggregate composite portfolio and activity of PRISA LP and PRISA SA. The portfolio of PRISA LP, which co-invests in substantially all of the assets of PRISA SA through a REIT ("PRISA REIT"), differs somewhat from the portfolio of PRISA SA. Additionally, PRISA LP's and PRISA SA's interests in PRISA REIT are approximately 13.1% and 86.9%, respectively as of September 30, 2015. Accordingly, certain of the information presented in the prior page (e.g., Gross Assets, Net Assets and Leverage Ratio) may differ if it was presented only with respect to PRISA LP or PRISA SA. It is expected that performance and composition will be substantially the same.

Note: All returns are shown prior to deduction of manager compensation/fees. Please refer to the PRISA Fund Review for additional details or for discussion of investment considerations. All data is preliminary and subject to modification.

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Date 10/16/2015  
 Page 1 of 2

Commission Program Review  
 Rep: MARY DAVIDSON

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

*Period: September 1, 2015 To September 30, 2015*

	<u>September 2015</u>	<u>Year To Date</u>
Opening Balance:	\$0.00	\$3.00*cr
Commission:	\$13.00	\$184.50
Credit:	\$0.00	\$0.00
Payments:	\$0.00	\$3.00
Adjustments:	\$0.00	\$0.00
Ending Balance:	\$0.00	\$0.00

*\*Previous Year's closing balance*

**Manager Commission Summary**

	<u>September 2015 Commission</u>	<u>September 2015 Credit</u>	<u>Year to Date Commission</u>	<u>Year to Date Credit</u>
HOTCHKIS & WILEY	\$13.00	\$0.00	\$184.50	\$0.00
Total:	\$13.00	\$0.00	\$184.50	\$0.00

**Payments Summary**

	<u>September 2015</u>	<u>Year to Date</u>
BAY COUNTY EMPLOYEES RETIREMENT SYSTEM	\$0.00	\$3.00
Total:	\$0.00	\$3.00

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

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

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Date 10/16/2015

Page 2 of 2

Commission Program Review  
 Rep: MARY DAVIDSON

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

*Period: September 1, 2015 To September 30, 2015*

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

<u>trade date</u>	<u>side</u>	<u>ticker</u>	<u>security description</u>	<u>share</u>	<u>commission</u>	<u>credit</u>	<u>cumulation</u> <u>credit</u>
09/14/15	B	GEO	GEO GROUP INC NEW COM	100	\$1.00	\$0.00	\$0.00
09/25/15	B	MATX	MATSON INC COM	100	\$1.00	\$0.00	\$0.00
09/28/15	B	MATX	MATSON INC COM	200	\$2.00	\$0.00	\$0.00
09/30/15	S	CNW	CON-WAY INC COM	200	\$2.00	\$0.00	\$0.00
09/30/15	S	CNW	CON-WAY INC COM	400	\$4.00	\$0.00	\$0.00
09/30/15	B	MATX	MATSON INC COM	300	\$3.00	\$0.00	\$0.00
Account Total:				1,300	\$13.00	\$0.00	
Grand Total:				1,300	\$13.00	\$0.00	

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# Securities Lending

## Summary Earnings Report for MR

2618668,2608694,2663296,2695063,2622536,2653308,26

From Sep 1, 2015 To Sep 30, 2015

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

ACCOUNT NAME : \*BAYCO - COLUMBIA MANAGEMENT

CURRENCY : USD

OPEN CASH	0.00	2,847.85	0.00	0.00	2,847.85
TERM CASH	0.00	200.95	0.00	0.00	200.95
NON CASH	0.00	24.98	0.00	0.00	24.98
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	3,073.78	0.00	0.00	3,073.78
TOTAL REBATES	0.00	339.34	0.00	0.00	339.34
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,734.44	0.00	0.00	2,734.44
BANK FEES	0.00	819.53	0.00	0.00	819.53
NET INCOME	0.00	1,914.91	0.00	0.00	1,914.91

ACCOUNT NUMBER : 2618668

ACCOUNT NAME : \*BAYCO - BAIRD -SL

CURRENCY : USD

OPEN CASH	1,504.58	0.00	0.00	0.00	1,504.58
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	82.89	0.00	0.00	0.00	82.89
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	1,587.47	0.00	0.00	0.00	1,587.47
TOTAL REBATES	668.61	0.00	0.00	0.00	668.61
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	918.86	0.00	0.00	0.00	918.86
BANK FEES	275.58	0.00	0.00	0.00	275.58
NET INCOME	643.28	0.00	0.00	0.00	643.28

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# Securities Lending

## Summary Earnings Report for MR

2618668,2608694,2663296,2695063,2622536,2653308,26

From Sep 1, 2015 To Sep 30, 2015

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
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ACCOUNT NUMBER : 2622490					
ACCOUNT NAME : *BAYCO - MACKAY SHIELDS -SL					
CURRENCY : USD					
OPEN CASH	825.17	53.30	9.54	5.96	893.97
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	138.55	0.00	0.00	0.00	138.55
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	963.72	53.30	9.54	5.96	1,032.52
TOTAL REBATES	-933.64	3.98	-2.09	0.56	-931.19
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	1,897.36	49.32	11.63	5.40	1,963.71
BANK FEES	568.79	14.71	3.48	1.61	588.59
NET INCOME	1,328.57	34.61	8.15	3.79	1,375.12

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ACCOUNT NUMBER : 2622536					
ACCOUNT NAME : *BAYCO - HOTCHKIS & WILEY -SL					
CURRENCY : USD					
OPEN CASH	0.00	1,671.70	0.00	248.37	1,920.07
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	32.73	0.00	9.43	42.16
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	1,704.43	0.00	257.80	1,962.23
TOTAL REBATES	0.00	10.19	0.00	14.47	24.66
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,694.24	0.00	243.33	1,937.57
BANK FEES	0.00	504.31	0.00	72.30	576.61
NET INCOME	0.00	1,189.93	0.00	171.03	1,360.96

# Securities Lending

## Summary Earnings Report for MR

2618668,2608694,2663296,2695063,2622536,2653308,26

From Sep 1, 2015 To Sep 30, 2015

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
--	----------	-----------	--------------	---------------	-------

ACCOUNT NUMBER : 2641401					
ACCOUNT NAME : *BAYCO - LOOMIS SAYLES -SL					
CURRENCY : USD					
OPEN CASH	1,475.38	0.00	454.46	0.00	1,929.84
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	77.34	0.00	24.49	0.00	101.83
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	1,552.72	0.00	478.95	0.00	2,031.67
TOTAL REBATES	54.96	0.00	-34.72	0.00	20.24
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	1,497.76	0.00	513.67	0.00	2,011.43
BANK FEES	448.39	0.00	153.83	0.00	602.22
NET INCOME	1,049.37	0.00	359.84	0.00	1,409.21

ACCOUNT NUMBER : 2649057

ACCOUNT NAME : \*BAYCO GENEVA CAPITAL MGMT -SL

CURRENCY : USD

OPEN CASH	0.00	2,895.20	0.00	94.67	2,989.87
TERM CASH	0.00	77.13	0.00	0.00	77.13
NON CASH	0.00	101.52	0.00	0.00	101.52
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	3,073.85	0.00	94.67	3,168.52
TOTAL REBATES	0.00	291.88	0.00	9.21	301.09
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,781.97	0.00	85.46	2,867.43
BANK FEES	0.00	833.44	0.00	25.62	859.06
NET INCOME	0.00	1,948.53	0.00	59.84	2,008.37

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# Securities Lending

## Summary Earnings Report for MR

2618668,2608694,2663296,2695063,2622536,2653308,26

From Sep 1, 2015 To Sep 30, 2015

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

ACCOUNT NAME : \*BAYCO - INTEGRITY -SL

CURRENCY : USD

OPEN CASH	0.00	2,562.23	0.00	168.33	2,730.56
TERM CASH	0.00	18.92	0.00	0.00	18.92
NON CASH	0.00	72.78	0.00	0.00	72.78
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	2,653.93	0.00	168.33	2,822.26
TOTAL REBATES	0.00	237.66	0.00	16.44	254.10
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,416.27	0.00	151.89	2,568.16
BANK FEES	0.00	722.75	0.00	45.55	768.30
NET INCOME	0.00	1,693.52	0.00	106.34	1,799.86

ACCOUNT NUMBER : 2663296

ACCOUNT NAME : \*BAYCO - CORNERSTONE REALES-SL

CURRENCY : USD

OPEN CASH	0.00	1,193.25	0.00	0.00	1,193.25
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	56.04	0.00	0.00	56.04
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	0.00	1,249.29	0.00	0.00	1,249.29
TOTAL REBATES	0.00	116.56	0.00	0.00	116.56
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,132.73	0.00	0.00	1,132.73
BANK FEES	0.00	338.48	0.00	0.00	338.48
NET INCOME	0.00	794.25	0.00	0.00	794.25

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# Securities Lending

## Summary Earnings Report for MR

2618668,2608694,2663296,2695063,2622536,2653308,26

From Sep 1, 2015 To Sep 30, 2015

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
--	----------	-----------	--------------	---------------	-------

ACCOUNT NUMBER : 2683854					
ACCOUNT NAME : *BAYCO - MFS INVESTMENTS -SL					
CURRENCY : USD					
OPEN CASH	0.00	2,695.45	0.00	305.81	3,001.26
TERM CASH	0.00	41.07	0.00	0.00	41.07
NON CASH	0.00	14.78	0.00	7.90	22.68
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	2,751.30	0.00	313.71	3,065.01
TOTAL REBATES	0.00	277.70	0.00	-2.34	275.36
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,473.60	0.00	316.05	2,789.65
BANK FEES	0.00	740.99	0.00	94.68	835.67
NET INCOME	0.00	1,732.61	0.00	221.37	1,953.98

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ACCOUNT NUMBER : 2695063					
ACCOUNT NAME : *BAYCO - EAGLE ASSET -SL					
CURRENCY : USD					
OPEN CASH	0.00	1,802.08	0.00	36.23	1,838.31
TERM CASH	0.00	80.38	0.00	0.00	80.38
NON CASH	0.00	206.21	0.00	8.74	214.95
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	2,088.67	0.00	44.97	2,133.64
TOTAL REBATES	0.00	-1,320.83	0.00	3.17	-1,317.66
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	3,409.50	0.00	41.80	3,451.30
BANK FEES	0.00	1,019.59	0.00	12.40	1,031.99
NET INCOME	0.00	2,389.91	0.00	29.40	2,419.31

# Securities Lending

## Summary Earnings Report for MR

2618668,2608694,2663296,2695063,2622536,2653308,26

From Sep 1, 2015 To Sep 30, 2015

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	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
GRAND TOTAL					
CURRENCY : USD					
OPEN CASH	3,805.13	15,721.06	464.00	859.37	20,849.56
TERM CASH	0.00	418.45	0.00	0.00	418.45
NON CASH	298.78	509.04	24.49	26.07	858.38
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	4,103.91	16,648.55	488.49	885.44	22,126.39
TOTAL REBATES	-210.07	-43.52	-36.81	41.51	-248.89
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	4,313.98	16,692.07	525.30	843.93	22,375.28
BANK FEES	1,292.76	4,993.80	157.31	252.16	6,696.03
NET INCOME	3,021.22	11,698.27	367.99	591.77	15,679.25

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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.

\* Generated on 04 Nov 15 15:15 No. 60525

Northern Trust

REFUNDS: FOR THE MONTH ENDED:

October 31, 2015

EMPLOYEE/BENEFICIARY	CONTRIBUTIONS	PROCESSED	DEPARTMENT	TERMINATION
Hardin, Janice	1,030.89	10/6/15	BABH	7/12/15
Hardin, Janice	2,979.04	10/6/15	BABH	7/12/15
Meyer, Nicole	9,625.41	10/23/15	BMCF	9/6/15
Ladouce, Mary	3,612.62	10/28/15	General	9/1/15

TOTAL REFUNDS: 17,247.96

NEW RETIREE	CONTRIBUTIONS TRANSFERRED	RETIREMENT GROUP/ COUNTY DEPT	EFFECTIVE DATE
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DECEASED EMPLOYEE/ RETIREE	BENEFICIARY	REFUND/ PENSION	DATE OF DEATH	DIVISION/ DEPARTMENT
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NO REFUNDS EMPLOYEE NAME	ACCUMULATED CONTRIBUTIONS	UNION GROUP	DATE TERMINATED
OROZCO, HOLLY	454.15	GEN GELC	9/4/2015
LESNIAK, AMY JO	264.22	DWS - UNION	9/4/2015
LADOUCE, MARY	9,425.28	GEN	9/1/2015
MALOTT, JENNIFER	2,454.40	GEN GELC	10/3/2015
MONVILLE, CHRIS	1,838.68	GEN POAM	9/24/2015
WAGNER, CHRISTINA	2,509.26	BMCF - GEN UNIT	9/29/2015
HAWES, BRITTANY	2,335.86	BMCF - GEN UNIT	9/21/2015
LUEPNITZ, ELIZABETH	123.72	BMCF - GEN UNIT	10/5/2015
RASE, CAROLANNE	5,274.62	BMCF - GEN UNIT	9/25/2015

24,680.19

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# Bay County, Michigan

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BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

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FOR 2015 10

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
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7310 RETIREMENT SYSTEM FUND

73127400 RETIREMENT BOARD

73127400 40001 FUND BALANCE	0	0	.00	.00	.00	2,190.00	.0%
73127400 40003 FUND BALANCE-RESRVS	36,190	2,190	.00	.00	.00	2,190.00	.0%
73127400 40004 NET ASSETS - RESERV	3,763,344	3,763,344	.00	.00	.00	3,763,344.00	.0%
<b>TOTAL FUND BALANCE, NET AS</b>	<b>3,799,534</b>	<b>3,765,534</b>	<b>.00</b>	<b>.00</b>	<b>.00</b>	<b>3,765,534.00</b>	<b>.0%</b>

RA FUND BALANCE, NET AS

73127400 59401 ER CONTR-BEHAVE,HEA	-1,300,000	-1,300,000	-2,759,276.22	-2,178,504.43	.00	1,459,276.22	212.3%
73127400 59402 ER CONTR-MOSQUITO C	-13,000	-13,000	-9,419.65	.00	.00	-3,580.35	72.5%
73127400 59403 ER CONTR-HEALTH FUN	-57,000	-57,000	-44,024.97	3,305.76	.00	-12,975.03	77.2%
73127400 59404 ER CONTR-ROAD COMM	-520,000	-520,000	-399,794.03	-39,954.57	.00	-120,205.97	76.9%
73127400 59406 ER CONTR-LIBRARY	-130,000	-130,000	-110,178.98	-10,525.75	.00	-19,821.02	84.8%
73127400 59407 ER CONTR-GOLF COURSE	-6,000	-6,000	-2,813.31	.00	.00	3,186.69	46.9%
73127400 59408 ER CONTR-GENERAL FU	-375,000	-375,000	-266,145.60	6,583.02	.00	-108,854.40	71.0%
73127400 59409 ER CONTR-DNS	-250,000	-250,000	-293,648.98	-34,938.24	.00	43,648.98	117.5%
73127400 59410 ER CONTR-911 SERVIC	-45,000	-45,000	-30,988.11	.00	.00	-14,011.89	68.9%
73127400 59411 ER CONTR-CHILD CARE	-40,000	-40,000	-27,524.95	785.56	.00	-12,475.05	68.8%
73127400 59412 ER CONTR-DIY ON AGI	-43,000	-43,000	-30,483.48	2,698.92	.00	-12,516.52	70.9%
73127400 59413 ER CONTR-RETIRE SYS	-1,800	-1,800	-1,743.15	.00	.00	-56.85	96.8%
73127400 59414 ER CONTR-RETIRE S	-3,500	-3,500	.00	.00	.00	-3,500.00	.0%
73127400 59415 ER CONTR-GYPSY MOTH	-2,000	-2,000	-1,395.27	.00	.00	-604.73	69.8%
73127400 59416 ER CONTR-HOME REHAB	-180	-180	-176.56	.00	.00	-3.44	98.1%
73127400 59418 ER CONTR-100% TAX P	-3,200	-3,200	-1,176.56	.00	.00	-837.04	73.8%
73127400 59419 ER CONTR-MED CARE F	-700,000	-700,000	-261,862.66	.00	.00	-438,137.34	37.4%
73127400 59424 ER CONTR-SELF INSUR	-500	-500	-457.92	.00	.00	-42.08	91.6%
73127400 59427 ER CONTR-COMM. CORR	-3,100	-3,100	-834.86	98.36	.00	-2,265.14	26.9%
73127400 59429 ER CONTR-F.O.C. FUN	-2,100	-2,100	-1,976.69	.00	.00	-123.31	94.1%
73127400 59430 ER CONTR-HOUSING FU	-6,800	-6,800	-4,026.67	157.64	.00	-2,773.33	59.2%
73127400 59434 ER CONTR-LOCAL CFO	0	0	-263.39	.00	.00	263.39	100.0%
73127400 59499 ER CONTR-SHERIFF DE	0	0	2,165.71	.00	.00	-2,165.71	100.0%
73127400 59501 BE CONTR-BEHAVE,HEA	-580,000	-580,000	-313,640.78	-59,921.57	.00	-286,359.22	54.1%

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# Bay County, Michigan

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BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

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FOR 2015 10

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73127400 59502	EE CONTR-MOSSQUITO C	-12,500	-9,419.65	.00	.00	-3,080.35	75.4%*
73127400 59503	EE CONTR-HEALTH FUN	-60,000	-44,024.97	.00	.00	-15,975.03	73.4%*
73127400 59504	EE CONTR-ROAD COMM	-130,000	-96,982.56	.00	.00	-33,017.44	74.6%*
73127400 59506	EE CONTR-LIBRARY	-75,000	-47,593.34	.00	.00	-27,406.66	63.5%*
73127400 59507	EE CONTR-GOLF COURSE	-4,800	-2,813.31	.00	.00	-1,986.69	58.6%*
73127400 59508	EE CONTR-GENERAL FY	-500,000	-272,536.10	.00	.00	-227,463.90	54.5%*
73127400 59509	EE CONTR-DMS	-85,000	-74,720.03	.00	.00	-10,279.97	87.9%*
73127400 59510	EE CONTR-911 SERVIC	-62,000	-43,456.53	.00	.00	-18,543.47	70.1%*
73127400 59511	EE CONTR-CHILD CARE	-40,000	-27,524.95	.00	.00	-12,475.05	68.8%*
73127400 59512	EE CONTR-DIV ON AGI	-43,000	-30,483.48	.00	.00	-12,516.52	70.9%*
73127400 59513	EE CONTR-RETIRE SVS	-1,800	-1,743.17	.00	.00	-56.83	96.8%*
73127400 59514	EE CONTR-HOMELAND S	0	0	.00	.00	0	0%*
73127400 59515	EE CONTR-EXESY MONTH	-1,900	-1,395.27	.00	.00	-504.73	73.4%*
73127400 59516	EE CONTR-HOME REHAB	-180	-176.56	.00	.00	-3.44	98.1%*
73127400 59518	EE CONTR-100% TAX P	-3,000	-2,362.96	.00	.00	-637.04	78.8%*
73127400 59519	EE CONTR-MED CARE F	-380,000	-254,548.18	.00	.00	-125,451.82	67.0%*
73127400 59524	EE CONTR-SELF INSUR	-400	-457.92	.00	.00	57.92	114.5%*
73127400 59527	EE CONTR-COMM. CORRE	-3,100	-1,957.80	.00	.00	-1,142.20	30.9%*
73127400 59529	EE CONTR-F.O.C. FUN	-2,100	-1,853.75	.00	.00	-246.25	88.3%*
73127400 59530	EE CONTR-HOUSING FY	-6,800	-4,026.67	.00	.00	-2,773.33	59.2%*
73127400 59534	EE CONTR-LOCAL CFO	0	-263.40	.00	.00	263.40	100.0%*
73127400 59539	EE CONTR-SHERIFF DE	-245,000	-170,338.50	.00	.00	-74,661.50	69.5%*
TOTAL LOCAL UNIT CONTRIBUT		-5,738,760	-5,648,552.58	-2,333,283.42	.00	-90,207.42	98.4%*
RP INTEREST & RENTALS							
73127400 66400	INVESTMENT INTEREST	-5,000,000	-3,485,464.69	-1,326,658.68	.00	-1,514,535.31	69.7%*
73127400 66500	GAIN ON SALE OF INV	-15,000,000	-24,618,807.70	-4,049,923.18	.00	9,618,807.70	164.1%*
73127400 66501	UNREALIZED GAIN ON	-3,000,000	-333.93	.00	.00	-3,000,000.00	.0%*
73127400 66502	GAIN ON FOREIGN CUR	-40,000	-110,514.74	-13,735.32	.00	-39,666.07	88%*
73127400 66600	SECURITIES LENDING	-300,000	-300,000	.00	.00	-189,485.26	36.8%*
TOTAL INTEREST & RENTALS		-23,340,000	-28,215,121.06	-5,390,317.18	.00	4,875,121.06	120.9%*
RR OTHER REVENUE							
73127400 67104	MISCELLANEOUS REVENU	0	.00	.00	.00	.00	.0%*
73127400 67600	REIMBURSEMENTS	0	.00	.00	.00	.00	.0%*
73127400 67601	REIMBURSEMENT - IND	0	.00	.00	.00	.00	.0%*

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# Bay County, Michigan

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BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

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FOR 2015 10

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73127400 68900 TRADE-IN ALLOWANCE	0	0	.00	.00	.00	.00	.0%
73127400 69000 COMMISSION RECAPTUR	-25,000	-25,000	-2,544.63	9,972.73	.00	-22,455.37	10.2%
73127400 69200 CLAIMS/SETTLEMENTS/	-150,000	-150,000	-34,179.91	9,972.73	.00	-115,820.09	22.8%
TOTAL OTHER REVENUE	-175,000	-175,000	-36,724.54	9,972.73	.00	-138,275.46	21.0%

**XE WAGES & SALARIES**

73127400 70300 SALARIES-ELECTED OR	49,153	49,153	34,746.09	3,669.15	.00	14,406.91	70.7%
73127400 70500 TEMPORARY HELP	12,740	12,740	5,143.81	85.73	.00	7,596.19	40.4%
73127400 70501 PART TIME WAGES	6,238	6,238	6,393.28	373.44	.00	-155.28	102.5%
73127400 70600 OVERTIME	2,809	2,809	335.53	.00	.00	2,473.47	11.9%
73127400 70800 HOLIDAY PAY	0	0	1,537.42	.00	.00	1,537.42	100.0%
73127400 71000 PER DIEM	0	0	1,980.00	270.00	.00	1,440.00	57.9%
73127400 71200 VACATION PAY	3,420	3,420	2,416.98	192.00	.00	-2,416.98	100.0%
73127400 71202 SICK PAY	0	0	359.52	60.15	.00	-359.52	100.0%
73127400 71203 TERMINATION SICK PA	0	0	.00	.00	.00	.00	.0%
73127400 71204 TERMINATION VACATION	0	0	.00	.00	.00	.00	.0%
TOTAL WAGES & SALARIES	74,360	74,360	52,912.63	4,630.47	.00	21,447.37	71.2%

**XI FRINGES**

73127400 71500 SOCIAL SECURITY	4,097	4,097	3,524.30	295.97	.00	572.70	86.0%
73127400 71600 HEALTH INSURANCE	12,989	12,989	10,017.08	880.76	.00	2,971.92	77.1%
73127400 71603 RETIREE HEALTH CARE	0	0	.00	.00	.00	.00	.0%
73127400 71632 EMPLOYER INCENTIVE	103	103	.00	.00	.00	103.00	.0%
73127400 71700 LIFE INSURANCE	131	131	98.66	9.62	.00	32.34	75.3%
73127400 71800 RETIREMENT	4,434	4,434	3,835.18	348.82	.00	598.82	86.5%
73127400 71900 OTHER FRINGE BENEFI	96	96	.00	.00	.00	96.00	.0%
73127400 72001 STF ADMINISTRATION	0	0	.00	.00	.00	.00	.0%
73127400 72100 WORKERS' COMPENSATI	84	84	76.46	6.55	.00	7.54	91.0%
73127400 72200 SICK AND ACCIDENT I	517	517	410.47	40.47	.00	106.53	79.4%
73127400 72500 UNEMPLOYMENT COMPEN	251	251	229.18	19.62	.00	21.82	91.3%
TOTAL FRINGES	22,702	22,702	18,191.33	1,602.76	.00	4,510.67	80.1%

**XI SUPPLIES**

73127400 72700 OFFICE SUPPLIES	2,000	2,000	791.08	11.18	.00	1,208.92	39.6%
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# Bay County, Michigan

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Rmarsters

BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

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FOR 2015 10

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73127400 72702	0	0	.00	.00	.00	.00	.0%
73127400 72800	1,000	1,000	25.87	.00	.00	974.13	2.6%
73127400 72900	300	300	282.76	.00	.00	17.24	94.3%*
73127400 73000	600	600	.00	.00	.00	600.00	.0%
73127400 73301	500	500	.00	.00	.00	500.00	.0%
73127400 74200	150	150	.00	.00	.00	150.00	.0%
73127400 74700	0	0	.00	.00	.00	.00	.0%
73127400 75000	0	0	17.62	.00	.00	-17.62	100.0%*
73127400 75100	1,500	1,500	261.07	.00	.00	1,238.93	17.4%
TOTAL SUPPLIES	6,050	6,050	1,378.40	11.18	.00	4,671.60	22.8%
XL OTHER SERVICES AND C							
73127400 80100	1,500,000	1,500,000	787,196.60	-155,226.18	.00	712,803.40	52.5%
73127400 80101	40,000	40,000	24,750.00	.00	.00	15,250.00	61.9%
73127400 80200	0	0	.00	.00	.00	.00	.0%
73127400 81200	1,000	1,000	.00	.00	.00	1,000.00	.0%
73127400 81400	230,000	230,000	199,747.47	61,533.18	.00	30,252.53	86.8%*
73127400 81700	7,500	7,500	.00	.00	.00	7,500.00	.0%
73127400 81900	140,000	140,000	140,000.00	35,000.00	.00	550.00	100.0%*
73127400 82000	550	550	.00	.00	.00	250.00	.0%
73127400 82900	250	250	.00	.00	.00	.00	.0%
73127400 83500	0	0	.00	.00	.00	.00	.0%
73127400 85200	420	420	85.46	6.77	.00	334.54	20.3%
73127400 86100	15,000	15,000	8,530.70	377.87	55.00	6,414.30	57.2%
73127400 86500	2,000	2,000	1,297.54	854.29	.00	542.44	72.9%
73127400 86600	300	300	208.70	5.76	160.02	91.30	69.8%
73127400 87500	13,000,000	13,000,000	12,119,021.91	1,361,464.49	.00	880,978.09	93.2%*
73127400 90000	500	500	.00	.00	.00	500.00	.0%
73127400 90100	1,000	1,000	.00	.00	.00	1,000.00	.0%
73127400 91000	500	500	.00	.00	.00	500.00	.0%
73127400 93700	0	0	3,675.00	.00	.00	-3,675.00	100.0%*
73127400 94601	5,000	5,000	608.20	.00	.00	4,391.80	12.2%
73127400 95500	500	500	676.77	.00	.00	-176.77	135.4%*
73127400 96600	110,094	110,094	91,559.65	9,267.17	.00	18,534.35	83.2%
73127400 96000	1,500	1,500	2,997.50	.00	.00	-1,497.50	199.8%*
73127400 96200	10,000,000	10,000,000	4,275,869.44	1,362,818.82	.00	5,724,130.56	42.8%
73127400 96201	0	0	.00	.00	.00	.00	.0%
73127400 96203	100,000	100,000	9.09	.00	.00	99,990.91	.0%
73127400 96401	60,000	60,000	4,931.87	.00	.00	55,068.13	8.2%
73127400 96402	5,000	5,000	.00	.00	.00	5,000.00	.0%

# Bay County, Michigan

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BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

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FOR 2015 10

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED	
73127400 96403 CONTRIB. REFUND-ROAD	5,000	5,000	.00	.00	.00	5,000.00	.0%	
73127400 96404 CONTRIB. REFUND-MED	40,000	40,000	11,603.72	.00	.00	28,396.28	29.0%	
73127400 96405 CONTRIB. REFUND-B.A.	50,000	50,000	92,665.69	10,507.95	.00	-42,665.69	185.3%*	
73127400 96406 CONTRIB. REFUND-D.W.	5,000	5,000	.00	.00	.00	5,000.00	.0%	
73127400 96407 CONTRIB. REFUND-LIBR	5,000	5,000	.00	.00	.00	5,000.00	.0%	
73127400 96500 INSURANCE AND BONDS	22,000	22,000	21,769.43	.00	.00	230.57	99.0%*	
73127400 96730 MACHINERY & EQUIPME	2,000	2,000	.00	.00	.00	2,000.00	.0%	
73127400 96730 OFFICE EQUIP. & FURN	1,000	1,000	.00	.00	.00	1,000.00	.0%	
73127400 96741 COMPUTER HARDWARE E	0	0	.00	.00	.00	.00	.0%	
73127400 96742 COMPUTER SOFTWARE E	0	0	.00	.00	.00	.00	.0%	
73127400 96770 BOOK EXPENSE	0	0	.00	.00	.00	.00	.0%	
73127400 96999 BUDGET REDUCTION TA	0	0	.00	.00	.00	.00	.0%	
TOTAL OTHER SERVICES AND C	25,351,114	25,351,114	17,787,204.74	2,686,610.12	215.02	7,563,694.24	70.2%	
X0 CAPITAL OUTLAY								
73127400 98001 COMPUTER SOFTWARE	0	34,000	34,000.00	.00	.00	.00	100.0%*	
TOTAL CAPITAL OUTLAY	0	34,000	34,000.00	.00	.00	.00	100.0%	
TOTAL RETIREMENT BOARD	0	0	0	-16,006,711.08	-5,020,773.34	215.02	16,006,496.06	100.0%
TOTAL RETIREMENT SYSTEM FUND	0	0	0	-16,006,711.08	-5,020,773.34	215.02	16,006,496.06	100.0%
TOTAL REVENUES	-25,454,226	-25,488,226	-33,900,398.18	-7,713,627.87	.00	8,412,172.18		
TOTAL EXPENSES	25,454,226	25,488,226	17,893,687.10	2,692,854.53	215.02	7,594,323.88		
GRAND TOTAL	0	0	-16,006,711.08	-5,020,773.34	215.02	16,006,496.06	100.0%	

\*\* END OF REPORT - Generated by Rebecca Marsters \*\*

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# Bay County, Michigan

11/05/2015 12:06  
RMarsters

BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

P 6  
g1yrcbud

## REPORT OPTIONS

Sequence	Field #	Total	Page Break
1	1	Y	N
2	9	Y	N
3	10	Y	N
4	0	N	N

Report title:  
YEAR-TO-DATE BUDGET REPORT

Print Pull or Short description: F  
Print MTD Version: Y  
Print Revenues-Version headings: N  
Format type: 1  
Print revenue budgets as zero: N  
Include Fund Balance: N  
Include requisition amount: N  
Multiyear view: D

Year/Period: 2015/10  
Print revenue as credit: Y  
Print totals only: N  
Suppress zero bal accts: N  
Print full GL account: N  
Double space: N  
Roll projects to object: N  
Carry forward code: 1  
Print journal detail: N  
From Yr/Per: 2014/ 7  
To Yr/Per: 2014/ 7  
Include budget entries: Y  
Incl encumb/liq entries: Y  
Sort by JE # or PO #: J  
Detail format option: 1

Field Name Find Criteria Field Value

7310

Fund  
FUNCTION  
ACTIVITY  
SPECIAL CODE  
SPECIAL COD2  
Character Code  
Org  
Object  
Project  
Account type  
Account status  
Rollup Code

BCERS

Invoices Approved: October

Invoice Date	Vendor	Amount	Description
10/6/2015	OfficeMax	\$ 11.18	Ribbons and tape for 10-key calculator
9/29/2015	GRS	\$ 17,250.00	Finalize actuarial valuation/Q3 & 4 actuary fees
9/27/2015	Thomas Starkweather	\$ 187.45	Mileage to Mapers
9/27/2015	Richard Gromaski	\$ 143.00	Mileage to Mapers
9/27/2015	Kristal Goetz	\$ 203.26	Mileage to Mapers/meal
10/6/2015	GRS	\$ 650.00	Printing SAR
10/13/2015	Integrity	\$ 43,248.00	Q3 2015 Money Manager fee
9/27/2015	Jon Morse	\$ 186.73	Mileage to Mapers/meal
10/14/2015	GRS	\$ 7,500.00	Benefit calculator & data collection software license fees
10/12/2015	Loomis Sayles	\$ 27,302.38	Q3 2015 Money Manager fee
9/30/2015	CDW	\$ 563.60	Nuance transcribing
8/12/2015	CDW	\$ 99.45	Voice recorder
9/29/2015	CDW	\$ 57.75	Footswitch for transcribing

**BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM**  
**DISABILITY RETIREMENT PROCEDURE**

1. The Member shall submit a written application approved by the Retirement Board ("Board") to the Retirement Administrator ("Administrator") requesting a disability retirement. The Member shall submit to the Administrator:
  - (a) a list of all treating physicians for the past five years;
  - (b) a copy of the Member's job description (as created or provided by the County employer); and
  - (c) an Authorization to Release Medical Records and Information form.

The Administrator shall encourage the Member to submit all medical and/or other information in support of the application. The Administrator shall not process any request for the disability retirement until he or she receives the application, list of treating physicians, job description and authorization for release of medical records. The Member shall submit his or her application while the Member remains in the employ of the County employer.

2. The Retirement Board shall receive the application at its next regularly scheduled meeting and shall move that:
  - (a) the Administrator request from the Member and the County Employer all medical records and/or incident reports on file with the employer relative to the disability claim and from the Member's physician's all medical records relevant to the disability claim;
  - (b) the Member provide to the Administrator any additional information relevant to the Member's claim for disability retirement as determined necessary by the Board;
  - (c) the Member's application be referred to the Medical Director for consideration,
  - (d) the Member be personally examined by the Medical Director or that such personal examination requirement be waived; and
  - (e) the County Employer be notified of the Member's application and the Board's referral.

All reasonable costs for the duplication of records (other than medical records) requested by the Board shall be paid from assets of the Retirement System.

3. The Retirement Administrator shall provide to the Medical Director for his or her consideration all information received by the Administrator related to the Member's disability retirement claim, and shall assist the Member in scheduling an appointment with the Medical Director if such examination is required by the Board. The Member shall not be responsible for the cost of the examination, but may be responsible for a cancellation fee due to his or her failure to keep a scheduled appointment. The Member

shall be responsible for travel costs to the initial examination by the Medical Director and any additional examinations deemed necessary by the Medical Director.

4. The Medical Director may, at his or her discretion, refer the Member for an examination by a specialist if the Medical Director determines the he or she lacks the specialized expertise to make a determination as to any Member's disability retirement claim. The Medical Director shall notify the Administrator within seven (7) days of such referral, who shall notify the Board at its next regularly scheduled meeting. The cost incurred as a result of such a referral shall be paid with assets of the Retirement System.
5. It shall be the Member's responsibility to ensure that the Medical Director has received all medical information and/or records that the Member wishes the Medical Director to consider at or prior to the Member's examination (if required). Medical records are to be provided at the Member's expense.
6. The Medical Director shall forward to the Administrator his or her written medical report and certification on a form approved by the Board which shall:
  - (a) identify what records were reviewed by the Medical Director;
  - (b) state whether, in the Medical Director's (or specialist's) opinion, the Member is mentally or physically incapacitated from continued employment with his or her employer;
  - (c) the nature of the incapacity;
  - (d) a short narrative of the basis for the opinion or determination of incapacity;
  - (e) state whether the incapacity is likely to be permanent;
  - (f) state whether, in the Medical Director's (or specialist's) opinion, the Member is totally and permanently disabled while in the employ of his or her employer as a result of causes directly related to his or her actual performance of duty while an employee; and
  - (g) recommend whether, in the Medical Director's (or specialist's) opinion, the Member should be retired.

Incapacity for duty shall mean that the Member is mentally or physically incapacitated from further performance of duty in the service of the County Employer in the same or similar position the Member held at the time of the claimed disability. All claims for disability retirement must be fully and completely established by or on behalf of the applicant and certified by the Medical Director prior to the Board's grant of a disability retirement. Final determinations as to disability retirement of any kind (with the exception of a Third Party Physician referral on appeal) are expressly reserved to the Board.

7. The Administrator shall place on the Board's agenda an executive session during a

regular open meeting of the Board to discuss the Member's disability application, medical reports, opinions and certifications and all other pertinent information related to the Member's disability retirement application. Following that executive session, the Board shall resolve to grant or deny the disability retirement. The Administrator shall notify the Member of the meeting at least seven (7) days prior to the date of the meeting.

8. The Administrator shall notify the Member and the County Employer of the Board's grant or denial of the disability retirement benefit, in writing, within 30 days of the official Board action.
9. Upon approval by the Board, a Member's effective date of disability retirement shall be the later of:
  - a. The date of application for disability retirement; or
  - b. The date the Member actually last received compensation from his or her employer.
10. All Members receiving a disability pension shall, in years for which they are subject to reexamination as set forth in Section 4.044(a) of the Bay County Retirement Ordinance, submit to the Administrator no later than July 1 of each calendar year (or the first business day following the 1<sup>st</sup> if the same falls on a Saturday Sunday, or County Holiday) the following:
  - (a) A statement, completed in the last twelve months, from their personal physician on a "Physician Update" form approved by the Board; and
  - (b) A "Member Work History Update" form approved by the Board and signed under oath by the Member.
11. The Administrator shall submit the updated forms to the Board in executive session during the regularly scheduled open meeting in July of each year.
12. The Administrator shall place on the Board's agenda in August of each year an executive session during a regular open meeting of the Board to discuss the updated forms submitted by the Administrator in the prior executive session. The Board shall make determinations in regular session as to which Member(s), if any, shall be subject to reevaluation by the Medical Director. Any such reevaluation shall follow the same format and procedure as the initial examination by the Medical Director.
13. The Administrator shall place on the Board's agenda in November of each year an executive session during a regular open meeting of the Board to discuss the Member's updated reevaluation, which shall include medical reports, opinions and certifications and all other pertinent information related to the Member's reevaluation of disability retirement. Following that executive session, the Board shall resolve to continue or

discontinue the disability retirement. The Administrator shall notify the Member of the meeting at least seven (7) days prior to the date of the meeting.

14. If the Member refuses to comply with the terms of this Policy and/or submit him or herself for reevaluation/reexamination, payment of any existing retirement benefit may be suspended by the Board. If the Member refuses to comply with the terms of this Policy and submit him or herself for reevaluation/reexamination for a period of one year, the Board may permanently revoke the Member's disability retirement benefit. The Board will not receive nor consider an application for disability retirement that does not comply with the terms of this Policy.
  
15. The Member may appeal a decision by the Board to deny a request for a disability retirement pursuant to the Appeal Procedure found at Section 4.055 of the Bay County Retirement Ordinance. However, the Member, *at the Member's option*, may select the following alternative appeal (which shall be considered an alternative benefit in lieu of the traditional appeal process available to the Member):
  - (a) The Member may submit to the Administrator, in writing, a request for their application to be submitted to an independent, third party physician for review. This physician shall be agreed upon and selected by the Medical Director and the Member's personal physician. Such a request must be made within 90 days of the date of the notification of denial.
  - (b) The Administrator shall present the appeal to the Board for receipt and the Board shall direct the Administrator to coordinate the selection of the third party physician.
  - (c) All documentation previously reviewed and/or considered by the Medical Director or specialist previously utilized by the Medical Director shall be forwarded to the Third-Party Physician for his or her review. The Third Party Physician shall conduct a physical examination of the Member and shall fill out and forward to the Administrator his or her written medical report and certification on the same form approved by the Board for use by the Medical Director.
  - (d) The Board shall receive and adopt the opinion and certification of the Third Party Physician regarding disability within 60 days of receipt of the Third Party Physician's medical report and certification. The Board shall not revisit the issue of the Member's Disability Pension (if the same is recommended by the Third Party Physician and therefore granted by the Board) until the Member is subject to reexamination/reevaluation as set forth in Section 4.044 of the Bay County Retirement Ordinance. All costs associated with the examination by the Third Party Physician shall be paid from assets of the Retirement System.

# BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

## APPLICATION FOR A DISABILITY RETIREMENT

Date of Application: \_\_\_\_\_

Retirement Board of Trustees:

I, \_\_\_\_\_, am requesting of the Board of Trustees  
Employee Name

consideration for: (Circle one)

- A. Non-duty disability retirement
- B. Duty disability retirement

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Address

\_\_\_\_\_  
City State Zip Code

\_\_\_\_\_  
Phone number

\_\_\_\_\_  
Witness Signature

**BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM**  
**HIPAA AUTHORIZATION TO RELEASE MEDICAL RECORDS AND**  
**INFORMATION**

To any physician, health care professional, dentist, health plan, hospital, clinic, laboratory, pharmacy, or other covered health care provider, any insurance company, and the Medical Information Bureau, Inc., or other health care clearinghouse that is providing or has provided or proposes to provide treatment or services to me:

I, \_\_\_\_\_, Social Security Number \_\_\_\_ - \_\_\_\_ - \_\_\_\_, birth date \_\_\_\_\_, whose address is \_\_\_\_\_, state as follows:

1. **Authorization.** I authorize you to give, disclose, and release to any one or more of my agents named in Paragraph 2 below, without restriction, all of my individually identifiable health information and medical records and all other information regarding my past, present, or possible future medical, dental, or mental health condition or treatment. This shall include but shall not be limited to all information relating to the diagnosis and treatment of any mental illness, drug or alcohol abuse, and the billing or payment for such diagnosis and treatment. This also includes the broadest possible right to discuss any such information with my agent(s) and to discuss any matters with them that could be discussed with me personally. The authority given to my agent shall supersede any prior agreement that I may have made to restrict access to or disclose my individually identifiable health information.

2. **Provide information.** The information identified in this document may be released, provided to, or discussed with any of the following persons, who are my "Personal Representative" and agents for this purpose:

**Rebecca Marsters, Retirement Administrator**  
**Bay County Employees Retirement System**  
**515 Center Avenue, 3<sup>rd</sup> Floor**  
**Bay City, MI 48708**  
**(989) 895-4043**

3. **When and how to provide information.** You are authorized to provide the information identified in this document at any time and from time to time at the request of any one or more of the individuals identified in Paragraph 2 above. It may be provided by direct in-person discussion, or by e-mail, telephone, fax, or any other type of communication. You may assume that whoever is communicating with you by telephone, e-mail, fax, or other type of communication is the person as represented by that individual.

4. **Expiration.** This authorization contains no expiration date.



BAY COUNTY EMPLOYEES RETIREMENT SYSTEM  
DECISION OF MEDICAL DIRECTOR

RE: \_\_\_\_\_  
(name of Applicant)

The undersigned has reviewed the medical information identified below as well as a written job description relating to the disability retirement application of the above-named Applicant, and states as follows:

\_\_\_\_\_ An examination of the Applicant took place on \_\_\_\_\_ by \_\_\_\_\_

-OR-

\_\_\_\_\_ No examination of the Applicant took place because: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The following records were reviewed by me in considering the Applicant's request for disability retirement (identify each individual record reviewed; attach additional sheets if necessary):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I find that:

(1) the Applicant is mentally or physically incapacitated for continued employment in the same or substantially similar position in which the Applicant is currently employed Yes \_\_\_\_\_  
No \_\_\_\_\_

(2) the incapacity is likely to be permanent Yes \_\_\_\_\_  
No \_\_\_\_\_

(3) the Applicant should be retired

Yes \_\_\_\_\_

No \_\_\_\_\_

Factors I considered in making this determination that the Applicant is physically or mentally incapacitated and that the incapacity is likely to be permanent are:

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Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature

**BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM**  
**MEMBER WORK HISTORY UPDATE**

To continue receipt of monthly disability retirement benefit, this form must be returned to the Retirement Administrator by July 1<sup>st</sup>.

I hereby certify that during the calendar year of \_\_\_\_\_, I have been paid the following amounts in addition to the disability benefits paid by the Retirement System:

Payments from the federal social security retirement, survivors, disability and health insurance programs \$ \_\_\_\_\_

Remuneration for services rendered in gainful employment \$ \_\_\_\_\_

Payments from any salary continuance, sickness and accident benefits, disability benefits or program of similar purpose financed in whole or in part by the County \$ \_\_\_\_\_

Employer Name/Address	Dates of Employment	Gross Pay
_____	_____	\$ _____
_____	_____	\$ _____

I hereby certify, under penalties of perjury, that the information submitted is true, correct and complete and that the income reported by me as detailed above is in conformity with the amount of income I have reported on my annual Federal Income Tax Return and give my permission to the Board of Trustees to obtain directly from the Internal Revenue Service (via IRS form 4506-T) a copy of my Federal Income Tax Return for the year \_\_\_\_\_.

Name: \_\_\_\_\_ Social Security No. \_\_\_\_\_  
(Please print)

Dated: \_\_\_\_\_ Signature: \_\_\_\_\_

**Witness:**  
Dated: \_\_\_\_\_ Signature: \_\_\_\_\_

STATE OF MICHIGAN     )  
  )ss.  
County of \_\_\_\_\_     )

Acknowledged before me in \_\_\_\_\_ County, Michigan, on \_\_\_\_\_ by \_\_\_\_\_.

\_\_\_\_\_  
Notary public,  
State of Michigan, County of \_\_\_\_\_  
My commission expires: \_\_\_\_\_  
Acting in \_\_\_\_\_ County

### Request for Transcript of Tax Return

OMB No. 1545-1872

- ▶ Do not sign this form unless all applicable lines have been completed.
- ▶ Request may be rejected if the form is incomplete or illegible.
- ▶ For more information about Form 4506-T, visit [www.irs.gov/form4506t](http://www.irs.gov/form4506t).

**Tip.** Use Form 4506-T to order a transcript or other return information free of charge. See the product list below. You can quickly request transcripts by using our automated self-help service tools. Please visit us at [IRS.gov](http://IRS.gov) and click on "Get a Tax Transcript..." under "Tools" or call 1-800-908-9946. If you need a copy of your return, use Form 4506, Request for Copy of Tax Return. There is a fee to get a copy of your return.

1a Name shown on tax return. If a joint return, enter the name shown first.	1b First social security number on tax return, individual taxpayer identification number, or employer identification number (see instructions)
2a If a joint return, enter spouse's name shown on tax return.	2b Second social security number or individual taxpayer identification number if joint tax return
3 Current name, address (including apt., room, or suite no.), city, state, and ZIP code (see instructions)	
4 Previous address shown on the last return filed if different from line 3 (see instructions)	
5 If the transcript or tax information is to be mailed to a third party (such as a mortgage company), enter the third party's name, address, and telephone number.  Bay County Employees' Retirement System, 515 Center Ave., 3rd Floor, Bay City, MI 48708	

**Caution:** If the tax transcript is being mailed to a third party, ensure that you have filled in lines 6 through 9 before signing. Sign and date the form once you have filled in these lines. Completing these steps helps to protect your privacy. Once the IRS discloses your tax transcript to the third party listed on line 5, the IRS has no control over what the third party does with the information. If you would like to limit the third party's authority to disclose your transcript information, you can specify this limitation in your written agreement with the third party.

6 **Transcript requested.** Enter the tax form number here (1040, 1065, 1120, etc.) and check the appropriate box below. Enter only one tax form number per request. ▶ \_\_\_\_\_

a **Return Transcript**, which includes most of the line items of a tax return as filed with the IRS. A tax return transcript does not reflect changes made to the account after the return is processed. Transcripts are only available for the following returns: Form 1040 series, Form 1065, Form 1120, Form 1120-A, Form 1120-H, Form 1120-L, and Form 1120S. Return transcripts are available for the current year and returns processed during the prior 3 processing years. Most requests will be processed within 10 business days . . . . .

b **Account Transcript**, which contains information on the financial status of the account, such as payments made on the account, penalty assessments, and adjustments made by you or the IRS after the return was filed. Return information is limited to items such as tax liability and estimated tax payments. Account transcripts are available for most returns. Most requests will be processed within 10 business days . . . . .

c **Record of Account**, which provides the most detailed information as it is a combination of the Return Transcript and the Account Transcript. Available for current year and 3 prior tax years. Most requests will be processed within 10 business days . . . . .

7 **Verification of Nonfiling**, which is proof from the IRS that you did not file a return for the year. Current year requests are only available after June 15th. There are no availability restrictions on prior year requests. Most requests will be processed within 10 business days . . . . .

8 **Form W-2, Form 1099 series, Form 1098 series, or Form 5498 series transcript.** The IRS can provide a transcript that includes data from these information returns. State or local information is not included with the Form W-2 information. The IRS may be able to provide this transcript information for up to 10 years. Information for the current year is generally not available until the year after it is filed with the IRS. For example, W-2 information for 2011, filed in 2012, will likely not be available from the IRS until 2013. If you need W-2 information for retirement purposes, you should contact the Social Security Administration at 1-800-772-1213. Most requests will be processed within 10 business days . . . . .

**Caution:** If you need a copy of Form W-2 or Form 1099, you should first contact the payer. To get a copy of the Form W-2 or Form 1099 filed with your return, you must use Form 4506 and request a copy of your return, which includes all attachments.

9 **Year or period requested.** Enter the ending date of the year or period, using the mm/dd/yyyy format. If you are requesting more than four years or periods, you must attach another Form 4506-T. For requests relating to quarterly tax returns, such as Form 941, you must enter each quarter or tax period separately.

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**Caution:** Do not sign this form unless all applicable lines have been completed.

**Signature of taxpayer(s).** I declare that I am either the taxpayer whose name is shown on line 1a or 2a, or a person authorized to obtain the tax information requested. If the request applies to a joint return, at least one spouse must sign. If signed by a corporate officer, 1 percent or more shareholder, partner, managing member, guardian, tax matters partner, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify that I have the authority to execute Form 4506-T on behalf of the taxpayer. **Note:** For transcripts being sent to a third party, this form must be received within 120 days of the signature date.

<input type="checkbox"/> Signatory attests that he/she has read the attestation clause and upon so reading declares that he/she has the authority to sign the Form 4506-T. See instructions.	Phone number of taxpayer on line 1a or 2a
▶ Signature (see instructions)	Date
▶ Title (if line 1a above is a corporation, partnership, estate, or trust)	
▶ Spouse's signature	Date

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Section references are to the Internal Revenue Code unless otherwise noted.

## Future Developments

For the latest information about Form 4506-T and its instructions, go to [www.irs.gov/form4506t](http://www.irs.gov/form4506t). Information about any recent developments affecting Form 4506-T (such as legislation enacted after we released it) will be posted on that page.

## General Instructions

**Caution:** Do not sign this form unless all applicable lines have been completed.

**Purpose of form.** Use Form 4506-T to request tax return information. You can also designate (on line 5) a third party to receive the information. Taxpayers using a tax year beginning in one calendar year and ending in the following year (fiscal tax year) must file Form 4506-T to request a return transcript.

**Note:** If you are unsure of which type of transcript you need, request the Record of Account, as it provides the most detailed information.

**Tip.** Use Form 4506, Request for Copy of Tax Return, to request copies of tax returns.

**Automated transcript request.** You can quickly request transcripts by using our automated self-help service tools. Please visit us at [IRS.gov](http://IRS.gov) and click on "Get a Tax Transcript..." under "Tools" or call 1-800-908-9946.

**Where to file.** Mail or fax Form 4506-T to the address below for the state you lived in, or the state your business was in, when that return was filed. There are two address charts: one for individual transcripts (Form 1040 series and Form W-2) and one for all other transcripts.

If you are requesting more than one transcript or other product and the chart below shows two different addresses, send your request to the address based on the address of your most recent return.

## Chart for individual transcripts (Form 1040 series and Form W-2 and Form 1099)

If you filed an individual return and lived in:	Mail or fax to:
Alabama, Kentucky, Louisiana, Mississippi, Tennessee, Texas, a foreign country, American Samoa, Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, or A.P.O. or F.P.O. address	Internal Revenue Service RAIVS Team Stop 6716 AUSC Austin, TX 73301  512-460-2272
Alaska, Arizona, Arkansas, California, Colorado, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, Washington, Wisconsin, Wyoming	Internal Revenue Service RAIVS Team Stop 37106 Fresno, CA 93888  559-456-7227
Connecticut, Delaware, District of Columbia, Florida, Georgia, Maine, Maryland, Massachusetts, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia, West Virginia	Internal Revenue Service RAIVS Team Stop 6705 P-6 Kansas City, MO 64999  816-292-6102

## Chart for all other transcripts

If you lived in or your business was in:	Mail or fax to:
Alabama, Alaska, Arizona, Arkansas, California, Colorado, Florida, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wyoming, a foreign country, American Samoa, Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, or A.P.O. or F.P.O. address	Internal Revenue Service RAIVS Team P.O. Box 9941 Mail Stop 6734 Ogden, UT 84409  801-620-6922
Connecticut, Delaware, District of Columbia, Georgia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, Wisconsin	Internal Revenue Service RAIVS Team P.O. Box 145500 Stop 2800 F Cincinnati, OH 45250  859-669-3592

**Line 1b.** Enter your employer identification number (EIN) if your request relates to a business return. Otherwise, enter the first social security number (SSN) or your individual taxpayer identification number (ITIN) shown on the return. For example, if you are requesting Form 1040 that includes Schedule C (Form 1040), enter your SSN.

**Line 3.** Enter your current address. If you use a P.O. box, include it on this line.

**Line 4.** Enter the address shown on the last return filed if different from the address entered on line 3.

**Note:** If the addresses on lines 3 and 4 are different and you have not changed your address with the IRS, file Form 8822, Change of Address. For a business address, file Form 8822-B, Change of Address or Responsible Party — Business.

**Line 6.** Enter only one tax form number per request.

**Signature and date.** Form 4506-T must be signed and dated by the taxpayer listed on line 1a or 2a. If you completed line 5 requesting the information be sent to a third party, the IRS must receive Form 4506-T within 120 days of the date signed by the taxpayer or it will be rejected. Ensure that all applicable lines are completed before signing.

 **CAUTION** You must check the box in the signature area to acknowledge you have the authority to sign and request the information. The form will not be processed and returned to you if the box is unchecked.

**Individuals.** Transcripts of jointly filed tax returns may be furnished to either spouse. Only one signature is required. Sign Form 4506-T exactly as your name appeared on the original return. If you changed your name, also sign your current name.

**Corporations.** Generally, Form 4506-T can be signed by: (1) an officer having legal authority to bind the corporation, (2) any person designated by the board of directors or other governing body, or (3) any officer or employee on written request by any principal officer and attested to by the secretary or other officer. A bona fide shareholder of record owning 1 percent or more of the outstanding stock of the corporation may submit a Form 4506-T but must provide documentation to support the requester's right to receive the information.

**Partnerships.** Generally, Form 4506-T can be signed by any person who was a member of the partnership during any part of the tax period requested on line 9.

**All others.** See section 6103(e) if the taxpayer has died, is insolvent, is a dissolved corporation, or if a trustee, guardian, executor, receiver, or administrator is acting for the taxpayer.

**Note:** If you are Heir at law, Next of kin, or Beneficiary you must be able to establish a material interest in the estate or trust.

**Documentation.** For entities other than individuals, you must attach the authorization document. For example, this could be the letter from the principal officer authorizing an employee of the corporation or the letters testamentary authorizing an individual to act for an estate.

**Signature by a representative.** A representative can sign Form 4506-T for a taxpayer only if the taxpayer has specifically delegated this authority to the representative on Form 2848, line 5. The representative must attach Form 2848 showing the delegation to Form 4506-T.

**Privacy Act and Paperwork Reduction Act Notice.** We ask for the information on this form to establish your right to gain access to the requested tax information under the Internal Revenue Code. We need this information to properly identify the tax information and respond to your request. You are not required to request any transcript; if you do request a transcript, sections 6103 and 6109 and their regulations require you to provide this information, including your SSN or EIN. If you do not provide this information, we may not be able to process your request. Providing false or fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file Form 4506-T will vary depending on individual circumstances. The estimated average time is: **Learning about the law or the form, 10 min.;** **Preparing the form, 12 min.;** and **Copying, assembling, and sending the form to the IRS, 20 min.**

If you have comments concerning the accuracy of these time estimates or suggestions for making Form 4506-T simpler, we would be happy to hear from you. You can write to:

Internal Revenue Service  
Tax Forms and Publications Division  
1111 Constitution Ave. NW, IR-6526  
Washington, DC 20224

Do not send the form to this address. Instead, see *Where to file* on this page.

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BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM  
PHYSICIAN UPDATE FORM

RE: \_\_\_\_\_  
(name of Patient)

An examination of the Applicant took place on \_\_\_\_\_ by:

Physician's Name: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Specialty: \_\_\_\_\_

The following records were reviewed by me in addition to my examination (identify each individual record reviewed; attach additional sheets if necessary):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

After examination of the Patient please complete the questions below:

I have reviewed the medical information identified above, as well as, a written job description for \_\_\_\_\_ (position) relating to the above-named Patient, and states as follows:

I find that:

- |     |   |                       |
|-----|---|-----------------------|
| (1) | the Patient is mentally or physically incapacitated for continued employment in the same or substantially similar position in which the Patient was previously employed | Yes _____<br>No _____ |
| (2) | the incapacity is likely to be permanent  | Yes _____<br>No _____ |
| (3) | the Patient should continue to be retired   | Yes _____<br>No _____ |

Factors I considered in making this determination that the Patient is physically or mentally incapacitated and that the incapacity is likely to be permanent are:

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Dated: \_\_\_\_\_

\_\_\_\_\_  
Physician Signature

**BAY COUNTY RETIREMENT BOARD  
11/10/15  
RESOLUTION**

BY: BAY COUNTY RETIREMENT BOARD (11/10/15)

**WHEREAS** the Bay County Retirement System Board of Trustees wishes to adopt a uniform process to receive, consider and provide well supported and thoughtfully considered decisions on Members' request for disability retirement benefits; and

**WHEREAS** the Bay County Retirement System Board of Trustees has a fiduciary obligation to consider all information relevant to a Member's request for a disability retirement benefit and the Members are entitled to a consistent process that affords them all due process allowed under the law; therefore, be it

**RESOLVED** that the Bay County Retirement Board of Trustees approves and adopts the Bay County Employee Retirement System Disability Retirement Procedure and forms presented to the Board on this date with any changes formally approved by Motion during the open session of the Board; and be it further

**RESOLVED** that a copy of the Bay County Employee Retirement System Disability Retirement Procedure shall be provided to each County Employer within seven (7) days of its formal passage and that said Policy shall take immediate effect.

STEVE GRAY, CHAIR  
AND BOARD

RESOLUTION NON-DUTY DISABILITY RETIREMENT

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

SUPPORTED BY TRUSTEE \_\_\_\_\_

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

Vote Totals:

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

Voice: Yeas \_\_\_\_\_ Nays \_\_\_\_\_ Excused \_\_\_\_\_

Disposition: Adopted \_\_\_\_\_ Defeated \_\_\_\_\_ Withdrawn \_\_\_\_\_

Amended \_\_\_\_\_ Corrected \_\_\_\_\_ Referred \_\_\_\_\_

**BAY COUNTY RETIREMENT BOARD  
11/10/15  
RESOLUTION**

BY: BAY COUNTY RETIREMENT BOARD (11/10/15)

WHEREAS, The County Corporation Counsel serves as legal advisor to the Retirement Board of Trustees per Section 4.012 of the Retirement Ordinance, and

WHEREAS, The Board relies on MCL 38.1133(5) to enter into contracts for investment and all other goods and services necessary for the conduct of the affairs of the system, including investment advisors, consultants, custodians, accountants, auditors, attorneys, actuaries, investment personnel, administrators, and physicians; and may enter into contracts for and pay reasonable compensation for those services; and

WHEREAS, A formal policy or procedure is needed for the Board to effectively communicate with and utilize the services of outside legal counsel retained to address specialty issues involving and pertaining to the retirement system. Therefore, Be It

**RESOLVED** That the Bay County Employees' Retirement System Board hereby authorizes the Board Chair to act on its behalf and utilize the services of outside legal counsel as he or she determines necessary without requiring further formal action by the Board. This authority is granted only for the purpose of utilizing outside legal counsel that the Board has formally retained pursuant to written contract. Outside counsel's planned appearances at open meetings and topics on which he or she will present will be placed on the written Board Agenda whenever possible. This authority granted to the Chair will remain in full force and effect until formally revoked by the Board.

STEVE GRAY, CHAIR  
AND BOARD

RESOLUTION – UTILIZATION AUTHORITY FOR OUTSIDE LEGAL COUNSEL 2015-52

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

SUPPORTED BY TRUSTEE \_\_\_\_\_

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

Vote Totals:  
 Roll Call: Yeas \_\_\_\_\_ Nays \_\_\_\_\_ Excused \_\_\_\_\_  
 Voice: Yeas \_\_\_\_\_ Nays \_\_\_\_\_ Excused \_\_\_\_\_  
 Disposition: Adopted \_\_\_\_\_ Defeated \_\_\_\_\_ Withdrawn \_\_\_\_\_  
 Amended \_\_\_\_\_ Corrected \_\_\_\_\_ Referred \_\_\_\_\_

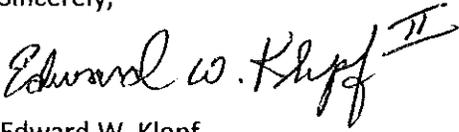
October 1, 2015

Board of trustees;

I Edward W. Klopf an employee of the Bay County Department of Water and Sewer, would like to request reinstatement of credited service and the purchase of 9 years of my previous service credit from January 1, 1885 through December 31, 1992. I have communicated with Rebecca Marsters, Retirement administrator and believe all necessary documents are on file.

Thank you for your consideration in approving this purchase of this previous service time.

Sincerely,

  
Edward W. Klopf

23-Oct-15

EDWARD KLOPF

TOTAL AMOUNT OF TIME TO BUYBACK WOULD BE NINE YEARS  
JANUARY 1, 1984 THRU DECEMBER 31, 1992

MR KLOPF'S REFUND \$11,104.17

MULTIPLIED BY THE ACTUARY INTEREST FACTOR IN EFFECT UNTIL 7/01/201. 6.0681 \*\*

AMOUNT OWED ONE YEAR FROM DATE OF APPROVAL OR PRIOR  
TO RETIREMENT WHICHEVER IS EARLIER

-----  
\$67,381.21

**\*\* SUBJECT TO CHANGE DURING CALENDAR YEAR 2015**

**BAY COUNTY RETIREMENT BOARD  
11/10/15  
RESOLUTION**

BY: BAY COUNTY RETIREMENT BOARD ( 11/10/15)  
 WHEREAS, Section 4.031 of the Retirement Ordinance allows for the reinstatement of forfeited credited service for current members who have received a refund of his/her accumulated member contributions for previous employment in a BCERS eligible position;  
 WHEREAS, A written request for reinstatement was made by Edward Klopf of the Department of Water & Sewer to purchase nine (9) years and zero (0) months of previous service time; and  
 WHEREAS, All of the required conditions to apply for reinstatement, per the ordinance, have been met by Mr. Klopf. Therefore Be It;  
 RESOLVED That this Board approve the request of Edward Klopf to purchase nine (9) years and zero (0) months of previous service time from January 1, 1985 to December 31, 1992 for retirement purposes.

STEVE GRAY, CHAIR  
AND BOARD

RESOLUTION

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

SUPPORTED BY TRUSTEE

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

Vote Totals:

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

Voice: Yeas \_\_\_\_\_ Nays \_\_\_\_\_ Excused \_\_\_\_\_

Disposition: Adopted \_\_\_\_\_ Defeated \_\_\_\_\_ Withdrawn \_\_\_\_\_

Amended \_\_\_\_\_ Corrected \_\_\_\_\_ Referred \_\_\_\_\_

**RETIREMENT BOARD MEETINGS FOR 2016**  
**SCHEDULE OF SPEAKERS - MEETINGS START AT 1:30 P.M.**  
**EXCEPT WHERE NOTED \***

DATE	MONEY MANAGER	SPEAKER	CONFIRMED
JANUARY 12	1:30 MFS U.S. & International Growth Funds	Clay Lindsey - Eagle Kim Bylund - MFS	
FEBRUARY 9	<b>The Bogdahn Group - 4<sup>th</sup> Qtr Rpt 2014 BCERS (and VEBA)</b>	Howard Pohl Peter Brown	
MARCH 8	1:30 Eagle Asset		
APRIL 12	1:30 Integrity      2:00 Prudential (PRISA)*	Adam Friedman Andrea Leistra	
<b>*APRIL - 21 Thursday</b>	9:00 Baird                      9:45 Columbia 10:30 Schroders		
MAY 10	<b>The Bogdahn Group - 2015 1<sup>st</sup> Qtr Report BCERS (and VEBA)</b>	Howard Pohl Peter Brown	
JUNE 14	Hotchkis & Wiley	Patrick McMenamin	
JULY 12	NO SPEAKER	-----	
AUGUST 9	<b>The Bogdahn Group - 2015 2<sup>nd</sup> Qtr Report BCERS (and VEBA)</b>	Howard Pohl Peter Brown	
SEPTEMBER 13	VEBA: 2:30 p.m. - MFS 3:00 p.m. - Dodge & Cox		
OCTOBER 11	Gabriel Roeder Smith - Actuarial Valuation		
<b>* OCTOBER 20 Thursday</b>	8:30 Cornerstone      9:15 Loomis Sayles 10:00 MacKay Shields    10:45 Geneva Capital		
NOVEMBER 8	<b>The Bogdahn Group - 2015 3<sup>rd</sup> Qtr Report BCERS (and VEBA)</b>	Howard Pohl Peter Brown	
DECEMBER 13	VEBA: 2:30 p.m. - C. S. McKee		
	3:00 p.m. - Lord Abbett		

**BAY COUNTY RETIREMENT BOARD  
11/10/15  
RESOLUTION**

BY: BAY COUNTY RETIREMENT BOARD ( 11/10/15)

WHEREAS, It is stated in the Bay County Employees' Retirement System's Due Diligence Policy that Investment managers are to appear before the Board for performance evaluation on a rotational basis at least every 24 months.

WHEREAS, The Board schedules investment managers to speak at their monthly meetings; Therefore Be It,

RESOLVED That this Board approve the speaker schedule for 2016.

STEVE GRAY, CHAIR  
AND BOARD

RESOLUTION SPEAKER SCHEDULE 2016

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

SUPPORTED BY TRUSTEE

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

Vote Totals:

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

Voice: Yeas \_\_\_\_\_ Nays \_\_\_\_\_ Excused \_\_\_\_\_

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

BAY COUNTY RETIREMENT BOARD  
11/10/15  
RESOLUTION

BY: BAY COUNTY RETIREMENT BOARD ( 11/10/15)

WHEREAS, An application for a non-duty disability was received from Mr. Todd Maxson.

WHEREAS, All required documents have been filed with the Retirement Office.

WHEREAS, Bay County Medical Director, Dr. Kirk Herrick, D.O. has reviewed all medical records and other pertinent information regarding this application.

WHEREAS, It is Dr. Herrick's professional opinion that Mr. Maxson is no longer able to perform the duties of his occupation.

RESOLVED That this Board approve this non-duty disability application.

STEVE GRAY, CHAIR  
AND BOARD

RESOLUTION NON-DUTY DISABILITY MAXSON

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

SUPPORTED BY TRUSTEE

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

Vote Totals:

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

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