C.S.McKee Investment Managers

Bay County VEBA

Account Statement for Period Ending 9/30/2013

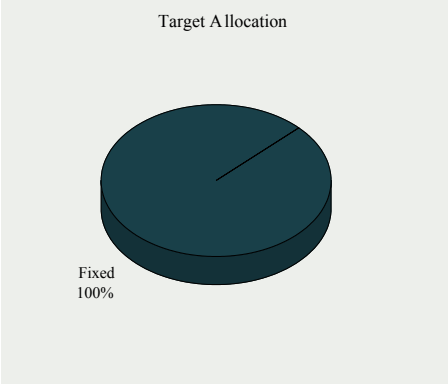
90477

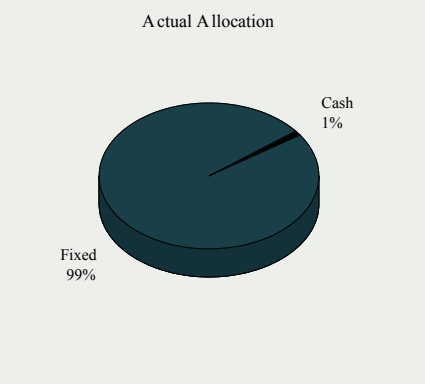
C.S.McKee, L.P.
One Gateway Center
8th Floor
Pittsburgh, PA 15222

(412)566-1234

Visit our website at:
www.csmckee.com

Portfolio Structure





Performance

Performance start 2/7/2012. Annualized Returns	QTD	YTD	1 YR	ITD
Fixed Income	**0.46**	**-1.71**	**-1.22**	**1.34**
BC Aggregate	0.57	-1.89	-1.68	0.93

Cash Flow Summary

	QTD *6/30/13 - 9/30/13*	YTD *12/31/12 - 9/30/13*
Beginning Market Value	$13,786,723	$14,089,275
Net Additions/Disbursements	$0	-$10
Investment Income *(Dividends & Interest)*	$95,445	$270,398
Portfolio Appreciation (Depreciation) *(Net Realized & Unrealized Gains & Losses)*	-$32,913	-$510,408
Ending Market Value	$13,849,255	$13,849,255

PORTFOLIO CHARACTERISTICS, *Aggregate Fixed Income*
at September 30, 2013

Duration, Maturity Coupon and Yield

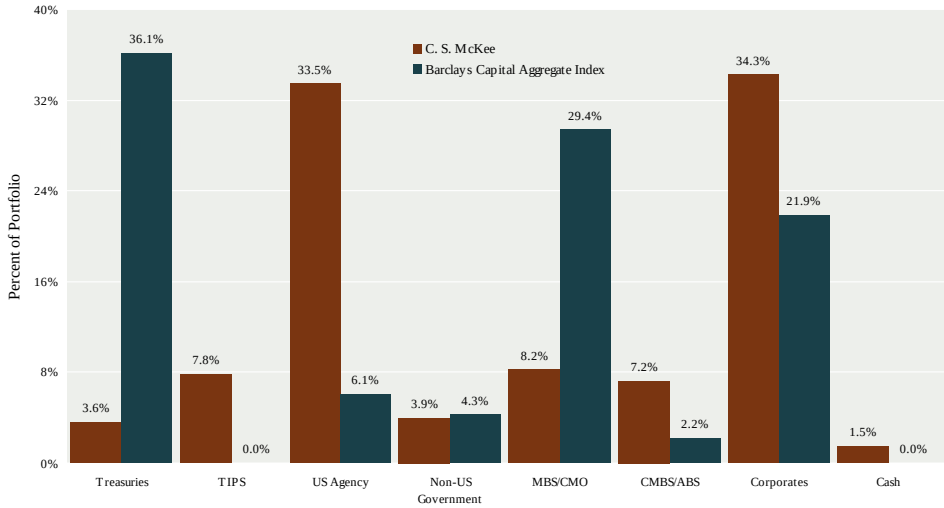
	C. S. McKee	*Barclays Capital Aggregate Index*	*Difference*
Effective Duration	4.99 yrs.	5.52 yrs.	-0.53 yrs.
Average Convexity	-0.14	0.08	-0.22
Average Maturity	6.45 yrs.	7.50 yrs.	-1.05 yrs.
Yield to Maturity	2.98%	2.34%	0.64%
Average Coupon	3.37%	3.36%	0.01%
Average Quality	Aa2	Aa1	N/A

Security Selection

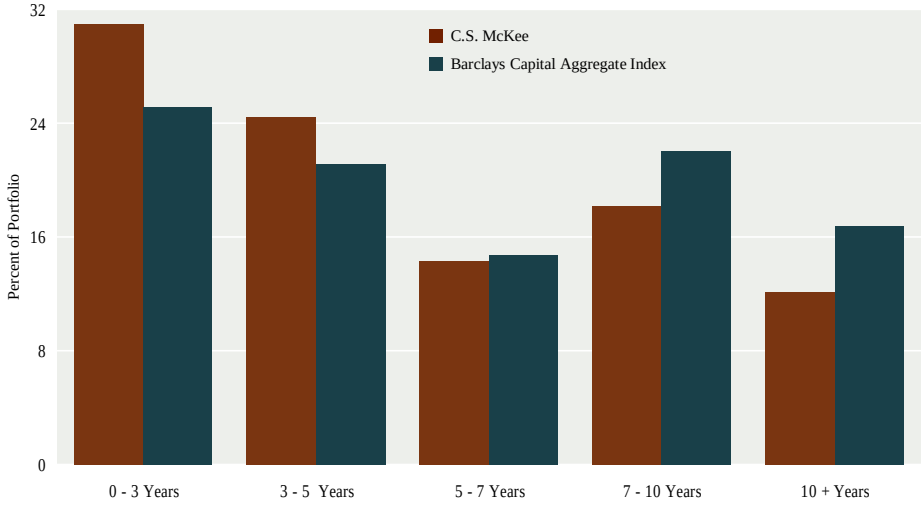
Top 10 Largest Holding (Active Exposures)

Issuer	*Coupon*	*Maturity*	*Sector*	*% of Portfolio*
FEDERAL NATL MTG ASSN(U)	6.000	04/18/2036	Agency	7.43
UNITED STATES TREAS NTS I/L	0.500	04/15/2015	Treasury	2.97
FEDERAL HOME LN MTG CORP (U)	5.625	11/23/2035	Agency	2.96
UNITED STATES TREAS BDS I/L	0.625	02/15/2043	Treasury	2.02
FEDERAL NATL MTG ASSN(U)	1.500	08/14/2023	Agency	1.45
FEDERAL NATL MTG ASSN(U)	5.950	11/07/2036	Agency	1.29
UNITED STATES TREAS NTS I/L	0.125	04/15/2018	Treasury	1.22
WAL-MART STORES INC	6.500	08/15/2037	Corporate	1.17
INTERNATIONAL BUSINESS MACHS	5.700	09/14/2017	Corporate	1.11
GENERAL ELEC CAP CORP MTN BE	4.650	10/17/2021	Corporate	1.11

Sector Allocation



Term Structure



PERFORMANCE ATTRIBUTION, *Aggregate Fixed Income*

	Sep-13	First Quarter	Second Quarter	Third Quarter	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
CS McKee Aggregate	0.78	0.02	-2.21	0.45	-1.75	5.09	8.62	7.05	8.73	7.17	7.61	5.07	3.56	4.74	4.42	10.32	8.92	11.58	-0.53
Barclays Aggregate Index	0.95	-0.12	-2.32	0.57	-1.89	4.22	7.84	6.54	5.93	5.24	6.97	4.33	2.43	4.34	4.10	10.25	8.44	11.63	-0.82
Relative Performance	**-0.17**	**0.14**	**0.11**	**-0.12**	**0.14**	**0.87**	**0.78**	**0.51**	**2.80**	**1.93**	**0.64**	**0.74**	**1.13**	**0.40**	**0.32**	**0.07**	**0.48**	**-0.05**	**0.29**
Relative Performance Breakdown																			
Duration Decision	**-0.130**	**0.030**	**0.385**	**-0.105**	**0.320**	**-0.355**	**-1.065**	**-0.080**	**-0.340**	**0.060**	**-0.240**	**0.160**	**0.015**	**-0.120**	**0.020**	**-0.440**	**0.030**	**-0.06**	**-0.07**
Yield Curve Decision	**-0.020**	**0.005**	**-0.050**	**-0.020**	**-0.065**	**-0.020**	**0.155**	**0.090**	**0.090**	**-0.260**	**-0.110**	**0.010**	**0.165**	**0.080**	**0.130**	**-0.280**	**-0.060**	**0.03**	**-0.01**
Sector Allocation Decision	**-0.120**	**0.055**	**-0.120**	**-0.110**	**-0.175**	**0.840**	**0.110**	**-0.170**	**1.220**	**1.800**	**0.520**	**-0.040**	**0.250**	**-0.350**	**-0.280**	**0.290**	**0.450**	**-0.340**	**0.330**
US Agencies	*0.035*	*0.010*	*-0.120*	*0.000*	*-0.110*	*0.230*	*0.060*	*0.240*	*0.390*	*-0.220*	*-0.280*	*0.405*	*0.100*	*0.270*	*0.050*	*0.020*	*-0.060*	*-0.04*	*0.03*
Other Government	*-0.015*	*-0.005*	*0.020*	*-0.010*	*0.005*	*-0.230*	*0.085*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.00*	*0.00*
MBS	*-0.135*	*0.025*	*0.075*	*-0.200*	*-0.100*	*-0.155*	*0.170*	*-0.650*	*-1.660*	*1.015*	*0.530*	*-0.350*	*0.095*	*-0.475*	*-0.040*	*-0.020*	*0.090*	*-0.05*	*0.10*
ABS	*0.000*	*0.000*	*0.000*	*-0.005*	*-0.005*	*0.015*	*0.000*	*0.000*	*-0.080*	*0.135*	*0.060*	*-0.010*	*0.000*	*-0.015*	*-0.020*	*0.000*	*0.000*	*0.00*	*0.00*
CMBS	*0.015*	*-0.005*	*-0.020*	*0.015*	*-0.010*	*0.335*	*-0.015*	*0.140*	*0.640*	*0.500*	*0.210*	*-0.035*	*-0.010*	*-0.060*	*-0.090*	*-0.020*	*-0.010*	*0.00*	*0.00*
Closed End Term Trusts/ETF's	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.050*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.220*	*0.280*	*0.00*	*0.00*
Corporate	*-0.020*	*0.030*	*-0.075*	*0.090*	*0.045*	*0.645*	*-0.190*	*0.100*	*1.930*	*0.320*	*0.000*	*-0.050*	*0.065*	*-0.070*	*-0.180*	*0.090*	*0.150*	*-0.25*	*0.20*
Security Selection Decision	**0.100**	**0.050**	**-0.105**	**0.115**	**0.060**	**0.405**	**1.580**	**0.670**	**1.830**	**0.330**	**0.470**	**0.610**	**0.700**	**0.790**	**0.450**	**0.500**	**0.060**	**0.320**	**0.040**
US Treasury (US TIPS)	*0.020*	*0.020*	*-0.115*	*0.025*	*-0.070*	*0.290*	*0.355*	*-0.490*	***3.150***	*-1.490*	*0.070*	*0.020*	*0.100*	*0.000*	*0.130*	*0.230*	*0.090*	*-0.080*	*0.000*
US Agencies	*-0.095*	*0.095*	*0.175*	*-0.155*	*0.115*	*0.805*	*0.335*	*0.740*	*-0.420*	*0.170*	*-0.070*	*0.590*	*0.510*	*0.730*	*0.270*	*0.270*	*-0.070*	*0.060*	*0.020*
Other Government	*-0.035*	*-0.025*	*-0.010*	*-0.005*	*-0.040*	*0.005*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*
MBS	*0.010*	*-0.015*	*-0.025*	*0.010*	*-0.030*	*0.025*	*0.100*	*0.090*	*0.030*	*-0.290*	*-0.010*	*-0.005*	*0.000*	*-0.060*	*-0.080*	*-0.060*	*0.010*	*-0.020*	*0.030*
CMO	*-0.010*	*0.015*	*0.000*	*-0.005*	*0.010*	*0.020*	*-0.005*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*
ABS	*-0.005*	*0.000*	*0.005*	*0.005*	*0.010*	*-0.005*	*-0.015*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*-0.100*	*-0.300*	*0.000*	*0.000*	*0.000*
CMBS	*-0.015*	*-0.010*	*-0.020*	*-0.005*	*-0.035*	*-0.290*	*-0.030*	*-0.240*	*-0.470*	*0.690*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*
Corporate	*0.230*	*-0.030*	*-0.115*	*0.245*	*0.100*	*-0.445*	*0.840*	*0.570*	*-0.460*	*1.250*	*0.480*	*0.005*	*0.090*	*0.120*	*0.230*	*0.360*	*0.030*	*0.360*	*-0.010*

ECONOMIC PERSPECTIVE, *Third Quarter 2013*

Two wrongs don't make a right. Neither do three or four. It's a phrase we've all heard, one that applies to legal infractions and equally to issues of common sense. Apparently, such home-spun wisdom does not apply to monetary policy. Even immediate tapering would not fix or unwind the continuing effects of quantitative easing in its multiple incarnations.

Our concern as we approached the summer months of this year centered on the economy's tendency to fall short of forecast growth in the second half. That was the pattern in each of the previous three years, leading to continued or additional stimulus from the Fed. So we were more than a little surprised when Fed Chairman Bernanke "piled on" the pummeling of the bond market with his mid-June comments regarding not only the planned initiation of QE3 tapering, but the expected conclusion of this measure of stimulus by mid-2014. The effects of years of government prodding toward greater risk assumption in pursuit of yield were already in the process of being unwound. Mortgage rates were on the rise and borrower applications had been falling each week of the previous month. We felt the timing for the beginning of the end of stimulus was good.

Fast forward to September. Having driven the yield on the 10-year Treasury to the psychologically important 3% level, the Fed abruptly dispelled investors' fear of tapering with its decision to delay a reduction in Treasury and mortgage purchases. Passing on the opportunity to both calm the market (and still produce a drop in rates, in our opinion) the Fed whipsawed the market, leaving participants with heightened focus on every economic report. The decision to delay a reduction in stimulus was based on various domestic and international economic concerns, not on the modest slowing in job growth during the summer months. We think the expectation of a government shutdown and the looming debt-ceiling debate factored into the decision.

Though the latest employment report from the Bureau of Labor Statistics is delayed by the government shutdown, we believe the economy remains on pace to add somewhere between 125,000 and 150,000 new jobs per month between now and the first quarter of 2014. Holiday sales should mimic the growth seen in the back-to-school period, rising by 3% versus last year's comparable period. The effect of distractions from the government (shutdown, debt ceiling, Obamacare) will fade as we near year-end, giving us a cleaner look at what should be 2.5% GDP growth, increasing monthly job gains, and sub-2% inflation in early 2014. We dare say growth will continue throughout the coming year as increased capital spending joins with strength in manufacturing and housing, satisfying even the most dovish of Fed Open Market Committee members that quantitative easing should be consigned to the record books.

FIXED INCOME COMMENTARY, *Third Quarter 2013*

Investors were caught off guard by the Fed's decision to delay a change to its monthly bond purchases, sending interest rates lower and boosting equity prices. Though the pace of expected economic growth had slowed only modestly in the few weeks preceding the FOMC meeting on September 17 and 18, the Fed undoubtedly responded to the precipitous drop in mortgage originations over the summer. The post-meeting discussion made reference to "tightening financial conditions," though little evidence of a general contraction in credit availability can be found. Losses in bond prices were pared following the vote to continue the $85 billion in monthly bond purchases (plus reinvestment of mortgage principal pay-downs), and the rate on a 30-year conforming mortgage has fallen approximately 30 basis points (0.3%) from the recent highs.

Corporate bonds enjoyed a healthy rebound in July, reversing the carnage that marked the end of the second quarter. The sector lagged Treasuries modestly in August and September, though opportunities to add value did arise. None was greater than the whopping $49 billion in new securities issued by Verizon, as part of that firm's $130 billion buyout of Vodafone's stake in Verizon Wireless. Yield spreads were, to say the least, generous on these securities, drawing the attention of investor types not usually seen in bond deals. We increased our portfolio allocation to the name to nearly 2%, buying bonds with 7-year and 30-year maturities, paring modestly after significant price increases from spread-contraction and a falling yield curve.

The agency sector also presented us with opportunities during the third quarter, especially in long callable securities. Broker firms' bloated inventories following the volatility of May and June left those firms anxious to reduce their holdings. Having reduced our risk in this sector earlier in the year, we were willing and able to increase portfolio yield at very attractive levels.

Conservative positioning with respect to duration was a drag on performance during the quarter as bond prices rose in response to the outcome of the FOMC meeting in September. Despite the setback in benchmark-relative performance during the final month of the quarter, we continue to position our clients' portfolios for rising bond yields and inflation. Further reductions in portfolio duration, including the adoption of more conservative benchmark indices, assist us in our efforts to preserve principal in a down market. While investors are cognizant of the risk of negative returns in fixed income, those with a long-term asset allocation and viewpoint recognize the benefits of a balanced portfolio and the double-digit gains provided by most equity markets this year.

Though we don't expect the government shutdown to extend past the October 17 debt-ceiling deadline or significantly alter the pace of economic growth this quarter, we think the first "tapering" move by the Fed will not be seen until early next year. A new Fed chairperson (most likely Janet Yellen), resolution of the debt-ceiling issue, and greater experience and comfort with Obamacare will provide the backdrop for increasing consumer confidence and capital spending plans, the foundation of sound economic growth.

Portfolio Summary

As of: 9/30/2013

90477

Bay County VEBA

Asset Class	Total Cost	Weight at Cost	Market Value	Accrued Income	Total Value	Weight at Market
Fixed Income	**$13,903,919.75**	**98.92%**	**$13,588,770.10**	**$109,110.10**	**$13,697,880.20**	**98.91%**
Cash	**$151,374.72**	**1.08%**	**$151,374.72**	**$0.00**	**$151,374.72**	**1.09%**
Total Portfolio	**$14,055,294.47**	**100.00%**	**$13,740,144.82**	**$109,110.10**	**$13,849,254.92**	**100.00%**

Portfolio Holdings

As of: 9/30/2013

90477

Bay County VEBA

Fixed Income

Description	Issue	Rating	Shares	Unit Cost	Total Cost	Weight at Cost	Market Price	Market Value	Accrued Income	Total Value	Weight at Market
Asset Backed Securities											
SLM PRIVATE ST LN TR	0.454 JUN 15 21	AA-	56,091.24	0.96	53,689.83	0.38%	98.30	55,139.15	11.36	55,150.50	0.40%
CMO											
FNMA REMIC TRUST	3.750 FEB 25 31	AA+	7,486.24	1.03	7,678.07	0.05%	100.14	7,496.86	23.39	7,520.26	0.05%
FHLMC REMIC SERIES	4.500 AUG 15 27	AA+	8,287.40	1.04	8,587.82	0.06%	102.96	8,532.30	31.08	8,563.38	0.06%
GNMA REMIC TRUST	4.500 OCT 20 37	AA+	117,899.09	1.04	122,983.49	0.87%	103.92	122,515.66	442.12	122,957.79	0.89%
GNMA REMIC TRUST	2.000 MAY 20 39	AA+	59,590.58	1.02	60,745.15	0.43%	99.09	59,048.19	99.32	59,147.50	0.43%
Commercial MBS											
BANC AMER CMBS 2005-	5.115 OCT 10 45	AAA	75,000.00	1.11	83,595.70	0.59%	106.92	80,192.48	319.69	80,512.16	0.58%
BANC AMER CMBS 2007-	5.633 APR 10 49	AAA	14,912.95	1.03	15,378.98	0.11%	101.18	15,088.37	70.02	15,158.39	0.11%
BEAR STEARNS CMBS	5.116 FEB 11 41	NA	100,000.00	1.10	109,593.75	0.78%	104.56	104,563.60	426.33	104,989.93	0.76%
BEAR STEARNS CMBS 20	5.293 OCT 12 42	NA	63,000.00	1.10	69,560.86	0.49%	106.99	67,403.83	277.87	67,681.69	0.49%
CFCRE COML MTG TR	1.558 DEC 17 47	NA	33,812.70	1.00	33,939.50	0.24%	100.59	34,011.86	43.89	34,055.75	0.25%
COMM MTG TR	3.147 AUG 17 45	NA	33,000.00	1.02	33,822.87	0.24%	97.32	32,114.78	86.54	32,201.32	0.23%
COMM MTG TR	4.380 JUL 12 45	AAA	69,000.00	1.03	71,067.65	0.51%	104.26	71,940.78	251.82	72,192.60	0.52%
CITIGROUP COML MTG	5.605 APR 17 40	AAA	11,830.06	1.05	12,454.84	0.09%	101.51	12,009.13	53.42	12,062.55	0.09%
GMAC COML MTG SECS	4.547 DEC 10 41	AAA	36,744.12	1.03	37,938.30	0.27%	100.25	36,835.14	139.23	36,974.36	0.27%
GS MORTGAGE SECS	5.396 AUG 10 38	AAA	91,873.32	1.06	97,723.07	0.70%	101.95	93,667.70	413.12	94,080.82	0.68%
LB-UBS CMBS 2004-C4	5.710 JUN 15 29	AAA	25,000.00	1.08	26,911.13	0.19%	101.60	25,398.88	79.31	25,478.18	0.18%
LB-UBS CMBS 2006-C1	5.156 FEB 15 31	AAA	16,000.00	1.12	17,872.50	0.13%	107.52	17,203.63	45.83	17,249.46	0.12%
MORGAN STANLEY CAP 2	5.520 JUN 15 38	AAA	18,577.96	1.07	19,893.66	0.14%	101.72	18,897.54	85.46	18,982.99	0.14%
UBS-BARCLY COML MTG	3.525 MAY 11 63	NA	20,000.00	1.02	20,398.70	0.15%	99.14	19,828.48	58.75	19,887.23	0.14%
UBS COML MTG TR	2.180 MAY 12 45	NA	15,000.00	1.01	15,224.99	0.11%	102.11	15,317.00	27.25	15,344.25	0.11%
UBS-BARCLY COML MTG	2.533 DEC 12 45	AAA	27,000.00	1.02	27,674.94	0.20%	97.00	26,189.73	56.99	26,246.72	0.19%
WFRBS COML MTG TR	3.198 MAR 17 48	AAA	40,000.00	1.03	41,199.20	0.29%	96.13	38,453.20	106.60	38,559.80	0.28%

Portfolio Holdings

As of: 9/30/2013

90477

Bay County VEBA

Description	Issue	Rating	Shares	Unit Cost	Total Cost	Weight at Cost	Market Price	Market Value	Accrued Income	Total Value	Weight at Market
Corporates											
AT&T INC	1.600 FEB 15 17	A-	91,000.00	1.00	90,958.71	0.65%	100.23	91,213.30	186.04	91,399.35	0.66%
AT&T INC	2.625 DEC 01 22	A-	105,000.00	1.00	104,651.34	0.74%	89.63	94,106.25	918.75	95,025.00	0.69%
AMAZON COM INC	2.500 NOV 29 22	AA-	70,000.00	0.99	69,429.85	0.49%	91.14	63,798.42	593.06	64,391.48	0.46%
AMERICAN EXPRESS CR	2.800 SEP 19 16	A-	61,000.00	1.04	63,213.83	0.45%	104.63	63,821.25	56.93	63,878.18	0.46%
AMERICAN EXPRESS CR	1.300 JUL 29 16	A-	37,000.00	1.00	36,991.49	0.26%	100.59	37,219.71	82.84	37,302.54	0.27%
ANHEUSER BUSCH INBEV	7.750 JAN 15 19	A	25,000.00	1.27	31,658.75	0.23%	125.83	31,457.03	409.03	31,866.05	0.23%
APPLE INC	3.850 MAY 04 43	AA+	50,000.00	0.82	40,867.50	0.29%	83.80	41,898.45	791.39	42,689.84	0.31%
BHP BILLITON FIN USA	1.875 NOV 21 16	A+	40,000.00	1.03	41,125.20	0.29%	102.13	40,850.00	270.83	41,120.83	0.30%
BP CAP MKTS P L C	3.200 MAR 11 16	A	128,000.00	1.07	136,468.48	0.97%	104.98	134,380.03	227.56	134,607.59	0.97%
BANK AMER CORP	2.000 JAN 11 18	A-	131,000.00	1.00	131,022.27	0.93%	98.34	128,830.38	582.22	129,412.60	0.93%
BERKSHIRE HATHAWAY F	3.000 MAY 15 22	AA	84,000.00	1.02	85,289.48	0.61%	97.13	81,585.00	952.00	82,537.00	0.60%
CSX TRANS INC 2007-1	6.251 JAN 15 23	A	97,735.29	1.21	117,819.89	0.84%	116.92	114,272.10	1,289.77	115,561.87	0.83%
CATERPILLAR INC DEL	7.900 DEC 15 18	A	116,000.00	1.37	159,273.80	1.13%	127.64	148,063.10	2,698.29	150,761.38	1.09%
CHEVRON CORP NEW	2.355 DEC 05 22	AA	67,000.00	1.00	67,109.98	0.48%	92.06	61,681.88	508.42	62,190.29	0.45%
CISCO SYS INC	5.900 FEB 15 39	A+	62,000.00	1.33	82,252.92	0.59%	116.00	71,920.00	467.41	72,387.41	0.52%
CITIGROUP INC	4.450 JAN 10 17	A-	138,000.00	1.10	152,261.31	1.08%	108.28	149,428.19	1,381.73	150,809.92	1.09%
COCA COLA CO	3.150 NOV 15 20	AA-	71,000.00	1.08	76,884.48	0.55%	102.91	73,063.47	844.90	73,908.37	0.53%
COMCAST CORP NEW	6.300 NOV 15 17	A-	57,000.00	1.21	68,948.34	0.49%	117.83	67,162.02	1,356.60	68,518.62	0.49%
CONOCOPHILLIPS	5.750 FEB 01 19	A	55,000.00	1.23	67,750.10	0.48%	116.61	64,135.17	527.08	64,662.25	0.47%
DISNEY WALT CO MTNS	3.750 JUN 01 21	A	81,000.00	1.11	89,938.35	0.64%	104.97	85,024.73	1,012.50	86,037.23	0.62%
DISNEY WALT CO MTNS	2.750 AUG 16 21	A	41,000.00	1.00	40,798.28	0.29%	97.80	40,096.73	140.94	40,237.67	0.29%
FEDERAL EXPRESS PASS	6.720 JUL 15 23	BBB+	110,427.28	1.22	134,859.32	0.96%	116.25	128,371.71	1,566.60	129,938.31	0.94%
GENERAL ELECTRIC CO	2.700 OCT 09 22	AA+	60,000.00	1.00	60,029.38	0.43%	94.33	56,596.86	774.00	57,370.86	0.41%
GENERAL ELEC CAP COR	4.650 OCT 17 21	AA+	184,000.00	1.12	205,544.29	1.46%	106.58	196,103.70	3,897.73	200,001.44	1.44%
GEORGE WASHINGTON UN	3.485 SEP 15 22	A+	105,000.00	1.01	105,883.08	0.75%	98.77	103,703.88	162.63	103,866.51	0.75%
GEORGE WASHINGTON UN	1.827 SEP 15 17	A+	18,000.00	1.00	18,000.00	0.13%	97.84	17,611.87	14.62	17,626.48	0.13%
GLAXOSMITHKLINE CAP	5.650 MAY 15 18	A+	54,000.00	1.20	64,896.12	0.46%	116.41	62,859.40	1,152.60	64,012.00	0.46%
GOLDMAN SACHS GROUP	2.375 JAN 22 18	A-	123,000.00	1.00	123,097.81	0.88%	99.30	122,135.19	559.91	122,695.09	0.89%
GOOGLE INC	3.625 MAY 19 21	AA	60,000.00	1.12	67,000.20	0.48%	104.73	62,840.64	797.50	63,638.14	0.46%
INTEL CORP	2.700 DEC 15 22	A+	37,000.00	1.00	36,976.86	0.26%	92.88	34,363.75	294.15	34,657.90	0.25%

Portfolio Holdings

As of: 9/30/2013

90477

Bay County VEBA

Description	Issue	Rating	Shares	Unit Cost	Total Cost	Weight at Cost	Market Price	Market Value	Accrued Income	Total Value	Weight at Market
Corporates											
INTL BUSINESS MCHN	5.700 SEP 14 17	AA-	125,000.00	1.22	152,513.50	1.09%	115.80	144,746.13	336.46	145,082.58	1.05%
JPMORGAN CHASE & CO	3.150 JUL 05 16	A	106,000.00	1.02	108,558.86	0.77%	104.92	111,217.21	797.65	112,014.86	0.81%
LOYOLA UNIVERSITY CH	3.199 JUL 01 22	A	31,000.00	1.02	31,666.19	0.23%	95.55	29,619.54	247.92	29,867.46	0.22%
MICROSOFT CORP	4.200 JUN 01 19	AAA	65,000.00	1.17	76,023.35	0.54%	110.42	71,774.24	910.00	72,684.24	0.52%
MORGAN STANLEY	4.750 MAR 22 17	A-	66,000.00	1.11	72,944.85	0.52%	107.97	71,259.41	78.38	71,337.78	0.52%
NATIONAL RURAL UTILS	10.375 NOV 01 18	A+	62,000.00	1.46	90,260.24	0.64%	137.39	85,182.17	2,680.21	87,862.38	0.63%
NBCUNIVERSAL MEDIA L	4.375 APR 01 21	A-	67,000.00	1.12	75,215.54	0.54%	107.66	72,129.72	1,465.63	73,595.35	0.53%
OCCIDENTAL PETE CORP	4.100 FEB 01 21	A	83,000.00	1.03	85,270.88	0.61%	104.72	86,916.60	567.17	87,483.77	0.63%
PNC FUNDING CORP	3.300 MAR 08 22	A-	55,000.00	1.04	57,240.15	0.41%	97.72	53,745.34	115.96	53,861.30	0.39%
PACIFICORP	3.850 JUN 15 21	A	101,000.00	1.10	111,318.16	0.79%	105.05	106,097.37	1,144.95	107,242.32	0.77%
PEPSICO INC	7.900 NOV 01 18	A-	70,000.00	1.37	95,727.40	0.68%	127.30	89,107.83	2,304.17	91,412.00	0.66%
PEPSICO INC	3.000 AUG 25 21	A-	89,000.00	0.98	87,452.29	0.62%	98.56	87,720.63	267.00	87,987.63	0.64%
PHILIP MORRIS INTL I	5.650 MAY 16 18	A	45,000.00	1.22	54,688.05	0.39%	115.73	52,080.48	953.44	53,033.92	0.38%
PROCTER & GAMBLE CO	1.450 AUG 15 16	AA-	40,000.00	1.02	40,835.20	0.29%	101.63	40,650.00	74.11	40,724.11	0.29%
PROCTER & GAMBLE CO	3.100 AUG 15 23	AA-	104,000.00	0.99	103,327.12	0.74%	98.84	102,797.55	429.87	103,227.42	0.75%
ROYAL BANK OF CANADA	2.000 OCT 01 18	NA	78,000.00	1.00	77,940.72	0.55%	100.48	78,374.09	0.00	78,374.09	0.57%
SHELL INTERNATIONAL	2.250 JAN 06 23	AA	122,000.00	0.96	117,635.48	0.84%	90.06	109,876.25	648.13	110,524.38	0.80%
U S BANCORP MTN SUB	2.950 JUL 15 22	A	124,000.00	1.01	125,034.54	0.89%	94.08	116,656.84	772.24	117,429.09	0.85%
VERIZON COMMUNICATIO	6.400 FEB 15 38	BBB+	34,000.00	1.04	35,289.28	0.25%	110.11	37,437.20	278.04	37,715.24	0.27%
VERIZON COMMUNICATIO	8.750 NOV 01 18	BBB+	83,000.00	1.39	115,011.12	0.82%	128.47	106,629.10	3,026.04	109,655.15	0.79%
VERIZON COMMUNICATIO	3.850 NOV 01 42	BBB+	35,000.00	0.75	26,288.85	0.19%	78.97	27,639.08	561.46	28,200.54	0.20%
VERIZON COMMUNICATIO	6.550 SEP 15 43	BBB+	116,000.00	1.02	118,613.31	0.84%	112.89	130,953.10	274.37	131,227.47	0.95%
WAL-MART STORES INC	6.500 AUG 15 37	AA	131,000.00	1.37	179,572.18	1.28%	124.13	162,603.75	1,088.03	163,691.78	1.18%
WELLS FARGO & CO NEW	5.625 DEC 11 17	A+	84,000.00	1.15	96,867.96	0.69%	114.89	96,508.10	1,443.75	97,951.85	0.71%
WELLS FARGO CO MTN B	1.250 JUL 20 16	A+	49,000.00	1.00	48,952.96	0.35%	100.05	49,022.98	105.49	49,128.47	0.35%
Mortgage Backed Securities											
FHLMC PC GOL Q13086	3.000 NOV 01 42	AA+	23,899.07	1.05	25,052.95	0.18%	97.42	23,282.93	59.75	23,342.68	0.17%
FNMA PASSTHRU AH9719	4.500 APR 01 41	AA+	28,182.70	1.06	29,996.96	0.21%	106.95	30,142.27	105.69	30,247.96	0.22%
FNMA PASSTHRU AK4940	3.500 MAR 01 42	AA+	31,899.24	1.03	32,964.62	0.23%	101.88	32,497.35	93.04	32,590.39	0.24%

Portfolio Holdings

As of: 9/30/2013

90477

Bay County VEBA

Description	Issue	Rating	Shares	Unit Cost	Total Cost	Weight at Cost	Market Price	Market Value	Accrued Income	Total Value	Weight at Market
Mortgage Backed Securities											
FNMA PASSTHRU AO8044	3.500 JUL 01 42	AA+	23,046.49	1.07	24,717.36	0.18%	101.94	23,493.02	67.22	23,560.23	0.17%
FNMA PASSTHRU AP3108	3.500 OCT 01 42	AA+	41,236.67	1.07	44,039.47	0.31%	101.88	42,009.86	120.27	42,130.13	0.30%
FNMA PASSTHRU AP7553	3.000 SEP 01 42	AA+	34,076.94	1.05	35,626.38	0.25%	97.78	33,320.87	85.19	33,406.07	0.24%
FNMA PASSTHRU AR7391	3.000 JUN 01 43	AA+	30,797.27	1.03	31,687.51	0.23%	97.78	30,113.97	76.99	30,190.96	0.22%
FNMA PASSTHRU 877118	3.500 JAN 01 41	AA+	198,587.36	1.04	206,375.71	1.47%	101.88	202,310.87	579.21	202,890.09	1.46%
FNMA PASSTHRU MA0514	4.000 SEP 01 40	AA+	73,302.56	1.05	77,196.76	0.55%	104.92	76,910.44	244.34	77,154.78	0.56%
FNMA PASSTHRU MA1018	3.000 MAR 01 27	AA+	218,653.81	1.04	227,946.60	1.62%	103.64	226,614.12	546.63	227,160.76	1.64%
FNMA PASSTHRU MA1029	3.500 APR 01 32	AA+	29,438.59	1.06	31,342.90	0.22%	103.88	30,579.34	85.86	30,665.20	0.22%
FNMA PASSTHRU MA1063	3.000 MAY 01 22	AA+	20,485.65	1.05	21,596.36	0.15%	104.64	21,436.31	51.21	21,487.52	0.16%
FNMA PASSTHRU AE6057	4.000 OCT 01 40	AA+	194,700.15	1.06	205,819.36	1.46%	104.91	204,252.72	649.00	204,901.72	1.48%
Other Government											
FLORIDA HURRICANE CA	1.298 JUL 01 16	AA-	50,000.00	1.00	50,000.00	0.36%	99.55	49,773.45	162.25	49,935.70	0.36%
INTERNATIONAL BK FOR	2.125 FEB 13 23	AAA	32,000.00	0.99	31,814.08	0.23%	94.26	30,163.20	90.67	30,253.87	0.22%
MANITOBA PROV	9.500 SEP 15 18	AA	22,000.00	1.44	31,664.82	0.23%	145.32	31,970.62	91.62	32,062.24	0.23%
OHIO ST UNIV GEN RCP	4.910 JUN 01 40	AA	160,000.00	1.13	180,643.20	1.29%	101.73	162,775.04	2,618.67	165,393.71	1.19%
ONTARIO PROV CDA	1.200 FEB 14 18	AA-	125,000.00	1.00	124,867.50	0.89%	98.23	122,793.00	195.83	122,988.83	0.89%
QUEBEC PROV	7.125 FEB 09 24	A+	178,000.00	1.39	246,629.68	1.75%	128.54	228,802.98	1,831.92	230,634.90	1.67%
UNITED MEXICAN STS M	4.000 OCT 02 23	BBB	44,000.00	1.00	43,798.92	0.31%	99.38	43,725.00	0.00	43,725.00	0.32%
US Agencies											
ALLY BANK FDIC CD	1.100 AUG 10 15	AA+	141,000.00	0.99	140,259.75	1.00%	100.48	141,683.00	229.46	141,912.47	1.02%
ALLY BANK FDIC CD	1.150 SEP 14 15	AA+	35,000.00	1.00	34,825.00	0.25%	100.44	35,153.13	20.95	35,174.08	0.25%
ALLY BANK FDIC CD	0.900 DEC 21 15	AA+	69,000.00	1.00	68,668.80	0.49%	100.05	69,032.36	176.94	69,209.30	0.50%
AMEX CENT BK FDIC CD	1.700 JUL 26 17	AA+	245,000.00	0.99	242,856.25	1.73%	100.59	246,454.81	764.53	247,219.34	1.79%
BMW USA BK FDIC CD	1.000 SEP 21 15	AA+	245,000.00	1.00	243,775.00	1.73%	100.42	246,033.66	67.12	246,100.78	1.78%
BARCLAYS BK USA FDIC	0.000 MAR 26 18	AA+	175,000.00	1.00	175,000.00	1.25%	96.75	169,312.50	26.37	169,338.87	1.22%
CIT BANK FDIC CD	2.100 JUL 25 19	AA+	245,000.00	0.99	242,182.50	1.72%	98.63	241,631.25	958.52	242,589.77	1.75%
COMPASS BK FDIC CD	1.150 JUN 29 15	AA+	138,000.00	0.99	137,206.50	0.98%	100.53	138,733.19	408.71	139,141.90	1.00%
DISCOVER BK FDIC CD	1.750 MAY 02 17	AA+	137,000.00	0.99	135,801.25	0.97%	100.92	138,263.00	998.41	139,261.41	1.01%
DISCOVER BK FDIC CD	1.750 MAY 09 17	AA+	108,000.00	0.99	107,055.00	0.76%	100.91	108,978.80	750.82	109,729.63	0.79%

Portfolio Holdings

As of: 9/30/2013

90477

Bay County VEBA

Description	Issue	Rating	Shares	Unit Cost	Total Cost	Weight at Cost	Market Price	Market Value	Accrued Income	Total Value	Weight at Market
US Agencies											
FEDERAL HOME LN MTG	5.625 NOV 23 35	AA+	154,000.00	1.12	172,960.30	1.23%	106.91	164,641.40	3,080.00	167,721.40	1.21%
FEDERAL HOME LOAN BA	2.900 SEP 05 25	AA+	100,000.00	0.92	91,645.00	0.65%	91.40	91,395.00	209.44	91,604.44	0.66%
FEDERAL HOME LOAN BA	3.170 OCT 04 27	AA+	40,000.00	0.88	35,268.00	0.25%	91.04	36,416.00	623.43	37,039.43	0.27%
FEDERAL HOME LOAN BA	3.300 MAY 07 32	AA+	95,000.00	0.90	85,072.50	0.61%	84.32	80,104.00	1,254.00	81,358.00	0.59%
FEDERAL FARM CR BKS	2.980 AUG 21 26	AA+	59,000.00	0.91	53,560.20	0.38%	90.49	53,386.15	195.36	53,581.51	0.39%
FEDERAL HOME LN MTG	3.100 APR 25 28	AA+	74,000.00	0.91	67,551.64	0.48%	90.27	66,799.80	994.07	67,793.87	0.49%
FEDERAL NTL MTG ASSN	6.000 APR 18 36	AA+	968,000.00	1.15	1,112,719.83	7.92%	110.40	1,068,623.60	26,297.33	1,094,920.93	7.91%
FEDERAL NTL MTG ASSN	5.950 NOV 07 36	AA+	166,000.00	1.01	168,212.28	1.20%	100.46	166,755.30	3,950.80	170,706.10	1.23%
FEDERAL NTL MTG ASSN	3.000 MAR 01 28	AA+	70,000.00	0.91	63,700.00	0.45%	92.52	64,760.50	175.00	64,935.50	0.47%
FEDERAL NTL MTG ASSN	1.500 AUG 14 23 SU	AA+	186,000.00	1.00	186,000.00	1.32%	99.55	185,163.00	364.25	185,527.25	1.34%
GE RETAIL BK FDIC CD	1.850 APR 27 17	AA+	240,000.00	0.99	238,410.00	1.70%	100.95	242,287.44	1,909.81	244,197.25	1.76%
GE CAPITL BK FDIC CD	1.750 MAY 04 17	AA+	245,000.00	0.99	242,856.25	1.73%	100.59	246,454.81	1,761.99	248,216.80	1.79%
GOLD SACHS FDIC CD	1.850 MAY 02 17	AA+	245,000.00	0.99	242,856.25	1.73%	101.06	247,603.13	1,887.51	249,490.63	1.80%
SALLIEMAE BK FDIC CD	1.750 AUG 15 17	AA+	217,000.00	0.99	215,101.25	1.53%	100.56	218,220.63	488.99	218,709.62	1.58%
SALLIEMAE BK FDIC CD	1.700 AUG 22 17	AA+	30,000.00	0.99	29,737.50	0.21%	100.53	30,159.39	55.89	30,215.28	0.22%
BK INDIA NY FDIC CD	0.900 JAN 25 16	AA+	245,000.00	1.00	243,824.00	1.73%	99.84	244,617.31	410.79	245,028.10	1.77%
TENNESSEE VALLEY AUT	5.880 APR 01 36	AA+	56,000.00	1.39	77,869.60	0.55%	119.58	66,963.74	1,646.40	68,610.14	0.50%
US Treasuries											
UNITED STATES TREAS	0.625 FEB 15 43	AA+	340,363.35	0.84	286,432.84	2.04%	82.23	279,880.78	271.69	280,152.47	2.02%
UNITED STATES TREAS	2.875 MAY 15 43	AA+	22,000.00	0.83	18,284.06	0.13%	84.90	18,676.90	238.91	18,915.81	0.14%
UNITED STATES TREAS	1.250 APR 15 14	AA+	133,554.96	1.04	139,142.06	0.99%	100.88	134,723.57	770.86	135,494.43	0.98%
UNITED STATES TREAS	0.500 APR 15 15	AA+	402,052.97	1.04	419,162.30	2.98%	102.24	411,038.85	928.24	411,967.09	2.97%
UNITED STATES TREAS	1.500 AUG 31 18	AA+	61,000.00	0.99	60,494.14	0.43%	100.67	61,408.70	78.36	61,487.06	0.44%
UNITED STATES TREAS	1.625 AUG 15 22	AA+	98,000.00	0.94	92,418.12	0.66%	93.18	91,311.50	203.39	91,514.89	0.66%
UNITED STATES TREAS	1.625 NOV 15 22	AA+	78,000.00	0.97	75,912.58	0.54%	92.61	72,231.90	478.76	72,710.66	0.53%
UNITED STATES TREAS	0.125 JAN 15 23	AA+	93,104.00	1.02	94,946.87	0.68%	97.37	90,655.36	24.67	90,680.03	0.65%
UNITED STATES TREAS	0.125 APR 15 18	AA+	163,704.24	1.02	166,247.38	1.18%	103.09	168,754.52	94.49	168,849.00	1.22%
UNITED STATES TREAS	2.500 AUG 15 23	AA+	82,000.00	0.97	79,407.34	0.56%	98.99	81,171.80	261.82	81,433.62	0.59%
UNITED STATES TREAS	2.125 AUG 31 20	AA+	28,000.00	0.99	27,826.76	0.20%	100.89	28,249.20	50.95	28,300.15	0.20%

Portfolio Holdings

As of: 9/30/2013

90477

Bay County VEBA

Description	Issue	Rating	Shares	Unit Cost	Total Cost	Weight at Cost	Market Price	Market Value	Accrued Income	Total Value	Weight at Market
US Treasuries											
UNITED STATES TREAS	2.000 SEP 30 20	AA+	143,000.00	0.99	141,704.92	1.01%	99.92	142,885.60	7.86	142,893.46	1.03%
Total Fixed Income					**$13,903,919.75**	**98.92%**		**$13,588,770.10**	**$109,110.10**	**$13,697,880.20**	**98.91%**
CASH	CASH		151,374.72	1.00	151,374.72	1.08%	1.00	$151,374.72	$0.00	$151,374.72	1.09%
	Total Portfolio				**$14,055,294.47**	**100.00%**		**$13,740,144.82**	**$109,110.10**	**$13,849,254.92**	**100.00%**

Portfolio Transactions

July 01, 2013 Through September 30, 2013

Bay County VEBA

Sales

Description	Issue	CUSIP	Trade Date	Shares	Average Price	Total Proceeds	Gain/Loss
Sales							
UNITED STATES TREAS	1.625 AUG 15 22	912828TJ9	07/01/2013	69,000	93.87	64,773.47	-4,410.16
FEDERAL FARM CR BKS	FLTG JAN 17 17	31331K6S4	07/02/2013	445,000	100.05	445,242.47	242.47
PFIZER INC	4.300 JUN 15 43	717081DE0	07/03/2013	50,000	99.23	49,614.00	-276.50
CONSOLIDATED EDISON	7.125 DEC 01 18	209111EV1	07/09/2013	23,000	124.46	28,625.11	-1,525.59
MERCK & CO INC NEW	2.800 MAY 18 23	58933YAF2	07/09/2013	65,000	94.96	61,725.95	-3,217.50
ORACLE CORP	3.625 JUL 15 23	68389XAS4	07/09/2013	24,000	99.92	23,980.08	196.56
PEPSICO INC	3.125 NOV 01 20	713448BR8	07/09/2013	89,000	101.31	90,165.90	-3,014.43
BMW USA BK FDIC CD	1.000 SEP 21 15	05568PZ26	07/11/2013	5,000	99.90	4,995.00	20.00
UNITED STATES TREAS	0.625 FEB 15 43	912810RA8	07/17/2013	34,421	84.34	29,029.07	-3,334.50
CONSOLIDATED EDISON	7.125 DEC 01 18	209111EV1	07/18/2013	2,000	125.68	2,513.52	-108.28
UNITED STATES TREAS	0.375 JUL 15 23	912828VM9	07/18/2013	26,024	100.21	26,077.34	76.28
FEDERAL HOME LN MTG	3.000 AUG 08 19	3134G3D56	07/23/2013	265,000	100.11	265,286.20	-3,146.88
FORD MTR CO DEL	4.750 JAN 15 43	345370CQ1	07/23/2013	18,000	91.61	16,489.08	0.00
UNITED STATES TREAS	0.625 FEB 15 43	912810RA8	07/26/2013	35,456	82.31	29,184.47	0.00
TENNESSEE VALLEY AUT	5.880 APR 01 36	880591CS9	07/29/2013	50,000	120.62	60,308.50	0.00
UNITED STATES TREAS	1.750 MAY 15 23	912828VB3	08/07/2013	29,000	92.56	26,843.13	-1,035.51
UNITED STATES TREAS	1.750 MAY 15 23	912828VB3	08/08/2013	110,000	92.89	102,175.39	-1,859.83
UNITED STATES TREAS	0.625 FEB 15 43	912810RA8	08/09/2013	11,155	84.60	9,436.58	-631.26
UNITED STATES TREAS	0.750 DEC 31 17	912828UE8	08/22/2013	28,000	96.90	27,132.66	-878.28
UNITED STATES TREAS	1.375 MAY 31 20	912828VF4	08/22/2013	33,000	94.22	31,092.19	-1,609.12
UNITED STATES TREAS	1.375 JUN 30 18	912828VK3	08/22/2013	69,000	98.63	68,056.64	-1,033.59
APPLE INC	2.400 MAY 03 23	037833AK6	08/29/2013	59,000	90.31	53,285.26	-2,653.23
PNC FUNDING CORP	3.300 MAR 08 22	693476BN2	08/29/2013	28,000	97.13	27,196.40	-1,314.74
UNITED STATES TREAS	1.750 MAY 15 23	912828VB3	08/30/2013	11,000	91.42	10,055.98	-73.46
ALABAMA PWR CO	5.650 MAR 15 35	010392EP9	09/04/2013	21,000	104.75	21,997.50	-1,007.94
ALABAMA PWR CO	5.650 MAR 15 35	010392EP9	09/04/2013	16,000	104.50	16,720.00	-807.95

Portfolio Transactions

July 01, 2013 Through September 30, 2013

90477

Bay County VEBA

Sales

Description	Issue	CUSIP	Trade Date	Shares	Average Price	Total Proceeds	Gain/Loss
Sales							
UNITED STATES TREAS	2.500 AUG 15 23	912828VS6	09/05/2013	36,000	96.36	34,689.38	-540.94
UNITED STATES TREAS	2.750 NOV 15 42	912810QY7	09/06/2013	66,000	80.40	53,062.97	-11,612.40
UNITED STATES TREAS	2.000 FEB 15 23	912828UN8	09/06/2013	88,000	92.94	81,785.00	-6,665.31
UNITED STATES TREAS	1.750 MAY 15 23	912828VB3	09/06/2013	112,000	90.45	101,298.75	-2,369.96
UNITED STATES TREAS	2.125 AUG 31 20	912828VV9	09/06/2013	21,000	98.62	20,709.61	-160.46
UNITED STATES TREAS	2.125 AUG 31 20	912828VV9	09/06/2013	14,000	98.33	13,766.48	0.00
FORD MTR CO DEL	4.750 JAN 15 43	345370CQ1	09/09/2013	33,000	88.34	29,151.87	0.00
UNITED STATES TREAS	2.500 AUG 15 23	912828VS6	09/09/2013	14,000	96.51	13,511.09	0.00
HOME DEPOT INC	3.750 FEB 15 24	437076BC5	09/10/2013	34,000	98.67	33,547.12	0.00
UNITED STATES TREAS	3.125 FEB 15 43	912810QZ4	09/11/2013	50,000	86.44	43,220.70	0.00
UNITED STATES TREAS	3.125 FEB 15 43	912810QZ4	09/11/2013	38,000	86.21	32,761.64	0.00
UNITED STATES TREAS	2.875 MAY 15 43	912810RB6	09/11/2013	43,000	81.89	35,212.97	0.00
UNITED STATES TREAS	1.625 AUG 15 22	912828TJ9	09/11/2013	12,000	90.40	10,848.28	0.00
OCCIDENTAL PETE CORP	2.700 FEB 15 23	674599CE3	09/13/2013	83,000	90.18	74,850.23	-5,254.73
VERIZON COMMUNICATIO	6.350 APR 01 19	92343VAV6	09/13/2013	24,000	115.29	27,669.36	504.00
FORD MTR CO DEL	4.750 JAN 15 43	345370CQ1	09/19/2013	12,000	90.16	10,818.60	0.00
FORD MTR CO DEL	4.750 JAN 15 43	345370CQ1	09/19/2013	18,000	90.03	16,206.12	0.00
INTEL CORP	2.700 DEC 15 22	458140AM2	09/24/2013	29,000	92.63	26,863.57	-2,012.60
INTERNATIONAL BK FOR	2.125 FEB 13 23	459058CY7	09/24/2013	68,000	93.90	63,854.04	-3,750.88
		Total Sales				**2,315,829.67**	**-63,266.72**
Principal Payments							
BEAR STEARNS CMBS	4.680 AUG 13 39	07383FXN3	07/01/2013	15,572	100.00	15,572.29	-622.28
CFCRE COML MTG TR	1.558 DEC 17 47	12527DAN0	07/01/2013	854	100.00	853.50	-3.20
FHLMC PC GOL Q13086	3.000 NOV 01 42	3132HPNB6	07/01/2013	233	100.00	233.32	-11.26

Portfolio Transactions

July 01, 2013 Through September 30, 2013

Bay County VEBA

Sales

Description	Issue	CUSIP	Trade Date	Shares	Average Price	Total Proceeds	Gain/Loss
Principal Payments							
FNMA PASSTHRU AH9719	4.500 APR 01 41	3138ABYR4	07/01/2013	755	100.00	755.47	-48.63
FNMA PASSTHRU AK4940	3.500 MAR 01 42	3138E9P20	07/01/2013	348	100.00	348.31	-11.63
FNMA PASSTHRU AO8044	3.500 JUL 01 42	3138LY5E3	07/01/2013	191	100.00	191.05	-13.85
FNMA PASSTHRU AP3108	3.500 OCT 01 42	3138M6N29	07/01/2013	72	100.00	72.18	-4.91
FNMA PASSTHRU AP7553	3.000 SEP 01 42	3138MBMB9	07/01/2013	276	100.00	276.01	-12.55
FNMA REMIC TRUST	3.750 FEB 25 31	31393EBF5	07/01/2013	6,611	100.00	6,611.24	-169.41
FHLMC REMIC SERIES	4.500 AUG 15 27	31398WE34	07/01/2013	780	100.00	779.88	-28.27
FNMA PASSTHRU 877118	3.500 JAN 01 41	31409SPB0	07/01/2013	6,386	100.00	6,386.44	-250.47
FNMA PASSTHRU MA0514	4.000 SEP 01 40	31417YSC2	07/01/2013	2,206	100.00	2,205.55	-117.17
FNMA PASSTHRU MA1018	3.000 MAR 01 27	31418ADY1	07/01/2013	4,007	100.00	4,007.45	-170.32
FNMA PASSTHRU MA1029	3.500 APR 01 32	31418AEB0	07/01/2013	531	100.00	531.40	-34.37
FNMA PASSTHRU MA1063	3.000 MAY 01 22	31418AFD5	07/01/2013	636	100.00	635.59	-34.46
FNMA PASSTHRU AE6057	4.000 OCT 01 40	31419GWT7	07/01/2013	4,490	100.00	4,489.93	-256.42
GNMA REMIC TRUST	4.500 OCT 20 37	38377FRP8	07/01/2013	5,609	100.00	5,609.30	-241.90
GNMA REMIC TRUST	2.000 MAY 20 39	38377YFU9	07/01/2013	2,080	100.00	2,080.45	-40.31
MORGAN STANLEY CAP 2	5.520 JUN 15 38	61745MZA4	07/01/2013	209	100.00	208.76	-14.78
AMERCREDIT AUTO REC	1.270 APR 08 15	03064FAM5	07/08/2013	3,936	100.00	3,935.95	-14.76
CSX TRANS INC 2007-1	6.251 JAN 15 23	126410LM9	07/15/2013	6,100	100.00	6,099.56	-1,253.46
CITIGROUP COML MTG	5.605 APR 17 40	173067AD1	07/16/2013	383	100.00	383.26	-20.24
FNMA PASSTHRU AR7391	3.000 JUN 01 43	3138W5F94	07/25/2013	53	100.00	52.69	0.00
BANC AMER CMBS 2007-	5.633 APR 10 49	059511AB1	08/01/2013	3,426	100.00	3,426.32	0.00
CFCRE COML MTG TR	1.558 DEC 17 47	12527DAN0	08/01/2013	749	100.00	748.99	0.00
FHLMC PC GOL Q13086	3.000 NOV 01 42	3132HPNB6	08/01/2013	206	100.00	205.97	0.00
FNMA PASSTHRU AH9719	4.500 APR 01 41	3138ABYR4	08/01/2013	590	100.00	590.49	0.00
FNMA PASSTHRU AK4940	3.500 MAR 01 42	3138E9P20	08/01/2013	290	100.00	289.86	0.00
FNMA PASSTHRU AO8044	3.500 JUL 01 42	3138LY5E3	08/01/2013	202	100.00	201.63	0.00

Portfolio Transactions

July 01, 2013 Through September 30, 2013

Bay County VEBA

Sales

Description	Issue	CUSIP	Trade Date	Shares	Average Price	Total Proceeds	Gain/Loss
Principal Payments							
FNMA PASSTHRU AP3108	3.500 OCT 01 42	3138M6N29	08/01/2013	72	100.00	71.72	0.00
FNMA PASSTHRU AP7553	3.000 SEP 01 42	3138MBMB9	08/01/2013	182	100.00	182.34	0.00
FNMA PASSTHRU AR7391	3.000 JUN 01 43	3138W5F94	08/01/2013	56	100.00	55.87	0.00
FNMA REMIC TRUST	3.750 FEB 25 31	31393EBF5	08/01/2013	5,271	100.00	5,271.39	0.00
FHLMC REMIC SERIES	4.500 AUG 15 27	31398WE34	08/01/2013	906	100.00	906.28	0.00
FNMA PASSTHRU 877118	3.500 JAN 01 41	31409SPB0	08/01/2013	8,321	100.00	8,321.16	0.00
FNMA PASSTHRU MA0514	4.000 SEP 01 40	31417YSC2	08/01/2013	1,980	100.00	1,980.08	0.00
FNMA PASSTHRU MA1018	3.000 MAR 01 27	31418ADY1	08/01/2013	4,354	100.00	4,354.47	0.00
FNMA PASSTHRU MA1029	3.500 APR 01 32	31418AEB0	08/01/2013	497	100.00	497.06	0.00
FNMA PASSTHRU MA1063	3.000 MAY 01 22	31418AFD5	08/01/2013	458	100.00	458.02	0.00
FNMA PASSTHRU AE6057	4.000 OCT 01 40	31419GWT7	08/01/2013	5,059	100.00	5,059.30	0.00
GNMA REMIC TRUST	4.500 OCT 20 37	38377FRP8	08/01/2013	5,260	100.00	5,259.69	0.00
GNMA REMIC TRUST	2.000 MAY 20 39	38377YFU9	08/01/2013	2,082	100.00	2,081.66	0.00
MORGAN STANLEY CAP 2	5.520 JUN 15 38	61745MZA4	08/01/2013	728	100.00	728.20	0.00
CITIGROUP COML MTG	5.605 APR 17 40	173067AD1	08/02/2013	206	100.00	206.45	-10.90
GS MORTGAGE SECS	5.396 AUG 10 38	36228CTH6	08/12/2013	6,276	100.00	6,276.31	-399.62
BEAR STEARNS CMBS	4.680 AUG 13 39	07383FXN3	08/13/2013	19,651	100.00	19,651.04	-785.27
CFCRE COML MTG TR	1.558 DEC 17 47	12527DAN0	09/01/2013	753	100.00	752.74	0.00
FHLMC PC GOL Q13086	3.000 NOV 01 42	3132HPNB6	09/01/2013	154	100.00	154.32	0.00
FNMA PASSTHRU AH9719	4.500 APR 01 41	3138ABYR4	09/01/2013	301	100.00	301.46	0.00
FNMA PASSTHRU AK4940	3.500 MAR 01 42	3138E9P20	09/01/2013	391	100.00	391.28	0.00
FNMA PASSTHRU AO8044	3.500 JUL 01 42	3138LY5E3	09/01/2013	175	100.00	174.86	0.00
FNMA PASSTHRU AP3108	3.500 OCT 01 42	3138M6N29	09/01/2013	957	100.00	957.14	0.00
FNMA PASSTHRU AP7553	3.000 SEP 01 42	3138MBMB9	09/01/2013	176	100.00	175.67	0.00
FNMA PASSTHRU AR7391	3.000 JUN 01 43	3138W5F94	09/01/2013	94	100.00	93.91	0.00
FNMA REMIC TRUST	3.750 FEB 25 31	31393EBF5	09/01/2013	6,614	100.00	6,613.80	0.00

Portfolio Transactions

July 01, 2013 Through September 30, 2013

Bay County VEBA

Sales

Description	Issue	CUSIP	Trade Date	Shares	Average Price	Total Proceeds	Gain/Loss
Principal Payments							
FHLMC REMIC SERIES	4.500 AUG 15 27	31398WE34	09/01/2013	654	100.00	654.04	0.00
FNMA PASSTHRU 877118	3.500 JAN 01 41	31409SPB0	09/01/2013	3,787	100.00	3,786.81	0.00
FNMA PASSTHRU MA0514	4.000 SEP 01 40	31417YSC2	09/01/2013	1,788	100.00	1,788.06	0.00
FNMA PASSTHRU MA1018	3.000 MAR 01 27	31418ADY1	09/01/2013	1,919	100.00	1,919.46	0.00
FNMA PASSTHRU MA1029	3.500 APR 01 32	31418AEB0	09/01/2013	328	100.00	328.39	0.00
FNMA PASSTHRU MA1063	3.000 MAY 01 22	31418AFD5	09/01/2013	472	100.00	472.49	0.00
FNMA PASSTHRU AE6057	4.000 OCT 01 40	31419GWT7	09/01/2013	3,957	100.00	3,957.20	0.00
GS MORTGAGE SECS	5.396 AUG 10 38	36228CTH6	09/01/2013	850	100.00	850.37	0.00
GNMA REMIC TRUST	4.500 OCT 20 37	38377FRP8	09/01/2013	4,822	100.00	4,821.59	0.00
GNMA REMIC TRUST	2.000 MAY 20 39	38377YFU9	09/01/2013	1,574	100.00	1,573.64	0.00
MORGAN STANLEY CAP 2	5.520 JUN 15 38	61745MZA4	09/01/2013	1,586	100.00	1,585.75	0.00
CITIGROUP COML MTG	5.605 APR 17 40	173067AD1	09/02/2013	397	100.00	397.17	0.00
BEAR STEARNS CMBS	4.680 AUG 13 39	07383FXN3	09/13/2013	8,744	100.00	8,743.53	0.00
SLM PRIVATE ST LN TR	0.454 JUN 15 21	78443CBM5	09/15/2013	4,215	100.00	4,215.26	0.00
		Total Principal Payments				**173,852.82**	**-4,570.47**
		Total Sales and Principal Payments				**2,489,682.49**	**-67,837.19**

Portfolio Transactions

July 01, 2013 Through September 30, 2013

Bay County VEBA

Purchases

Description	Issue	CUSIP	Trade Date	Shares	Average Price	Total Cost
Purchases						
COMM MTG TR	4.380 JUL 12 45	12625UBF9	07/01/2013	69,000	103.00	-71,067.65
UNITED STATES TREAS	3.125 FEB 15 43	912810QZ4	07/03/2013	46,000	93.70	-43,103.44
ORACLE CORP	3.625 JUL 15 23	68389XAS4	07/09/2013	24,000	99.10	-23,783.52
PEPSICO INC	3.000 AUG 25 21	713448BW7	07/09/2013	89,000	98.26	-87,452.29
UNITED STATES TREAS	1.750 MAY 15 23	912828VB3	07/09/2013	24,000	92.38	-22,170.00
UNITED STATES TREAS	1.750 MAY 15 23	912828VB3	07/10/2013	68,000	92.09	-62,618.37
UNITED STATES TREAS	0.625 FEB 15 43	912810RA8	07/18/2013	34,423	83.07	-28,595.40
UNITED STATES TREAS	0.625 FEB 15 43	912810RA8	07/18/2013	17,211	82.63	-14,220.99
UNITED STATES TREAS	0.625 FEB 15 43	912810RA8	07/18/2013	34,431	82.76	-28,495.64
UNITED STATES TREAS	1.375 JUN 30 18	912828VK3	07/18/2013	27,000	100.22	-27,059.06
UNITED STATES TREAS	0.375 JUL 15 23	912828VM9	07/18/2013	26,024	99.91	-26,001.05
FEDERAL NTL MTG ASSN	6.000 APR 18 36	31359ML84	07/22/2013	159,000	112.00	-178,080.00
WELLS FARGO CO MTN B	1.250 JUL 20 16	94974BFL9	07/22/2013	49,000	99.90	-48,952.96
UNITED STATES TREAS	3.125 FEB 15 43	912810QZ4	07/23/2013	42,000	91.94	-38,613.75
AMERICAN EXPRESS CR	1.300 JUL 29 16	0258M0DG1	07/24/2013	37,000	99.98	-36,991.49
FEDERAL NTL MTG ASSN	1.500 AUG 14 23 SU	3136G1S34	07/25/2013	186,000	100.00	-186,000.00
FEDERAL HOME LOAN BA	3.300 MAY 07 32	313382UL5	07/26/2013	95,000	89.55	-85,072.50
FEDERAL HOME LN MTG	3.100 APR 25 28	3134G43D8	07/26/2013	74,000	91.29	-67,551.64
FEDERAL NTL MTG ASSN	3.000 MAR 01 28	3135G0UP6	07/26/2013	70,000	91.00	-63,700.00
UNITED STATES TREAS	1.625 AUG 15 22	912828TJ9	07/29/2013	83,000	93.21	-77,368.32
UNITED STATES TREAS	0.125 APR 15 18	912828UX6	07/29/2013	33,255	103.05	-34,270.59
UNITED STATES TREAS	1.750 MAY 15 23	912828VB3	07/29/2013	71,000	92.84	-65,913.52
UNITED STATES TREAS	1.375 JUN 30 18	912828VK3	07/29/2013	42,000	100.07	-42,031.17
FEDERAL FARM CR BKS	2.980 AUG 21 26	3133EAM62	07/31/2013	59,000	90.78	-53,560.20
FEDERAL HOME LOAN BA	2.900 SEP 05 25	313380LM7	08/02/2013	100,000	91.65	-91,645.00

Portfolio Transactions

July 01, 2013 Through September 30, 2013

Bay County VEBA

Purchases

Description	Issue	CUSIP	Trade Date	Shares	Average Price	Total Cost
Purchases						
FEDERAL NTL MTG ASSN	5.950 NOV 07 36	31359MZ48	08/02/2013	166,000	101.33	-168,212.28
SHELL INTERNATIONAL	2.250 JAN 06 23	822582AV4	08/07/2013	30,000	91.28	-27,384.60
PROCTER & GAMBLE CO	3.100 AUG 15 23	742718EB1	08/08/2013	104,000	99.35	-103,327.12
UNITED STATES TREAS	0.625 FEB 15 43	912810RA8	08/15/2013	25,367	79.06	-20,056.08
UNITED STATES TREAS	0.625 FEB 15 43	912810RA8	08/15/2013	21,302	79.37	-16,906.62
UNITED STATES TREAS	1.250 APR 15 14	912828KM1	08/15/2013	18,739	101.30	-18,983.20
UNITED STATES TREAS	0.500 APR 15 15	912828MY3	08/15/2013	19,377	102.46	-19,853.67
FEDERAL HOME LOAN BA	3.170 OCT 04 27	313380RS8	08/22/2013	40,000	88.17	-35,268.00
UNITED STATES TREAS	0.125 APR 15 18	912828UX6	08/22/2013	130,287	101.17	-131,811.10
UNITED STATES TREAS	2.500 AUG 15 23	912828VS6	08/29/2013	30,000	97.88	-29,362.50
UNITED STATES TREAS	2.500 AUG 15 23	912828VS6	08/29/2013	55,000	97.80	-53,788.28
UNITED STATES TREAS	2.125 AUG 31 20	912828VV9	08/29/2013	63,000	99.38	-62,610.21
UNITED STATES TREAS	0.125 JAN 15 23	912828UH1	08/30/2013	4,047	95.55	-3,866.79
HOME DEPOT INC	3.750 FEB 15 24	437076BC5	09/05/2013	34,000	98.43	-33,466.88
UNITED STATES TREAS	2.500 AUG 15 23	912828VS6	09/05/2013	13,000	96.00	-12,480.00
UNITED STATES TREAS	1.250 APR 15 14	912828KM1	09/06/2013	32,001	101.14	-32,364.97
VERIZON COMMUNICATIO	6.400 FEB 15 38	92343VAK0	09/06/2013	34,000	103.79	-35,289.28
VERIZON COMMUNICATIO	3.850 NOV 01 42	92343VBG8	09/06/2013	35,000	75.11	-26,288.85
VERIZON COMMUNICATIO	6.350 APR 01 19	92343VAV6	09/09/2013	24,000	113.19	-27,165.36
UNITED STATES TREAS	2.500 AUG 15 23	912828VS6	09/10/2013	34,000	96.17	-32,698.44
VERIZON COMMUNICATIO	6.550 SEP 15 43	92343VBT0	09/11/2013	69,000	99.88	-68,919.27
VERIZON COMMUNICATIO	6.550 SEP 15 43	92343VBT0	09/11/2013	47,000	105.73	-49,694.04
OCCIDENTAL PETE CORP	4.100 FEB 01 21	674599BY0	09/13/2013	83,000	102.74	-85,270.88
UNITED STATES TREAS	1.500 AUG 31 18	912828RE2	09/13/2013	28,000	99.03	-27,728.75
APPLE INC	3.850 MAY 04 43	037833AL4	09/16/2013	50,000	81.74	-40,867.50

Portfolio Transactions

July 01, 2013 Through September 30, 2013

90477

Bay County VEBA

Purchases

Description	Issue	CUSIP	Trade Date	Shares	Average Price	Total Cost
Purchases						
UNITED STATES TREAS	1.500 AUG 31 18	912828RE2	09/18/2013	33,000	99.29	-32,765.39
UNITED STATES TREAS	2.875 MAY 15 43	912810RB6	09/19/2013	22,000	83.11	-18,284.06
UNITED STATES TREAS	2.000 SEP 30 20	912828VZ0	09/20/2013	143,000	99.09	-141,704.92
UNITED MEXICAN STS M	4.000 OCT 02 23	91086QBC1	09/23/2013	44,000	99.54	-43,798.92
FEDERAL NTL MTG ASSN	6.000 APR 18 36	31359ML84	09/24/2013	33,000	110.45	-36,449.82
ROYAL BANK OF CANADA	2.000 OCT 01 18	78011DAF1	09/24/2013	78,000	99.92	-77,940.72
FEDERAL NTL MTG ASSN	6.000 APR 18 36	31359ML84	09/25/2013	30,000	110.52	-33,155.44
FEDERAL NTL MTG ASSN	6.000 APR 18 36	31359ML84	09/30/2013	62,000	110.55	-68,541.00
		Total Purchases				**-$3,120,623.49**
		Total Purchases and Principal Payups				**-$3,120,623.49**

Portfolio Transactions

July 01, 2013 Through September 30, 2013

90477

Bay County VEBA

Income

Description	Issue	CUSIP	Pay Date	Proceeds
FLORIDA HURRICANE CA	1.298 JUL 01 16	34074GDF8	07/01/2013	122.59
LOYOLA UNIVERSITY CH	3.199 JUL 01 22	54909WAA6	07/01/2013	495.84
JPMORGAN CHASE & CO	3.150 JUL 05 16	46625HJA9	07/05/2013	1,669.50
SHELL INTERNATIONAL	2.250 JAN 06 23	822582AV4	07/06/2013	1,207.50
AMERCREDIT AUTO REC	1.270 APR 08 15	03064FAM5	07/08/2013	4.17
BANC AMER CMBS 2005-	5.115 OCT 10 45	05947U2R8	07/10/2013	319.69
BANC AMER CMBS 2007-	5.633 APR 10 49	059511AB1	07/10/2013	86.10
CITIGROUP INC	4.450 JAN 10 17	172967FW6	07/10/2013	3,070.50
GMAC COML MTG SECS	4.547 DEC 10 41	361849J78	07/10/2013	139.23
GS MORTGAGE SECS	5.396 AUG 10 38	36228CTH6	07/10/2013	445.17
UBS-BARCLY COML MTG	3.525 MAY 11 63	90269CAD2	07/10/2013	58.75
BANK AMER CORP	2.000 JAN 11 18	06051GET2	07/11/2013	1,310.00
BEAR STEARNS CMBS	5.116 FEB 11 41	07383F3Z9	07/11/2013	426.33
UBS-BARCLY COML MTG	2.533 DEC 12 45	90270RBC7	07/11/2013	56.99
BEAR STEARNS CMBS 20	5.293 OCT 12 42	07387BCL5	07/12/2013	269.99
UBS COML MTG TR	2.180 MAY 12 45	90269GAB7	07/12/2013	27.25
ANHEUSER BUSCH INBEV	7.750 JAN 15 19	03523TBE7	07/15/2013	968.75
BEAR STEARNS CMBS	4.680 AUG 13 39	07383FXN3	07/15/2013	171.47
CSX TRANS INC 2007-1	6.251 JAN 15 23	126410LM9	07/15/2013	3,245.36
FHLMC PC GOL Q13086	3.000 NOV 01 42	3132HPNB6	07/15/2013	61.23
FEDERAL EXPRESS PASS	6.720 JUL 15 23	31331FAX9	07/15/2013	3,710.36
FHLMC REMIC SERIES	4.500 AUG 15 27	31398WE34	07/15/2013	39.85
FORD MTR CO DEL	4.750 JAN 15 43	345370CQ1	07/15/2013	1,998.56
LB-UBS CMBS 2004-C4	5.710 JUN 15 29	52108HE42	07/15/2013	118.23
LB-UBS CMBS 2006-C1	5.156 FEB 15 31	52108MDH3	07/15/2013	68.75
MORGAN STANLEY CAP 2	5.520 JUN 15 38	61745MZA4	07/15/2013	97.39
U S BANCORP MTN SUB	2.950 JUL 15 22	91159JAA4	07/15/2013	1,829.00
UNITED STATES TREAS	0.125 JAN 15 23	912828UH1	07/15/2013	55.45
CITIGROUP COML MTG	5.605 APR 17 40	173067AD1	07/16/2013	58.12
CFCRE COML MTG TR	1.558 DEC 17 47	12527DAN0	07/17/2013	46.95

Portfolio Transactions

90477

July 01, 2013 Through September 30, 2013

Bay County VEBA

Income

Description	Issue	CUSIP	Pay Date	Proceeds
COMM MTG TR	3.147 AUG 17 45	12624KAD8	07/17/2013	86.54
WFRBS COML MTG TR	3.198 MAR 17 48	92937FAD3	07/17/2013	106.60
GOLDMAN SACHS GROUP	2.375 JAN 22 18	38141GRC0	07/22/2013	1,460.63
GNMA REMIC TRUST	4.500 OCT 20 37	38377FRP8	07/22/2013	500.96
GNMA REMIC TRUST	2.000 MAY 20 39	38377YFU9	07/22/2013	108.88
CASH	CASH	CASH	07/23/2013	-54.02
CIT BANK FDIC CD	2.100 JUL 25 19	17284A2Y3	07/25/2013	2,551.36
FNMA PASSTHRU AH9719	4.500 APR 01 41	3138ABYR4	07/25/2013	111.86
FNMA PASSTHRU AK4940	3.500 MAR 01 42	3138E9P20	07/25/2013	96.04
FNMA PASSTHRU AO8044	3.500 JUL 01 42	3138LY5E3	07/25/2013	68.87
FNMA PASSTHRU AP3108	3.500 OCT 01 42	3138M6N29	07/25/2013	123.48
FNMA PASSTHRU AP7553	3.000 SEP 01 42	3138MBMB9	07/25/2013	86.78
FNMA PASSTHRU AR7391	3.000 JUN 01 43	3138W5F94	07/25/2013	77.50
FNMA REMIC TRUST	3.750 FEB 25 31	31393EBF5	07/25/2013	81.20
FNMA PASSTHRU 877118	3.500 JAN 01 41	31409SPB0	07/25/2013	633.16
FNMA PASSTHRU MA0514	4.000 SEP 01 40	31417YSC2	07/25/2013	264.25
FNMA PASSTHRU MA1018	3.000 MAR 01 27	31418ADY1	07/25/2013	572.34
FNMA PASSTHRU MA1029	3.500 APR 01 32	31418AEB0	07/25/2013	89.82
FNMA PASSTHRU MA1063	3.000 MAY 01 22	31418AFD5	07/25/2013	55.13
FNMA PASSTHRU AE6057	4.000 OCT 01 40	31419GWT7	07/25/2013	694.02
BK INDIA NY FDIC CD	0.900 JAN 25 16	856284J70	07/25/2013	1,093.44
AMEX CENT BK FDIC CD	1.700 JUL 26 17	02587DKP2	07/26/2013	2,065.38
FEDERAL HOME LN MTG	3.000 JUL 31 19	3134G3ZB9	07/31/2013	5,745.00
CASH	CASH	CASH	07/31/2013	10.65
BANC AMER CMBS 2005-	5.115 OCT 10 45	05947U2R8	08/01/2013	319.69
BANC AMER CMBS 2007-	5.633 APR 10 49	059511AB1	08/01/2013	86.07
BEAR STEARNS CMBS	5.116 FEB 11 41	07383F3Z9	08/01/2013	426.33
BEAR STEARNS CMBS 20	5.293 OCT 12 42	07387BCL5	08/01/2013	277.88
CFCRE COML MTG TR	1.558 DEC 17 47	12527DAN0	08/01/2013	45.84
COMM MTG TR	3.147 AUG 17 45	12624KAD8	08/01/2013	86.54

Portfolio Transactions

July 01, 2013 Through September 30, 2013

90477

Bay County VEBA

Income

Description	Issue	CUSIP	Pay Date	Proceeds
COMM MTG TR	4.380 JUL 12 45	12625UBF9	08/01/2013	251.79
CONOCOPHILLIPS	5.750 FEB 01 19	20825CAR5	08/01/2013	1,581.25
FHLMC PC GOL Q13086	3.000 NOV 01 42	3132HPNB6	08/01/2013	60.65
FNMA PASSTHRU AH9719	4.500 APR 01 41	3138ABYR4	08/01/2013	109.03
FNMA PASSTHRU AK4940	3.500 MAR 01 42	3138E9P20	08/01/2013	95.03
FNMA PASSTHRU AO8044	3.500 JUL 01 42	3138LY5E3	08/01/2013	68.32
FNMA PASSTHRU AP3108	3.500 OCT 01 42	3138M6N29	08/01/2013	123.27
FNMA PASSTHRU AP7553	3.000 SEP 01 42	3138MBMB9	08/01/2013	86.09
FNMA PASSTHRU AR7391	3.000 JUN 01 43	3138W5F94	08/01/2013	77.37
FNMA REMIC TRUST	3.750 FEB 25 31	31393EBF5	08/01/2013	60.54
FHLMC REMIC SERIES	4.500 AUG 15 27	31398WE34	08/01/2013	36.93
FNMA PASSTHRU 877118	3.500 JAN 01 41	31409SPB0	08/01/2013	614.53
FNMA PASSTHRU MA0514	4.000 SEP 01 40	31417YSC2	08/01/2013	256.90
FNMA PASSTHRU MA1018	3.000 MAR 01 27	31418ADY1	08/01/2013	562.32
FNMA PASSTHRU MA1029	3.500 APR 01 32	31418AEB0	08/01/2013	88.27
FNMA PASSTHRU MA1063	3.000 MAY 01 22	31418AFD5	08/01/2013	53.54
FNMA PASSTHRU AE6057	4.000 OCT 01 40	31419GWT7	08/01/2013	679.06
GMAC COML MTG SECS	4.547 DEC 10 41	361849J78	08/01/2013	139.23
GS MORTGAGE SECS	5.396 AUG 10 38	36228CTH6	08/01/2013	445.17
GNMA REMIC TRUST	4.500 OCT 20 37	38377FRP8	08/01/2013	479.93
GNMA REMIC TRUST	2.000 MAY 20 39	38377YFU9	08/01/2013	105.41
MORGAN STANLEY CAP 2	5.520 JUN 15 38	61745MZA4	08/01/2013	93.97
UBS-BARCLY COML MTG	3.525 MAY 11 63	90269CAD2	08/01/2013	58.75
UBS COML MTG TR	2.180 MAY 12 45	90269GAB7	08/01/2013	27.25
UBS-BARCLY COML MTG	2.533 DEC 12 45	90270RBC7	08/01/2013	56.99
WFRBS COML MTG TR	3.198 MAR 17 48	92937FAD3	08/01/2013	106.60
CITIGROUP COML MTG	5.605 APR 17 40	173067AD1	08/02/2013	58.09
ALLY BANK FDIC CD	1.100 AUG 10 15	02005QP64	08/08/2013	769.13
QUEBEC PROV	7.125 FEB 09 24	748148PD9	08/09/2013	6,341.25
LB-UBS CMBS 2004-C4	5.710 JUN 15 29	52108HE42	08/11/2013	115.93

Portfolio Transactions

90477

July 01, 2013 Through September 30, 2013

Bay County VEBA

Income

Description	Issue	CUSIP	Pay Date	Proceeds
LB-UBS CMBS 2006-C1	5.156 FEB 15 31	52108MDH3	08/11/2013	68.75
BEAR STEARNS CMBS	4.680 AUG 13 39	07383FXN3	08/13/2013	110.74
INTERNATIONAL BK FOR	2.125 FEB 13 23	459058CY7	08/13/2013	1,062.50
ONTARIO PROV CDA	1.200 FEB 14 18	683234C55	08/14/2013	750.00
AT&T INC	1.600 FEB 15 17	00206RBC5	08/15/2013	728.00
CISCO SYS INC	5.900 FEB 15 39	17275RAD4	08/15/2013	1,829.00
OCCIDENTAL PETE CORP	2.700 FEB 15 23	674599CE3	08/15/2013	1,120.50
PROCTER & GAMBLE CO	1.450 AUG 15 16	742718DV8	08/15/2013	290.00
SALLIEMAE BK FDIC CD	1.750 AUG 15 17	795450NV3	08/15/2013	1,883.14
UNITED STATES TREAS	3.125 FEB 15 43	912810QZ4	08/15/2013	1,375.00
UNITED STATES TREAS	0.625 FEB 15 43	912810RA8	08/15/2013	916.03
UNITED STATES TREAS	1.625 AUG 15 22	912828TJ9	08/15/2013	893.75
UNITED STATES TREAS	2.000 FEB 15 23	912828UN8	08/15/2013	880.00
WAL-MART STORES INC	6.500 AUG 15 37	931142CK7	08/15/2013	4,257.50
DISNEY WALT CO MTNS	2.750 AUG 16 21	25468PCN4	08/16/2013	563.75
FEDERAL FARM CR BKS	2.980 AUG 21 26	3133EAM62	08/21/2013	879.10
SALLIEMAE BK FDIC CD	1.700 AUG 22 17	795450PA7	08/22/2013	252.90
PEPSICO INC	3.000 AUG 25 21	713448BW7	08/25/2013	1,335.00
CASH	CASH	CASH	08/26/2013	1.86
BANC AMER CMBS 2005-	5.115 OCT 10 45	05947U2R8	09/01/2013	319.69
BANC AMER CMBS 2007-	5.633 APR 10 49	059511AB1	09/01/2013	70.02
BEAR STEARNS CMBS	5.116 FEB 11 41	07383F3Z9	09/01/2013	426.33
BEAR STEARNS CMBS 20	5.293 OCT 12 42	07387BCL5	09/01/2013	277.88
CFCRE COML MTG TR	1.558 DEC 17 47	12527DAN0	09/01/2013	44.87
COMM MTG TR	3.147 AUG 17 45	12624KAD8	09/01/2013	86.54
COMM MTG TR	4.380 JUL 12 45	12625UBF9	09/01/2013	251.79
FHLMC PC GOL Q13086	3.000 NOV 01 42	3132HPNB6	09/01/2013	60.13
FEDERAL NTL MTG ASSN	3.000 MAR 01 28	3135G0UP6	09/01/2013	1,050.00
FNMA PASSTHRU AH9719	4.500 APR 01 41	3138ABYR4	09/01/2013	106.82
FNMA PASSTHRU AK4940	3.500 MAR 01 42	3138E9P20	09/01/2013	94.18

Portfolio Transactions

July 01, 2013 Through September 30, 2013

90477

Bay County VEBA

Income

Description	Issue	CUSIP	Pay Date	Proceeds
FNMA PASSTHRU AO8044	3.500 JUL 01 42	3138LY5E3	09/01/2013	67.73
FNMA PASSTHRU AP3108	3.500 OCT 01 42	3138M6N29	09/01/2013	123.07
FNMA PASSTHRU AP7553	3.000 SEP 01 42	3138MBMB9	09/01/2013	85.63
FNMA PASSTHRU AR7391	3.000 JUN 01 43	3138W5F94	09/01/2013	77.23
FNMA REMIC TRUST	3.750 FEB 25 31	31393EBF5	09/01/2013	44.06
FHLMC REMIC SERIES	4.500 AUG 15 27	31398WE34	09/01/2013	33.53
FNMA PASSTHRU 877118	3.500 JAN 01 41	31409SPB0	09/01/2013	590.26
FNMA PASSTHRU MA0514	4.000 SEP 01 40	31417YSC2	09/01/2013	250.30
FNMA PASSTHRU MA1018	3.000 MAR 01 27	31418ADY1	09/01/2013	551.43
FNMA PASSTHRU MA1029	3.500 APR 01 32	31418AEB0	09/01/2013	86.82
FNMA PASSTHRU MA1063	3.000 MAY 01 22	31418AFD5	09/01/2013	52.40
FNMA PASSTHRU AE6057	4.000 OCT 01 40	31419GWT7	09/01/2013	662.19
GMAC COML MTG SECS	4.547 DEC 10 41	361849J78	09/01/2013	139.23
GS MORTGAGE SECS	5.396 AUG 10 38	36228CTH6	09/01/2013	416.95
GNMA REMIC TRUST	4.500 OCT 20 37	38377FRP8	09/01/2013	460.20
GNMA REMIC TRUST	2.000 MAY 20 39	38377YFU9	09/01/2013	101.94
MORGAN STANLEY CAP 2	5.520 JUN 15 38	61745MZA4	09/01/2013	93.00
UBS-BARCLY COML MTG	3.525 MAY 11 63	90269CAD2	09/01/2013	58.75
UBS COML MTG TR	2.180 MAY 12 45	90269GAB7	09/01/2013	27.25
UBS-BARCLY COML MTG	2.533 DEC 12 45	90270RBC7	09/01/2013	56.99
WFRBS COML MTG TR	3.198 MAR 17 48	92937FAD3	09/01/2013	106.60
CITIGROUP COML MTG	5.605 APR 17 40	173067AD1	09/02/2013	55.74
FEDERAL HOME LOAN BA	2.900 SEP 05 25	313380LM7	09/05/2013	1,450.00
PNC FUNDING CORP	3.300 MAR 08 22	693476BN2	09/08/2013	907.50
BP CAP MKTS P L C	3.200 MAR 11 16	05565QBQ0	09/11/2013	2,048.00
LB-UBS CMBS 2004-C4	5.710 JUN 15 29	52108HE42	09/11/2013	118.33
LB-UBS CMBS 2006-C1	5.156 FEB 15 31	52108MDH3	09/11/2013	68.75
ALLY BANK FDIC CD	1.150 SEP 14 15	02005QR96	09/12/2013	202.90
BEAR STEARNS CMBS	4.680 AUG 13 39	07383FXN3	09/13/2013	34.10
INTL BUSINESS MCHN	5.700 SEP 14 17	459200GJ4	09/14/2013	3,562.50

Portfolio Transactions

July 01, 2013 Through September 30, 2013

90477

Bay County VEBA

Income

Description	Issue	CUSIP	Pay Date	Proceeds
GEORGE WASHINGTON UN	3.485 SEP 15 22	372546AQ4	09/15/2013	1,829.63
GEORGE WASHINGTON UN	1.827 SEP 15 17	372546AR2	09/15/2013	164.43
MANITOBA PROV	9.500 SEP 15 18	563469EC5	09/15/2013	1,053.59
SLM PRIVATE ST LN TR	0.454 JUN 15 21	78443CBM5	09/15/2013	72.96
AMERICAN EXPRESS CR	2.800 SEP 19 16	0258M0DC0	09/19/2013	854.00
BMW USA BK FDIC CD	1.000 SEP 21 15	05568PZ26	09/21/2013	1,235.07
MORGAN STANLEY	4.750 MAR 22 17	61747YDT9	09/22/2013	1,567.50
BARCLAYS BK USA FDIC	0.000 MAR 26 18	06740AYQ6	09/26/2013	485.21
CASH	CASH	CASH	09/27/2013	10.04
		Total Income		**$95,445.46**

Portfolio Transactions

July 01, 2013 Through September 30, 2013

90477

Bay County VEBA

Other

Description	Issue	CUSIP	Transaction Type	Trade Date	Shares	Average Price	Proceeds/ Distributions	Gain/Loss
FEDERAL HOME LN MTG	3.000 JUL 31 19	3134G3ZB9	Maturity	07/31/2013	383,000	100.00	383,000.00	0.00
		Total Other					**383,000.00**	**0.00**

October 2013

Five Minutes *with* C.S.McKee

CSMcKee
INVESTMENT MANAGERS

C. S. McKee, LP One Gateway Center Pittsburgh, PA 15222 412/566-1234 FAX 412/566-1548

The Economy at a Glance

Two wrongs don't make a right. Neither do three or four. Except in monetary policy, apparently. For three years the economy's tendency to fall short of forecast growth in the second half has led to continued or additional stimulus from the Fed. So we were surprised when Fed Chairman Bernanke "piled on" the pummeling of the bond market with his mid-June comments not only about initiating QE3 tapering, but about ending the stimulus by mid-2014. Then, having driven the 10-year Treasury yield to the 3% level, the Fed whipsawed the market with the September decision to delay tapering.

2.5% GDP growth, low inflation in 2014

But the government distractions will soon fade, revealing what should be 2.5% GDP growth, increasing monthly job gains, and sub-2% inflation in early 2014. And growth should continue throughout 2014 as increased capital spending joins strength in manufacturing and housing, convincing even the most dovish Fed Open Market Committee members to consign quantitative easing to the record books.

Fixed Income

The bond market pared losses after the Fed voted to continue its bond purchases (plus reinvestment of mortgage principal pay-downs), and mortgage rates retreated. Verizon's whopping $49 billion in new securities, with generous yields, led the universe of opportunities in the corporate sector during the quarter. Broker firms' eagerness to reduce inventories of agencies, bloated after the May-June volatility, presented other opportunities to increase portfolio yield at very attractive levels. While seizing opportunities, we continue our conservative positioning with respect to duration; preserving principal in a down market.

Though we don't expect the government shutdown to extend past the debt-ceiling deadline or significantly alter the pace of economic growth this quarter, we think the Fed will not make its first "tapering" move until early next year. A new Fed chairperson (Janet Yellen), resolution of the debt-ceiling issue, and greater experience and comfort with Obamacare will contribute to increasing consumer confidence and capital spending; the foundations of sound economic growth.

Domestic Equity

Fed Chairman Bernanke did his best to channel '80s rapper M.C. Hammer when he decided it was "Taper-Time." Indeed, the equity markets got hammered. Later, he became the boy-who-cried-wolf, deciding, "not so much with the whole taper thing." The markets then rose to all-time highs. The S&P 500 Index gained 5.24% for the quarter, 19.79% for the year to date; the Russell 1000 Value Index, 3.94% and 20.47%, respectively. Small caps did even better, with the Russell 2000 and Russell 2000 Value indices returning 10.21% and 7.59%, respectively, for the quarter; 27.69% and 23.07%, respectively, for the nine months.

Equities could rise further

The market is now fairly valued, but could move higher this year through continued multiple expansion, as investors appear willing to pay more for a dollar in earnings, given the fixed-income alternatives. While growth in top-line revenue and income has been mediocre, those metrics would improve with any recovery in Europe and China.

International Equity

The EAFE Index gained 11.56% for the three months ended September 30. The Eurozone economy has resumed modest growth. Manufacturing has been in positive territory for three consecutive months. Unemployment remains elevated at 12% but appears to be stabilizing. With inflation below target, the European Central Bank is likely to maintain current monetary policy. Fixed-income and equity markets have rallied. The U.K. economic expansion has picked up steam with strength in both manufacturing and services. The Bank of England is signaling no further quantitative easing.

China's manufacturing and services both indicated expansion in the quarter. Exports are increasing, but personal-income and consumption growth is moderating. Property prices continue to rise despite the government's efforts to curb lending. The Japanese economy has recorded two consecutive quarters of strong growth, with a central bank measure of business conditions at its highest level since 2007. Real yields on 10-year Japanese government bonds are now positive, joining a global move up in real and absolute rates.

The Continuing Role of Core Fixed Income

by Brian S. Allen, CFA, Senior Vice President and Portfolio Manager, Fixed Income

The sharp rise in interest rates since early May could signal an end to the 30-year bull market in bonds. Year-to-date fixed-income returns are negative, and the prospect of a further rise in rates has pundits questioning the wisdom of maintaining an allocation to investment-grade bonds. We do not.

The financial crisis five years ago brought with it a stark reminder of the important role that this "boring" asset class plays in the context of any organization's total portfolio. The periods when many believe least in the need for a core fixed-income component (2013) are worth stomaching for the periods when it is needed most (2008). Boring as they might be, investment-grade bonds provide negative correlation to risk assets. When risk assets zig, investment-grade bonds zag. And negatively correlated assets provide that portfolio essential diversification. Look at the data over the past twenty years. A comparison of fixed income—broad-market, investment-grade bonds and intermediate-term bonds—with three leading equity indices—supports this thesis.

When risk assets zig, investment-grade bonds zag

Comparative Return Ratios

vs. Barclays U.S. Aggregate Bond Index and Barclays Intermediate U.S. Government/Credit Bond Index

20 years ended 30 September 2013

index	*Aggregate*	*Intermediate Aggregate*
Aggregate	1.00	
Intermediate Aggregate	0.98	1.00
S&P 500	**-0.22**	**-0.23**
Russell 2000	**-0.28**	**-0.28**
MSCI EAFE	**-0.27**	**-0.27**

Source: Evestment Alliance

Maintaining this negative correlation to risk assets—zagging when they zig—*while* minimizing losses in rising rate environments, has been central to our fixed-income philosophy at C.S. McKee. Over the past ten years, this approach has helped us generate higher returns per unit of risk (Sharpe ratio), maintained lower volatility (standard deviation), and done a better job of preserving client principal in down markets (lower downside capture) than the Barclays Aggregate Index.

The Alternatives

Moving from core fixed income to other fixed-income asset classes, such as high-yield bonds (+0.64 to +0.68 correlation to equities over the past twenty years) and bank loans (+0.64 to +0.69 correlation to equities over the past ten years), does offer the potential for higher returns, but comes with a marked adverse effect on the *risk-adjusted* performance of the total portfolio. There are *still* no free lunches in this business—although that has not kept and does not keep folks from looking.

If you share our conviction in the critical role that fixed income plays in the overall portfolio, exiting this asset class isn't an option. But this does not imply blind allegiance to a particular index. For those who find it difficult to reconcile the need for long-term diversification with the risk of low returns in a broad-market, core fixed-income strategy, we suggest considering an intermediate benchmark. Our risk-adjusted performance is even better versus that benchmark.

Practical Considerations

In a rising-rate environment an intermediate aggregate index will out-perform the Aggregate index; a short-term index would likely out-perform by even more. While a portfolio managed against the short-term benchmark (Barclays 1-3 year Government/Credit index, for example) produces better relative returns in a rising-rate environment, it is too risk-adverse a benchmark to provide meaningful diversification benefits in the event that rates don't rise. A move up to the Intermediate Aggregate benchmark reduces duration by approximately 20% versus the Aggregate, incurs modest transaction costs, and can be easily adjusted when market interest rates approach fair value.

The timeless need

The need for diversification in an efficient portfolio is timeless. It never goes out of style. Crystal balls have historically proven cloudy in this business. While we aren't certain when the next crisis will occur, we are certain that one will.

C.S. McKee Aggregate Composite Relative Performance

10 years ended 30 September 2013

	annualized return	*standard deviation*	*Sharpe ratio*	*up capture/ down capture*
C.S. McKee	**5.64%**	**3.25%**	**1.19**	**110.6 / 57.8**
Barclays Aggregate	4.59%	3.37%	0.84	*na / na*
Fixed-income managers, universe median	5.08%	3.74%	0.89	109.7 / 99.5

Nothing in this newsletter represents a recommendation to buy or sell any particular security. Investors should consult their own investment adviser to determine whether a particular investment or strategy is appropriate for their specific situation.