

BAY COUNTY RETIREMENT BOARD OF TRUSTEES  
 AGENDA  
 TUESDAY, MAY 10, 2016 @ 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 - 8 .....	A.	APRIL 12, 2016
	IV.	PUBLIC INPUT
	V.	PETITIONS & COMMUNICATIONS
	A.	THE BOGDAHN GROUP 2016 1 <sup>ST</sup> QTR REPORT – HOWARD POHL & PETER BROWN
9-11 .....	B.	MONTHLY REPORTS - RES NO. 2016-18
	1.	PORTFOLIO VALUE - 1/1/16 – 05/10/16
	2.	CHANGE IN BOOK AND MARKET VALUE – 03/31/16
	3.	MONEY MANAGERS ON WATCH - (EFFECTIVE DATE)
	a.	NONE
12- 100 .....	4.	MONEY MANAGER REPORTS
	a.	BAIRD – ENDING 4/30/16
	b.	COLUMBIA – ENDING 4/30/16 & Q1 PROXY REPORTS
	c.	CORNERSTONE – ENDING 4/30/16
	d.	EAGLE ASSET MGMT - ENDING
	e.	HENDERSON GENEVA – ENDING 4/30/16, MATERIAL CHANGES NOTICE AND PRIVACY NOTICE
	f.	HOTCHKIS & WILEY – ENDING 4/30/16 & PROXY VOTING REPORTS Q1
	g.	INTEGRITY – ENDING 3/31/16 & INVESTMENT ADVISOR PART 2A & 2B REPORTS, SERVICES & COMPENSATION
	h.	LOOMIS SAYLES – ENDING 3/31/16 & PRIVACY POLICY
	i.	MACKAY SHIELDS - ENDING 3/31/16
	j.	MFS INVESTMENT – ENDING 3/31/16 & PROXY VOTING REPORT Q1
	k.	MFS HERITAGE TRUST – ENDING 3/31/16 & PROXY VOTING REPORT Q1
	l.	PRUDENTIAL PRISA Q1 2016

BAY COUNTY RETIREMENT BOARD OF TRUSTEES  
 AGENDA  
 TUESDAY, MAY 12, 2016 @ 1:30 P.M.  
 COMMISSIONERS CHAMBERS  
 515 CENTER AVENUE - 4<sup>TH</sup> FLOOR  
 BAY CITY, MI 48708

- |                 |    |   |
|-----------------|----|---|
| 101 – 104 ..... | 5. | RECAPTURE SERVICES  |
|                 | a. | ABEL/NOSER - SUMMARY ENDING 3/31/16   |
|                 | b. | CAPIS - SUMMARY ENDING 3/31/16  |
| 105 – 110 ..... | 6. | NORTHERN TRUST  |
|                 | a. | SUMMARY EARNINGS - ENDING 3/31/16   |
| 111.....        | 7. | REFUNDS/RETIREMENTS ENDING 4/30/16  |
| 112 - 118.....  | 8. | BCERS YTD BUDGET REPORT – ENDING 4/30/16  |
| 119.....        | 9. | INVOICES APPROVED – 4/30/16   |
| 120.....        | C. | NON-DUTY DISABILITY RETIREMENT APPLICATION-<br>RES NO. 2016-19  |
|                 | 1. | PAUL BRISSETTE – ROC  |
| 121.....        | D. | NON-DUTY DISABILITY APPLICATION – RES NO. 2016-22   |
|                 | 1. | ALBERT LAFOND - ROC   |
| 122.....        | E. | NON-DUTY DISABILITY RETIREMENT - RES NO. 2016-20  |
|                 | 1. | RODNEY HOLLIDAY – BMC   |
|                 |    | <b>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.</b> |
| 123.....        | F. | DUTY DISABILITY APPEAL – CRYSTAL BACKUS   |
| 124 – 132 ..... | G. | GABRIEL ROEDER SMITH PROPOSED SERVICES AND ACTUARIAL FEES- RES NO. 2016-21  |
| 133.....        | H. | CORRESPONDENCE – LOOMIS SAYLES ANNOUNCEMENT OF JOHN GIDMAN TO CHIEF OPERATING OFFICER   |
| 134.....        | I. | MAPERS – DATES OF ATTENDANCE & PER DIEM   |
| 135.....        | J. | CORRESPONDENCE – PRUDENTIAL REAL ESTATE RENAMING TO PGIM REAL ESTATE  |
| 136 – 138 ..... | K. | SEPARATE PENSION PLAN FINANCIALS RES NO. 2016-23  |

BAY COUNTY RETIREMENT BOARD OF TRUSTEES

AGENDA

TUESDAY, MAY 12, 2016 @ 1:30 P.M.

**COMMISSIONERS CHAMBERS  
515 CENTER AVENUE - 4<sup>TH</sup> FLOOR  
BAY CITY, MI 48708**

VI. ANNOUNCEMENTS

- A. NEXT REGULAR MEETING – JUNE 14, 2016 AT 1:30 P.M.,  
COMMISSIONERS CHAMBERS, 515 CENTER AVENUE 4<sup>TH</sup>  
FLOOR, BAY CITY, MI 48708
- B. MAPERS SPRING 2016 CONFERENCE – SUNDAY, MAY 22  
TO TUESDAY, MAY 24 AT THE SOARING EAGLE IN  
MOUNT PLEASANT. PLEASE CONTACT KATIE MEETH  
TO REGISTER

VII. UNFINISHED BUSINESS

VIII. NEW BUSINESS

IX. MISCELLANEOUS BUSINESS

X. ADJOURNMENT

**MINUTES** BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM BOARD OF TRUSTEES (BCERS)

APRIL 12, 2016

PAGE 1

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

A meeting of the Board of Trustees was held on April 12, 2016 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. Gromaski, Mr. Krygier, Mr. Morse, Mr. Pett, and Mr. Starkweather.

**Trustees Absent:** None.

**Also Present:**

Consultant: The Bogdahn Group: Howard Pohl and Peter Brown.

Interim Secretary: Shawna Walraven

Retirement Administrator: Katie Meeth

Corporation Counsel: Shawna Walraven

The meeting was called to order by Chairman, Steve Gray at 1:33 p.m.

**MOTION 24:** Moved, supported and carried to approve the minutes, as printed, from the March 8, 2016 meeting.

Chairman Gray congratulated Ms. Walraven on being appointed interim secretary by the County Executive.

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

Present today were Adam Friedman and Andrea Leistra, of Integrity, to present the performance report. A copy was provided to all Trustees, in advance, via the web.

Ms. Leistra updated the Board on the firm. In December a communication was sent out stating Victory Capital, the parent company, submitted a bid and was in the process of acquiring R.S. Investments in California. They are in the retail space mostly in the mutual fund arena and it will have no impact on Bay County. Things at Integrity are stable. No changes to the team. They currently have just under \$5.2 billion in assets under management.

Mr. Friedman reviewed the Portfolio. The Bay County Retirement Portfolio total is \$18 million. Integrity keeps between 0 and 5% cash. The Fund was down 17 basis points in the first quarter. In the last few weeks, it is up about 30 to 40 basis points on the index. Versus their peers for the three-year, they were in the top quartile and over the one-year not quite top quartile but pretty close. They have consistent performance.

With regards to sector allocation as of March 31, 2016, not much has changed in the big picture. They are a little overweight in energy. They believe there is the most opportunity in energy. Energy has started to pick up. They are underweight in utilities and REITs; however, not as underweight as their peers.

Trustee asked if energy was not doing well, at what point would Integrity unload them. He wondered if

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**MINUTES BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM BOARD OF TRUSTEES (BCERS)**

APRIL 12, 2016

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Integrity had a certain point that they hit and then would dump a stock. Mr. Friedman stated they try not to do that. They look at valuations and try not to go on emotion. He explained the two catalysts they were basing their decisions on that OPEC stated they were going to try and control their output and that demand has been very solid.

He went over the top ten holdings. He explained that if things get cheap they start adding to them as long as the fundamental is there and there is a catalyst. As they get expensive, they will start to trim things back.

He explained the investment philosophy of prudent value, improving sentiment and risk controls. He explained the investment process with regards to universe, stock selection, risk controls and self-discipline.

The max position size of the Portfolio is 5%. They normally don't get above 2% in the Portfolio. They like a more diversified portfolio and don't have one stock that makes or breaks the year. They may have a group of stocks that makes or breaks in a year. They like to diversify so that if one underperforms others are outperforming.

Their sell discipline would be based on catalyst change, negative fundamental development or overvaluation.

Trustee asked what advantage it would have for the company to buy back stock. Mr. Friedman stated they feel it is a lower risk strategy.

Howard asked why a company would buy back stock. Mr. Friedman explained one reason is they don't have great growth opportunities and to go and make acquisitions could be risky. He stated if you can't grow in a reasonable sense, then it is better to buy back your stock.

He talked about the first quarter being down 7% and rallying nicely. They didn't want to get defensive. They look for value opportunities.

They answered questions of the Board and concluded their presentation.

**MOTION 25:** Moved, supported and carried to receive the Integrity report.

The next to present were Jerry Aversano and Jeremy Keenan from Prudential Investment Management Services on the PRISA account. A copy was provided to all Trustees, in advance, via the web

Mr. Aversano gave an update of the firm. Things are going well. Prudential has been around 135 years managing money. Today it has \$1.2 trillion in assets under management. They are going to be rebranding to PGIM Real Estate Investors. Nothing is really changing. It is just something they are doing from a global aspect. PGIM is still Prudential.

He talked about the lower fee schedule and the Board's additional commitment of investing another \$4.4 million into the PRISA account. He reiterated that paperwork would have to be done before any capital is called and Mr. Pohl stated that there is a resolution to take care of that.

The initial investment with Bay County was \$10 million. The performance since inception shows it is up 10.17%. That is net of fees and is actually reflective of only three quarters. He stated the Retirement System is re-investing their income. He talked about the deposit entry queue and how that worked.

**MINUTES BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM BOARD OF TRUSTEES (BCERS)**

APRIL 12, 2016

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Trustee asked about the timing. Mr. Aversano stated the timing varies. It is very difficult because it has to do with when they buy and sell buildings. Right now they think it could be September 30<sup>th</sup>. The paperwork should be done by June 30<sup>th</sup>. The amount is not certain yet if they will take all of the \$4.4 million or a portion. It will depend on other commitments.

Mr. Keenan gave an overview of the last year. They projected a return of 8.5% to 11% on a total return basis and exceeded that coming in with 15.32%. He stated they were not projecting a lot of cap rate compression which really was about half of the driver of the total return or appreciation last year.

Comparing the returns over the one, three and five-year periods, appreciation has really been the driver of returns since the financial crisis. The other component of that is income growth. They grew income about 6.5% on a trailing 12-month period and that was in excess of where they thought they would be on budget. They were expecting to hit about 5.8%. They projected about \$1.5 to \$2 billion in acquisitions and \$750 million to \$1 billion of dispositions last year. They exceeded both of those. They went up to \$2.5 billion on acquisitions and \$1.3 billion on dispositions for a net of about \$1.2 billion. On the net basis, they were where they expected to be.

He talked about the investment guidelines they follow within the account. Their leverage ratio they target to be 20 to 25% and they ended just under that for the year, which is comfortable for them. They also have a unique guideline for how they manage their debt called debt to income multiplier. They do not take on additional debt in excess of five times their trailing 12-month income.

Trustee asked if the debt/floating 73%/23% was a normal range. Mr. Keegan stated the ratio is where they want to be. It could swing 5% to 10% either way and that would not bother them.

The fund over a full market cycle they expected to do about 7.5 to 9.5% on a gross basis. These returns are outside the realm of ordinary. Real estate as an asset class has become more accepted as a relevant investment compared to some of the other asset classes. He stated what has been driving their returns is office, industrial and storage over the past year. The storage has been their single best performer over the last five years.

Trustee asked if it was time to be refocusing on retail and multifamily. Mr. Keegan stated he does not think they will give up their storage allocation. They like it as a long-term core play.

They are projecting 8.5% to 11% return again which is what they projected last year. He expects they will come within that range. He does not think they are going to see anymore cap rate compression. He stated they might see a little bit of expansion but they are looking at income growth as the primary driver.

Trustee asked what the distributable cash was. Mr. Keegan stated they tend to be about 100 basis points below income return under 220 basis points. They are projecting 4 to 4.5% on income this year.

Trustee asked if they physically buy buildings when making investments for PRISA. Mr. Keegan explained if Prudential does development activity, they will do it with a joint venture partner that knows the market and the municipality and has the construction expertise. Their expertise is allocating capital so they will team up with who they think is the best partner. He explained the difference of REIT managers and the PRISA account. The PRISA account is actually buying real estate themselves. REIT managers are buying REIT companies.

**MINUTES BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM BOARD OF TRUSTEES (BCERS)**

APRIL 12, 2016

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Trustee asked strategically, if they are investing in certain areas. Mr. Keegan stated yes. They have 272 investments and that is the portfolio as a whole. Of those 272, so many are storage, so many are apartments, etc. Their highest allocation is to office space.

Trustee asked what size of a customer Bay County Retirement System is with the total investment of \$14.4 million. Mr. Keegan stated they would be median size customer.

Mr. Aversano and Mr. Keegan answered questions of trustees and concluded their presentation.

**MOTION 26:** Moved, supported and carried to receive the PRISA report.

**RESOLUTION NO 2016- 13:**

Moved, supported and carried to adopt Res. No 2016-13 to receive the following monthly reports: The Portfolio Value Ending 03/31/16 Change in Book & Market Value 2/29/16, Money Managers on Watch - None, Money Manager Reports: Cornerstone - ending-2/29/16, Eagle Asset - Ending 2/29/16, Hotchkis & Wiley - Ending 2/29/16, Loomis Sayles - Ending 2/29/16, Mackay Shields - Ending 2/29/16, MFS Heritage - Ending 2/29/16, MFS Investment - Ending 2/29/16; Recapture Services: Abel/Noser - Summary Ending 2/29/16, CAPIS - Summary Ending 2/29/16 & Q4 2015; Northern Trust Summary Earnings – 2/29/16; Refunds & Retirements Ending -3/31/16; BCERS YTD Budget Report ending 3/31/16; Approved Expenses ending 3/31/16.

Mr. Pohl gave an overview of the new PRISA lower fee schedule. In lowering their fees, they had to restate the partnership agreement. There is paperwork to be signed.

**RESOLUTION NO. 2016-14:**

Moved, supported and carried to approve Resolution No. 2016-14 approving the Board Chair is authorized to sign documents requested by PRISA restating the partnership agreement and lowering the fee schedule after review by Corporation Counsel.

**MOTION 27:** Moved, supported and carried 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.**

**ROLL CALL VOTE:**

Brzezinski - Yes  
Coonan – Yes  
Goetz – Yes  
Gray – Yes  
Gromaski – Yes  
Krieger – Yes  
Morse – Yes  
Pett – Yes  
Starkweather - Yes

**MOTION 28:** Moved, supported and carried to return to open session.

**RESOLUTION NO. 2016-15**

Moved, supported and carried to approve Res No. 2016-15 to deny the duty disability retirement application for Crystal Backus.

**ROLL CALL VOTE:**

Brzezinski – Yes  
Coonan – Yes  
Goetz – Yes  
Gray – Yes  
Gromaski – Yes  
Krygier – Yes  
Morse – Yes  
Pett – Yes  
Starkweather - Yes

**RESOLUTION NO. 2016-16:**

Moved, supported and carried to approve Res No. 2016-16 to deny the duty disability retirement application for James Charbonneau.

**ROLL CALL VOTE:**

Brzezinski – Yes  
Coonan – Yes  
Goetz – Yes  
Gray – Yes  
Gromaski – Yes  
Krygier – Yes  
Morse – Yes  
Pett – Yes  
Starkweather – Yes

**Resolution No. 2016-17:**

Moved, supported and carried to approve Res No. 2016-17 non-duty disability application for Rodney Holliday that this Board refer this matter to the Medical Director.

**MOTION 29:**

Moved, supported and carried to receive correspondence from Cornerstone, Schroders, and CAPIS.

Trustee Starkweather questioned the high number of trades MFS had on the CAPIS report on page 45 of the agenda. Mr. Pohl stated he would ask about that and have an answer for next month's meeting. He stated he had a suspicion that they are trying to scale into the amount of shares they want to buy. They are not trying to move the market so they are buying little trades throughout to get to the level they want.

**MINUTES** BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM BOARD OF TRUSTEES (BCERS)

April 12, 2016 - **REGULAR MEETING**

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**ANNOUNCEMENTS:**

- A. Special meeting Thursday, April 21, 2016 at 9:00 a.m. in Commissioner's Chambers, 515 Center Avenue -4<sup>th</sup> Floor, Bay City, MI 48708.
- B. The MAPERS spring conference Sunday May 22, 2016 through Tuesday, May 24, 2016 at the Soaring Eagle Casino in Mount Pleasant. Please contact Katie Meeth to register.
- C. Next regularly scheduled meeting will be Tuesday, May 10, 2016 at 1:30 P.M. in Commissioner's Chambers, 515 Center Avenue - 4<sup>th</sup> Floor, Bay City, MI 48708.

**UNFINISHED BUSINESS:**

**MOTION 30:**

Moved, supported and carried to receive the correspondence for the appointment of Shawna Walraven as the Interim Secretary to the Retirement Board.

**NEW BUSINESS:**

**MISCELLANEOUS BUSINESS**

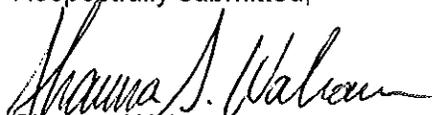
Today's Portfolio Value \$297 million.

**ADJOURNMENT:**

**MOTION 31:**

Moved, supported and carried to adjourn the meeting at 3:01 p.m.

Respectfully submitted,



Shawna Walraven  
Interim Secretary

Transcribed by: Tracy Cederquist

**MEETING OF THE BCERS BOARD OF TRUSTEES COMMITTEE**  
APRIL 12, 2016

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 1:33 P.M.

**MOTIONS**

TRUSTEE	24	25	26	27	28	29	30	31		
BRZEZINSKI	M-Y	Y	Y	Y	Y	Y	Y	Y		
COONAN	Y	Y	Y	M-Y	S-Y	M-Y	Y	Y		
GOETZ	Y	Y	Y	Y	Y	Y	Y	Y		
GRAY	Y	Y	Y	Y	Y	Y	Y	Y		
GROMASKI	S-Y	S-Y	Y	S-Y	Y	Y	Y	Y		
KRYGIER	Y	M-Y	M-Y	Y	M-Y	S-Y	S-Y	M-Y		
MORSE	Y	Y	S-Y	Y	Y	Y	Y	Y		
PETT	Y	Y	Y	Y	Y	Y	M-Y	S-Y		
STARKWEATHER	Y	Y	Y	Y	Y	Y	Y	Y		

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

MEETING OF THE **BCERS** BOARD OF TRUSTEES COMMITTEE  
APRIL 12, 2016

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 1:33 P.M.

**RESOLUTIONS**

TRUSTEE	2016-13	2016-14	2016-15	2016-16	2016-17	
BRZEZINSKI	Y	Y	Y	Y	Y	
COONAN	Y	S-Y	Y	M-Y	Y	
GOETZ	Y	Y	Y	S-Y	Y	
GRAY	Y	Y	Y	Y	Y	
GROMASKI	Y	Y	Y	Y	S-Y	
KRYGIER	S-Y	M-Y	M-Y	Y	Y	
MORSE	Y	Y	S-Y	Y	Y	
PETT	M-Y	Y	Y	Y	M-Y	
STARKWEATHER	Y	Y	Y	Y	Y	

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

**BAY COUNTY RETIREMENT BOARD  
5/10/2016  
RESOLUTION**

BY: BAY COUNTY RETIREMENT BOARD

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

1. PORTFOLIO VALUE - 1/1/16 - 4/30/16
2. CHANGE IN BOOK AND MARKET VALUE – 3/31/16
3. MONEY MANAGERS ON WATCH - NONE
4. MONEY MANAGER REPORTS
  - a. BAIRD – ENDING 4/30/16
  - b. COLUMBIA –ENDING 3/31/16 & 1Q 2016 PROXY VOTING
  - c. CORNERSTONE - ENDING 3/31/16, Q1 & PROXY VOTING REPORT Q1
  - d. EAGLE ASSET MGMT - ENDING 3/31/16
  - e. GENEVA - ENDING 3/31/16, PRIVACY NOTICE
  - f. HOTCHKIS & WILEY - ENDING 3/31/16 & 1Q 2016 PROXY VOTING
  - g. INTEGRITY - ENDING 3/31/16, ADV 2A & 2B REPORTS
  - h. LOOMIS SAYLES – ENDING 3/31/16, PRIVACY PRACTICES
  - i. MACKAY SHIELDS – ENDING 3/31/16
  - j. MFS INVESTMENT - ENDING 3/31/16, & 1Q 2016 PROXY VOTING
  - k. MFS HERITAGE TRUST - ENDING 3/31/16, HOLDINGS REPORT, 1Q 2016 PROXY VOTING, PORTFOLIO COMPLIANCE
  - l. MACKAY SHIELDS - ENDING 3/31/16
  - m. PRISA - 1 Q 2016 REPORT
5. RECAPTURE SERVICES
  - a. ABEL/NOSE - SUMMARY ENDING 3/31/16
  - b. CAPIS - SUMMARY ENDING 3/31/16
6. NORTHERN TRUST SUMMARY EARNINGS - 3/31/16
7. REFUNDS/RETIREMENTS –ENDING 4/30/16
8. BCERS YTD BUDGET REPORT – ENDING 4/30/16
9. APPROVED EXPENSES – 4/30/16

STEVE GRAY, CHAIR  
AND BOARD

MONTHLY REPORTS MAY 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				Ernie Krygier				Thomas Starkweather			

Vote Totals:

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



*Portfolio Statement*

1 MAR 16 - 31 MAR 16

Account Number 8765  
Account Name FAMILY CODE FAM8765

◆ Change in Book and Market Value

	Cost	Market value	For more information
Opening balance	262,846,718.56	285,835,481.28	
Miscellaneous Cash Receipts	151,398.01	151,398.01	See funding & disbursement summary
Participant Contributions	207,798.62	207,798.62	See funding & disbursement summary
Sponsor Contributions	124,255.91	124,255.91	See funding & disbursement summary
Interportfolio Transfers In	3,000,000.00	3,000,000.00	See funding & disbursement summary
Benefit Payment Redeposits	889.32	889.32	See funding & disbursement summary
Total receipts	3,484,341.86	3,484,341.86	See funding & disbursement summary
Interportfolio Transfers Out	- 3,000,000.00	- 3,000,000.00	See funding & disbursement summary
Benefit Payments / Beneficiary Payments	- 1,460,026.05	- 1,460,026.05	See funding & disbursement summary
Total disbursements	- 4,460,026.05	- 4,460,026.05	See funding & disbursement summary
Income received	771,749.74	771,749.74	See income & expense summary, cash activity detail
Expenses paid	- 473,814.37	- 473,814.37	See income & expense summary
Unrealized gain/loss change	0.00	14,568,468.45	See asset summary
Realized gain/loss	868,391.87	868,391.87	See realized gain/loss summary
Accrued income change	- 150,341.03	- 150,341.03	See income & expense summary
Closing balance	262,887,020.58	300,444,251.75	

Northern Trust

Charles B. Groeschell

Managing Director  
Senior Portfolio Manager  
Baird Advisors

April 25, 2016

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

Dear Katie:

Enclosed please find a summary review as of March 31, 2016 for the Bay County Employees' Retirement System Portfolio managed by Baird Advisors.

#### Market Review

Volatility was the story of the markets in the first quarter of 2016 as stocks, commodities, and the fixed income markets all experienced greater than normal price swings. In fixed income, the volatility was perhaps most evident in the dramatic swings in corporate credit spreads. U.S. investment grade and high yield credit spreads initially widened approximately 50 bps and 180 bps, respectively, from year end to mid-February, before reversing course and declining sharply. Treasury yields were not immune to the market swings as intermediate maturities traded in a range of more than 60 bps even as rates fell during the quarter. A more dovish outlook from both the Fed and other global central banks was the primary catalyst for lower rates and the trend reversal in credit spreads. The Fed reduced their 2016 rate hike outlook to just two 25 bps moves from the four they had previously expected. Despite the volatility, it was a quarter in which investors benefited from positive returns across all sectors of the fixed income market.

Enclosed please find the March 2016 Bond Market Comments which provide a more detailed review of the market.

#### Performance Update

During the volatile first quarter, the Bay County Employees' Retirement System Portfolio produced strong absolute performance and outperformed its benchmark.

Positive contributors to the relative performance during the quarter include:

- An overweight to investment grade credit driven primary by exposure to industrials, but partially offset by a financials overweight which lagged in the quarter.
- An underweight to government agency MBS.
- Exposure to CMBS, expressed in the most senior, AAA-rated structures.

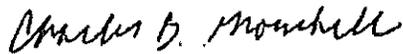
Robert W. Baird & Co.  
777 E Wisconsin Ave  
Milwaukee, WI 53202  
Direct 414 298-1063  
Toll Free 888 792-9813  
Fax 414 298-1078  
Email cgroeschell@rwbaird.com  
rwbaird.com

- A modest barbell structure around the 1 – 3 year maturity segment which outperformed as the yield curve flattened.

The global macro environment remains highly uncertain and market volatility has been relatively high. Among the many challenges investors and policymakers face is a generally slow pace of economic growth and (dis)inflation around the world. This has led to the extraordinary stimulative monetary measures that the global central banks have taken and continue to pursue in many cases. Our disciplined, risk-controlled process remains at the core of our fixed income management and is particularly well suited for the current environment. We continue to prudently manage risk while also seeking to capture market opportunities as they arise. Our goal remains the same, which is to deliver consistently competitive returns over a full market cycle.

We have enclosed copies of the Baird Advisors ADV brochure supplement and the Robert W. Baird privacy policy. Thank you for your continued confidence in our fixed income capabilities. Please let us know if you have any questions as you review this information.

Sincerely,



Charles B. Groeschell

cc: Crystal Hebert - Bay County Employees' Retirement System  
Jeanette Bateman - 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

March 31, 2016

	Fixed Income Portfolio	Custom Benchmark
Average Quality	AAA	AAA
Average Coupon	3.33 %	2.88 %
Current Yield	3.09 %	2.72 %
Yield to Maturity	1.86 %	1.69 %
Duration	4.51 years	4.51 years
Average Maturity	6.15 years	6.49 years
 <b>Quality Profile</b>		
US Treasury	28.3 %	46.6 %
Agency	68.2 %	53.4 %
Aaa	3.5 %	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	28.3 %	46.6 %
Agency	1.5 %	3.4 %
Mortgages/CMOs	47.3 %	50.0 %
Asset-Backed	0.0 %	0.0 %
CMBS	19.4 %	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	3.5 %	0.0 %
	100.0 %	100.0 %
 <b>Number of Issues</b>	 92	 1,160
 <b>Market Value</b>	 \$26,537,171	

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

**Baird Advisors**  
**Performance Summary**



3/31/2006 - 3/31/2016

**Bay County Employees' Retirement System**

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	<b>Portfolio Performance Gross of Fees</b>	<b>Custom Benchmark*</b>
1 Month Return	0.21%	0.23%
Trailing 3 Months	2.85%	2.55%
Year to Date	2.85%	2.55%
Trailing 12 Months	2.67%	2.40%
3 Year	2.46%	2.40%
5 Year	3.58%	3.34%
7 Year	3.71%	3.36%
Annualized Since Inception	4.86%	4.69%
Cumulative Since Inception	60.75%	58.12%
Market Value as of 3/31/2016	\$26,537,171	

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 - 3/31/2016



**Bay County Employees' Retirement System**

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	Portfolio Performance Net of Fees	Custom Benchmark*
1 Month Return	0.19%	0.23%
Trailing 3 Months	2.79%	2.55%
Year to Date	2.79%	2.55%
Trailing 12 Months	2.40%	2.40%
3 Year	2.17%	2.40%
5 Year	3.28%	3.34%
7 Year	3.41%	3.36%
Annualized Since Inception	4.55%	4.69%
Cumulative Since Inception	56.08%	58.12%
Market Value as of 3/31/2016	\$26,537,171	

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.

# Quarterly Investment Review

## Bay County Employees Retirement System

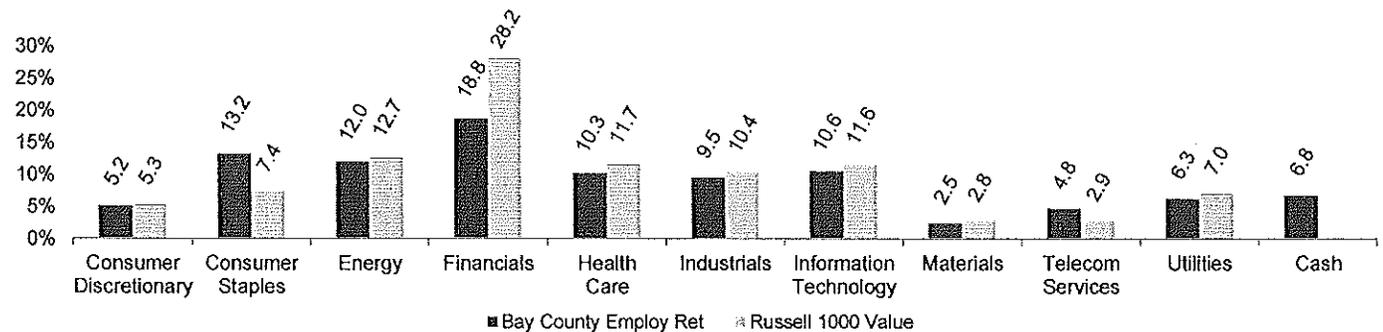
Reconciliation of Assets <sup>1</sup>	
Beginning Market Value 01/01/2016	\$ 29,966,308
Net Contributions/Withdrawals	\$ -
Income Earned	\$ 176,055
Change in Market Value	\$ -145,916
Ending Market Value 03/31/2016	\$ 29,996,447

### Performance



	3 Month (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception <sup>2</sup> (%)
Bay County Employees Retirement System (Gross)	0.10	-3.79	9.99	10.37	7.88	6.70
Bay County Employees Retirement System (Net)	-0.02	-4.26	9.46	9.83	7.35	6.16
Russell 1000 Value Index	1.64	-1.54	9.38	10.25	5.72	5.94

### Sector Allocation as of 03/31/2016



<sup>1</sup> Asset values can differ slightly due to rounding.

<sup>2</sup> Inception Date: 01/27/2001

Source: Columbia Management Investment Advisers, LLC, Factset

Past performance does not guarantee future results. Please refer to the Disclosures at the end of this presentation for more information.

**Vote Summary Report**

Date range covered: 01/01/2016 to 03/31/2016

Institution Account(s): Bay County Employees Retirement System ( 53D ) *Columbia*

**Costco Wholesale Corporation**

Meeting Date: 01/29/2016      Country: USA      Primary Security ID: 22160K105  
 Record Date: 11/20/2015      Meeting Type: Annual      Ticker: COST

Shares Voted: 5,000

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1.1	Elect Director Hamilton E. James	Mgmt	For	Withhold
1.2	Elect Director W. Craig Jelinek	Mgmt	For	Withhold
1.3	Elect Director John W. Stanton	Mgmt	For	For
1.4	Elect Director Mary A. (Maggie) Wilderotter	Mgmt	For	For
2	Ratify KPMG LLP as Auditors	Mgmt	For	For
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	For
4	Adopt Proxy Access Right	SH	Against	For

**Tyson Foods, Inc.**

Meeting Date: 02/05/2016      Country: USA      Primary Security ID: 902494103  
 Record Date: 12/07/2015      Meeting Type: Annual      Ticker: TSN

Shares Voted: 0

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1a	Elect Director John Tyson	Mgmt	For	For
1b	Elect Director Gaurdie E. Banister, Jr.	Mgmt	For	For
1c	Elect Director Mike Beebe	Mgmt	For	For
1d	Elect Director Mikel A. Durham	Mgmt	For	For
1e	Elect Director Kevin M. McNamara	Mgmt	For	For
1f	Elect Director Brad T. Sauer	Mgmt	For	For
1g	Elect Director Donnie Smith	Mgmt	For	For
1h	Elect Director Robert Thurber	Mgmt	For	For
1i	Elect Director Barbara A. Tyson	Mgmt	For	For
2	Amend Executive Incentive Bonus Plan	Mgmt	For	For
3	Ratify PricewaterhouseCoopers LLP as Auditors	Mgmt	For	For

**Vote Summary Report**

Date range covered: 01/01/2016 to 03/31/2016

Institution Account(s): Bay County Employees Retirement System ( 53D )

**Tyson Foods, Inc.**

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
4	Report on the Risks Associated with Use of Gestation Crates in Supply Chain	SH	Against	Abstain
5	Implement a Water Quality Stewardship Policy	SH	Against	Abstain
6	Require Independent Board Chairman	SH	Against	For
7	Approve Recapitalization Plan for all Stock to Have One-vote per Share	SH	Against	For
8	Report on Working Conditions	SH	Against	Abstain
9	Report on Lobbying Payments and Policy	SH	Against	For

**Applied Materials, Inc.**

Meeting Date: 03/10/2016

Country: USA

Primary Security ID: 038222105

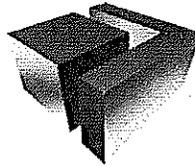
Record Date: 01/14/2016

Meeting Type: Annual

Ticker: AMAT

Shares Voted: 50,684

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1a	Elect Director Willem P. Roelandts	Mgmt	For	Against
1b	Elect Director Xun (Eric) Chen	Mgmt	For	For
1c	Elect Director Aart J. de Geus	Mgmt	For	For
1d	Elect Director Gary E. Dickerson	Mgmt	For	For
1e	Elect Director Stephen R. Forrest	Mgmt	For	For
1f	Elect Director Thomas J. Iannotti	Mgmt	For	Against
1g	Elect Director Susan M. James	Mgmt	For	For
1h	Elect Director Alexander A. Karsner	Mgmt	For	For
1i	Elect Director Adrianna C. Ma	Mgmt	For	For
1j	Elect Director Dennis D. Powell	Mgmt	For	For
1k	Elect Director Robert H. Swan	Mgmt	For	For
2	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	Against
3	Ratify KPMG LLP as Auditors	Mgmt	For	For
4	Proxy Access	SH	Against	For



## CORNERSTONE

April 29, 2016

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 March 31, 2016 is as follows:

### Total Returns Ending March 31, 2016

Portfolio	Q1 2016	1 Year
Bay County Employees' Gross	5.21%	4.12%
Bay County Employees' Net	5.05%	3.50%
FTSE NAREIT Equity REIT Index	6.00%	4.43%

### Market Overview

U.S. REIT performance was volatile in the first quarter, down 10% by early February, then rebounding sharply by March 31. All major sectors posted positive returns and four sectors posted double-digit returns in the quarter. Performance was led by the Free Standing, Specialty, and Data Centers Sectors. The Office and Diversified Sectors were the weakest major sectors.

Amidst concerns about global growth and volatile capital markets, the Free Standing Sector outperformed in the quarter, as investors looked for safety in this defensive sector with long lease terms. Operating fundamentals for the sector did not change during the period.

The Specialty Sector is a newly created, smaller sector with eight companies that do not fit within the other Index classifications. Two of these companies have holdings in correctional facilities, two in outside advertising, one in farmland, one in gaming, one in records management, and one in entertainment/recreational, educational properties. The Strategy does not own holdings in any of these companies. The Specialty Sector's strong performance in the first quarter was dominated by Iron Mountain, a records management company. We believe that the records storage business is in secular decline.

The Data Centers Sector, also a new sector in the Index, outperformed in the quarter due to overall strong demand in enterprise outsourcing, cloud computing, and ecommerce. The Sector is expected to have REIT-leading FFO growth in 2016.

The Office Sector underperformed during the quarter, primarily due to concerns that volatile capital markets would lead to declining corporate confidence. In addition, fundamentals in the important New York City office market decelerated in the first quarter as a result of new supply and continued weak demand from financial companies. Paramount Group underperformed on broader expectations of a slowdown in New York City office fundamentals.

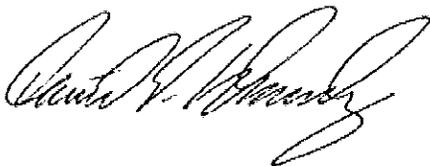
### **Market Commentary**

The U.S. labor market continues its steady improvement. In the first quarter, employment rose on average 209,000 per month, equal to the average for the past four years. The labor participation rate reached 63.0%, its highest level in two years. Fourth quarter GDP was revised upward to 1.4%, down from second and third quarter levels. GDP growth remains volatile; gains from consumer spending were partially offset by reduced inventory accumulation and trade. Volatility in financial markets, a strong dollar's effect on exports, and weak oil prices are a concern, although the risk of recession remains low.

### **REIT Outlook**

U.S. real estate fundamentals remains positive, and we expect listed real estate securities to generate attractive relative returns for the balance of 2016. In particular, we expect that global growth will pick up from the low levels of the first quarter of 2016, but remain muted for the full year. This low growth environment is ideal for real estate securities, as the low growth keeps supply growth low and slows the expected pace of rate hikes by the Federal Reserve. In addition, the pace of earnings growth for real estate securities is likely to compare favorably with the earnings growth expected in the broader stock markets.

Sincerely,



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



# CORNERSTONE

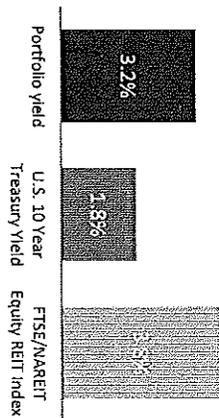
PERFORMANCE HISTORY  
 Bay County Employees' Retirement System  
 U.S. REIT Strategy

Total Return as of 03/31/2016

Time Period	Portfolio Returns		FTSE/NAREIT Equity REIT Index
	Gross	Net	
Q1 2016	5.21%	5.05%	6.00%
YTD 2016	5.21%	5.05%	6.00%
1 Year	4.12%	3.50%	4.43%
3 Year	12.31%	11.65%	10.47%
5 Year	12.83%	12.16%	11.89%
Since Inception*	16.54%	15.85%	14.63%

\*Inception Date: October 21, 2008

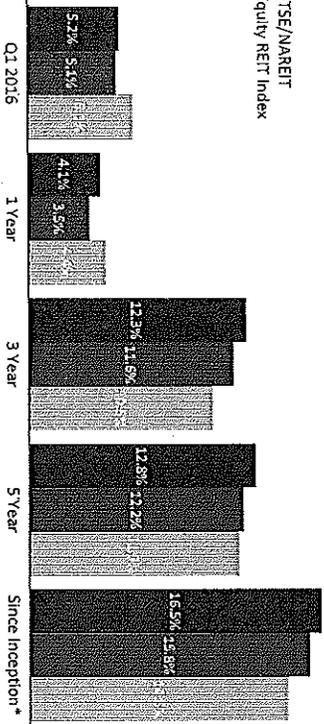
### Dividend Yields<sup>1</sup>



<sup>1</sup>All forward yields

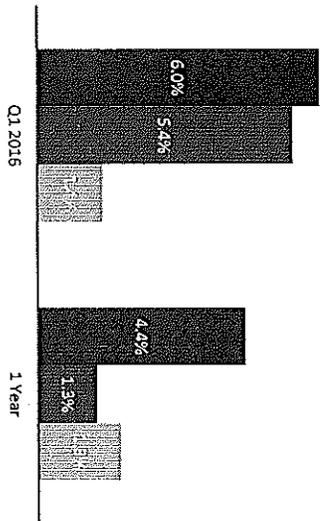
### Returns Summary

■ Gross  
 ■ Net  
 ■ FTSE/NAREIT  
 Equity REIT Index



### Capital Markets & Real Estate Comparison

■ FTSE/NAREIT  
 Equity REIT Index  
 ■ Global Real Estate\*\*  
 ■ S&P 500 TR



Past performance is not a guarantee of future performance.

\*\* FTSE EPRA/NAREIT Developed Index



# CORNERSTONE

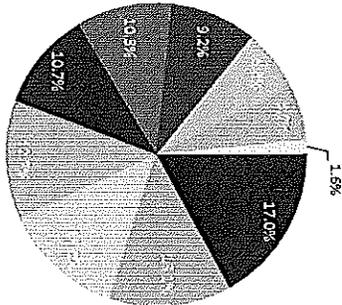
Bay County Employees' Retirement System  
 U.S. REIT Strategy  
 March 31, 2016

## Top Ten Equity Holdings

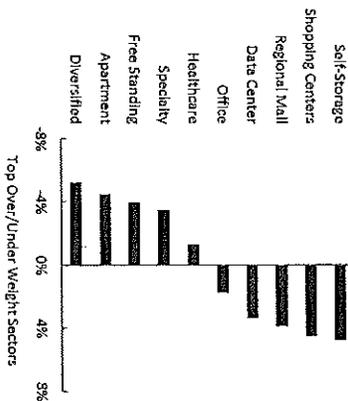
Ticker	Security	Total Portfolio Weight	Sector	Quantity	Market Close Price	Portfolio Market Value	Equity Weight*	Dividend Yield	Security/Market Return Quarter	
SPG	Simon Property Group Inc	10.1%	Regional Mall	4,258	\$207.69	\$886,421	10.2%	3.1%	7.8%	
PSA	Public Storage	7.1%	Self-Storage	2,250	\$275.83	\$620,618	7.2%	2.5%	12.1%	
EXR	Extra Space Storage Inc	5.5%	Self-Storage	5,160	\$93.46	\$482,254	5.6%	2.5%	6.7%	
HCN	Welltower Inc	4.9%	Healthcare	6,190	\$69.34	\$429,215	5.0%	5.0%	3.3%	
DJR	Digital Realty Trust Inc	4.4%	Data Center	4,380	\$88.49	\$387,586	4.5%	4.0%	18.2%	
REG	Regency Centers Corp	4.2%	Shopping Centers	5,130	\$74.85	\$383,981	4.3%	2.7%	4.0%	
PLD	Prologis Inc	4.2%	Industrial	8,340	\$44.18	\$368,461	4.3%	3.8%	-0.9%	
MAC	Macerich Co/The	4.1%	Regional Mall	4,580	\$79.24	\$362,919	4.2%	3.4%	-0.9%	
BXP	Boston Properties Inc	4.1%	Office	2,830	\$127.08	\$359,636	4.2%	2.0%	0.2%	
ACC	American Campus Communities In	3.8%	Apartment	7,110	\$47.09	\$334,810	3.9%	3.4%	15.0%	
							<b>52.7%</b>			
							<b>\$4,615,900</b>	<b>53.3%</b>	<b>3.2%</b>	

## FTSE NAREIT Equity Index vs. Portfolio Sector Weightings

Sector	Equity Weight*	Market Equity Index Weight	Over/Under-Weight
Apartment	10.3%	14.7%	-4.5%
Single Family	0.0%	0.6%	0.6%
Diversified	0.0%	5.2%	-5.2%
Healthcare	10.7%	12.0%	-1.3%
Hotels	5.7%	5.6%	0.1%
Industrial	6.8%	6.4%	0.4%
Manufactured Homes	1.6%	1.3%	0.3%
Office	13.0%	11.2%	1.8%
Regional Mall	17.0%	13.2%	3.9%
Self-Storage	12.7%	8.0%	4.8%
Specialty	0.0%	3.5%	-3.5%
Free Standing	0.0%	4.0%	-4.0%
Shopping Centers	13.1%	8.6%	4.5%
Data Center	9.2%	5.8%	3.4%
			<b>100.0%</b>



Sector Weightings excluding cash holdings



Top Over/Under-Weight Sectors

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

## Vote Summary Report

**No results for the selected criteria.**

**Parameters Used:**

Reporting Period: 01/01/2016 to 03/31/2016

Location(s): Massachusetts Financial Services

Institution Account(s): Bay County Voluntary Employees' Beneficiary Association Trust



CORNERSTONE

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

Percent Total Return  
Per Period

Time Period	3/31/2016	Portfolio		FTSE/NAREIT
		Gross	Net	Equity REIT Index
1 Month		9.74%	9.69%	10.14%
YTD		5.21%	5.05%	6.00%
1 Year		4.12%	3.50%	4.43%
3 Year		12.31%	11.65%	10.47%
5 Year		12.83%	12.16%	11.89%
Inception (October 21, 2008)		16.54%	15.85%	14.63%



# CORNERSTONE

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

March 31, 2016

Symbol	Description	Property Type	Shares	Cost	Cost Per Share	Closing Price 3/31/2016	Percentage of Portfolio	Market Value 3/31/2016	Dividend Yield
ACC	American Campus Communities In	Apartment	7,110	\$304,299	\$42.80	\$47.09	3.8%	\$334,810	3.4%
EQR	Equity Residential	Apartment	3,910	\$298,130	\$76.25	\$75.03	3.3%	\$293,367	2.7%
ESS	Essex Property Trust Inc	Apartment	1,120	\$250,904	\$224.02	\$233.86	3.0%	\$261,923	2.7%
CON	CyrusOne Inc	Data Center	2,950	\$127,548	\$43.24	\$45.65	1.5%	\$134,668	3.3%
DLR	Digital Realty Trust Inc	Data Center	4,380	\$329,972	\$75.34	\$88.49	4.4%	\$387,586	4.0%
EQIX	Equinix Inc	Data Center	830	\$240,755	\$290.07	\$330.71	3.1%	\$274,489	2.1%
DOC	Physicians Realty Trust	Healthcare	7,900	\$122,012	\$15.44	\$18.58	1.7%	\$146,782	4.8%
HON	Welltower Inc	Healthcare	6,190	\$398,231	\$64.33	\$69.34	4.9%	\$429,215	5.0%
NHI	National Health Investors Inc	Healthcare	1,417	\$87,646	\$61.85	\$66.52	1.1%	\$94,259	5.4%
VTR	Ventas Inc	Healthcare	4,017	\$251,638	\$62.64	\$62.96	2.9%	\$252,910	4.6%
CLDT	Chatham Lodging Trust	Hotels	1,900	\$56,140	\$29.55	\$26.46	0.5%	\$40,717	6.2%
CHSP	Chesapeake Lodging Trust	Hotels	4,840	\$112,121	\$23.17	\$21.43	1.5%	\$128,066	6.0%
DRH	Diamondrock Hospitality Co	Hotels	6,690	\$87,501	\$13.08	\$10.12	0.8%	\$67,703	4.9%
FCH	FelCor Lodging Trust Inc	Hotels	18,960	\$183,458	\$9.68	\$8.12	1.8%	\$153,955	3.0%
DRE	Hilton Worldwide Holdings Inc	Hotels/Not Indexed	4,580	\$108,519	\$23.69	\$22.52	1.2%	\$103,142	1.2%
HLT	Duke Realty Corp	Industrial	9,810	\$199,230	\$20.31	\$22.54	2.5%	\$221,117	3.2%
PLD	Prologis Inc	Industrial	8,340	\$334,558	\$40.11	\$44.18	4.2%	\$368,461	3.8%
SUI	Sun Communities Inc	Manufactured Homes	1,890	\$127,576	\$67.50	\$71.61	1.5%	\$135,343	3.6%
BXP	Boston Properties Inc	Office	2,830	\$305,049	\$107.79	\$127.08	4.1%	\$359,636	2.0%
HIW	Highwoods Properties Inc	Office	3,680	\$139,280	\$37.85	\$47.81	2.0%	\$175,941	3.6%
KRC	Kitroy Realty Corp	Office	4,062	\$253,550	\$62.42	\$61.87	2.9%	\$251,316	2.3%
PGRE	Paramount Group Inc	Office	14,190	\$250,710	\$17.67	\$15.95	2.6%	\$226,331	2.4%
SLG	Sl Green Realty Corp	Office	1,130	\$108,422	\$95.95	\$96.88	1.2%	\$109,474	3.0%
MAC	Macerich Co/The	Regional Mall	4,580	\$361,833	\$79.00	\$79.24	4.1%	\$362,919	3.4%
SPG	Simon Property Group Inc	Regional Mall	4,268	\$506,074	\$118.57	\$207.69	10.1%	\$886,421	3.1%
TCO	Taulman Centers Inc	Regional Mall	3,180	\$242,848	\$76.37	\$71.23	2.6%	\$226,511	3.3%
EXR	Extra Space Storage Inc	Self-Storage	5,160	\$398,858	\$77.30	\$93.46	5.5%	\$482,254	2.5%
PSA	Public Storage	Self-Storage	2,250	\$522,325	\$231.14	\$275.83	7.1%	\$620,618	2.5%
AKR	Aacadia Realty Trust	Shopping Centers	6,651	\$199,168	\$29.34	\$35.13	2.7%	\$233,650	3.0%
EQY	Equity One Inc	Shopping Centers	5,090	\$134,657	\$26.46	\$28.66	1.7%	\$145,879	3.1%
KIM	Kimco Realty Corp	Shopping Centers	8,120	\$205,590	\$25.32	\$28.78	2.7%	\$233,694	3.5%
REG	Regency Centers Corp	Shopping Centers	5,130	\$302,666	\$59.00	\$74.85	4.4%	\$383,981	2.7%
SKT	Tanger Factory Outlet Centers	Shopping Centers	3,730	\$123,266	\$33.05	\$36.59	1.5%	\$135,735	3.1%
<b>Total Equities</b>							98.9%	\$8,662,872	3.2%
<b>Total Cash &amp; Cash Equivalents</b>							1.1%	\$98,061	
<b>Total Portfolio Value</b>							100.0%	\$8,760,934	

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

**Portfolio Summary**

	Month To Date	Year To Date
Beginning Market Value	8,466,620.13	10,188,378.45
Contributions	0.00	342.61
Withdrawals	-430.86	-625,498.34
Dividend and Interest Income	3,206.17	20,919.91
Change in Market Value	569,986.29	-544,760.90
Ending Market Value	9,039,381.73	9,039,381.73

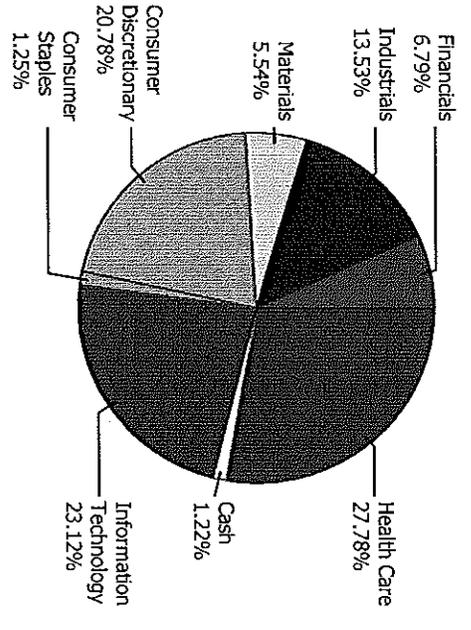
**Performance Summary**

	MTD	QTD	YTD	1 Year	3 Years	5 Years	Annualized Since Inception
Gross	6.77	-4.22	-4.22	-6.50	6.89	7.99	13.57
Net	6.76	-4.44	-4.44	-7.29	5.92	7.07	12.65
RU20GTR <sup>1</sup>	7.66	-4.68	-4.68	-11.84	7.91	7.70	14.36

<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
UNIVERSAL ELECTRONICS INC	349,871.56	3.87%
MARTIN MARIETTA MATERIALS	283,449.27	3.14%
NATUS MEDICAL INC	241,455.69	2.67%
QUAKER CHEMICAL CORP	216,987.02	2.40%
GENESCO INC	216,533.25	2.40%
IMPERVA INC	213,918.00	2.37%
VAIL RESORTS INC	200,148.90	2.21%
JETBLUE AIRWAYS CORP	190,502.40	2.11%
COHERENT INC	188,486.90	2.09%
WASTE CONNECTIONS INC	182,208.39	2.02%

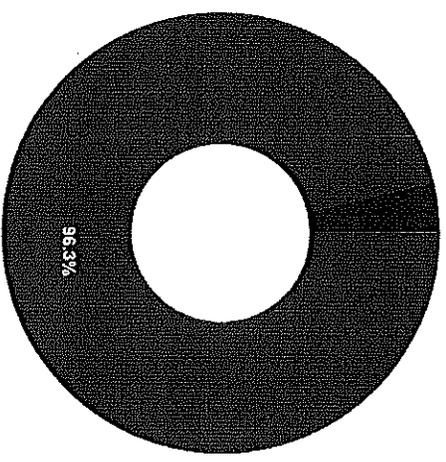
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**Activity Summary**

	Month To Date	Quarter To Date	Year To Date
Beginning Market Value	18,425,822.46	20,449,771.41	20,449,771.41
Net Additions	-1,300,079.96	-1,925,214.76	-1,925,214.76
Gains/Losses (Net of Fees)	1,230,060.31	-168,753.84	-168,753.84
<b>Ending Market Value</b>	<b>18,355,802.81</b>	<b>18,355,802.81</b>	<b>18,355,802.81</b>

**Account Objectives & Asset Allocation**

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



Equities 96.3%      Cash & Equivalents 3.7%



# Performance Overview

Bay County Employees' Retirement System XXXX9057 (bcers)

Net of Fees | US Dollar  
3/31/2016

## Performance Returns

Asset Class	Month To Date	Quarter To Date	Year To Date	Annualized	Annualized	Annualized
				Latest 1 Year	Latest 3 Years	Inception To Date (11/7/2013)
Equities	7.10	-0.50	-0.50	-1.39	9.71	10.95
<b>Account</b>	<b>6.71</b>	<b>-0.81</b>	<b>-0.81</b>	<b>-1.98</b>	<b>8.67</b>	<b>9.94</b>
Index						
Russell Midcap Growth Index	7.14	0.58	0.58	-4.75	10.99	12.54

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# Performance History - YTD

Bay County Employees' Retirement System XXXXX9057 (bcers)

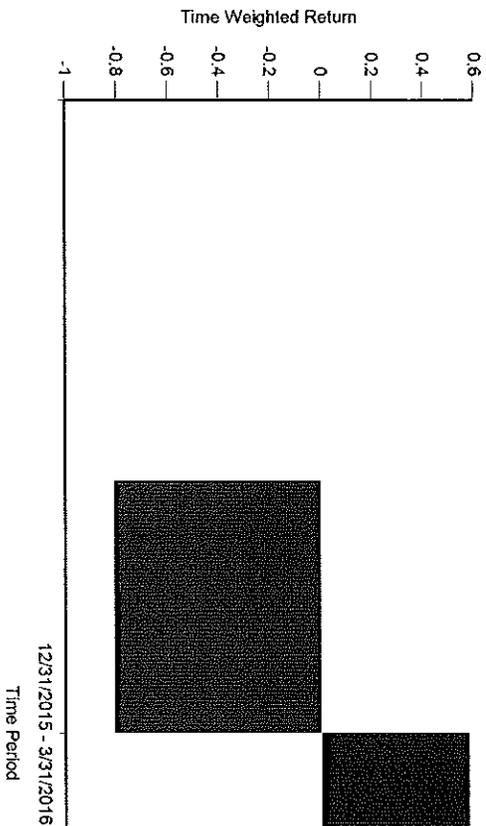
Net of Fees | US Dollar  
12/31/2015 - 3/31/2016

## Performance History

Percent Return Per Period

Time Period	Total	Equities	Russell Midcap Growth Index
12/31/2015 to 03/31/2016	-0.81	-0.50	0.58
12/31/2015 to 03/31/2016	-0.81	-0.50	0.58

## Time Weighted Return



■ Total  
■ Russell Midcap Growth Index

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Henderson Geneva Capital Management  
Part 2A of Form ADV  
March 28, 2016

## Item 2 Material Changes

This item summarizes material changes that have been incorporated in the brochure since HGCM's last annual update on October 8, 2015:

- Item 4 updated to include that HGCM now manages a U.K. Open-Ended Investment Company ("OEIC") and to update our assets under management.
- Item 10 was updated to include HGCM's management of a SICAV and OEIC for an affiliate entity.
- Item 12 was updated to include additional language regarding client-directed brokerage.

We will ensure that clients receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

In addition to the material changes described above, minor items, including clarifying language, formatting and corrections to typographical errors, also have been completed since the October 8, 2015 brochure.

A full copy of our brochure is available upon request. To receive a copy, free of charge, please contact us by telephone at (312) 915-9161, (414) 326-3161 or by email to [advinquiry@gcmltd.com](mailto:advinquiry@gcmltd.com). HGCM's brochure is also available on our website at <https://www.henderson.com>.

Additional information about HGCM is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with HGCM who are registered, or are required to be registered, as investment adviser representatives of HGCM.

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T 414 224 6002 F 414 224 9503

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## Privacy Notice Our Commitment to Protecting Your Privacy

Henderson Geneva Capital Management LLC ("HGCM") is committed to protecting the confidentiality and security of information we collect about clients. This commitment applies to current, prospective and former clients (herein referred to as "client(s)"). In this notice, we refer to non-public information that identifies you or your accounts as "personal information." The purpose of this notice is to describe HGCM's policy concerning the confidentiality and security of your personal information.

We have not and will not sell your personal information to anyone. Our relationship with our clients is the most important asset of our firm. We strive to maintain your trust and confidence, an essential aspect of which is our commitment to protect your personal information to the best of our ability. We believe that all of our clients value their privacy, so we will not disclose your personal information to anyone outside our firm unless disclosure is:

- required or permitted by law (for example, to cooperate with regulators or law enforcement authorities);
- at the direction of you or your authorized representative; or
- reasonably necessary to provide you with our services or furnish you with the information necessary to value our services.

### Categories of information that we collect.

HGCM collects and maintains personal information about you and your account in order to provide you with our services. Information we collect includes personal information about you from various sources, including:

- *Account Information.* We receive information from you to open an account or provide investment advice (such as your name, social security number, address, telephone number and financial information such as assets, income, account balance(s), investment activity and other investments);
- *Transaction Information.* We generate personal information about you in the course of servicing your account (such as trade tickets and account statements, account balances, positions and history); and
- *Third Party Information.* We receive personal information about you or your account from certain third parties (such as trade confirmations and custodian statements from your bank or brokerage firm).

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**Categories of information we disclose and parties to whom we disclose.**

In order for us to provide investment management services to you, we disclose your personal information in very limited circumstances, subject to strict confidentiality when applicable, which include:

- Disclosures to companies which perform services on our behalf (such as technology consultants who assist us in maintaining our computer systems, or auditors who assist us in verifying our performance numbers and valuing our services);
- Disclosures to companies which help us process or service your transactions or account(s) (such as providing account information to brokers and custodians); and
- Disclosures at your request to attorneys, accountants, and other individuals or firms to assist them in providing services to you.

**Our policies and practices with respect to protecting the confidentiality and security of nonpublic personal information.**

To fulfill our privacy commitment, we have instituted policies and procedures reasonably designed to safeguard the personal information we maintain about our clients. These include:

- Adopting policies and procedures that put in place physical, electronic, and other safeguards to keep your personal information safe while in our possession and upon destruction;
- Limiting employee access to your personal information for business purposes only. All employees are trained and required to safeguard such information;
- Requiring third parties who perform services for us to agree by contract to keep your personal information strictly confidential; and
- Protecting information concerning our former clients to the same extent as that concerning our current clients.

For additional information about our privacy policy, please contact Henderson Geneva Capital Management at:  
(414) 224-6002 or (800)501-3703 100 E. Wisconsin Avenue, Suite 2550 Milwaukee, WI 53202

Notice Date: 2005-03-17  
Revised: 2006-12-01  
2009-03-27  
2011-01-27  
2015-02-11  
2015-10-30

# Economic Outlook

The US economy is struggling to achieve the long desired and anticipated 3% Real GDP (RGDP) growth which is necessary to drive capital spending and significant real income growth. This is the sixth consecutive year in which expectations entering the year were for 3%+ growth only to be revised down as the first half ensued. The dollar strength and the subsequent net export weakness appears to have surprised the Federal Reserve (Fed) as they have continually reduced expectations on the forthcoming pace of rate hikes stating they must consider the global economy when determining future actions. The manufacturing, energy and material sectors, while improving are still battling recessionary conditions and retail sales continue to disappoint. However, after adjusting for gasoline sales, which account for 8% of retail sales (-13%), the underlying trends of 4.4% growth suggest the consumer is healthy and confidence is improving. One explanation for the underwhelming consumer spending trends given the backdrop of improving employment, wages and real income (due to the lower energy prices) is the consumer had been borrowing to increase consumption for the 35 years prior to the great recession, thus pulling forward future consumption. Since 2008 the consumer has been deleveraging and perhaps cautious so as to not find themselves in the precarious position many lived through during the turmoil of the financial collapse. Given that backdrop one could postulate the consumer is actually remarkably healthy, which is encouraging since they comprise 70% of our economy. Periods of deleveraging are typically measured in years not months, which leads us to forecast RGDP growth to meander around 2% (+/- 1%) until there are structural changes in our corporate tax rate or until we see significant improvement in global economic growth.

Capex continues to disappoint as NFI's capex plans index has moderated following a headline decrease in capex of 2.5% in the 4<sup>th</sup> quarter of 2015. Perhaps it is the volatile financial markets, questions surrounding the election, currency headwinds or the other myriad of issues one could indicate as a potential source for the lack of investment, but the crux is GDP based capex will most likely remain sluggish for the remainder of the year. There are three distinct components to capex: 1) equipment, 2) Intellectual Property, and 3) structures. Equipment comprises the largest percentage of capex (47%) and has been suffering due to the precipitous fall in energy investment.

Interestingly, alternative energy investment continues to grow and in 2015 surpassed traditional energy investment for the first time. Offsetting energy weakness has been strength in technology. Intellectual Property is the second largest component (32%) and has recently displayed a modicum of strength (+1.5% annualized). Finally, investment in structures (21%) has been negative due to the precipitous decline in oil related investment, although this declination has been somewhat offset by strength in health care, hotels and manufacturing. While oil capex continues to be a headwind to the headline capex number, the collapse in the underlying commodity has benefited the cost structures in a multitude of industries, which has helped drive growth of 8.4% in non-energy related capex. Given the lag which occurs between the drop in oil prices and the acceleration in non-energy related industries, we should see support for accelerating capex beginning in 2H16 and into 2017. If oil prices stabilize at these levels, we believe headline capex could accelerate to 5%+ annualized into 2017.

Analyzing the potential for increasing inflation is an interesting exercise because rarely in history have we experienced such a confluence of factors affecting all matter of prices. From an employment perspective, as the economy has continued to progress and grow (albeit slowly) we have experienced a drop in unemployment from over 10% in 2009 following the great recession to 5.0% at last measure. In addition, we have seen this metric stabilize at the 5% level with participation rates increasing. This coupled with a push for a higher minimum wage is creating the nascent wage inflation for a variety of industries. Capex has remained relatively constrained, which is understandable with capacity utilization consistently running at 75%. Should we see this tighten up, that would be supportive of increasing prices as well. We have also experienced stabilization in the declination of commodity prices, which as we lap over easier comps will cease to be a headwind to inflation. M2 growth has been robust as of late (+6%) and given the global level of monetary easing and considering the lag effects of monetary creation, we would anticipate seeing inflation begin to manifest in late 2016 or early 2017. While many economists have been calling for increased inflation for years, we feel the odds of runaway inflation occurring are quite small.

# Economic Outlook

Ultimately, we believe the trend line for CPI will be up and to the right but moving from 2% at year end to possibly 3% longer term, which we feel is supportive of economic growth.

At the December FOMC meeting, Fed officials shifted towards "normalization" and Chairwoman Yellen as well as other FOMC members have been closely scrutinized as to any comments pertaining to the cadence of future increases and the circumstances by which they will occur. At present, we believe the Fed has aligned very well with market expectations and has successfully managed those expectations regarding the potential for future rate hikes during 2016. The recent shift (e.g. flattening) however is confirmation that in the long run and for longer maturity bonds, the broad market will determine rates. As evidence to this, the .50% drop in the 10-year Treasury during the first quarter is reflective of global weakness and non US quantitative easing (QE). While the US may no longer need rates that are reflective of crisis levels, other countries continue to use monetary policy (i.e. negative rates) to stimulate growth. As such, we believe future rate increases, if any, will be at a measured pace and anticipate only a moderate upward movement in the short end of the yield curve from current levels. Globally, US Treasuries remain attractive from both a yield and credit standpoint given our country's relative economic stability. Our year-end 2016 forecast for the benchmark 10-year and 30-year Treasury remains at 2.50% and 3.15%, respectively.

Japan's weak economy has continued to frustrate its leadership as economic and wage growth remain stubbornly anemic despite extraordinary efforts to the contrary. Kurdo's actions meant to weaken the yen have been blunted by the enormous short positions forced to cover as speculators who bet the yen would weaken vs the dollar as the Fed embarked on a series of rate hikes were caught off guard by Chairwoman Yellen's subsequent dovish tone. The appreciating yen is creating a headwind for growth and a big reason for the recent PMI decline. Abe's third arrow of structural reform is desperately needed as Japan has become the poster child for the limitations of QE. The zero interest rate policy (ZIRP) has created a dearth of capital in banks and has led to nearly \$50b being removed from capital markets. Japanese consumer confidence has been trending lower for the past three years, which

coincides with the commencement of their QE program. Japan does not appear to be emerging as the engine of growth for the Asia Pac region.

The Eurozone, similar to Japan, has experienced a strengthening of their currency despite adopting a ZIRP, which has shaken consumer and business confidence and caused market participants to question the strength of European banks. Compounding these issues are the recent terror attacks which is a headwind to Europe's normally robust tourism industry. We have been watching the weaker PMI's emanate from Germany and France but are encouraged by the improving domestic demand. The UK does bear watching as an acceleration in growth remains elusive. The lack of Eurozone growth as well as Brexit speculation (referendum June 23) continues to weigh on the pound as well as business confidence. Again, similar to Japan, structural reforms are needed in order to escape from this moribund period of growth.

Growth in China continues to be challenged as the country muddles through their transition from an infrastructure/manufacturing led economy, to one based on consumption. Given the trajectory of PPI (49 months of declination), weakening employment and investment, and the collapsing business confidence, we anticipate growth in China to moderate at the lower end of our 3-5% range. This has implications for those emerging markets (EM) who export to China and creates potential currency risk for the region and protectionism measures being adopted. The bottom line is, China was the engine of global growth for the past decade and that era is over. Leadership within the global economy has always been distinct. In the 1950's and 60's the US was a bastion of growth, Japan in the 70's and 80's, Europe in the 90's following the fall of the Berlin Wall and Iron Curtain (which ran concurrent with the US Tech boom), and in the 2000's it was China and EM. We need new leadership and it is difficult to discern from where it will emerge.

# Economic Outlook

## Longer Term

The United States has historically managed through the most difficult of economic periods only to emerge stronger. We see this period as similar to the subsequent period of deleveraging following the Great Depression. Notwithstanding WWII, the economy needed time to moderate and de-lever from a business, consumer and governmental debt boom and in such a period, became susceptible to policy errors. Dissimilarly from this period, the economy is much more global in nature and actions taken at the central bank level in the US and abroad have far reaching implications with potential unintended consequences. The US has pulled forward demand over the 35 years leading up to 2008, creating an economic boom without compare in our history. A period of moderation and deleveraging is actually healthy. The complicating factor is many other economies have followed the same path and are a few years behind us and continue to rely on monetary policy as their sextant to navigate these choppy waters. We are witnessing the limitations to QE and the ability of government to cure our economic ills and would be encouraged to see some action both here and abroad in the form of structural reform. Ultimately, it is the ease of doing business, the availability of capital and the entrepreneurial spirit of American business people which has created economic prosperity in this country. We ARE bullish on the US in the long term, but as we have written in the past, the unwinding of the Incredible debt bubble we have inflated will most likely be painful. We anticipate that period to be 3-5 years out, coinciding with maturities of the aforementioned debt issuance, but until that time, expect moderate growth (2% +/-) governed by the lethargic global economy and related currency headwinds.

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# Economic Outlook

## Second quarter 2016

Outlook	2013	2014	2015	2016E
Real GDP	3.1%	2.4%	2.0%	2.5%
Inflation (Headline CPI) Year-to-year change	1.5%	0.8%	0.7%	2.0%
Profits (S&P 500*)	5.4%	7.2%	0.4%	8.9%
Annual Housing Starts in thousands	920	985	1111	1200
Gross Private Domestic Investment Fixed Investment - Non-residential	4.3%	5.5%	1.8%	5.5%
US Auto Sales	12.1	12.8	13.5	14.4
Domestically produced vehicles in millions				
10-year Treasury (Year-end)	3.03%	2.17%	2.27%	2.50%
30-year Treasury (Year-end)	3.97%	2.75%	3.02%	3.15%

\*Operating Earnings

Source: Henderson Geneva Capital Management, Bloomberg, US Federal Reserve, 3/24/16

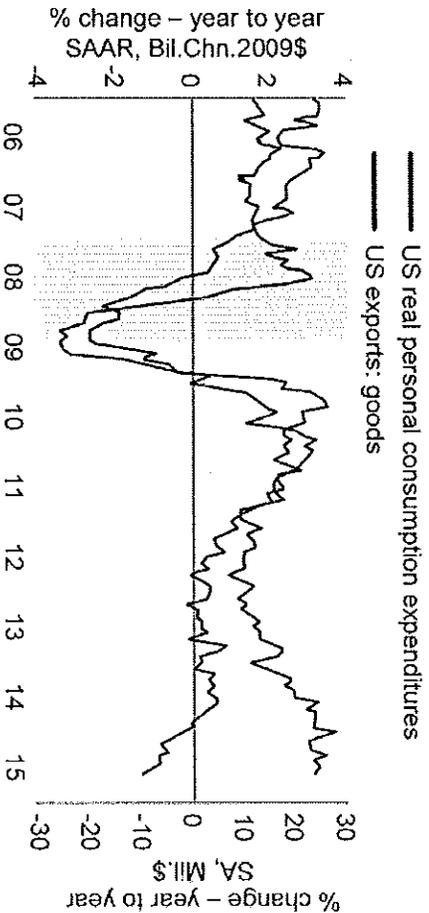
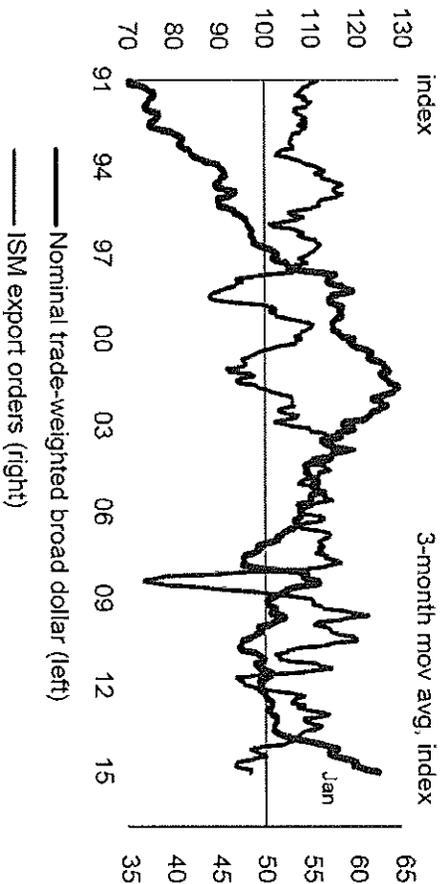
# Economic Outlook

## The strong dollar effect

The strong dollar will likely have an effect on economic growth for some time. The strong dollar has taken its toll on exports and continues to be cited as a headwind for companies that rely on foreign tourist spending.

The strength of the US dollar has different implications for consumers and exporters. Fortunately, consumption represents the larger share of the economy making the impact a net positive.

Dollar impacting export orders



Sources: UBS, 3/11/16; Bureau of Economic Analysis, 3/16/16

# BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

Small Cap Value

Total Market Value: \$8,553,759 (1.8% Cash)

Quarter Ended March 31, 2016

Performance Returns - Gross of Fees	Weighted Average Portfolio Characteristics											
	MTTD	QTD	YTD	Since Incept.	Projected P/E (FY2)	Price / Normal Earnings	Price / Cash Flow	Price / Book	Dividend Yield	Market Capitalization (mm)	# of Holdings	1-Yr Turnover
Portfolio - Total Return	10.46 %	-2.72 %	-2.72 %	9.03 %								
Russell 2000 Value Index	8.29	1.70	1.70	7.06								
Russell 2000 Index	7.98	-1.52	-1.52	7.36								
S&P 500 Index	6.78	1.35	1.35	7.75								
<i>Comment: of portfolio: 12/1/03. Periods over one year are average annualized returns.</i>												

Top and Bottom Five Contributors to Performance	Trading Data		Top Ten Holdings - Total Portfolio		
	Avg Wgt	Ttl Ret	Major Buy/Sell	Trading Data	End Wgt
Great Plains Energy Inc.	6.27 %	19.14 %	Office Depot Inc.	2.22 %	6.2 %
Office Depot Inc.	2.11	25.89	SLM Corp.	0.7 %	4.6 %
Empro Inds. Inc.	3.16	32.04	ARRIS Intl PLC	0.6 %	3.8 %
Geo Grp Inc.	3.45	22.91	TRI Pointe Homes Inc.	0.6 %	3.8 %
Century Aluminum Co.	0.45	44.12	On Semiconductor Corp.	0.5 %	3.8 %
William Lyon Homes	0.43 %	-43.45 %	(Navistar Intl Corp.)	-0.6 %	3.8 %
Sonic Automotive Inc.	2.60	-18.60	(William Lyon Homes)	-0.9 %	3.4 %
Rush Enterprises Inc.	3.87	-16.67	(Great Plains Energy Inc.)	-1.0 %	3.4 %
ARRIS Intl PLC	2.91	-25.02	(Century Aluminum Co.)	-1.3 %	3.2 %
Hanger Inc.	2.59	-60.49	(Louisiana-Pacific Corp.)	-1.7 %	3.1 %

Performance Attribution	Russell 2000 Value		Allocation		End Wgt %
	Avg Wgt	Equ. Ret	Sector	Stock	
Utilities	9.24 %	16.41 %	0.09	0.33	10.5 %
Materials	4.17	24.70	0.00	0.31	10.3
Energy	2.19	-7.30	0.18	-0.01	7.8
Telecommunication Services	0.00	0.00	0.01	0.00	6.9
Financials	29.33	-0.64	0.21	-0.21	6.3
Consumer Staples	0.00	0.00	-0.14	0.00	6.2
Consumer Discretionary	9.06	-6.52	0.02	-0.51	4.8
Industrials	24.55	-0.64	0.20	-0.94	4.4
Information Technology	11.51	-11.69	0.01	-1.84	4.1
Health Care	9.95	-23.10	-0.67	-1.59	3.8
Total					4.54

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.

# BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

March 31, 2016

<u>Assets</u>		<u>Transactions Summary</u>	
Total Market Value:	\$8,553,759	Total Purchases:	\$508,693
		Total Sales:	\$1,095,346
Total Equity Value:	\$8,396,857	Total Commissions:	\$3,005
Total Cash Value:	\$151,942	Average Transaction Cost/Share:	\$0.017
Total Accrued Value:	\$4,960		
% Cash of Portfolio:	1.8%		

## Performance Returns

Commencement of Portfolio  
December 1, 2003

	<u>MTD</u>	<u>QTD</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>10 Yrs</u>	<u>Inception</u>	Since
Portfolio - Total Return	10.46 %	-2.72 %	-12.01 %	9.47 %	9.87 %	6.31 %	9.03 %	
Russell 2000 Value Index	8.29	1.70	-7.73	5.72	6.66	4.42	7.06	
Russell 2000 Index	7.98	-1.52	-9.76	6.84	7.20	5.26	7.36	
S&P 500 Index	6.78	1.35	1.78	11.82	11.58	7.01	7.75	

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

HO

# BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

March 31, 2016

## MARKET REVIEW AND OUTLOOK

### Market Commentary

The Russell 2000 Index returned -1.5% during the first quarter of 2016, lagging the positive return generated by large and mid-cap equities. On February 11<sup>th</sup>, the Russell 2000 Index was down by more than 15% for the year before recovering over the quarter's final seven weeks and nearly breaking even. This date also represented a turning point in the value/growth cycle. From the beginning of the year through February 11<sup>th</sup>, Russell 2000 Index stocks with the lowest price-to-book ratios (lowest quintile) underperformed the broad index -18.4% vs. -15.9%. From February 11<sup>th</sup> through the end of the quarter, however, this lowest valued quintile outperformed the broad index +24.1% vs. +17.1%. While it is too early to proclaim a new value cycle is upon us, it is noteworthy that such cycles have lasted between 5 and 8 years historically once they have taken hold – this would be a welcomed tailwind for our approach.

In most market environments, some small cap sectors/industries are coveted while others are shunned depending on the market's disposition at the time. This behavior often results in a market that exhibits a bifurcation in stock valuations. Currently, this dichotomy is quite pronounced. Investors are fearful that the economic woes in China and other emerging economies will spill over into the US and other developed markets. This fear has caused investors to pay 20x earnings or more for the perceived safety of non-cyclicals like consumer staples or real estate and sell cyclicals like energy or industrials at a fraction of the valuation. When "safe" stocks trade at excessive valuations they become risky, not safe, which is the market's current paradox. Taking the long-term view, we see compelling risk-adjusted valuation opportunities in select small cap market segments that have been shunned. Our bottom-up search for value in today's market is yielding a portfolio that trades for 8.6x normal earnings and 1.2x book value, which represents a considerable discount to the Russell 2000 Value Index (14.2x and 1.4x, respectively) and an even larger discount to the Russell 2000 Index (16.5x and 2.0x, respectively).

Performance deviations by sector were large during the quarter as non-cyclical utilities returned more than +11% while healthcare, energy, and technology declined. The financial sector remains the portfolio's largest weight, although we are underweight relative to the Russell 2000 Value Index because we remain underweight REITs. Despite the low interest rate environment, the banks we own also trade at low multiples of current earnings, which should increase handsomely if interest rates rise. We continue to overweight industrials and other cyclical sectors.

# BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

March 31, 2016

## Attribution: 1Q 2016

The Hotchkis & Wiley Small Cap Value portfolio underperformed the Russell 2000 Value Index in the first quarter of 2016. The overweight exposure and stock selection in healthcare was the primary detractor to relative performance over the quarter. Stock selection in technology and consumer discretionary also weighed on returns. Positive stock selection in materials and utilities were the primary performance contributors during the quarter. The largest individual contributors to relative performance were Great Plains Energy, Enpro Industries, and Office Depot; the largest individual detractors to relative performance were Hanger, ARRLIS International, and Rush Enterprises.

## Portfolio Activity: 1Q 2016

We began the quarter with 63 holdings and ended the quarter with 58 as we took one new position and exited six existing positions in lieu of better risk-adjusted return opportunities. Trade-driven sector changes were modest during the quarter, though we trimmed utilities and materials while adding modestly to consumer discretionary.

Performance comparison is based on gross of management fee returns. Portfolio attribution is based on a representative Small Cap Value portfolio. Certain client portfolio(s) may or may not hold the securities discussed due to the account's guideline restrictions, cash flow, tax and other relevant considerations. Equity performance attribution is an analysis of the portfolio's return relative to a selected benchmark and is calculated using daily holding information. 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) to the portfolio's performance relative to the Russell 2000 Value Index. Other securities may have been the best and worst performers on an absolute basis. 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. Quarterly portfolio holdings and characteristics are available at [www.hwcw.com](http://www.hwcw.com) (subject to the firm's portfolio holdings disclosure policy).

The commentary is for information purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. Portfolio managers' opinions and data included in this commentary are as of March 31, 2016 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. All investments contain risk and may lose value. Past performance is no guarantee of future results. ©2016 Hotchkis & Wiley

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# BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

March 31, 2016

## Weighted Average Portfolio Characteristics

	Portfolio	Russell 2000 Val	Russell 2000
Projected P/E (FY2)	11.7x	14.7x	15.6x
Price / Normal Earnings	8.6x	14.2x	16.5x
Price / Cash Flow	7.1x	8.2x	9.5x
Price / Book	1.2x	1.4x	2.0x
Price / Sales	0.6x	1.0x	1.2x
Earnings Yield	8.5%	6.8%	6.4%
Dividend Yield	1.3%	2.4%	1.7%
Market Capitalization (mm)	\$2,157	\$1,766	\$1,904
Median Market Cap (mm)	\$1,269	\$598	\$663

## Top 10 Holdings - Total Portfolio

Company Name	Sector	Industry	Weight (%)
Great Plains Energy Inc.	Utilities	Electric Utilities	6.2
Horace Mann Educ. Corp.	Financials	Insurance	4.6
Geo Grp Inc.	Financials	Real Estate Investment Trusts	3.8
Rush Enterprises Inc.	Industrials	Trading Cos & Distributors	3.8
Office Depot Inc.	Consumer Discretionary	Specialty Retail	3.8
Masonite Int'l Corp.	Industrials	Building Products	3.8
Enpro Inds. Inc.	Industrials	Machinery	3.4
First Niagara Fin'l Grp Inc.	Financials	Banks	3.4
LifePoint Hospitals Inc.	Health Care	Health Care Providers & Svcs	3.2
Matson Inc.	Industrials	Marine	3.1

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## Vote Summary Report

Date range covered: 01/01/2016 to 03/31/2016

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

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

## Washington Federal, Inc.

<b>Meeting Date:</b> 01/20/2016	<b>Country:</b> USA	<b>Primary Security ID:</b> 938824109	<b>Meeting ID:</b> 1018406
<b>Record Date:</b> 11/27/2015	<b>Meeting Type:</b> Annual	<b>Ticker:</b> WAFD	
<b>Primary CUSIP:</b> 938824109	<b>Primary ISIN:</b> US9388241096	<b>Primary SEDOL:</b> 2941981	
	<b>Shares Voted:</b> 500	<b>Votable Shares:</b> 500	<b>Shares on Loan:</b> 1,700
			<b>Shares Instructed:</b> 500

**Total Ballots:** 1

Proposal Number	Proposal Text	Proponent	Mgmt Rec	ISS Rec	Vote Instruction
1.1	Elect Director Thomas J. Kelley	Mgmt	For	For	For
1.2	Elect Director Barbara L. Smith	Mgmt	For	For	For
2	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	For	For
3	Ratify Deloitte & Touche LLP as Auditors	Mgmt	For	For	For
4	Approve Director and Officer Indemnification and Limitation of Liability	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	wade	01/15/2016	wade	01/15/2016	500	500
<b>Total Shares:</b>							<b>500</b>	<b>500</b>

## Meritor, Inc.

<b>Meeting Date:</b> 01/28/2016	<b>Country:</b> USA	<b>Primary Security ID:</b> 59001K100	<b>Meeting ID:</b> 1018716
<b>Record Date:</b> 11/20/2015	<b>Meeting Type:</b> Annual	<b>Ticker:</b> MTOR	
<b>Primary CUSIP:</b> 59001K100	<b>Primary ISIN:</b> US59001K1007	<b>Primary SEDOL:</b> 2608349	
	<b>Shares Voted:</b> 0	<b>Votable Shares:</b> 0	<b>Shares on Loan:</b> 8,700
			<b>Shares Instructed:</b> 0

**Total Ballots:** 1

Proposal Number	Proposal Text	Proponent	Mgmt Rec	ISS Rec	Vote Instruction
1.1	Elect Director Ivor J. Evans	Mgmt	For	Withhold	For
1.2	Elect Director William R. Newlin	Mgmt	For	Withhold	For
1.3	Elect Director Thomas L. Pajonas	Mgmt	For	Withhold	For
2	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	For	For
3	Ratify Deloitte & Touche LLP as Auditors	Mgmt	For	For	For

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## Vote Summary Report

Date range covered: 01/01/2016 to 03/31/2016

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

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

## Meritor, Inc.

### 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	v Wade	01/15/2016	v Wade	01/15/2016	0	0
<b>Total Shares:</b>							<b>0</b>	<b>0</b>

## Navistar International Corporation

Meeting Date: 02/10/2016

Country: USA

Primary Security ID: 63934E108

Meeting ID: 1020179

Record Date: 12/14/2015

Meeting Type: Annual

Ticker: NAV

Primary CUSIP: 63934E108

Primary ISIN: US63934E1082

Primary SEDOL: 2624464

Shares Voted: 0

Votable Shares: 0

Shares on Loan: 6,100

Shares Instructed: 0

Total Ballots: 1

Proposal Number	Proposal Text	Proponent	Mgmt Rec	ISS Rec	Vote Instruction
1.1	Elect Director Troy A. Clarke	Mgmt	For	For	For
1.2	Elect Director Michael N. Hammes	Mgmt	For	For	For
1.3	Elect Director Vincent J. Intrieri	Mgmt	For	For	For
1.4	Elect Director James H. Keyes	Mgmt	For	Withhold	For
1.5	Elect Director Stanley A. McChrystal	Mgmt	For	For	For
1.6	Elect Director Samuel J. Merksamer	Mgmt	For	Withhold	For
1.7	Elect Director Mark H. Rachesky	Mgmt	For	For	For
1.8	Elect Director Michael Sirignano	Mgmt	For	Withhold	For
2	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	For	For
3	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	Approved	v Wade	02/04/2016	v Wade	02/04/2016	0	0
<b>Total Shares:</b>							<b>0</b>	<b>0</b>

## Vote Summary Report

Date range covered: 01/01/2016 to 03/31/2016

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

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

### First Niagara Financial Group, Inc.

<b>Meeting Date:</b> 03/23/2016	<b>Country:</b> USA	<b>Primary Security ID:</b> 33582V108	<b>Meeting ID:</b> 1026403
<b>Record Date:</b> 02/01/2016	<b>Meeting Type:</b> Special	<b>Ticker:</b> FNFG	
<b>Primary CUSIP:</b> 33582V108	<b>Primary ISIN:</b> US33582V1089	<b>Primary SEDOL:</b> 2421171	
	<b>Shares Voted:</b> 32,800	<b>Votable Shares:</b> 32,800	<b>Shares on Loan:</b> 0
			<b>Shares Instructed:</b> 32,800

**Total Ballots:** 1

Proposal Number	Proposal Text	Proponent	Mgmt Rec	ISS Rec	Vote Instruction
1	Approve Merger Agreement	Mgmt	For	For	For
2	Advisory Vote on Golden Parachutes	Mgmt	For	For	For
3	Adjourn Meeting	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	02/23/2016	vwade	02/23/2016	32,800	32,800
<b>Total Shares:</b>							<b>32,800</b>	<b>32,800</b>

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# Performance Summary



INTEGRITY ASSET MANAGEMENT

## Bay County Employees' Retirement System Quarter Ending March 2016

As of 03/31/16	Market Value (\$)	% of Total
Equity	17,782,906.22	97.40
	17,782,906.22	97.40
Cash	423,353.19	2.32
Receivables	25,854.10	0.14
	449,207.29	2.46
Accrued Income/Dividends	25,144.05	0.14
<b>Total</b>	<b>18,257,257.56</b>	<b>100.00</b>

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Gross Rate of Return as of 03/31/16 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>	9.15	3.75	3.75	-3.77	10.55	10.94	7.44
Russell Midcap <sup>®</sup> Value Index	9.23	3.92	3.92	-3.39	9.85	10.50	6.55
<b>Relative Performance</b>	-0.08	-0.17	-0.17	-0.38	0.70	0.44	0.89

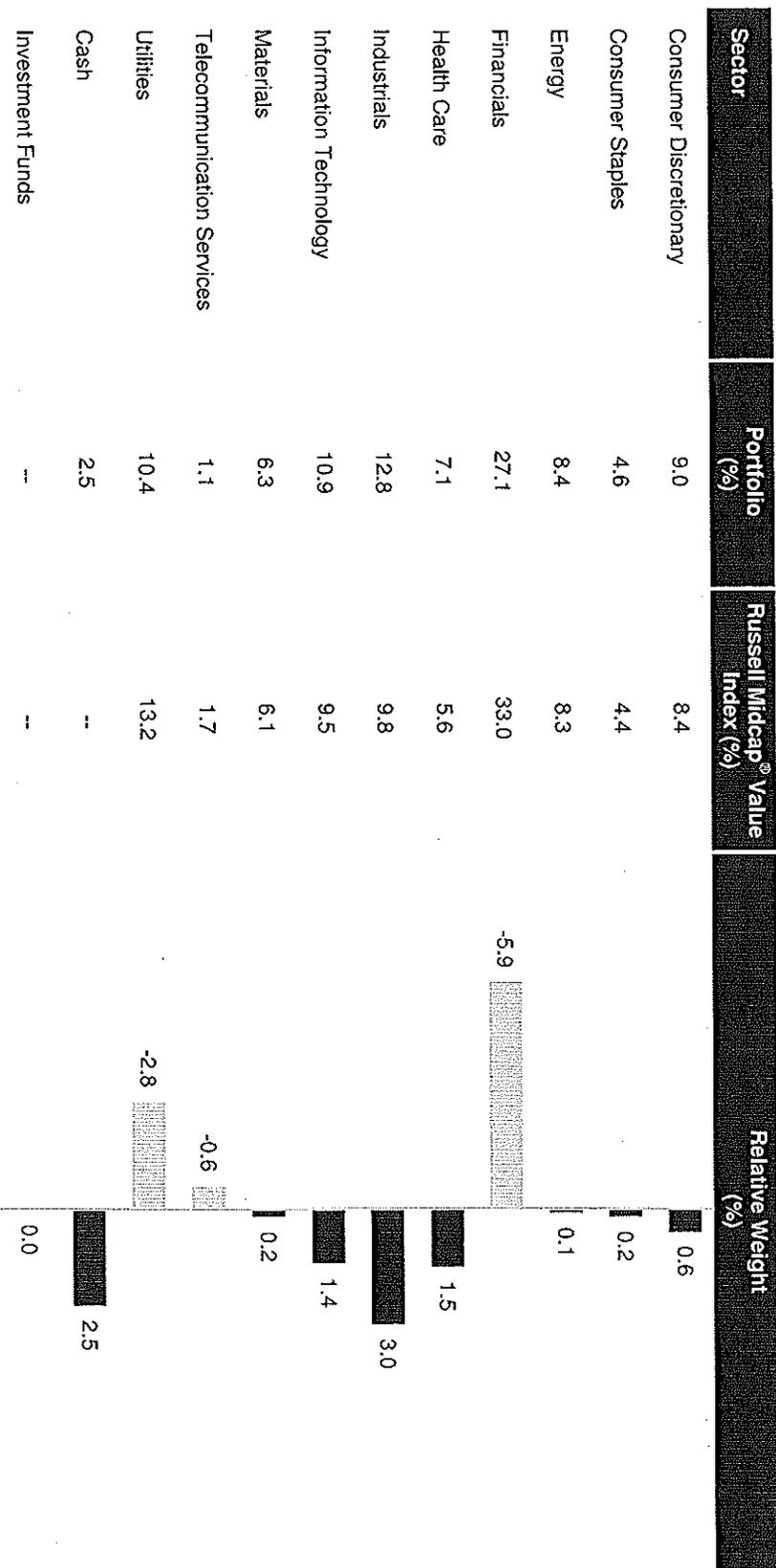
# Sector Allocation



INTEGRITY ASSET MANAGEMENT

## Bay County Employees' Retirement System

Quarter Ending March 2016



4/8

Source: Factset

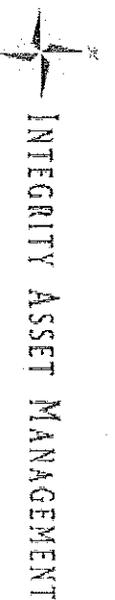
Percentage allocations listed above may not add up to 100% due to rounding methodology.

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# Characteristics and Top 10 Holdings



## Bay County Employees' Retirement System

Quarter Ending March 2016

Characteristics	Portfolio	Russell Midcap <sup>®</sup> Value Index	Top 10 Holdings	(%)
Price/Earnings - Forward 12 Months (x)	16.6	18.1	PLD Prologis Inc	1.67
Price/Book (x)	1.8	1.7	ZBH Zimmer Biomet Holdings Inc	1.63
Price/Cash Flow (x)	8.9	9.4	BSX Boston Scientific Corp	1.60
Price/Sales (x)	1.4	1.5	HCN Welltower Inc	1.56
Dividend Yield (%)	1.9	2.4	PNW Pinnacle West Capital Corp	1.52
Weighted Average Market Cap (\$ Mil)	9,969.5	11,542.9	DRE Duke Realty Corp	1.50
			HIG Hartford Financial Services	1.49
			PPL PPL Corp	1.41
			HII Huntington Ingalls Industrie	1.40
			IVZ Invesco Ltd	1.38
			<b>Total</b>	<b>15.16</b>

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Characteristics Source: Factset

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## VICTORY CAPITAL MANAGEMENT INC.

**INVESTMENT ADVISER BROCHURE  
FORM ADV PART 2A**

MARCH 30, 2016



4900 Tiedeman Road, 4<sup>th</sup> Floor  
Brooklyn, Ohio 44114  
Phone: (877) 660-4400  
[www.vcm.com](http://www.vcm.com)  
[www.integrityasset.com](http://www.integrityasset.com)  
[www.compassem.com](http://www.compassem.com)

This brochure provides information about the qualifications and business practices of **Victory Capital Management Inc.** If you have any questions about the contents of this brochure, please contact us at (216) 898-2400. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Victory Capital Management Inc. is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training. Additional information about Victory Capital Management Inc. is available at the SEC's website at: <http://www.adviserinfo.sec.gov>.

## ITEM 2: MATERIAL CHANGES

Since the last update of this brochure on May 11, 2015, Victory Capital has made the following changes to this brochure:

- Clarifying language was added to Item 12: Brokerage Practices regarding trade allocation.
- More disclosure was added to Item 14: Client Referrals and Other Commissions to describe Victory Capital's relationships with consultants and other financial intermediaries.



Part 2B of Form ADV  
Brochure Supplement

Integrity Asset Management

Integrity Small Cap Value Equity  
Integrity Mid Cap Value Equity  
Integrity Small/Mid Cap Value Equity  
Integrity Discovery Value Equity

March 30, 2016



**VictoryCapital™**

4900 Tiedeman Road, 4<sup>th</sup> Floor

Brooklyn, OH 44144

Phone: (877) 660-4400

[www.vcm.com](http://www.vcm.com)

[www.victoryfunds.com](http://www.victoryfunds.com)

[www.integrityasset.com](http://www.integrityasset.com)

This brochure supplement provides information about Daniel G. Bandi, Daniel J. DeMonica, Adam I. Friedman, Joe A. Gilbert, Mirsat Nikovic and J. Bryan Tinsley that supplements the Victory Capital Management Inc. brochure (ADV Part 2A). You should have received a copy of that brochure. Please contact Victory Capital's Chief Compliance Officer at the number listed above if you did not receive Victory Capital Management Inc.'s brochure or if you have any questions about the contents of this supplement.



**Daniel G. Bandi**

**ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND**

Mr. Bandi serves as the Chief Investment Officer for all strategies of Integrity and is the lead portfolio manager for each of Integrity's Small Cap Value Equity strategy and the Small/Mid Cap Value Equity strategy. Mr. Bandi focuses on the financials and industrials sectors. He joined Victory Capital (formerly Integrity Asset Management, a wholly owned subsidiary of Munder Capital Management, which was purchased by Victory Capital in October 2014) in 2003 and he has over 24 years of investment management experience.

Mr. Bandi graduated from the University of Pittsburgh and earned his M.B.A. from Texas A&M University - Commerce. He is also a CFA® charterholder.<sup>1</sup>

**ITEM 3: DISCIPLINARY INFORMATION**

This individual does not have any discipline information to report.

**ITEM 4: OTHER BUSINESS ACTIVITIES**

This individual does not have any other business activities to report.

**ITEM 5: ADDITIONAL COMPENSATION**

This individual does not receive any additional compensation.

**ITEM 6: SUPERVISION**

All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital's quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital's Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

**ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Not Applicable

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<sup>1</sup> The Chartered Financial Analyst designation requires the holder to pass three six-hour exams, possess a bachelor's degree (or equivalent, as assessed by CFA institute) and have 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.



**Daniel J. DeMonica**

**ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND**

Mr. DeMonica serves as a member of Integrity's value equity management team. He is a senior portfolio manager for all Integrity strategies and is the lead portfolio manager of the Micro-Cap Value Equity strategy. Mr. DeMonica focuses on the healthcare, utilities, telecommunications and consumer services sectors. He joined Victory Capital (formerly Integrity Asset Management, a wholly owned subsidiary of Munder Capital Management, which was purchased by Victory Capital in October 2014) in 2003 and has over 20 years of investment management experience.

Mr. DeMonica graduated from Indiana University – Bloomington, and earned his M.B.A. from Case Western Reserve University. He is also a CFA® charterholder.<sup>1</sup>

**ITEM 3: DISCIPLINARY INFORMATION**

This individual does not have any discipline information to report.

**ITEM 4: OTHER BUSINESS ACTIVITIES**

This individual does not have any other business activities to report.

**ITEM 5: ADDITIONAL COMPENSATION**

This individual does not receive any additional compensation.

**ITEM 6: SUPERVISION**

All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital's quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital's Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

**ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Not Applicable

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<sup>1</sup> The Chartered Financial Analyst designation requires the holder to pass three six-hour exams, possess a bachelor's degree (or equivalent, as assessed by CFA institute) and have 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.



**Adam I. Friedman**

**ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND**

Mr. Friedman serves as a member of Integrity's value equity management team. He is a senior portfolio manager for all Integrity strategies and is the lead portfolio manager of the Mid Cap Equity strategy. Mr. Friedman focuses has sector responsibilities which focus on technology and cyclicals. He joined Victory Capital (formerly Integrity Asset Management, a wholly owned subsidiary of Munder Capital Management, which was acquired by Victory Capital in October 2014) in 2003 and has over 24 years of investment management experience.

Mr. Friedman graduated from the University of Maryland, and earned his M.B.A. from Case Western Reserve University.

**ITEM 3: DISCIPLINARY INFORMATION**

This individual does not have any discipline information to report.

**ITEM 4: OTHER BUSINESS ACTIVITES**

This individual does not have any other business activities to report.

**ITEM 5: ADDITIONAL COMPENSATON**

This individual does not receive any additional compensation.

**ITEM 6: SUPERVISION**

All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital's quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital's Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

**ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Not Applicable



**Joe A. Gilbert**

**ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND**

Mr. Gilbert is a member of Integrity's value equity management team, with responsibility for the consumer staples, insurance and transportation sectors. Mr. Gilbert joined Victory Capital (formerly Integrity Asset Management, a wholly owned subsidiary of Munder Capital Management, which was acquired by Victory Capital in October 2014) in 2003 and has over 19 years of extensive security research experience.

Mr. Gilbert earned both his undergraduate degree and his M.B.A. from the University of Maryland. He is also a CFA® charterholder.<sup>1</sup>

**ITEM 3: DISCIPLINARY INFORMATION**

This individual does not have any discipline information to report.

**ITEM 4: OTHER BUSINESS ACTIVITIES**

This individual does not have any other business activities to report.

**ITEM 5: ADDITIONAL COMPENSATION**

This individual does not receive any additional compensation.

**ITEM 6: SUPERVISION**

All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital's quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital's Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

**ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Not Applicable

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<sup>1</sup> The Chartered Financial Analyst designation requires the holder to pass three six-hour exams, possess a bachelor's degree (or equivalent, as assessed by CFA institute) and have 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.



**Mirsat Nikovic**

**ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND**

Mr. Nikovic is a member of Integrity's value equity management team, with responsibility for quantitative and equity analysis. His sector responsibilities include supporting the Chief Investment Officer on the financial and industrial sectors. Mr. Nikovic is a co-portfolio manager for the Micro-Cap Value Equity strategy. He joined Victory Capital (formerly Integrity Asset Management, a wholly owned subsidiary of Munder Capital Management, which was acquired by Victory Capital in October 2014) in 2007 and has over 18 years of security research experience.

Mr. Nikovic is a graduate of John Carroll University. He is a CFA® charterholder<sup>1</sup> and a member of the CFA Society of Cleveland.

**ITEM 3: DISCIPLINARY INFORMATION**

This individual does not have any discipline information to report.

**ITEM 4: OTHER BUSINESS ACTIVITIES**

This individual does not have any other business activities to report.

**ITEM 5: ADDITIONAL COMPENSATION**

This individual does not receive any additional compensation.

**ITEM 6: SUPERVISION**

All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital's quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital's Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

**ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Not Applicable

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<sup>1</sup> The Chartered Financial Analyst designation requires the holder to pass three six-hour exams, possess a bachelor's degree (or equivalent, as assessed by CFA institute) and have 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.



**J. Bryan Tinsley**

**ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND**

Mr. Tinsley is a member of Integrity's value equity management team and he is responsible for research and security selection. His sector responsibilities include the basic materials, energy and commercial services sectors. Mr. Tinsley joined Victory Capital (formerly Integrity Asset Management, a wholly owned subsidiary of Munder Capital Management, which was acquired by Victory Capital in October 2014) in 2003 and has over 19 years of portfolio management, research and performance analysis experience.

Mr. Tinsley is a graduate of Transylvania University and earned his M.B.A. from Case Western Reserve University. He is a CFA® charterholder<sup>1</sup> and is a member of the CFA Society of Cleveland.

**ITEM 3: DISCIPLINARY INFORMATION**

This individual does not have any discipline information to report.

**ITEM 4: OTHER BUSINESS ACTIVITIES**

This individual does not have any other business activities to report.

**ITEM 5: ADDITIONAL COMPENSATION**

This individual does not receive any additional compensation.

**ITEM 6: SUPERVISION**

All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital's quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital's Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

**ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Not Applicable

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<sup>1</sup> The Chartered Financial Analyst designation requires the holder to pass three six-hour exams, possess a bachelor's degree (or equivalent, as assessed by CFA institute) and have 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.



**Guide to Services and Compensation**

Victory Capital Management Inc. ("Victory Capital") is providing you with this information in compliance with the Department of Labor regulations under section 408(b)(2) of the Employee Retirement Income Security Act of 1974, as amended, ("ERISA") regarding the investment advisory services we provide our clients who are subject to ERISA ("Plan Clients"). If you have questions concerning this information, please contact your client service representative.

Required Information	Location(s)
<p><b>Description of Services Provided to Plan Clients</b></p> <p>In accordance with the investment management agreement ("IMA") between Plan Clients and Victory Capital<sup>1</sup>, Victory Capital will perform investment management services, select brokers, place trades and vote all security issues on behalf the Plan Clients unless directed otherwise in writing.</p>	<p>Please refer to the executed IMA and Victory Capital's Form ADV Part 2A for services provided by Victory Capital.</p>
<p><b>Status</b></p> <p>Victory is registered as an investment adviser under the Investment Advisers Act of 1940, as amended, and as a fiduciary (within the meaning of Section 3(21) of ERISA) with respect to the Managed Assets as set forth in the IMA.</p>	<p>Please refer to the IMA.</p>
<p><b>Direct Compensation</b></p> <p>Victory receives an investment advisory management fee.</p>	<p>Please refer to the fee schedule set forth in the IMA. Pursuant to your election in the IMA, fees will be invoiced directly to you or sent to your designated custodian.</p>
<p><b>Indirect Compensation</b></p> <p>In connection with providing its services, Victory Capital may be entitled to receive indirect compensation such as "soft dollars" and certain gifts and entertainment as described below.</p> <p><b>Soft Dollar Arrangements</b></p> <p>Brokerage commissions generated from brokerage transactions placed for Plan Clients may be used to obtain research (proprietary and third party) or brokerage services from broker-dealers, as permitted under Section 28(e) of the Securities Exchange Act of 1934, as amended. The research Victory Capital obtains may be either proprietary (created and provided by the broker-dealer, including tangible research products as well as access to analysts and traders) or third-party (created by a third-party). The research and services assist Victory in the investment decision-making process for Plan Clients.</p>	

<sup>1</sup> As of October 31, 2014, any IMAs between Plan Clients and Munder Capital Management or Integrity Asset Management, LLC were assigned to Victory Capital.

<p>In the most recent fiscal year, Victory Capital obtained the following products or services through brokerage commissions:</p> <ul style="list-style-type: none"> <li>• Research analyst call participation</li> <li>• Company-specific research reports and meetings</li> <li>• Macro-economic research reports</li> <li>• Technical factor research reports</li> <li>• Analytical software utilized for trading securities</li> <li>• Market data services</li> <li>• Industry database services</li> </ul> <p><b>Gifts and Entertainment</b>  Victory Capital's gifts and entertainment policies and procedures allow employees to receive gifts of nominal value (other than cash or cash equivalents) from present or prospective customers, suppliers or vendors with whom an employee maintains an actual or potential business relationship. Employees must disclose all gifts and entertainment in excess of \$50 per occurrence. For our Disclosure Statement, reportable amounts are aggregated by strategy and then allocated proportionally to client assets managed in that strategy.</p>	<p>Please refer to Exhibit A attached hereto for a list of broker-dealers from which Victory Capital may receive proprietary or third-party research. This list may change from time to time.</p>
<p><b>Compensation Paid Among Victory Capital and Related Parties</b></p> <p>If Victory Capital invests any Plan Client's assets in one or more affiliated investment companies registered under the Investment Company Act of 1940, as amended, for which Victory Capital also serves as investment adviser (a "Victory Fund"), Victory Capital and its affiliates will receive investment advisory and other fees applicable to such Victory Fund.</p>	<p>See the prospectus for the applicable Victory Fund for a summary of the fees paid to Victory and its affiliates by the Victory Fund and the Fund's total expense ratio.</p>
<p><b>Compensation for Termination of Agreement</b></p> <p>None. Victory will not receive any compensation if the Plan Client terminates the IMA. Any fees that have not been paid will be prorated through the termination date. To the extent that any advisory fees are paid in advance, Plan Clients will receive a prorated refund.</p>	<p>N/A</p>

**Exhibit A  
Soft Dollar Broker-Dealers**

ABG	Evercore	Natixis
Auerbach Grayson	Exane	Nomura
Barclays	FIG	Northcoast
BB&T	Friedman Billings	Numis
Berenberg	Global Hunter	Oddo
Bernstein	Goldman	Oppenheimer
BMO	Goodbody	Pacific Crest
BNP	Handelsbanken	Petercam
BPI	Helvea Pictet	Piper Jaffray
Bradesco	IIFL	Rabobank
BTIG	Intermonde	Raymond James
Buckingham	Investec	RBC Capital
Canaccord Genuity	ISI Group	Robert Baird
Carnegie	ITG	Samsung
CIMB	Jefferies	Sandler O'Neil
Citigroup	Jones	Santander
CJS Securities	JPM	Scotia
Cleveland Research	KBW	Sidoti
CLSA	Kempen	SMBC Nikko
Commerz Bank	Kepler	Societe General
Convergex	Key	Standard Chartered
Cowen	Kim Eng	State Street
Craig Hallum	KLR	Stephens
Credit Suisse	Liquidnet	Sterne Agee
DA Davidson	Longbow	Stifel
Daewoo	Macquarie	Strategas
Daiwa	Main First	SunTrust
Danske Bank	Mediobanca	UBS
DBS Vickers	Merrill/BofA	Vontobel
Deutsche Bank	Mitsubishi	Wells Fargo
Discern	Mizuho	William Blair
Empirical	MKM Partners	Woori
Enskilda	MM Warburg	Wunderlich
ESN	Morgan Stanley	

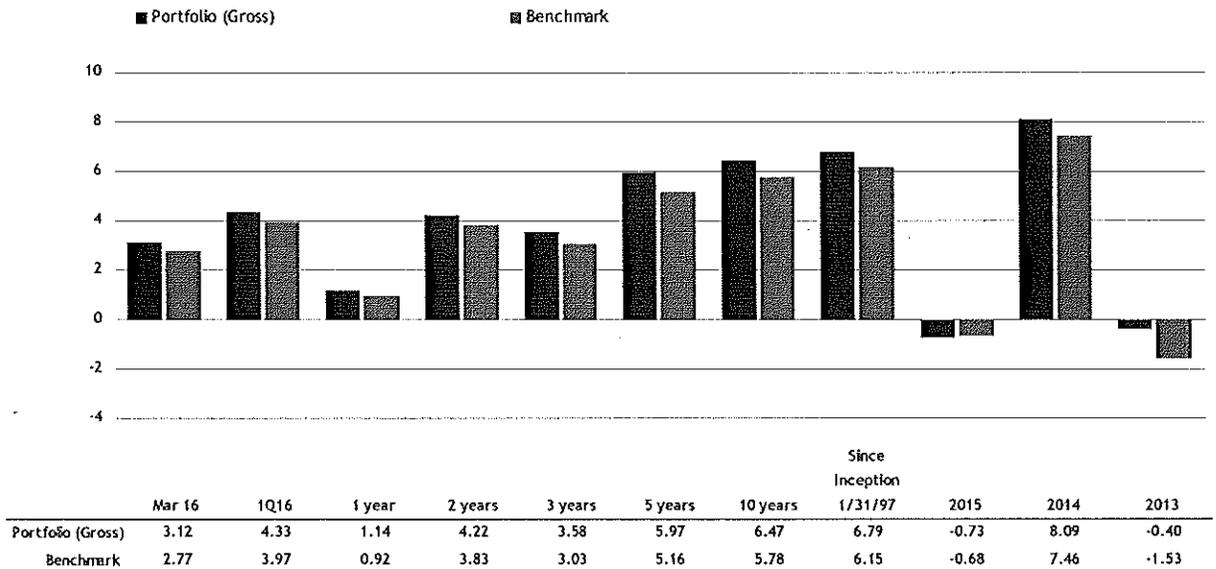
# performance review

january-march 2016

## MARKET VALUE

TOTAL PRINCIPAL	ACCRUED INCOME	TOTAL PORTFOLIO
\$36,741,357	\$346,959	\$37,088,317

## RETURNS (%)



## MARKET OVERVIEW

- US high-quality corporates trended steadily higher throughout the quarter despite choppy trading in other asset classes. The long duration of high-grade US corporates was a tailwind as the US yield curve flattened, led by declines in 10- to 30-year yields. Metals and mining corporates led the index and gained more than 11%, while financials, a 31% index weight, lagged the broader group. ECB Chairman Mario Draghi announced several monetary easing measures in March, including the new corporate sector purchase program (CSPP). Euro-denominated investment grade bonds issued by euro area non-bank corporations are eligible for regular ECB purchase under the program. Many European government bond curves flattened, assisting the advance of European high-quality corporates. Similarly, a flattening UK government bond curve supported the sterling investment grade index, which had a longer duration than the US and European indices.

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 3/31/2016. Returns over one year are annualized. Information is reported on a trade date basis. Data Source: Barclays Capital, Bloomberg

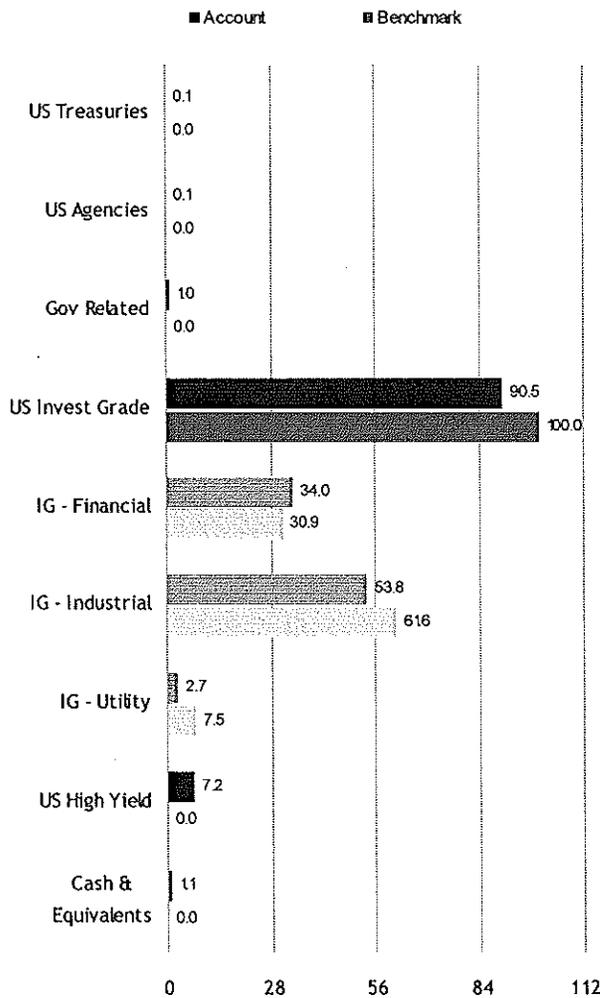
# performance review

january-march 2016

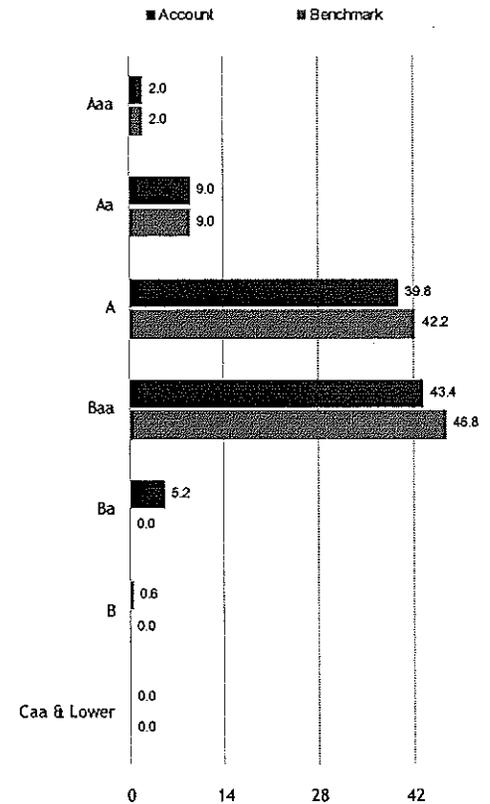
## CHARACTERISTICS

	PORTFOLIO	BENCHMARK
Effective Duration	7.42 years	7.23 years
Average Maturity	10.84 years	10.55 years
Yield	3.50%	3.18%
Average Coupon	4.17%	4.22%
Average Quality	Baa1	Baa1

## SECTOR ANALYSIS AT MARCH 31, 2016 (%)



## QUALITY ANALYSIS AT MARCH 31, 2016 (%)



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

january-march 2016

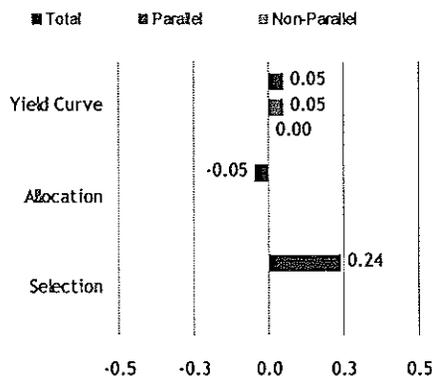
## CURRENT QUARTER TOTAL RETURNS (%)

Account Return	4.33
Benchmark Return	3.97
Excess Return	0.36

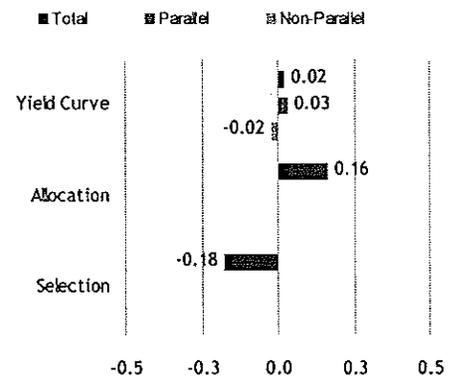
## TRAILING YEAR TOTAL RETURNS (%)

Account Return	1.14
Benchmark Return	0.92
Excess Return	0.22

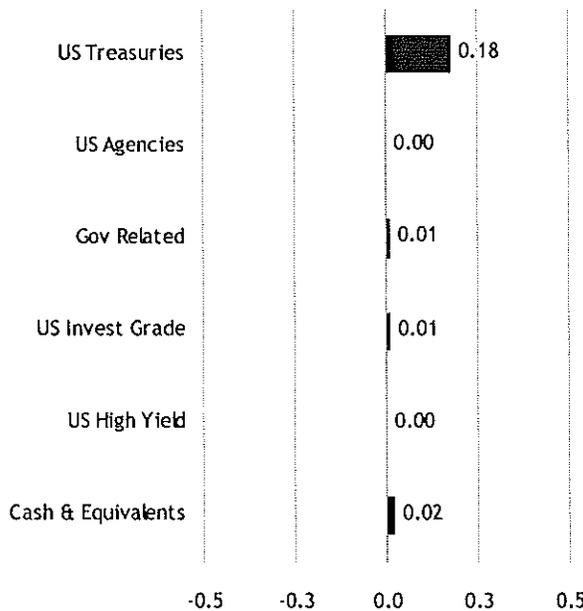
## CURRENT QUARTER EXCESS RETURN ATTRIBUTION (%)



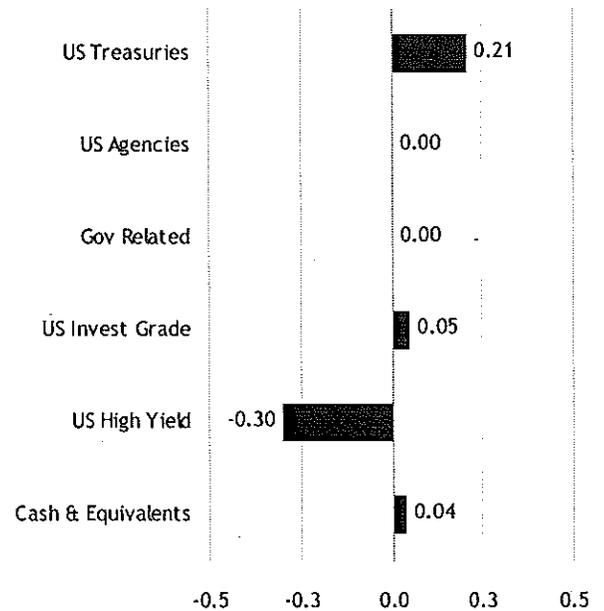
## TRAILING YEAR EXCESS RETURN ATTRIBUTION (%)



## 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

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# privacy policy

<b>FACTS</b>	<b>WHAT DOES LOOMIS SAYLES DO WITH YOUR PERSONAL INFORMATION?</b>
<b>Why?</b>	Financial companies choose how they share your personal information. Federal law gives you the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
<b>What?</b>	The types of personal information we collect and share depend on the product or service you have with us. This information can include: <ul style="list-style-type: none"> <li>• Social Security number</li> <li>• Risk tolerance</li> <li>• Account balances</li> <li>• Account transactions</li> <li>• Assets</li> <li>• Investment experience</li> </ul> <p>When you are no longer our customer, we continue to share your information as described in this notice.</p>
<b>How?</b>	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Loomis Sayles chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information for:	Do we share?	Can sharing be limited?
<b>Everyday business purposes.</b> These include processing your transactions, maintaining your account(s), responding to court orders and legal investigations, or reporting to credit bureaus.	Yes	No
<b>Marketing purposes.</b> These include offering our products and services to you.	No	We don't share
<b>Joint marketing with other financial companies.</b>	No	We don't share
<b>Our affiliates' everyday business purposes.</b> This includes information about your transactions and experiences.	No	We don't share
<b>Non affiliates to market to you.</b>	No	We don't share

**QUESTIONS** Please call 617-310-3668 or visit [www.loomissayles.com](http://www.loomissayles.com) if you have questions regarding our privacy policy.



WHO WE ARE

Who is providing this notice?

Loomis, Sayles & Company, L.P. and its subsidiaries, Loomis Sayles Distributors, L.P. and Loomis Sayles Trust Company, L.L.C (collectively referred to as "Loomis Sayles").

WHAT WE DO

How does Loomis Sayles protect my personal information?

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

How does Loomis Sayles collect my personal information?

For example, we collect your personal information when you:

- Enter into an investment advisory contract
- Open an account
- Tell us about your investment or retirement portfolio
- Provide account information
- Give us your contact information
- Show your government-issued ID

Why can't I limit all sharing?

Federal law gives you the right to limit only:

- Sharing for affiliates' everyday business purposes—information about your credit-worthiness
- Affiliates from using your information to market to you
- Sharing for non-affiliates to market to you

State laws and individual companies may provide you with additional rights to limit sharing.

Definitions

**Affiliates.** Companies related by common ownership or control. They can be financial and nonfinancial companies.

**Non affiliates.** Companies not related by common ownership or control. They can be financial and nonfinancial companies.

**Joint marketing.** A formal agreement between non-affiliated companies that together market financial products or services to you.

# FIRST QUARTER 2016 OVERVIEW OF QUARTERLY PERFORMANCE

MACKAYSHIELDS

## MARKET OVERVIEW

The U.S. convertible market, as measured by the BofA Merrill Lynch All Convertible Index, declined -1.56% during the first quarter of 2016, while underlying equities declined -4.77%. During the quarter, investment-grade convertibles, as measured by the BofA Merrill Lynch Investment Grade Convertible Index, rose 1.32%, while speculative-grade convertibles fell -0.75%.

Given the poor start to the year, the strong rally in March was not only welcome but also brought financial markets more closely in line with economic fundamentals and corporate earnings. With financial markets more accurately reflecting economic reality, 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 and 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 material stimulus to those countries and regions that are net importers of oil and gas, particularly Europe and Japan. In addition, as evidenced by Janet Yellen's most recent testimony, 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 and at current valuations, convertible bonds and stocks are attractive and should continue to perform well.

Sector results were mixed during the quarter, with more sectors landing in positive territory than down for the period. Top performing sectors included Utilities, Consumer Staples, Materials, Media and Telecom, each up over 4%. Healthcare was the worst performing sector for the quarter, sinking 9%. Technology and Consumer Discretionary also posted negative returns for the period.

During the quarter, 14 new issues totaling \$3.3 billion came to the U.S. convertible market, while approximately \$6.4 billion was redeemed through redemptions and maturities, according to BofA Merrill Lynch Research. While, in recent years, the issuer base has been well-diversified across sectors, thus far in 2016 issuance has emanated from the Energy, Healthcare and Technology sectors. Similar to the past several years, the vast majority of issuance thus far 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

The convertible preferred shares of Hess Corp. and Tyson Foods, and convertible bonds of Teleflex Inc. were among the top contributors during the quarter. We purchased the newly issued convertible preferred shares of Hess Corp. in early February given our belief that crude oil prices were unlikely to remain below \$35 per barrel for a prolonged period. In addition, well-capitalized energy producers such as Hess have little risk of financial distress in the event that commodity prices remain depressed for a longer term than we anticipate. The price of crude rose from very depressed levels in February and the convertible preferred shares of Hess rose more than 30% alongside the commodity. Tyson Foods performed well in the first quarter as the company continues to report earnings that exceed expectations. Profitability surpassed expectations in both chicken and beef operations partly due to low corn and soybean prices, which are the primary components of livestock feed. In addition, Tyson raised full year earnings expectations for 2016 from a range of \$3.50-3.65 to \$3.85-3.95. Medical products manufacturer, Teleflex, also rose in the first quarter after reporting solid fourth quarter, 2015 earnings, with both sales and earnings ahead of expectations. In addition, the company announced a restructuring plan which is expected to reduce annual manufacturing costs by \$12-16 million.

Conversely, exposure to Fiat Chrysler and Teva Pharmaceutical and the convertible bonds of Micron Technology weighed on performance during the period. The convertible preferred shares Fiat Chrysler declined as fears of a global slowdown in January and February weighed particularly hard on the Italian automaker, which derives most of its sales and profits from outside the United States. In addition, in February, sports-car manufacturer, Ferrari, reported disappointing results. Although Fiat spun off a portion of its ownership in Ferrari, Fiat still retains a stake in the company. The convertible preferred shares and convertible bonds of Teva Pharmaceuticals declined during the first quarter on little company-specific news. Shares of Teva and many other pharmaceutical companies declined during the

# FIRST QUARTER 2016 OVERVIEW OF QUARTERLY PERFORMANCE

MACKAYSHIELDS

quarter as the concerns related to Valeant Pharmaceuticals cast a pall over the entire sector. Valeant's controversial practices include numerous large acquisitions, large price increases, and questionable marketing tactics which have damaged investor confidence in the sector. We believe that Teva's (and most other pharmaceutical manufacturers') business practices are different from Valeant's. We do not believe that Teva's share price reflects the company's strong cash flow generation and promising product pipeline. Last, the convertible bonds of Micron Technology were poor performers during the first quarter, as investors became increasingly concerned that an economic slowdown will lead to a decline in demand for semiconductor products, with Micron's commodity products likely to be among the hardest hit. We recently sold a portion of our Micron holdings.

## OUTLOOK

Despite the weak finish to 2015 and the lackluster start to 2016, the past three years have been very benign for the convertible market. The past three years marked the resurrection of a vibrant market for new convertible issuance, which continued in 2015 following 2013 and 2014'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 the past three years 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 under-valued 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 three-year returns is 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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# BAY COUNTY EMPLOYEES RETIREMENT SYSTEM



## Portfolio Composition and Performance — Account 1256

March 31, 2016

Composition	Market Value	Percent of Total
Fixed Income	9,814,753	76.60
Equity	2,010,013	15.69
Cash & Equivalents	987,755	7.71
<b>Total Portfolio</b>	<b>\$12,812,521</b>	<b>100.00%</b>

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Performance	Latest Month	Latest 3 Months	Year To Date	Latest 12 Months	3 Years Annualized	5 Years Annualized	Since 10/1/2003	Annualized
								Since 10/1/2003
Total Fund (Gross of Fees)	5.36%	0.14%	0.14%	-1.79%	7.53%	5.93%	110.61%	6.13%
CUSTOM BENCHMARK I	4.64%	-1.56%	-1.56%	-5.62%	7.65%	6.74%	77.55%	4.70%
CUSTOM BENCHMARK II	4.64%	-1.56%	-1.56%	-5.61%	6.73%	N/A	N/A	N/A

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

# BAY COUNTY EMPLOYEES RETIREMENT SYSTEM



Summary Report — Account 1256  
 March 31, 2016

	Total Cost	Percent at Cost	Yield at Cost	Market Value	Percent of Assets	Yield at Market	Annual Income
Bonds	9,363,554	83.43	1.34	9,780,493	76.34	1.28	125,488
Stocks	1,860,243	16.57	0.58	2,004,750	15.65	0.54	10,820
Cash & Equivalents	0	0.00		987,755	7.71	0.00	0

Accrued Income				39,523	0.31		
<b>Total Portfolio</b>	<b>\$11,223,796</b>	<b>100.00%</b>	<b>1.21</b>	<b>\$12,812,521</b>	<b>100.00%</b>	<b>1.07</b>	<b>\$136,308</b>



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

MFS HERITAGE TRUST COMPANY

Account Statement  
03/01/2016 - 03/31/2016  
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

Account Summary - Period

Fund Name	03/31/2016 NAV	Beginning Market Value	Period Purchases	Period Redemptions	Ending Units	Ending Market Value
MFS INTERNATIONAL GROWTH FUND CL 1	\$125.50	\$23,144,624.23	\$0.00	(\$0.00)	197,834,210	\$24,828,193.36
Account Total		\$23,144,624.23				\$24,828,193.36

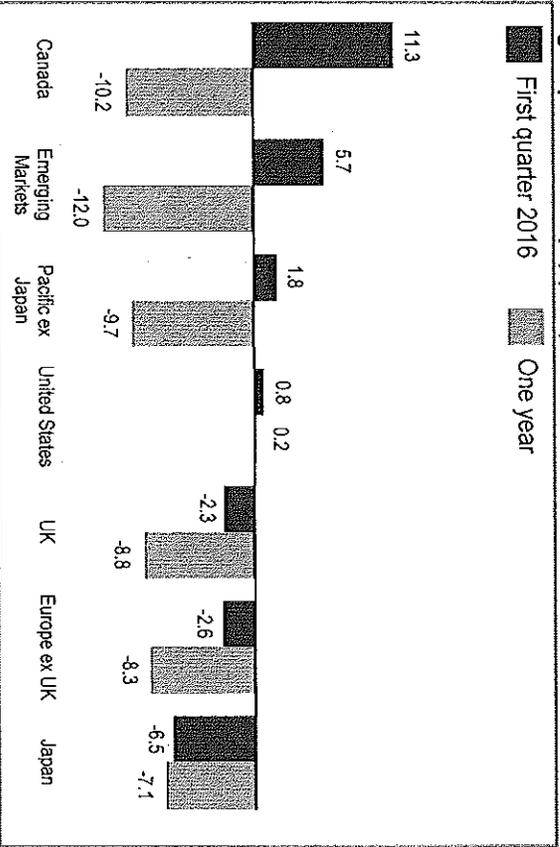
Account Summary - YTD

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



# Market overview

Region performance (%) (USD) as of 31-Mar-16

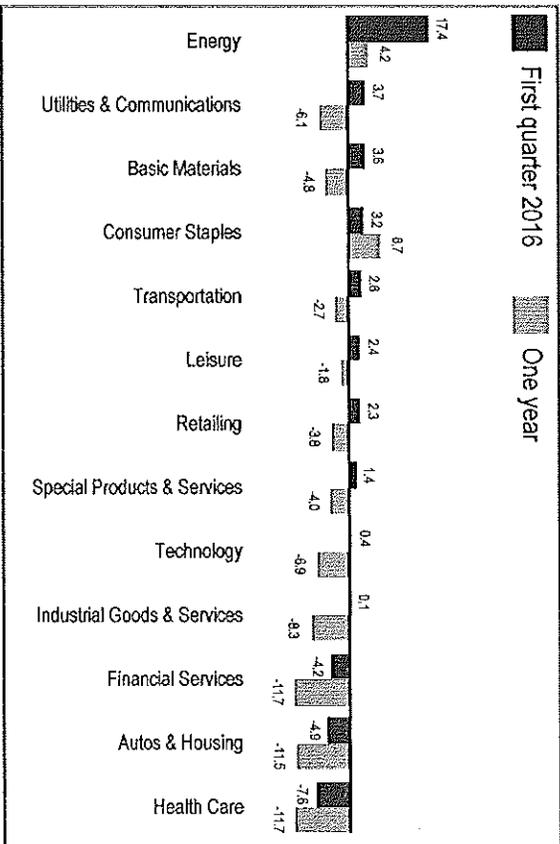


Source: FactSet. Region performance based on MSCI regional/country indexes.

## Market review as of 31-Mar-2016

- Following the global market correction and rapid recovery in the first quarter, issues around weak growth, continued divergence of central bank policies and a tenuous rebound in commodity prices are expected to weigh on markets in 2016. A recession in the US does not appear imminent despite some macro concerns and declining corporate profitability. Overall valuations in equity markets were looking attractive during the initial sell-off but are now relatively fair after the rebound.
- While modest growth and a robust labor market in the US provide some support for raising rates, the Federal Reserve continues to tread carefully in view of uncertain global financial conditions, as well as the negative impact of the rising US dollar on Emerging Markets and commodities. Policymakers outside the US continue to implement accommodative policies, including increased adoption of negative interest rates, to stimulate sluggish economic growth.
- We believe making generalizations on the Emerging Markets is increasingly difficult due to their varying stages of development, financial conditions and unique political challenges. Structural changes may lead to a long-term improvement of returns as major emerging economies including China continue to transition toward consumer-driven growth but the path is expected to be unpredictable and long.

Sector performance (%) (USD) as of 31-Mar-16



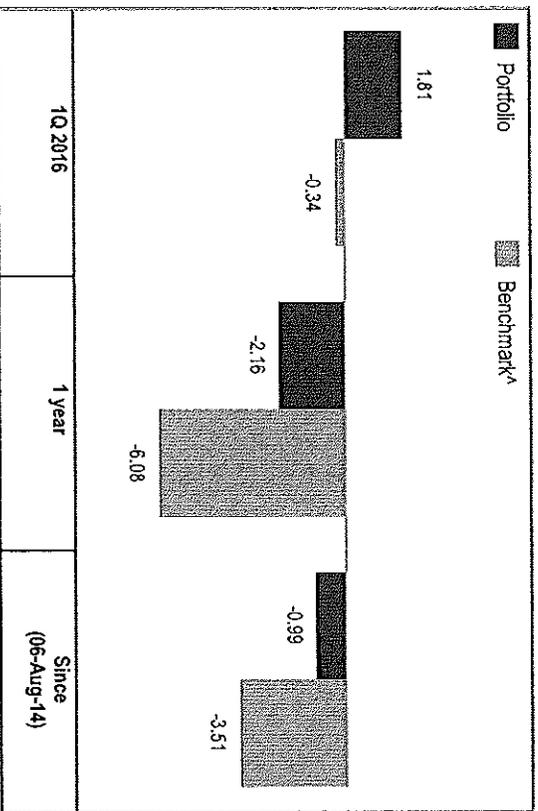
Source: FactSet. Sector performance based on MFS sector classification. The analysis of MSCI All Country World (ex-US) Growth Index constituents are broken out by MFS defined sectors.

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# Executive summary

Performance results (%) class 1 shares net of expenses (USD) as of 31-Mar-16



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 performance does not include management fees.

<sup>1</sup> MSCI All Country World (ex-US) Growth Index (net div)

## Asset summary (USD)

Beginning value as of 31-Dec-15	24,387,023
Contributions	0
Withdrawals	0
Change in market value	+441,170
Ending value as of 31-Mar-16	24,828,193

## Sector weights (%) as of 31-Mar-16

	Portfolio	Benchmark <sup>1,2</sup>
<b>Top overweights</b>		
Special Products & Services	8.9	4.8
Consumer Staples	19.4	15.7
Health Care	15.2	11.9
<b>Top underweights</b>		
Utilities & Communications	0.7	6.7
Autos & Housing	0.9	5.7
Financial Services	10.9	14.4

<sup>1,2</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 first quarter of 2016.

## Contributors

- Technology – Stock selection
- Special Products & Services – Stock selection
- Industrial Goods & Services – Stock selection
- Retailing – Stock selection
- Individual stocks:
  - Valeant Pharmaceuticals Intl Inc (not held)
  - Canadian National Railway

## Detractors

- Utilities & Communications – Underweight position
- Energy – Stock selection
- Currency
- Individual stocks:
  - UBS AG
  - HSBC Holdings PLC
  - Novartis AG
  - Whitbread Plc



# Performance results

Performance results (%) class 1 shares net of expenses (USD) as of 31-Mar-16

Period	Portfolio (%)	Benchmark <sup>A</sup> (%)	Excess return vs benchmark (%)
1Q 2016	1.81	-0.34	2.15
4Q 2015	4.03	5.00	-0.97
3Q 2015	-8.32	-10.77	2.45
2Q 2015	0.77	0.59	0.18
2015	1.30	-1.25	2.55
1 year	-2.16	-6.08	3.92
Since client inception (06-Aug-14)	-0.99	-3.51	2.52

HL

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

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.

Past performance is no guarantee of future results.

Net of expenses performance does not include management fees.

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

# Bay County Employees' Retirement System

MFS<sup>®</sup> Heritage Trust Company CIT - MFS International Growth Fund  
(Class 1 Shares)



Performance results (%) class 1 shares net of expenses (USD)	Portfolio	Benchmark <sup>A</sup>	Excess returns
1Q 2016	1.81	-0.34	2.15
1 year	-2.16	-6.08	3.92
Since client inception (06-Aug-14)	-0.99	-3.51	2.52

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 performance 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 31-Dec-15	24,387,023
Contributions	0
Withdrawals	0
Change in market value	+441,170
Ending value as of 31-Mar-16	24,828,193

Characteristics	Portfolio	Benchmark <sup>AA</sup>
IBES long-term EPS growth <sup>1</sup> weighted median	9.3%	9.6%
Price/earnings (12 months forward ex-negative earnings) - weighted median	18.8x	17.9x
Return on invested capital - weighted median	12.7%	10.9%
Market capitalization (USD) <sup>2</sup>	37.3 bn	25.4 bn
Number of holdings	83	1,059
Trailing 1 year turnover <sup>3</sup>	27%	-
Barra predicted tracking error <sup>4</sup>	2.97%	-

<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.**

Portfolio characteristics are based on equivalent exposure, which measures how a portfolio's value would change due to price changes in an asset held either directly or, in the case of a derivative contract, indirectly. The market value of the holding may differ.

## Top 10 issuers

Top 10 issuers	Sector
NESTLE SA	Consumer Staples
ROCHE HOLDINGS AG	Health Care
DANONE	Consumer Staples
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	Technology
ACCENTURE PLC	Special Products & Services
LVMH MOET HENNESSY	Retailing
AIA GROUP LTD	Financial Services
NOVARTIS AG	Health Care
PERNOD-RICARD	Consumer Staples
CANADIAN NATIONAL RAILWAY CO	Transportation

Sectors (%)	Portfolio	Benchmark <sup>AA</sup>
Consumer Staples	19.4	15.7
Health Care	15.2	11.9
Technology	13.6	12.0
Financial Services	10.9	14.4
Special Products & Services	8.9	4.8
Industrial Goods & Services	7.6	5.3
Basic Materials	7.0	5.4
Retailing	6.5	7.7
Leisure	4.6	4.9
Transportation	2.5	4.4
Energy	1.0	1.4
Autos & Housing	0.9	5.7
Utilities & Communications	0.7	6.7

Regions (%)	Portfolio	Benchmark <sup>AA</sup>
Europe ex-U.K.	46.9	35.3
United Kingdom	17.6	11.9
Emerging Markets	11.9	21.2
North America	8.2	6.2
Japan	7.7	16.3
Asia/Pacific ex-Japan	4.9	8.7
Developed - Middle East/Africa	1.5	0.5
1.3% 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

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Bay County Employees' Retirement System  
MFS® Heritage Trust Company CIT - MFS International Growth Fund  
Class 1 Shares  
Report as of 31 March 2016

Performance results (%) class 1 shares net of expenses (USD)

Period	Portfolio net	Benchmark <sup>1</sup>	Excess <sup>1a</sup>
March	7.27	7.57	-0.30
February	-1.29	-1.26	-0.03
January	-3.85	-6.17	2.32
1Q 2016	1.81	-0.34	2.15
1 year	-2.16	-6.08	3.92
Since client inception (06-Aug-14)	-0.99	-3.51	2.52

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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 performance does not include management fees.

<sup>1</sup> MSCI All Country World (ex-US) Growth Index (net div)

<sup>1a</sup> Excess return net vs benchmark (%)

FOR EXISTING INSTITUTIONAL CLIENT USE ONLY.

MFS Heritage Trust Company







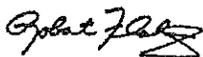
**MFS HERITAGE TRUST COMPANY**

**CERTIFICATE OF PORTFOLIO COMPLIANCE**

**MFS INTERNATIONAL GROWTH FUND**

To the best of my knowledge, for the quarter ending March 31, 2016, MFS Heritage Trust Company ("MHTC") – MFS International Growth Fund complied in all material respects with the investment restrictions contained in the Information Memorandum dated October 1, 2015 for the MHTC MFS International Growth Fund. Such certification is subject to the following conditions: (i) MHTC's compliance testing is performed using portfolio valuation reports derived from its internal security inventory system and not the books and records of the Portfolio; and (ii) MHTC is responsible for compliance with the investment restrictions as stated in the Information Memorandum.

MFS HERITAGE TRUST COMPANY

BY:   
Robert R. Flaherty

Digitally signed by Robert R. Flaherty  
DN: cn=ROBERT R. FLAHERTY, o=MFS HERITAGE TRUST COMPANY, email=Robert.Flaherty@MFS.com, ou=COMPLIANCE, ou=USERS, ou=Portfolio, postalCode=01901, serialNumber=17338, c=US

Title: Compliance Officer – Vice President

Dated: April 13, 2016

## Vote Summary Report

Date range covered: 01/01/2016 to 03/31/2016

Location(s): Massachusetts Financial Services

Institution Account(s): MFS International Growth Fund\*

### BG Group plc

Meeting Date: 01/28/2016

Country: United Kingdom

Primary Security ID: G1245Z108

Meeting ID: 1019842

Record Date: 01/26/2016

Meeting Type: Special

Ticker: BG.

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1	Approve Matters Relating to the Cash and Share Offer for BG Group plc by Royal Dutch Shell plc	Mgmt	For	For

### BG Group plc

Meeting Date: 01/28/2016

Country: United Kingdom

Primary Security ID: G1245Z108

Meeting ID: 1020246

Record Date: 01/26/2016

Meeting Type: Court

Ticker: BG.

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
	Court Meeting	Mgmt		
1	Approve Scheme of Arrangement	Mgmt	For	For

### Accenture plc

Meeting Date: 02/03/2016

Country: Ireland

Primary Security ID: G1151C101

Meeting ID: 1018752

Record Date: 12/07/2015

Meeting Type: Annual

Ticker: ACN

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1a	Elect Director Jaime Ardila	Mgmt	For	For
1b	Elect Director Dina Dublon	Mgmt	For	For
1c	Elect Director Charles H. Giancarlo	Mgmt	For	For
1d	Elect Director William L. Kimsey	Mgmt	For	For
1e	Elect Director Marjorie Magner	Mgmt	For	For
1f	Elect Director Blythe J. McGarvie	Mgmt	For	For
1g	Elect Director Pierre Nanterme	Mgmt	For	For
1h	Elect Director Gilles C. Pelisson	Mgmt	For	For

## Vote Summary Report

Date range covered: 01/01/2016 to 03/31/2016

Location(s): Massachusetts Financial Services

Institution Account(s): MFS International Growth Fund\*

### Accenture plc

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1i	Elect Director Paula A. Price	Mgmt	For	For
1j	Elect Director Arun Sarin	Mgmt	For	For
1k	Elect Director Wulf von Schimmelmann	Mgmt	For	For
1l	Elect Director Frank K. Tang	Mgmt	For	For
2	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	For
3	Amend Omnibus Stock Plan	Mgmt	For	For
4	Amend Qualified Employee Stock Purchase Plan	Mgmt	For	For
5	Approve KPMG LLP as Auditors and Authorize Board to Fix Their Remuneration	Mgmt	For	For
6	Provide Proxy Access Right	Mgmt	For	For
7A	Require Advance Notice for Shareholder Proposals	Mgmt	For	For
7B	Amend Articles	Mgmt	For	For
8A	Amend Articles - Board Related	Mgmt	For	For
8B	Establish Range for Size of Board	Mgmt	For	For
9	Authorize Issuance of Equity or Equity-Linked Securities with Preemptive Rights	Mgmt	For	For
10	Authorize Issuance of Equity or Equity-Linked Securities without Preemptive Rights	Mgmt	For	For
11	Authorize Open-Market Purchases of Class A Ordinary Shares	Mgmt	For	For
12	Determine the Price Range at which Accenture Plc can Re-issue Shares that it Acquires as Treasury Stock	Mgmt	For	For

### Compass Group plc

Meeting Date: 02/04/2016

Country: United Kingdom

Primary Security ID: G23296190

Meeting ID: 1019571

Record Date: 02/02/2016

Meeting Type: Annual

Ticker: CPG

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

## Vote Summary Report

Date range covered: 01/01/2016 to 03/31/2016

Location(s): Massachusetts Financial Services

Institution Account(s): MFS International Growth Fund\*

### Compass Group plc

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
3	Approve Final Dividend	Mgmt	For	For
4	Elect Nelson Silva as Director	Mgmt	For	For
5	Elect Johnny Thomson as Director	Mgmt	For	For
6	Elect Ireena Vittal as Director	Mgmt	For	For
7	Re-elect Dominic Blakemore as Director	Mgmt	For	For
8	Re-elect Richard Cousins as Director	Mgmt	For	For
9	Re-elect Gary Green as Director	Mgmt	For	For
10	Re-elect Carol Arrowsmith as Director	Mgmt	For	For
11	Re-elect John Bason as Director	Mgmt	For	For
12	Re-elect Susan Murray as Director	Mgmt	For	For
13	Re-elect Don Robert as Director	Mgmt	For	For
14	Re-elect Paul Walsh as Director	Mgmt	For	For
15	Reappoint KPMG LLP as Auditors	Mgmt	For	For
16	Authorise the Audit Committee to Fix Remuneration of Auditors	Mgmt	For	For
17	Authorise EU Political Donations and Expenditure	Mgmt	For	For
18	Authorise Issue of Equity with Pre-emptive Rights	Mgmt	For	For
19	Authorise Issue of Equity without Pre-emptive Rights	Mgmt	For	For
20	Authorise Market Purchase of Ordinary Shares	Mgmt	For	For
21	Authorise the Company to Call General Meeting with 14 Working Days' Notice	Mgmt	For	For

### Grupo Financiero Banorte S.A.B. de C.V.

Meeting Date: 02/19/2016

Country: Mexico

Primary Security ID: P49501201

Meeting ID: 1024431

Record Date: 02/08/2016

Meeting Type: Special

Ticker: GFNORTE O

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
	Ordinary Business	Mgmt		
1	Approve Cash Dividends	Mgmt	For	For

## Vote Summary Report

Date range covered: 01/01/2016 to 03/31/2016

Location(s): Massachusetts Financial Services

Institution Account(s): MFS International Growth Fund\*

## Grupo Financiero Banorte S.A.B. de C.V.

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
2	Authorize Board to Ratify and Execute Approved Resolutions	Mgmt	For	For

## Novartis AG

Meeting Date: 02/23/2016

Country: Switzerland

Primary Security ID: H5820Q150

Meeting ID: 1022763

Record Date:

Meeting Type: Annual

Ticker: NOVN

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1	Accept Financial Statements and Statutory Reports	Mgmt	For	For
2	Approve Discharge of Board and Senior Management	Mgmt	For	For
3	Approve Allocation of Income and Dividends of CHF 2.70 per Share	Mgmt	For	For
4	Approve CHF 24.9 Million Reduction in Share Capital via Cancellation of Repurchased Shares	Mgmt	For	For
5	Authorize Repurchase of up to CHF 10 Billion in Issued Share Capital	Mgmt	For	For
6.1	Approve Maximum Remuneration of Board of Directors in the Amount of CHF 8.16 Million	Mgmt	For	For
6.2	Approve Maximum Remuneration of Executive Committee in the Amount of CHF 93 Million		Mgmt	ForFor
6.3	Approve Remuneration Report (Non-Binding)	Mgmt	For	For
7.1	Reelect Joerg Reinhardt as Director and Chairman	Mgmt	For	For
7.2	Reelect Nancy Andrews as Director	Mgmt	For	For
7.3	Reelect Dimitri Azar as Director	Mgmt	For	For
7.4	Reelect Srikant Datar as Director	Mgmt	For	For
7.5	Reelect Ann Fudge as Director	Mgmt	For	For
7.6	Reelect Pierre Landolt as Director	Mgmt	For	For
7.7	Reelect Andreas von Planta as Director	Mgmt	For	For
7.8	Reelect Charles Sawyers as Director	Mgmt	For	For
7.9	Reelect Enrico Vanni as Director	Mgmt	For	For
7.10	Reelect William Winters as Director	Mgmt	For	For

## Vote Summary Report

Date range covered: 01/01/2016 to 03/31/2016

Location(s): Massachusetts Financial Services

Institution Account(s): MFS International Growth Fund\*

### Novartis AG

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
7.11	Elect Tom Buechner as Director	Mgmt	For	For
7.12	Elect Elizabeth Doherty as Director	Mgmt	For	For
8.1	Appoint Srikant Datar as Member of the Compensation Committee	Mgmt	For	For
8.2	Appoint Ann Fudge as Member of the Compensation Committee	Mgmt	For	For
8.3	Appoint Enrico Vanni as Member of the Compensation Committee	Mgmt	For	For
8.4	Appoint William Winters as Member of the Compensation Committee	Mgmt	For	For
9	Ratify PricewaterhouseCoopers AG as Auditors	Mgmt	For	For
10	Designate Peter Andreas Zahn as Independent Proxy	Mgmt	For	For
11	Transact Other Business (Voting)	Mgmt	For	Against

### Carlsberg

Meeting Date: 03/17/2016

Country: Denmark

Primary Security ID: K36628137

Meeting ID: 1023733

Record Date: 03/10/2016

Meeting Type: Annual

Ticker: CARL B

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1	Receive Report of Board	Mgmt		
2	Accept Financial Statements and Statutory Reports; Approve Discharge of Management and Board	Mgmt	For	For
3	Approve Allocation of Income and Dividends of DKK 9.00 Per Share	Mgmt	For	For
4a	Approve Remuneration of Directors	Mgmt	For	For
4b	Amend Articles Re: Director Age Limit	Mgmt	For	For
4c	Amend Articles Re: Change from Bearer Shares to Registered Shares	Mgmt	For	For
5a	Reelect Flemming Besenbacher as Director	Mgmt	For	For
5b	Reelect Lars Sorensen as Director	Mgmt	For	For
5c	Reelect Richard Burrows as Director	Mgmt	For	For
5d	Reelect Donna Cordner as Director	Mgmt	For	For

## Vote Summary Report

Date range covered: 01/01/2016 to 03/31/2016

Location(s): Massachusetts Financial Services

Institution Account(s): MFS International Growth Fund\*

### Carlsberg

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
5e	Reelect Elisabeth Fleuriot as Director	Mgmt	For	For
5f	Reelect Cornelis van der Graaf as Director	Mgmt	For	For
5g	Reelect Carl Bache as Director	Mgmt	For	For
5h	Reelect Soren-Peter Olesen as Director	Mgmt	For	For
5i	Reelect Nina Smith as Director	Mgmt	For	For
5j	Reelect Lars Stemmerik as Director	Mgmt	For	For
6	Ratify KPMG as Auditors	Mgmt	For	For

### LG Chem Ltd.

Meeting Date: 03/18/2016

Country: South Korea

Primary Security ID: Y52758102

Meeting ID: 1028506

Record Date: 12/31/2015

Meeting Type: Annual

Ticker: A051910

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1	Approve Financial Statements and Allocation of Income	Mgmt	For	For
2	Amend Articles of Incorporation	Mgmt	For	For
3	Elect One Inside Director, Three Outside Directors, and One Non-independent Non-executive Director (Bundled)	Mgmt	For	For
4	Elect Two Members of Audit Committee	Mgmt	For	For
5	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For

### NAVER Corp.

Meeting Date: 03/18/2016

Country: South Korea

Primary Security ID: Y62579100

Meeting ID: 1025041

Record Date: 12/31/2015

Meeting Type: Annual

Ticker: A035420

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1	Approve Financial Statements and Allocation of Income	Mgmt	For	For

## Vote Summary Report

Date range covered: 01/01/2016 to 03/31/2016

Location(s): Massachusetts Financial Services

Institution Account(s): MFS International Growth Fund\*

### NAVER Corp.

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
2.1	Elect Kim Su-wook as Outside Director	Mgmt	For	For
2.2	Elect Jeong Ui-jong as Outside Director	Mgmt	For	For
2.3	Elect Hong Jun-pyo as Outside Director	Mgmt	For	Against
3.1	Elect Kim Su-wook as Member of Audit Committee	Mgmt	For	For
3.2	Elect Jeong Ui-jong as Member of Audit Committee	Mgmt	For	For
3.3	Elect Hong Jun-pyo as Member of Audit Committee	Mgmt	For	Against
4	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For

### Novo Nordisk A/S

Meeting Date: 03/18/2016

Country: Denmark

Primary Security ID: K72807132

Meeting ID: 1023861

Record Date: 03/11/2016

Meeting Type: Annual

Ticker: NOVO B

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1	Receive Report of Board	Mgmt		
2	Accept Financial Statements and Statutory Reports for 2015	Mgmt	For	For
3.1	Approve Remuneration of Directors for 2015	Mgmt	For	For
3.2	Approve Remuneration of Directors for 2016	Mgmt	For	For
4	Approve Allocation of Income and Dividends of DKK 6.40 Per Share	Mgmt	For	For
5.1	Elect Göran Ando as Director and Chairman	Mgmt	For	For
5.2	Elect Jeppe Christiansen as Director and Deputy Chairman	Mgmt	For	For
5.3a	Elect Bruno Angelici as Director	Mgmt	For	For
5.3b	Elect Brian Daniels as Director	Mgmt	For	For
5.3c	Elect Sylvie Grégoire as Director	Mgmt	For	For
5.3d	Elect Liz Hewitt as Director	Mgmt	For	For
5.3e	Elect Mary Szela as Director	Mgmt	For	For
6	Ratify PricewaterhouseCoopers as Auditors	Mgmt	For	For

## Vote Summary Report

Date range covered: 01/01/2016 to 03/31/2016

Location(s): Massachusetts Financial Services

Institution Account(s): MFS International Growth Fund\*

### Novo Nordisk A/S

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
7.1	Approve DKK 10 Million Reduction in B Share Capital via Share Cancellation	Mgmt	For	For
7.2	Amend Articles Re: Change from Bearer Shares to Registered Shares	Mgmt	For	For
7.3	Approve Creation of DKK 51 Million Pool of Capital with or without Preemptive Rights	Mgmt	For	For
7.4	Authorize Share Repurchase Program	Mgmt	For	For
7.5a	Amend Articles Re: Name of NASDAQ OMX Copenhagen A/S	Mgmt	For	For
7.5b	Amend Articles Re: Editorial Amendment	Mgmt	For	For
7.5c	Amend Articles Re: Approve Preparation of Company Announcements in English Only	Mgmt	For	For
7.6	Approve Revised Remuneration Principles	Mgmt	For	For
8	Other Business	Mgmt		

### Japan Tobacco Inc

Meeting Date: 03/23/2016

Country: Japan

Primary Security ID: J27869106

Meeting ID: 1029860

Record Date: 12/31/2015

Meeting Type: Annual

Ticker: 2914

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1	Approve Allocation of Income, with a Final Dividend of JPY 64	Mgmt	For	For
2	Amend Articles to Clarify Director Authority on Shareholder Meetings - Clarify Director Authority on Board Meetings - Indemnify Directors - Indemnify Statutory Auditors	Mgmt	For	For
3.1	Elect Director Tango, Yasutake	Mgmt	For	For
3.2	Elect Director Koizumi, Mitsuomi	Mgmt	For	For
3.3	Elect Director Shingai, Yasushi	Mgmt	For	For
3.4	Elect Director Iwai, Mutsuo	Mgmt	For	For
3.5	Elect Director Miyazaki, Hideki	Mgmt	For	For
3.6	Elect Director Oka, Motoyuki	Mgmt	For	For
3.7	Elect Director Koda, Main	Mgmt	For	For
4	Appoint Alternate Statutory Auditor Masaki, Michio	Mgmt	For	For

## Vote Summary Report

Date range covered: 01/01/2016 to 03/31/2016

Location(s): Massachusetts Financial Services

Institution Account(s): MFS International Growth Fund\*

### Unicharm Corp.

Meeting Date: 03/30/2016

Country: Japan

Primary Security ID: J94104114

Meeting ID: 1035049

Record Date: 12/31/2015

Meeting Type: Annual

Ticker: 8113

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1.1	Elect Director Takahara, Keiichiro	Mgmt	For	For
1.2	Elect Director Takahara, Takahisa	Mgmt	For	For
1.3	Elect Director Futagami, Gumpei	Mgmt	For	For
1.4	Elect Director Ishikawa, Eiji	Mgmt	For	For
1.5	Elect Director Mori, Shinji	Mgmt	For	For
1.6	Elect Director Nakano, Kennosuke	Mgmt	For	For
1.7	Elect Director Takai, Masakatsu	Mgmt	For	For
1.8	Elect Director Miyabayashi, Yoshihiro	Mgmt	For	For

### Credicorp Ltd.

Meeting Date: 03/31/2016

Country: Bermuda

Primary Security ID: G2519Y108

Meeting ID: 1025180

Record Date: 02/10/2016

Meeting Type: Annual

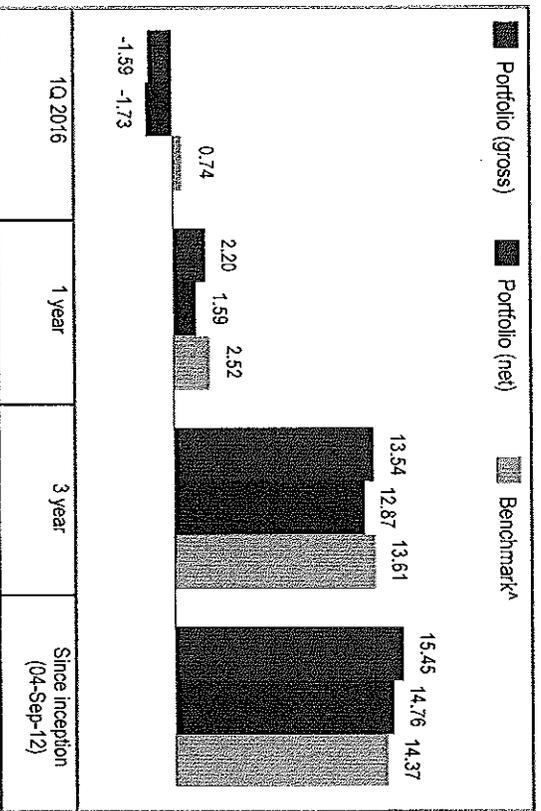
Ticker: BAP

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1	Present 2015 Annual Report	Mgmt		
2	Approve Audited Consolidated Financial Statements of Credicorp and its Subsidiaries for FY 2015, Including External Auditors' Report	Mgmt	For	For
3	Approve PricewaterhouseCoopers as External Auditors and Authorize Board to Fix Their Remuneration	Mgmt	For	For



# Executive summary

Performance results (%) gross and net of fees (USD) as of 31-Mar-16



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>A</sup> Russell 1000 Growth Index

## Asset summary (USD)

Beginning value as of 31-Dec-15	33,050,517
Contributions	0
Withdrawals	0
Change in market value	-524,456
Ending value as of 31-Mar-16	32,526,061

## Sector weights (%) as of 31-Mar-16

	Portfolio	Benchmark <sup>A</sup>
<b>Top overweights</b>		
Retailing	17.6	11.7
Financial Services	9.4	6.4
Special Products & Services	7.1	5.2
<b>Top underweights</b>		
Leisure	6.9	10.5
Basic Materials	1.2	4.1
Consumer Staples	7.0	9.6

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

The Growth Equity portfolio underperformed the Russell 1000 Growth Index in the first quarter of 2016.

### Contributors

- Retailing – Stock selection
- Autos & Housing – Stock selection
- Individual stocks:
  - Fiserv Inc
  - Boeing Co (not held)

### Detractors

- Technology – Stock selection
- Financial Services – Stock selection
- Consumer Staples – Stock selection and an underweight position
- Utilities & Communications – Stock selection
- Individual stocks:
  - Alexion Pharmaceuticals Inc
  - Amazon.Com Inc
  - Allergan Plc
  - Regeneron Pharmaceuticals



# Performance results

Period	Portfolio gross (%)	Portfolio net (%)	Benchmark <sup>a</sup> (%)	Excess return net vs benchmark (%)
1Q 2016	-1.59	-1.73	0.74	-2.47
4Q 2015	8.35	8.19	7.32	0.87
3Q 2015	-4.50	-4.64	-5.29	0.85
2Q 2015	0.35	0.20	0.12	0.08
2015	7.81	7.17	5.67	1.50
2014	9.60	8.95	13.05	-4.10
2013	38.34	37.51	33.48	4.03
1 year	2.20	1.59	2.52	-0.93
3 year	13.54	12.87	13.61	-0.74
Since client inception (04-Sep-12)	15.45	14.76	14.37	0.39

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.

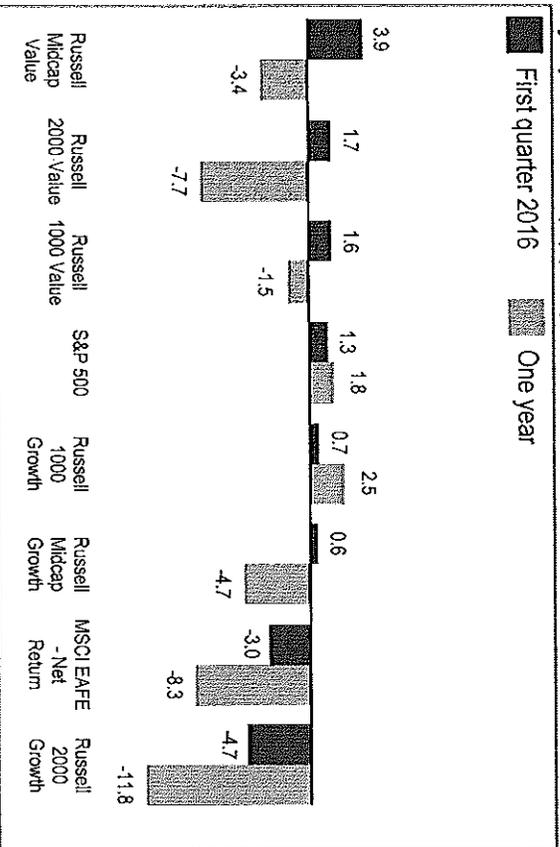
<sup>a</sup> Russell 1000 Growth Index

06



# Market overview

Style performance (%) (USD) as of 31-Mar-16

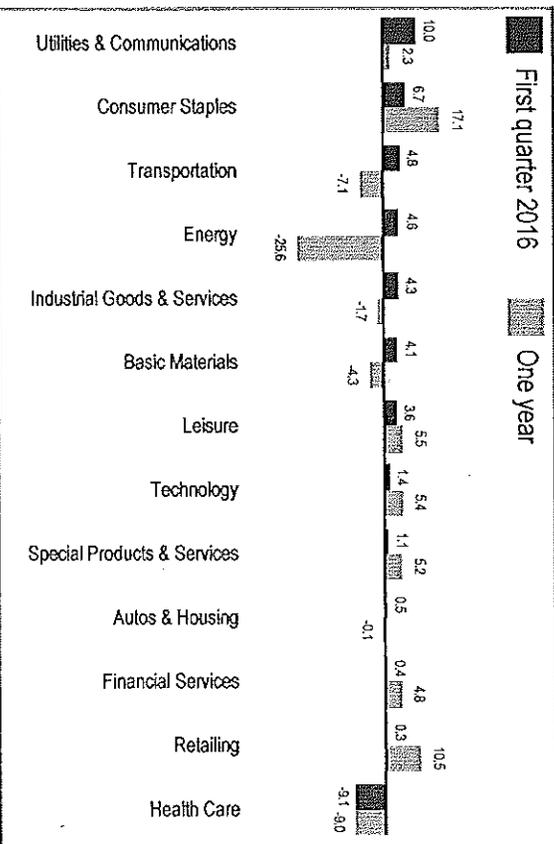


Source for benchmark performance: SPAR, FactSet Research Systems Inc. All indices represent total return unless otherwise noted.

## Market review as of 31-Mar-2016

- The U.S. market, measured by the S&P 500 Index, ended the quarter up slightly after rebounding in the back half of the period from the correction that occurred during the first half of the quarter. However, the slowdown in China, the pace of rate hikes from the Federal Reserve and the volatility in the price of oil continued to weigh on investors' minds.
- The U.S. economy maintained slow but steady growth through 2015 with GDP coming in at 2.4% for the year. In general, the labor market continued to improve and inflation remained stable at low levels. Global growth remained unsynchronized as the U.S. is still the growth leader among the major economies. While the Federal Reserve will most likely continue to increase rates in 2016, other central banks (i.e. ECB, BOJ and Peoples Bank of China) have maintained their "super easy" monetary conditions.
- Value investing outperformed growth investing during Q1, which was a reversal from 2015. For example, utilities, which are more represented in value benchmarks, strongly outperformed technology, which has a larger weighting within growth benchmarks.

Sector performance (%) (USD) as of 31-Mar-16



Source: FactSet. Sector performance based on MFS sector classification. The analysis of Russell 1000 Growth Index constituents are broken out by MFS defined sectors.



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

**BCS**

Valuation Summary	31-Mar-16		Portfolio Currency: USD		Total Value	Total Value
	Cost	Market Value	Accrued Income	Accrued Income		
CASH	703,155.56	703,155.56	0.00	0.00	703,155.56	2.16 %
COMMON STOCK	23,744,702.13	31,505,412.44	16,145.92	0.00	31,521,558.36	96.91 %
ADR	303,454.67	301,347.29	0.00	0.00	301,347.29	.93 %
	24,751,312.36	32,509,915.29	16,145.92	0.00	32,526,061.21	100.00 %
	Accrued Income:		16,145.92			
	Total Value:		32,526,061.21			

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 31 March 2016

Performance results (%) gross and net of fees (USD)

Period	Portfolio gross	Portfolio net	Benchmark <sup>a</sup>	Excess <sup>m</sup>
March	5.60	5.55	6.74	-1.19
February	-1.81	-1.86	-0.04	-1.82
January	-5.09	-5.14	-5.58	0.44
1Q 2016	-1.59	-1.73	0.74	-2.47
1 year	2.20	1.59	2.52	-0.93
3 year	13.54	12.87	13.61	-0.74
Since client inception (04-Sep-12)	15.45	14.76	14.37	0.39

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>a</sup> Russell 1000 Growth Index

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

The Growth Equity portfolio underperformed Russell 1000 Growth Index in the first quarter of 2016.

**Detractors**

- Technology – Stock selection
- Financial Services – Stock selection
- Consumer Staples – Stock selection and an underweight position
- Utilities & Communications – Stock selection

**Individual stocks - Detractors**

- Alexion Pharmaceuticals Inc
- Amazon.Com Inc
- Allergan Plc
- Regeneron Pharmaceuticals

**Vote Summary Report**

Reporting Period: 01/01/2016 to 03/31/2016

Location(s): Massachusetts Financial Services

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

**Intuit Inc.****Meeting Date:** 01/21/2016**Country:** USA**Primary Security ID:** 461202103**Meeting ID:** 1016262**Record Date:** 11/23/2015**Meeting Type:** Annual**Ticker:** INTU**Primary CUSIP:** 461202103**Primary ISIN:** US4612021034**Primary SEDOL:** 2459020**Voting Policy:** MFS

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1a	Elect Director Eve Burton	Mgmt	For	For
1b	Elect Director Scott D. Cook	Mgmt	For	For
1c	Elect Director Richard L. Dalzell	Mgmt	For	For
1d	Elect Director Diane B. Greene	Mgmt	For	For
1e	Elect Director Suzanne Nora Johnson	Mgmt	For	For
1f	Elect Director Dennis D. Powell	Mgmt	For	For
1g	Elect Director Brad D. Smith	Mgmt	For	For
1h	Elect Director Jeff Weiner	Mgmt	For	For
2	Ratify Ernst & Young LLP as Auditors	Mgmt	For	For
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	For

**Walgreens Boots Alliance, Inc.****Meeting Date:** 01/27/2016**Country:** USA**Primary Security ID:** 931427108**Meeting ID:** 1018398**Record Date:** 11/30/2015**Meeting Type:** Annual**Ticker:** WBA**Primary CUSIP:** 931427108**Primary ISIN:** US9314271084**Primary SEDOL:** BTN1Y44**Voting Policy:** MFS

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1a	Elect Director Janice M. Bablak	Mgmt	For	For
1b	Elect Director David J. Brailer	Mgmt	For	For
1c	Elect Director William C. Foote	Mgmt	For	For
1d	Elect Director Ginger L. Graham	Mgmt	For	For
1e	Elect Director John A. Lederer	Mgmt	For	For
1f	Elect Director Dominic P. Murphy	Mgmt	For	For
1g	Elect Director Stefano Pessina	Mgmt	For	For

**Vote Summary Report**

Reporting Period: 01/01/2016 to 03/31/2016

Location(s): Massachusetts Financial Services

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

**Walgreens Boots Alliance, Inc.**

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1h	Elect Director Barry Rosenstein	Mgmt	For	For
1i	Elect Director Leonard D. Schaeffer	Mgmt	For	For
1j	Elect Director Nancy M. Schlichting	Mgmt	For	For
1k	Elect Director James A. Skinner	Mgmt	For	For
2	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	For
3	Ratify Deloitte & Touche LLP as Auditors	Mgmt	For	For

**Costco Wholesale Corporation**

Meeting Date: 01/29/2016

Country: USA

Primary Security ID: 22160K105

Meeting ID: 1019661

Record Date: 11/20/2015

Meeting Type: Annual

Ticker: COST

Primary CUSIP: 22160K105

Primary ISIN: US22160K1051

Primary SEDOL: 2701271

Voting Policy: MFS

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1.1	Elect Director Hamilton E. James	Mgmt	For	For
1.2	Elect Director W. Craig Jelinek	Mgmt	For	For
1.3	Elect Director John W. Stanton	Mgmt	For	For
1.4	Elect Director Mary A. (Maggie) Wilderotter	Mgmt	For	For
2	Ratify KPMG LLP as Auditors	Mgmt	For	For
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	For
4	Adopt Proxy Access Right	SH	Against	For

**Monsanto Company**

Meeting Date: 01/29/2016

Country: USA

Primary Security ID: 61166W101

Meeting ID: 1018561

Record Date: 12/01/2015

Meeting Type: Annual

Ticker: MON

Primary CUSIP: 61166W101

Primary ISIN: US61166W1018

Primary SEDOL: 2654320

**Vote Summary Report**

Reporting Period: 01/01/2016 to 03/31/2016

Location(s): Massachusetts Financial Services

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

**Monsanto Company**

Voting Policy: MFS

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1a	Elect Director Gregory H. Boyce	Mgmt	For	For
1b	Elect Director David L. Chicoine	Mgmt	For	For
1c	Elect Director Janice L. Fields	Mgmt	For	For
1d	Elect Director Hugh Grant	Mgmt	For	For
1e	Elect Director Arthur H. Harper	Mgmt	For	For
1f	Elect Director Laura K. Ipsen	Mgmt	For	For
1g	Elect Director Marcos M. Lutz	Mgmt	For	For
1h	Elect Director C. Steven McMillan	Mgmt	For	For
1i	Elect Director Jon R. Moeller	Mgmt	For	For
1j	Elect Director William U. Parfet	Mgmt	For	For
1k	Elect Director George H. Poste	Mgmt	For	For
1l	Elect Director Robert J. Stevens	Mgmt	For	For
1m	Elect Director Patricia Verduin	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	Report on Effectiveness and Risks of Glyphosate Use	SH	Against	Against
6	Report on Lobbying Payments and Policy	SH	Against	For
7	Require Independent Board Chairman	SH	Against	Against

**ARAMARK**

Meeting Date: 02/02/2016

Country: USA

Primary Security ID: 03852U106

Meeting ID: 1020511

Record Date: 12/14/2015

Meeting Type: Annual

Ticker: ARMK

Primary CUSIP: 03852U106

Primary ISIN: US03852U1060

Primary SEDOL: BH3XG17

**Vote Summary Report**

Reporting Period: 01/01/2016 to 03/31/2016

Location(s): Massachusetts Financial Services

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

**ARAMARK**

Voting Policy: MFS

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1.1	Elect Director Eric J. Foss	Mgmt	For	For
1.2	Elect Director Todd M. Abbrecht	Mgmt	For	For
1.3	Elect Director Lawrence T. Babbio, Jr.	Mgmt	For	For
1.4	Elect Director Pierre-Olivier Beckers-Vieujant	Mgmt	For	For
1.5	Elect Director Lisa G. Bisaccia	Mgmt	For	For
1.6	Elect Director Leonard S. Coleman, Jr.	Mgmt	For	For
1.7	Elect Director Richard Dreiling	Mgmt	For	For
1.8	Elect Director Irene M. Esteves	Mgmt	For	For
1.9	Elect Director Daniel J. Heinrich	Mgmt	For	For
1.10	Elect Director Sanjeev K. Mehra	Mgmt	For	For
1.11	Elect Director John A. Quech	Mgmt	For	For
1.12	Elect Director Stephen I. Sadove	Mgmt	For	For
2	Ratify KPMG LLP as Auditors	Mgmt	For	For
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	For

**Apple Inc.**

Meeting Date: 02/26/2016

Country: USA

Primary Security ID: 037833100

Meeting ID: 1021753

Record Date: 12/28/2015

Meeting Type: Annual

Ticker: AAPL

Primary CUSIP: 037833100

Primary ISIN: US0378331005

Primary SEDOL: 2046251

Voting Policy: MFS

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1.1	Elect Director James Bell	Mgmt	For	For
1.2	Elect Director Tim Cook	Mgmt	For	For
1.3	Elect Director Al Gore	Mgmt	For	For
1.4	Elect Director Bob Iger	Mgmt	For	For
1.5	Elect Director Andrea Jung	Mgmt	For	For
1.6	Elect Director Art Levinson	Mgmt	For	For

**Vote Summary Report**

Reporting Period: 01/01/2016 to 03/31/2016

Location(s): Massachusetts Financial Services

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

**Apple Inc.**

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1.7	Elect Director Ron Sugar	Mgmt	For	For
1.8	Elect Director Sue Wagner	Mgmt	For	For
2	Ratify Ernst & Young LLP as Auditors	Mgmt	For	For
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	For
4	Amend Omnibus Stock Plan	Mgmt	For	For
5	Create Feasibility Plan for Net-Zero GHG Emissions, Including for Major Suppliers	SH	Against	Against
6	Adopt Policy to Increase Diversity of Senior Management and Board of Directors	SH	Against	Against
7	Report on Guidelines for Country Selection	SH	Against	Against
8	Adopt Proxy Access Right	SH	Against	For



# PRISA

## Performance Report<sup>1</sup> | First Quarter 2016

Performance <sup>2</sup>	PRISA Composite	PRISA SA	PRISA LP	NFI-ODCE <sup>3</sup>	2016 Projections <sup>4</sup>
	1Q16	1Q16	1Q16	1Q16	
Income	1.12%	1.12%	1.12%	1.12%	4.50% to 5.00%
Appreciation	1.08%	1.08%	1.07%	1.09%	4.00% to 6.00%
<b>Total Return</b>	<b>2.20%</b>	<b>2.20%</b>	<b>2.19%</b>	<b>2.21%</b>	<b>8.50% to 11.00%</b>

### Highlights

PRISA ("PRISA Composite" or "The Fund") delivered a total gross return for the quarter of 2.20%, with 1.12% derived from income. The Fund's performance was reflective of value increases across all major property types, with the strongest appreciation in the storage and office sectors. As expected, overall appreciation continues to moderate and is now primarily driven by income growth. The Fund's total return was in line with the benchmark for the quarter. PRISA's longer-term relative performance remains positive, with returns exceeding ODCE in the one, three and five-year, and since ODCE inception time periods.

The storage sector continues to generate appreciation for PRISA, reporting the strongest value growth of 3.7%, largely as a result of higher income. The second strongest performance came from the office portfolio, which increased in value by 1.4% and contributed 55% of the appreciation compared to its allocation of 40%.

Appreciation in the office portfolio was led by assets in South Florida and the San Francisco Bay Area, representing 64% of the sector's appreciation. Strength in these markets drove increases to occupancy and rental rates at our properties. Office assets in Miami that delivered outsized appreciation this quarter included: 1111 Brickell (8.5% increase, \$21.5M); Ponce de Leon (8.2% increase, \$13.7M); and 550 Biltmore (4.3% increase, \$2.5M). PRISA's life science office assets led gains in the Bay Area this quarter including: Emery Station I (9.5% increase, \$6.5M); Emery Station II (4.2% increase, \$3.3M); and Emery Station East (3.6% increase, \$3.6M).

During the quarter, PRISA invested in two new apartment developments and executed a buyout of a partner's nominal interest in a Florida asset for a total gross investment of \$182 million.<sup>5</sup> The most notable activity this quarter was the start of Phase II of The Modern, a 450-unit apartment development

located at the foot of the George Washington Bridge in metro NY (Fort Lee, NJ). This investment will complement PRISA's investment in Phase I, which was completed in 2015 and has just achieved a core occupancy level of 83%.

The Fund sold two investments during the quarter for total gross proceeds of \$121 million.<sup>5</sup> Both of these dispositions represent successful round trip executions within PRISA's build-to-core strategy. Villages at Baldwin Park, a 528-unit apartment community in Orlando, FL built in 2008, was sold for a gross price of \$111 million and generated a 16.9% IRR over a 7-year hold period. In addition, Terraces at Town Center, a 240-unit apartment community in Jacksonville, FL built in 2013, was sold for \$39 million, and delivered an attractive 31.0% IRR over a 4-year hold period. Both of these sales allowed PRISA to take advantage of high investor demand for apartment assets in Florida.

### Outlook

After six years of outsized returns driven largely by cap rate compression, appreciation is expected to moderate in 2016, with income growth as the primary driver for value gains. PRISA's high-quality assets are well positioned to generate healthy NOI growth and performance through active asset management and leasing activities, targeted new acquisitions and strategic sales. Overall, we anticipate same-property income growth of approximately 4.5% during 2016, with continued gains in rents and occupancy. We also project additional upside to income and appreciation from our office lease-up and build-to-core apartment and industrial strategies. For 2016, PRISA is projecting a total return in the range of 8.5% to 11.0%, with an income return between 4.5% and 5.0%.

### PRISA Composite<sup>6</sup>

Key Account Measures	Transaction Activity <sup>2</sup>	1Q16	Client Activity	1Q16
Gross Assets	Acquisitions (gross)	\$182.5M	Deposits	\$200.0M
Net Assets	Dispositions (gross)	\$121.4M	Reinvestments	\$83.6M
Cash			Withdrawals	\$230.6M
Leverage Ratio			Cash Flow Distributions	\$83.3M
			Entry Queue	\$1.2B

**Disclosures**

- <sup>1</sup> PRISA<sup>®</sup>, 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 April 13, 2016.
- <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> Based on Fund's share of gross activity.
- <sup>6</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 15.0% and 85.0%, respectively as of March 31, 2016. 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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Ms. Crystal Herbert  
 Bay County Financial Officer  
 Bay County Retirement System  
 515 Center Avenue  
 Suite 701  
 Bay City, MO 48708

Date 4/13/2016  
 Page 1 of 2

Commission Program Review  
 Rep: MARY DAVIDSON

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

*Period: March 1, 2016 To March 31, 2016*

	<u>March 2016</u>	<u>Year To Date</u>
Opening Balance:	\$0.00	\$0.00*
Commission:	\$14.00	\$118.17
Credit:	\$0.00	\$0.00
Payments:	\$0.00	\$0.00
Adjustments:	\$0.00	\$0.00
Ending Balance:	\$0.00	\$0.00

*\*Previous Year's closing balance*

**Manager Commission Summary**

	<u>March 2016 Commission</u>	<u>March 2016 Credit</u>	<u>Year to Date Commission</u>	<u>Year to Date Credit</u>
HOTCHKIS & WILEY	\$14.00	\$0.00	\$118.17	\$0.00
Total:	\$14.00	\$0.00	\$118.17	\$0.00

***Are you considering making a portfolio change soon? Contact your Abel Noser representative or [Transitions@abelnoser.com](mailto: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 4/13/2016  
 Page 2 of 2

Commission Program Review  
 Rep: MARY DAVIDSON

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

*Period: March 1, 2016 To March 31, 2016*

**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>
03/29/16	S	ODP	OFFICE DEPOT INC COM		1,400	\$14.00	\$0.00	\$0.00
Account Total:					1,400	\$14.00	\$0.00	
Grand Total:					1,400	\$14.00	\$0.00	

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**Bay County Employees' Ret. Sys.**

CAPIS Account: 10263

Settlement Month Ending: 3/31/2016

**TOTAL COMMISSION**

**COMMISSION ALLOCATION**

	March	YTD
Beginning Balance		
U.S. Equity	685,922	1,038,444
International Equity	-	-
Fixed Income	-	-
International Fixed Income	-	-
New Issues	-	-
Options	-	-
Futures	-	-
Foreign Currency	-	-
Syndicates	-	-
U.S. Correspondent Equity	694,566	1,971,441
Recapture Subtotals	\$ 1,380,488	\$ 3,009,885
Execution	\$ 0.00	\$ 0.00
Directed	\$ 0.00	\$ 0.00
Correspondent Broker/Dealer	\$ 0.00	\$ 0.00
<b>Total</b>	<b>\$ 1,380,488</b>	<b>\$ 3,009,885</b>

	March	YTD	March	YTD
	<b>Execution</b>		<b>Recapture</b>	
	March	YTD	March	YTD
	171,733	265,588	\$556,202	\$177,011
	-	-	514,119	772,866
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	324,122	922,111	370,444	1,049,300
	\$ 495,855	\$ 1,187,699	\$ 884,633	\$ 1,822,166
<b>Total Earned</b>			\$ 884,633	\$ 1,822,166
<b>Total Redeemed</b>			\$ 556,202	\$ 1,114,544
<b>Balance as of 3/31/2016</b>			\$ 884,633	\$ 884,633

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**Bay County Employees' Ret. Sys.**

CAPIS Account: 10263

Settlement Month Ending: 3/31/2016

**Summary of Segregated Account Detail**

	March	YTD
Payment from Segregated Account	\$ 556.20	\$ 1,114.54
	\$ 556.20	\$ 1,114.54
Voucher Amount		

**Segregated Account Detail**

Service Period	Comments/Notes	Vendor Invoice #	Date Paid	March	Prior Months	YTD	Mixed Use %
<b>Payment from Segregated Account</b>							
December 2015	Commission Receipture	305624Bay Count	01/15/2016		\$ 177.01		
January 2016	Commission Receipture	306237Bay Count	02/12/2016		\$ 381.33		
February 2016	Commission Receipture	306725Bay Count	03/15/2016	\$ 556.20			
	<b>Payment from Segregated Account Total</b>			\$ 556.20	\$ 558.34	\$ 1,114.54	
	<b>Grand Total</b>			\$ 556.20	\$ 558.34	\$ 1,114.54	

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Account Executive: Jon Lantz  
Phone: (214) 978-4778

Sales Assistant: Christilla Moreno  
Phone: (214) 978-4743

# Securities Lending

## Summary Earnings Report for MR FAMILY CODE FAM8765

From Mar 1, 2016 To Mar 31, 2016

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUMBER : 2608694					
ACCOUNT NAME : *BAYCO - COLUMBIA MANAGEMENT					
CURRENCY : USD					
OPEN CASH	0.00	5,558.23	0.00	0.00	5,558.23
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	5,558.23	0.00	0.00	5,558.23
TOTAL REBATES	0.00	2,272.83	0.00	0.00	2,272.83
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	3,285.40	0.00	0.00	3,285.40
BANK FEES	0.00	984.62	0.00	0.00	984.62
NET INCOME	0.00	2,300.78	0.00	0.00	2,300.78
ACCOUNT NUMBER : 2618668					
ACCOUNT NAME : *BAYCO - BAIRD					
CURRENCY : USD					
OPEN CASH	1,293.03	0.00	0.00	0.00	1,293.03
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	29.36	0.00	0.00	0.00	29.36
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	1,322.39	0.00	0.00	0.00	1,322.39
TOTAL REBATES	864.72	0.00	0.00	0.00	864.72
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	457.67	0.00	0.00	0.00	457.67
BANK FEES	137.25	0.00	0.00	0.00	137.25
NET INCOME	320.42	0.00	0.00	0.00	320.42

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# Securities Lending

## Summary Earnings Report for MR

FAMILY CODE FAM8765

From Mar 1, 2016 To Mar 31, 2016

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUMBER : 2622490					
ACCOUNT NAME : *BAYCO - MACKAY SHIELDS -SL					
CURRENCY : USD					
OPEN CASH	1,029.07	346.22	141.64	107.99	1,624.92
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	170.10	0.00	0.00	0.00	170.10
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	1,199.17	346.22	141.64	107.99	1,795.02
TOTAL REBATES	-344.58	9.18	22.99	46.08	-266.33
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	1,543.75	337.04	118.65	61.91	2,061.35
BANK FEES	462.78	100.96	35.57	18.54	617.85
NET INCOME	1,080.97	236.08	83.08	43.37	1,443.50

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ACCOUNT NUMBER : 2622536

ACCOUNT NAME : \*BAYCO - HOTCHKIS & WILEY -SL

CURRENCY : USD

OPEN CASH	0.00	2,692.08	0.00	626.11	3,318.19
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	1.79	0.00	0.00	1.79
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	2,693.87	0.00	626.11	3,319.98
TOTAL REBATES	0.00	1,117.57	0.00	249.89	1,367.46
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,576.30	0.00	376.22	1,952.52
BANK FEES	0.00	469.48	0.00	112.15	581.63
NET INCOME	0.00	1,106.82	0.00	264.07	1,370.89

# Securities Lending

## Summary Earnings Report for MR

FAMILY CODE FAM8765

From Mar 1, 2016 To Mar 31, 2016

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUMBER : 2641401					
ACCOUNT NAME : *BAYCO - LOOMIS SAYLES -SL					
CURRENCY : USD					
OPEN CASH	1,390.26	0.00	619.62	0.00	2,009.88
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	1.70	0.00	0.00	0.00	1.70
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	1,391.96	0.00	619.62	0.00	2,011.58
TOTAL REBATES	467.51	0.00	57.58	0.00	525.09
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	924.45	0.00	562.04	0.00	1,486.49
BANK FEES	276.31	0.00	166.28	0.00	444.59
NET INCOME	648.14	0.00	393.76	0.00	1,041.90

ACCOUNT NUMBER : 2649057

ACCOUNT NAME : \*BAYCO GENIEVA CAPITAL MGMT -SL

CURRENCY : USD

OPEN CASH	0.00	5,844.15	0.00	238.15	6,082.30
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	5,844.15	0.00	238.15	6,082.30
TOTAL REBATES	0.00	2,284.47	0.00	102.37	2,386.84
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	3,559.68	0.00	135.78	3,695.46
BANK FEES	0.00	1,066.62	0.00	40.71	1,107.33
NET INCOME	0.00	2,493.06	0.00	95.07	2,588.13

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# Securities Lending

## Summary Earnings Report for MR

FAMILY CODE FAM8765

From Mar 1, 2016 To Mar 31, 2016

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUMBER : 2653308					
ACCOUNT NAME : *BAYCO - INTEGRITY -SL					
CURRENCY : USD					
OPEN CASH	0.00	4,883.58	0.00	344.05	5,227.63
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	18.21	0.00	0.00	18.21
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	4,901.79	0.00	344.05	5,245.84
TOTAL REBATES	0.00	2,015.45	0.00	147.43	2,162.88
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,886.34	0.00	196.62	3,082.96
BANK FEES	0.00	863.47	0.00	58.91	922.38
NET INCOME	0.00	2,022.87	0.00	137.71	2,160.58
ACCOUNT NUMBER : 2653296					
ACCOUNT NAME : *BAYCO - CORNERSTONE REALES-SL					
CURRENCY : USD					
OPEN CASH	0.00	2,604.97	0.00	0.00	2,604.97
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	2,604.97	0.00	0.00	2,604.97
TOTAL REBATES	0.00	1,108.40	0.00	0.00	1,108.40
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,496.57	0.00	0.00	1,496.57
BANK FEES	0.00	447.76	0.00	0.00	447.76
NET INCOME	0.00	1,048.81	0.00	0.00	1,048.81

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# Securities Lending

## Summary Earnings Report for MR

FAMILY CODE FAM8765

From Mar 1, 2016 To Mar 31, 2016

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUMBER : 2683854					
ACCOUNT NAME : *BAYCO - MFS INVESTMENTS -SL					
CURRENCY : USD					
OPEN CASH	0.00	4,953.28	0.00	246.26	5,199.54
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	18.77	0.00	0.00	18.77
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	4,972.05	0.00	246.26	5,218.31
TOTAL REBATES	0.00	2,038.95	0.00	0.31	2,039.26
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,933.10	0.00	245.95	3,179.05
BANK FEES	0.00	878.32	0.00	73.65	951.97
NET INCOME	0.00	2,054.78	0.00	172.30	2,227.08
ACCOUNT NUMBER : 2685063					
ACCOUNT NAME : *BAYCO - EAGLE ASSET -SL					
CURRENCY : USD					
OPEN CASH	0.00	3,469.44	0.00	107.99	3,577.43
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	118.73	0.00	0.00	118.73
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	3,588.17	0.00	107.99	3,696.16
TOTAL REBATES	0.00	732.35	0.00	46.19	778.54
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,855.82	0.00	61.80	2,917.62
BANK FEES	0.00	853.78	0.00	18.31	872.09
NET INCOME	0.00	2,002.04	0.00	43.49	2,045.53

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# Securities Lending

## Summary Earnings Report for MR

FAMILY CODE FAM8765

From Mar 1, 2016 To Mar 31, 2016

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
GRAND TOTAL					
CURRENCY : USD					
OPEN CASH	3,712.36	30,351.95	761.26	1,670.55	36,496.12
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	201.16	157.50	0.00	0.00	358.66
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	3,913.52	30,509.45	761.26	1,670.55	36,854.78
TOTAL REBATES	987.65	11,579.20	80.57	592.27	13,239.69
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	2,925.87	18,930.25	680.69	1,078.28	23,615.09
BANK FEES	876.34	5,665.01	203.85	322.27	7,067.47
NET INCOME	2,049.53	13,265.24	476.84	756.01	16,547.62

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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.

**Northern Trust**

REFUNDS: FOR THE MONTH ENDED:

April 30, 2016

EMPLOYEE/BENEFICIARY	CONTRIBUTIONS	PROCESSED	DEPARTMENT	TERMINATION
Rowell, Stacey	5,300.54	4/1/2016	BABH	3/18/2016
Helmreich, Reba	2,563.72	4/1/2016	BABH	3/9/2016
Leslie Rendell McKnight	374.66	4/5/2016	BABH	2/12/2016
Kohn, Robert	40.80	4/18/2016	BABH	2/24/2015
Williams, Alicia	106.78	4/18/2016	BABH	4/20/2015
Jamie Graczyk	16,989.10	4/29/2016	BMC	4/2/2016

TOTAL REFUNDS: 25,375.60

NEW RETIREE	CONTRIBUTIONS TRANSFERRED	RETIREMENT GROUP/ COUNTY DEPT	EFFECTIVE DATE
Janer, Mark	\$112,773.32	General	4/18/2016

DECEASED EMPLOYEE/ RETIREE	BENEFICIARY	REFUND/ PENSION	DATE OF DEATH	DIVISION/ DEPARTMENT
Joseph Kindermann			4/13/2016	DWS
Marlene Luptowski		412.44	4/22/2016	General

NO REFUNDS EMPLOYEE NAME	ACCUMULATED CONTRIBUTIONS	UNION GROUP	DATE TERMINATED
Russell, Lindsey	11,006.88	Library	1/6/2016
Cardenas, Crystal	4,177.58	BMC	4/5/2016

15,184.46

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# Bay County, Michigan

05/02/2016 14:52  
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BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

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FOR 2016 03

ACCOUNTS FOR: RETIREMENT SYSTEM FUND ORIGINAL APPROP TRANFRS/ ADJUSTMTS REVISED BUDGET YTD ACTUAL ENCUMBRANCES AVAILABLE BUDGET PCT USED

73127400 RETIREMENT BOARD

RA FUND BALANCE, NET AS

73127400 40001	FUND BALANCE	0	.00	.00	.00	.00	.00	.00	-1,100,000.00	.00	.00%
73127400 40003	FUND BALANCE-RESRVS	0	.00	.00	.00	.00	.00	.00	-10,322.84	.00	.00%
73127400 40004	NET ASSETS - RESERV	4,601,447	.00	4,601,447.00	.00	.00	4,601,447.00	.00	4,601,447.00	.00	.00%
	TOTAL FUND BALANCE, NET AS	4,601,447	.00	4,601,447.00	.00	.00	4,601,447.00	.00	4,601,447.00	.00	.00%

RJ LOCAL UNIT CONTRIBUT

73127400 59401	ER CONTR-BEHAVE,HEA	-1,100,000	.00	-1,100,000.00	.00	.00	.00	.00	-1,100,000.00	.00	.00%
73127400 59402	ER CONTR-MOSQUITO C	-13,000	.00	-13,000.00	.00	.00	.00	.00	-10,322.84	.00	.00%
73127400 59403	ER CONTR-HEALTH FUN	-60,000	.00	-60,000.00	.00	.00	.00	.00	-46,494.79	.00	.00%
73127400 59404	ER CONTR-ROAD COMM	-550,000	.00	-550,000.00	.00	.00	.00	.00	-550,000.00	.00	.00%
73127400 59405	ER CONTR-LIBRARY	-180,000	.00	-180,000.00	.00	.00	.00	.00	-174,628.71	.00	.00%
73127400 59406	ER CONTR-GOLF COUR	-5,000	.00	-5,000.00	.00	.00	.00	.00	-4,038.48	.00	.00%
73127400 59407	ER CONTR-GENERAL FU	-375,000	.00	-375,000.00	.00	.00	.00	.00	-284,387.95	.00	.00%
73127400 59408	ER CONTR-GENERAL FU	-375,000	.00	-375,000.00	.00	.00	.00	.00	-340,111.15	.00	.00%
73127400 59409	ER CONTR-DMS	-45,000	.00	-45,000.00	.00	.00	.00	.00	-35,448.04	.00	.00%
73127400 59410	ER CONTR-911 SERVIC	-40,000	.00	-40,000.00	.00	.00	.00	.00	-30,894.98	.00	.00%
73127400 59411	ER CONTR-CHILD CARE	-43,000	.00	-43,000.00	.00	.00	.00	.00	-32,554.71	.00	.00%
73127400 59412	ER CONTR-DIV ON AGI	-1,900	.00	-1,900.00	.00	.00	.00	.00	-1,673.05	.00	.00%
73127400 59413	ER CONTR-RETIRE SYS	-3,000	.00	-3,000.00	.00	.00	.00	.00	-3,000.00	.00	.00%
73127400 59414	ER CONTR-HOMELAND S	-2,000	.00	-2,000.00	.00	.00	.00	.00	-1,511.63	.00	.00%
73127400 59415	ER CONTR-GYPSY MOTH	-180	.00	-180.00	.00	.00	.00	.00	-171.43	.00	.00%
73127400 59416	ER CONTR-HOME REHAD	-3,300	.00	-3,300.00	.00	.00	.00	.00	-2,521.64	.00	.00%
73127400 59418	ER CONTR-100% TAX P	-600,000	.00	-600,000.00	.00	.00	.00	.00	-600,000.00	.00	.00%
73127400 59419	ER CONTR-MED CARE F	-600	.00	-600.00	.00	.00	.00	.00	-467.33	.00	.00%
73127400 59424	ER CONTR-SELF INSUR	-2,100	.00	-2,100.00	.00	.00	.00	.00	-1,714.68	.00	.00%
73127400 59427	ER CONTR-COMM CORR	-2,500	.00	-2,500.00	.00	.00	.00	.00	-1,887.17	.00	.00%
73127400 59429	ER CONTR-F.O.C. FUN	-6,000	.00	-6,000.00	.00	.00	.00	.00	-4,650.20	.00	.00%
73127400 59430	ER CONTR-HOUSING FU	-300	.00	-300.00	.00	.00	.00	.00	-297.07	.00	.00%
73127400 59434	ER CONTR-LOCAL CEO	0	.00	0.00	.00	.00	.00	.00	90.56	100.00%	
73127400 59435	ER CONTR-IB-CONC PIS	0	.00	0.00	.00	.00	.00	.00	5,000.00	.00	.00%
73127400 59439	ER CONTR-SHERIFF DR	-500,000	.00	-500,000.00	.00	.00	.00	.00	-500,000.00	.00	.00%
73127400 59501	EE CONTR-BEHAVE,HEA	-12,750	.00	-12,750.00	.00	.00	.00	.00	-10,072.84	.00	.00%
73127400 59502	EE CONTR-MOSQUITO C	-60,000	.00	-60,000.00	.00	.00	.00	.00	-46,494.79	.00	.00%
73127400 59503	EE CONTR-HEALTH FUN		.00		.00	.00	.00				

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# Bay County, Michigan

05/02/2016 14:52  
Kmeeth

BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

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FOR 2016 03

ACCOUNTS FOR:  
7310 RETIREMENT SYSTEM FUND

ORIGINAL  
APPROP

TRANSFERS/  
ADJUSTMENTS

REVISED  
BUDGET

YTD ACTUAL

ENCUMBRANCES

AVAILABLE  
BUDGET

PCT  
USED

73127400 59504	EE CONTR-ROAD COMM	-130,000	.00	-130,000.00	.00	-5,371.31	.00	-130,000.00	.00	-69,628.69	7.2%*
73127400 59506	EE CONTR-LIBRARY	-75,000	.00	-75,000.00	.00	-961.52	.00	-69,628.69	.00	-3,238.48	22.9%*
73127400 59507	EE CONTR-GOLF COURSE	-4,200	.00	-4,200.00	.00	432.29	.00	-357,567.71	.00	44.2%*	20.5%*
73127400 59508	EE CONTR-GENERAL FU	-450,000	.00	-450,000.00	.00	544.08	.00	-47,455.92	.00	916.95	21.8%*
73127400 59509	EE CONTR-DWS	-85,000	.00	-85,000.00	.00	083.05	.00	-30,894.98	.00	554.71	22.8%*
73127400 59510	EE CONTR-911 SERVIC	-60,000	.00	-60,000.00	.00	105.02	.00	-32,554.71	.00	973.05	10.3%*
73127400 59511	EE CONTR-CHILD CARE	-40,000	.00	-40,000.00	.00	445.29	.00	-1,973.05	.00	63	25.7%*
73127400 59512	EE CONTR-DIV ON AGI	-40,000	.00	-40,000.00	.00	226.95	.00	-1,411.63	.00	191.43	4.3%*
73127400 59513	EE CONTR-RETIRE SYS	-43,000	.00	-43,000.00	.00	37	.00	-2,321.64	.00	64	25.1%*
73127400 59514	EE CONTR-HOMELAND S	0	.00	0.00	.00	36	.00	-400,000.00	.00	33	29.5%*
73127400 59515	EE CONTR-HOME REHAB	-1,900	.00	-1,900.00	.00	57	.00	-1,114.68	.00	17	25.7%*
73127400 59516	EE CONTR-GYSEY WOTH	-200	.00	-200.00	.00	36	.00	-1,887.17	.00	20	23.3%*
73127400 59518	EE CONTR-100% TAX P	-3,100	.00	-3,100.00	.00	00	.00	-4,450.20	.00	07	1.0%*
73127400 59519	EE CONTR-MED CARE F	-400,000	.00	-400,000.00	.00	67	.00	-297.07	.00	56	100.0%*
73127400 59522	EE CONTR-SELF INSUR	-450	.00	-450.00	.00	32	.00	90.56	.00	03	22.8%*
73127400 59524	EE CONTR-COMM CORR	-1,500	.00	-1,500.00	.00	83	.00	-177,627.03	.00	03	7.7%*
73127400 59527	EE CONTR-F.O.C. FUN	-2,500	.00	-2,500.00	.00	80	.00	-5,098,011.03	.00	03	7.7%*
73127400 59529	EE CONTR-HOUSING FU	-5,800	.00	-5,800.00	.00	93	.00		.00		
73127400 59530	EE CONTR-LOCAL CFO	-300	.00	-300.00	.00	56	.00		.00		
73127400 59533	EE CONTR-CONC PIS	0	.00	0.00	.00	97	.00		.00		
73127400 59535	EE CONTR-SHERIFF DE	-230,000	.00	-230,000.00	.00	97	.00		.00		
73127400 59539	EE CONTR-SHERIFF DE	0	.00	0.00	.00	97	.00		.00		
TOTAL LOCAL UNIT CONTRIBUT		-5,520,780	.00	-5,520,780.00	.00	-422,768.97	.00	-5,098,011.03	.00		7.7%*

RP INTEREST & RENTALS

73127400 66400	INVESTMENT INTEREST	-5,000,000	.00	-5,000,000.00	.00	-404.16	.00	-4,999,595.84	.00		.0%*
73127400 66500	GAIN ON SALE OF INV	-20,000,000	.00	-20,000,000.00	.00	.00	.00	-20,000,000.00	.00		.0%*
73127400 66501	UNREALIZED GAIN ON	-3,000,000	.00	-3,000,000.00	.00	.00	.00	-3,000,000.00	.00		.0%*
73127400 66502	GAIN ON FOREIGN CUR	-40,000	.00	-40,000.00	.00	.00	.00	-40,000.00	.00		.0%*
73127400 66600	SECURITIES LENDING	-180,000	.00	-180,000.00	.00	75	.00	-166,717.25	.00		7.4%*
TOTAL INTEREST & RENTALS		-28,220,000	.00	-28,220,000.00	.00	-13,686.91	.00	-28,206,313.09	.00		.0%*

RR OTHER REVENUE

73127400 67104	MISCELLANEOUS REVENUE	0	.00	0.00	.00	.00	.00	0.00	.00		.0%*
73127400 67600	REIMBURSEMENTS	0	.00	0.00	.00	.00	.00	0.00	.00		.0%*
73127400 67601	REIMBURSEMENT - TRD	0	.00	0.00	.00	.00	.00	0.00	.00		.0%*
73127400 68900	TRADE-IN ALLOWANCE	0	.00	0.00	.00	.00	.00	0.00	.00		.0%*

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# Bay County Michigan

05/02/2016 14:52  
KMeeth

BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

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FOR 2016 03

ACCOUNTS FOR:  
7310 RETIREMENT SYSTEM FUND

ORIGINAL  
APPROP

TRANSRS/  
ADJUSTMTS

REVISED  
BUDGET

YTD ACTUAL

ENCUMBRANCES

AVAILABLE  
BUDGET

PCT  
USED

73127400 69000	COMMISSION RECAPTUR	-15,000	.00	-15,000.00	-177.01	.00	-14,822.99	1.2%
73127400 69200	CLAIMS/SETTLEMENTS/	-100,000	.00	-100,000.00	-157.74	.00	-99,842.26	.28*
TOTAL OTHER REVENUE		-115,000	.00	-115,000.00	-334.75	.00	-114,665.25	.3%

**XE WAGES & SALARIES**

73127400 70300	SALARIES-ELECTED OR	51,012	.00	51,012.00	2,812.33	.00	48,199.67	5.5%
73127400 70400	WAGES-CLERICAL-OTHE	10,566	.00	10,566.00	2,226.40	.00	8,339.60	21.1%
73127400 70401	PAY IN LIEU OF HEAL	0	.00	0.00	.00	.00	0.00	.0%
73127400 70500	TEMPORARY HELP	9,000	.00	9,000.00	.00	.00	9,000.00	.0%
73127400 70501	PART TIME WAGES	0	.00	0.00	.00	.00	0.00	.0%
73127400 70600	OVERTIME	2,809	.00	2,809.00	.00	.00	2,809.00	100.0%*
73127400 70800	HOLIDAY PAY	0	.00	0.00	.00	.00	-546.88	.0%
73127400 71000	PER DIEM	3,420	.00	3,420.00	546.88	.00	2,970.00	13.2%
73127400 71200	VACATION PAY	0	.00	0.00	450.00	.00	-40.48	100.0%*
73127400 71202	SICK PAY	0	.00	0.00	40.48	.00	-48.12	100.0%*
73127400 71203	TERMINATION SICK PA	0	.00	0.00	48.12	.00	-48.12	100.0%*
73127400 71204	TERMINATION VACATION	0	.00	0.00	.00	.00	.00	.0%
TOTAL WAGES & SALARIES		76,807	.00	76,807.00	6,124.21	.00	70,682.79	8.0%

**XF FRINGES**

73127400 71500	SOCIAL SECURITY	4,713	.00	4,713.00	396.73	.00	4,316.27	8.4%
73127400 71600	HEALTH INSURANCE	17,435	.00	17,435.00	1,666.93	.00	15,768.07	9.6%
73127400 71603	RETIREE HEALTH CARE	0	.00	0.00	.00	.00	0.00	.0%
73127400 71632	EMPLOYEE INCENTIVE	177	.00	177.00	.00	.00	177.00	.0%
73127400 71700	LIFE INSURANCE	131	.00	131.00	16.45	.00	114.55	12.6%
73127400 71800	RETIREMENT	4,928	.00	4,928.00	453.90	.00	4,474.10	9.2%
73127400 71900	OTHER FRINGE BENEFIT	0	.00	0.00	.00	.00	0.00	.0%
73127400 72001	SIF ADMINISTRATION	0	.00	0.00	.00	.00	0.00	.0%
73127400 72100	WORKERS' COMPENSATI	93	.00	93.00	8.53	.00	84.47	9.2%
73127400 72200	SICK AND ACCIDENT I	709	.00	709.00	37.32	.00	671.68	5.3%
73127400 72500	UNEMPLOYMENT COMPEN	93	.00	93.00	8.53	.00	84.47	9.2%
TOTAL FRINGES		28,279	.00	28,279.00	2,588.39	.00	25,690.61	9.2%

**XI SUPPLIES**

73127400 72700	OFFICE SUPPLIES	2,000	.00	2,000.00	48.78	.00	1,951.22	2.4%
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# Bay County, Michigan

05/02/2016 14:52  
Kmeeth

BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

P 4  
glycbbud

FOR 2016 03

ACCOUNTS FOR: 7310 RETIREMENT SYSTEM FUND	ORIGINAL APPROP	TRANSFRS/ ADJUSTMENTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73127400 72702 BOOK SUPPLIES	0	.00	.00	.00	.00	.00	.0%
73127400 72800 PRINTING AND BINDING	1,000	.00	1,000.00	.00	.00	1,000.00	.0%
73127400 72900 POSTAGE	500	.00	500.00	137.30	.00	362.70	27.5%*
73127400 73000 MAGAZINES AND PERIO	400	.00	400.00	.00	.00	400.00	.0%
73127400 73301 COPIER / FAX SUPPLI	500	.00	500.00	.00	.00	500.00	.0%
73127400 74200 FOOD SUPPLIES	150	.00	150.00	.00	.00	150.00	.0%
73127400 74700 PHOTO & MICROFILM/E	0	.00	.00	.00	.00	.00	.0%
73127400 75000 GAS, OIL AND GREASE	0	.00	.00	.00	.00	.00	.0%
73127400 75100 COMPUTER SUPPLIES	1,500	.00	1,500.00	.00	.00	1,500.00	.0%
TOTAL SUPPLIES	6,050	.00	6,050.00	186.08	.00	5,863.92	3.1%

**XL OTHER SERVICES AND C**

73127400 80100 PROFESSIONAL SERVIC	1,750,000	.00	1,750,000.00	201,774.92	.00	1,548,225.08	11.5%
73127400 80101 ACTUARIAL SERVICES	70,000	.00	70,000.00	-1,400.00	.00	71,400.00	-2.0%
73127400 80200 CONTRACTUAL SERVICE	0	.00	.00	.00	.00	.00	.0%
73127400 81200 MEDICAL SERVICES	1,000	.00	1,000.00	.00	.00	1,000.00	.0%
73127400 81400 INVESTMENT/BANK SER	250,000	.00	250,000.00	414.16	.00	249,585.84	.2%
73127400 81700 LEGAL FEES	7,500	.00	7,500.00	.00	.00	7,500.00	.0%
73127400 81900 CONSULTANTS	175,000	.00	175,000.00	38,500.00	.00	136,500.00	22.0%
73127400 82000 MEMBERSHIPS AND DUE	550	.00	550.00	350.00	.00	200.00	63.6%*
73127400 82900 FILING FEES	200	.00	200.00	.00	.00	200.00	.0%
73127400 83500 HEALTH SERVICES	0	.00	.00	.00	.00	.00	.0%
73127400 85200 TELEPHONE	400	.00	400.00	13.90	.00	386.10	.3%
73127400 86100 CONFERENCE FEES & E	15,000	.00	15,000.00	.00	.00	15,000.00	.0%
73127400 86500 STATE TRAVEL MILEAG	2,700	.00	2,700.00	.00	.00	2,700.00	.0%
73127400 86600 LOCAL TRAVEL MILEAG	300	.00	300.00	23.36	.00	276.64	7.8%
73127400 87500 PENSION PAYMENTS	16,250,000	.00	16,250,000.00	1,386,054.14	.00	14,863,945.86	8.5%
73127400 90000 PRINTING/PUBLISHING	500	.00	500.00	.00	.00	500.00	.0%
73127400 90100 LEGAL NOTICES	1,000	.00	1,000.00	.00	.00	1,000.00	.0%
73127400 93100 EQUIPMENT REPAIR &	500	.00	500.00	.00	.00	500.00	.0%
73127400 93700 HARD/SOFTWARE REPAI	4,100	.00	4,100.00	.00	.00	4,100.00	.0%
73127400 94601 EQUIPMENT RENTAL-CO	5,000	.00	5,000.00	122.52	.00	4,877.48	2.5%
73127400 95500 MISCELLANEOUS	500	.00	500.00	.00	.00	500.00	.0%
73127400 95600 INDIRECT COST EXPEN	259,947	.00	259,947.00	64,986.75	.00	194,960.25	25.0%
73127400 96000 EDUCATION AND TRAI	1,500	.00	1,500.00	.00	.00	1,500.00	.0%
73127400 96200 LOSS ON DISPOSAL OF	9,000,000	.00	9,000,000.00	.00	.00	9,000,000.00	.0%
73127400 96201 UNREALIZED LOSS ON	1,000,000	.00	1,000,000.00	.00	.00	1,000,000.00	.0%
73127400 96203 LOSS ON FOREIGN CUR	100,000	.00	100,000.00	.00	.00	100,000.00	.0%
73127400 96401 CONTRIB REFOUND-GENE	60,000	.00	60,000.00	.00	.00	60,000.00	.0%
73127400 96402 CONTRIB REFOUND-SHR	5,000	.00	5,000.00	.00	.00	5,000.00	.0%

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# Bay County Michigan

05/02/2016 14:52  
KMeeth

BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

P 5  
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FOR 2016 03

ACCOUNTS FOR: RETIREMENT SYSTEM FUND  
7310

ORIGINAL  
APPROP

TRANSFERS/  
ADJUSTMTS

REVISED  
BUDGET

YTD ACTUAL

ENCUMBRANCES

AVAILABLE  
BUDGET

PCT  
USED

73127400	96403	CONTRIB REFUND-ROAD	5,000	.00	5,000.00	.00	.00	5,000.00	.0%
73127400	96404	CONTRIB REFUND-MED	40,000	.00	40,000.00	.00	.00	40,000.00	.0%
73127400	96405	CONTRIB REFUND-B.A.	100,000	.00	100,000.00	.00	.00	100,000.00	.0%
73127400	96406	CONTRIB REFUND-D.M.	5,000	.00	5,000.00	.00	.00	5,000.00	.0%
73127400	96407	CONTRIB REFUND-LIBR	5,000	.00	5,000.00	.00	.00	5,000.00	.0%
73127400	96500	INSURANCE AND BONDS	22,000	.00	22,000.00	.00	.00	22,000.00	.0%
73127400	96730	MACHINERY & EQUIPME	3,400	.00	3,400.00	.00	.00	3,400.00	.0%
73127400	96741	OFFICE EQUIP & FURN	2,100	.00	2,100.00	.00	.00	2,100.00	.0%
73127400	96742	COMPUTER HARDWARE E	0	.00	.00	.00	.00	.00	.0%
73127400	96770	COMPUTER SOFTWARE E	0	.00	.00	.00	.00	.00	.0%
73127400	96999	BOOK EXPENSE	0	.00	.00	.00	.00	.00	.0%
73127400	96999	BUDGET REDUCTION TA	0	.00	.00	.00	.00	.00	.0%
TOTAL OTHER SERVICES AND C			29,143,197	.00	29,143,197.00	1,690,839.75	.00	27,452,357.25	5.8%

X0 CAPITAL OUTLAY

73127400	98001	COMPUTER SOFTWARE	0	.00	.00	.00	.00	.00	.0%
TOTAL CAPITAL OUTLAY			0	.00	.00	.00	.00	.00	.0%
TOTAL RETIREMENT BOARD			0	.00	.00	1,262,947.80	.00	-1,262,947.80	100.0%
TOTAL RETIREMENT SYSTEM FUND			0	.00	.00	1,262,947.80	.00	-1,262,947.80	100.0%
TOTAL REVENUES			-29,254,333	.00	-29,254,333.00	-436,790.63	.00	-28,817,542.37	
TOTAL EXPENSES			29,254,333	.00	29,254,333.00	1,699,738.43	.00	27,554,594.57	

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05/02/2016 14:52  
KMeeth

BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

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# Bay County, Michigan

FOR 2016 03

ORIGINAL APPROP	TRANSFRS/ ADJUSTMTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
0	.00	.00	1,262,947.80	.00	-1,262,947.80	100.0%

\*\* END OF REPORT - Generated by Kathleen Meeth \*\*

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# Bay County, Michigan

05/02/2016 14:52  
KMeeth

BAY COUNTY, MI  
YEAR-TO-DATE BUDGET REPORT

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REPORT OPTIONS

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

Report title:  
YEAR-TO-DATE BUDGET REPORT

Includes accounts exceeding 0% of budget.  
Print totals only: N  
Print full or Short description: F  
Print full GL account: N  
Format type: 2  
Double space: N  
Suppress zero bal accts: N  
Include requisition amount: N  
Print Revenues-Version headings: N  
Print revenue as credit: Y  
Print revenue budgets as zero: N  
Include Fund Balance: N  
Print journal detail: N  
From Yr/Per: 2015/1  
To Yr/Per: 2015/13

Year/Period: 2016/3  
Print MTD Version: N  
Roll projects to object: N  
Carry forward code: 1

Incl encumb/liq entries: Y  
Sort by JE # or PO #: J  
Detail format option: 1  
Include additional JE comments: N  
Multiyear view: D  
Amounts/totals exceed 999 million dollars: N

Find Criteria  
Field Name      Field Value

Fund                      7310

FUNCTION  
ACTIVITY  
SPECIAL CODE  
SPECIAL COD2  
Character Code  
Org                        73127400  
Object  
Project  
Account type  
Account status  
Rollup Code

BCERS      Invoices Approved:      April

Invoice Date	Vendor	Amount	Description
4/8/2016	The Bogdahn Group	\$ 38,500.00	Q2 Performance Evaluation Reports & Consulting services 4/1/16 to 6/30/16
3/29/2016	GABRIEL ROEDER SMITH	\$ 10,500.00	GASB 68 REPORTS FOR 12/31/15
3/1/2016	OFFICE MAX	\$ 133.45	Ink Cartridges color & black Ricoh
4/20/2016	MFS	\$ 45,260.73	Q1 2016 MONEY MGR FEES
4/13/2016	COLUMBIA	\$ 34,422.36	Q1 2016 MONEY MGR FEES
4/18/2016	HENDERSON GENEVA	\$ 31,790.00	Q1 2016 MONEY MGR FEES
4/20/2016	MFS HERITAGE	\$ 41,948.92	Q1 2016 MONEY MGR FEES
4/15/2016	HOTCHKIS & WILEY	\$ 20,782.97	Q1 2016 MONEY MGR FEES
4/12/2016	LOOMIS SAYLES	\$ 28,180.20	Q1 2016 MONEY MGR FEES
4/11/2016	INTEGRITY	\$ 38,295.00	Q1 2016 MONEY MGR FEES
4/14/2016	EAGLE ASSET MGMT	\$ 18,078.76	Q1 2016 MONEY MGR FEES
4/27/2016	CORNERSTONE	\$ 13,141.48	Q1 2016 MONEY MGR FEES

**BAY COUNTY RETIREMENT BOARD  
05/10/16  
RESOLUTION**

BY: BAY COUNTY RETIREMENT BOARD (05/10/16)

WHEREAS, An application for non-duty disability was received from Mr. Paul Brissette.  
 WHEREAS, All required documents have been filed with the Retirement Office.  
 WHEREAS, Application was made while member was in the employment of the County – Bay  
 County Road Commission.  
 WHEREAS, The member has 10 or more years of credited service.

RESOLVED That this Board refer this matter to the Medical Director at this time

STEVE GRAY, CHAIR  
AND BOARD

RESOLUTION NON-DUTY DISABILITY BRISSETTE

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				Ernie Krygier				Thomas Starkweather			

Vote Totals:

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

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

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

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

**BAY COUNTY RETIREMENT BOARD  
05/10/16  
RESOLUTION**

BY: BAY COUNTY RETIREMENT BOARD (5/10/16)

WHEREAS, An application for a non-duty disability was received from Mr. Albert Lafond.  
 WHEREAS, All required documents have been filed with the Retirement Office.  
 WHEREAS, Application was made while member was in the employment of the County – Bay County Road Commission.  
 WHEREAS, The member has 10 or more years of credited service. Therefore, Be It  
 RESOLVED That this Board refer this matter to the medical director at this time.

STEVE GRAY, CHAIR  
AND BOARD

RESOLUTION NON-DUTY DISABILITY APPLICATION - LAFOND

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				Ernie Krygier				Thomas Starkweather			

Vote Totals:

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

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

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

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

BAY COUNTY RETIREMENT BOARD  
5/10/16  
RESOLUTION

BY: BAY COUNTY RETIREMENT BOARD 5/10/16)  
WHEREAS, An application for non-duty disability was received from Mr. Rodney Holliday.  
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. Holliday 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 RETIREMENT RODNEY HOLLIDAY

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				Ernie Krygier				Thomas Starkweather			

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

April 18, 2016

I, Crystal Backus, request my application to be submitted to an independent, third party physician for review.

Crystal Backus  
Crystal Backus

K. Meeth 4/18/16

April 19, 2016

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

**Re: Proposed Services and Actuarial Fees for the Bay County Employees' Retirement System**

Dear Katie:

We have prepared this engagement letter describing the scope and fees for the following services for the one-year period beginning January 1, 2016:

- Regular Retainer Services (Attachment 1)
- GASB Statement No. 68 Valuations (Attachment 2)
- EDROs 1/1/2016 – 12/31/2016 (Attachment 3)

Included in these services will be the December 31, 2015 valuations of the Retirement System and the separate GASB Statement No. 68 reports based on a December 31, 2015 measurement dates for December 31, 2016 and September 30, 2016 reporting dates. A separate fee quote will be sent for the December 31, 2015 Bay County Retiree Health Care Plan Valuation.

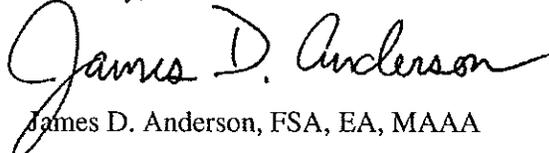
Please refer to the enclosed attachments for details regarding specific services and associated fees.

Work related to special projects is not included in these fee quotes. We can prepare separate fee quotes for special projects in advance, at your request. Examples of special projects would be proposal work for union negotiations, individual benefit statements, experience studies, exclusion ratio calculations, etc.

During the course of our engagement, we will advise you promptly if, as a result of unforeseen circumstances, our fees will exceed this quote.

Gabriel, Roeder, Smith & Company appreciates the opportunity to continue to be of service to you. Your comments and questions are welcome.

Sincerely,

  
James D. Anderson, FSA, EA, MAAA

JDA:sc  
Enclosure

cc: Mark Buis, GRS  
Shana Neeson, GRS

## ATTACHMENT 1

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### SCOPE OF WORK TO BE PERFORMED

Given the legal opinion that the System is an Agent-Multiple Employer plan, Gabriel, Roeder, Smith & Company (GRS) will prepare two (2) separate actuarial valuation reports for:

- the Bay-Arenac Behavioral Health Authority
- the other groups within the Bay County Employees' Retirement System

At your request, we can discuss any changes to the format of the reports. Relatively straightforward changes will not affect the fee.

### RETAINER SERVICES AND ASSOCIATED CONSULTING FEES

The table below illustrates the services included in the annual retainer. Our proposed fees for these retainer services are \$35,000, and billed based on the following schedule (each of the first three quarterly invoices will equal \$8,750):

	<u>Invoice Schedule</u>
First Quarterly Invoice:	April 2016
Second Quarterly Invoice:	June 2016
Third Quarterly Invoice:	September 2016
Remainder:	Upon completion of the valuation

### Item

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- Normal actuarial and consulting services:
  - Reasonable consulting services, via telephone or written correspondence, concerning the System's operation or matters of general interest to a public sector retirement program during the course of the year (limited to 5 hours per year).
  - Preparation of the Summary Annual Report.
  - Attendance at 1 meeting per year of the Bay County Retirement Board of Trustees.
  - The annual actuarial valuations of active members, inactive members, retirees and beneficiaries on rolls as of December 31, 2015, based upon data furnished by the System in accordance with instructions furnished by the actuary.
  - The quoted fee includes an allowance for up to 10 benefit computations. Additional benefit computations will be billed at \$200 per case.
  - Assistance with various filings or reports required by governmental agencies and auditors.
  - Response to requests from auditors for supplemental information.

## ATTACHMENT 1

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The estimates above assume the following:

- We will receive accurate and complete information (demographic data and financial information).
- There will be only minor changes in the plan provisions since the last valuation.
- There are no significant changes to the format of the report since the last valuation.
- Bay County provides separate Market Value of Assets for Bay-Arenac Behavioral Health Authority.
- Bay County provides an allocation of Market Value Assets for all separately financed groups in the Retirement System.

## ATTACHMENT 2

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### GASB STATEMENT NO. 68

In 2012, the Governmental Accounting Standards Board (GASB) approved new accounting and reporting standards for pension plans provided by state and local governments. We offer our assistance in providing you with some of the information that will be required under these accounting standards.

With regard to the next reporting period under GASB 68, we plan to prepare two separate GASB 68 valuations/reports following the completion of the December 31, 2015 pension funding valuations. This timing arises because the GASB 68 reports will be based on a December 31, 2015 measurement of the Net Pension Liability (Assets and Liabilities as of 12/31/15) for the Employer's Fiscal Year Ending (Reporting Date) in 2016. This is consistent with the approach used for prior Fiscal Year reporting.

### Background

GASB Statement No. 67 applies to any 'stand alone' GAAP-compliant financial statements prepared for the plan and is effective for plan fiscal years *beginning after* June 15, 2013. For the Bay County Employees' Retirement System, the disclosure of certain information would need to be first included in the financial statements for the System for the year ending December 31, 2014 (or September 30, 2014). The disclosure is similar to the information shown about the fund, including a schedule showing how the liability has changed from the beginning of the year to the end of the year.

GASB Statement No. 68 applies to any 'stand alone' GAAP-compliant financial statement prepared for the County and is effective for fiscal years *beginning after* June 15, 2014. For the County, the disclosure of certain asset and liability amounts, along with other information, needs to be first included in the financial statement for the fiscal year ending December 31, 2015 (or September 30, 2015). It is our understanding that the County is an Agent-Multiple employer with two employers and six component units.

### Scope of Work

Gabriel, Roeder, Smith & Company will perform two actuarial valuations and related calculations based on unaudited financial statements and other information in connection with GASB Statement No. 68. The valuation reports will include the following items:

#### GASB Statement No. 68 for the Employers:

- Calculation of the Single Discount Rate based on a full projection of benefit payments, expected contributions, and investment returns;
- Statement of Changes in the Net Pension Liability and Ratios, using the Single Discount Rate as determined above;
- Pension Expense and Deferred Outflows and Inflows of Resources related to pensions; and
- Derivation of various items for component units.

## ATTACHMENT 2

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Please note that additional disclosure information will be required for the plan's financial statements and/or the Comprehensive Annual Financial Report (CAFR) to fully comply with the GASB Statement No. 67 and GASB Statement No. 68 standards. This additional information is typically prepared by the Plan Administrator, although some items might need to be provided from the Investment Manager. Examples of these items include the following:

- The composition of the pension plan's Board and the authority under which benefit terms may be amended;
- A description of the plan's funding policy, which includes member and employer contribution requirements;
- The pension plan's investment policies;
- A description of how fair value is determined;
- Concentrations of investments greater than or equal to 5%; and
- Annual money-weighted rate of return on pension plan investments (GRS can complete this information if desired).

### Timing

Since the auditors will need to review the information we are providing you at the same time they are reviewing the financial information you provide them, we recommend that you provide us with unaudited financial information as soon as feasible. Our recommended timing would be as follows:

- Bay County provides financial information and related items to GRS for purposes of the pension funding valuations;
- GRS provides two GASB Statement No. 68 valuation reports to Bay County within 4-5 weeks of completion of the pension funding valuations; and
- Should the auditor materially revise the financial information during the audit, our GASB Statement No. 68 valuation reports may need to be revised to reflect these differences.

**Please note that the annual actuarial valuations to determine the pension contribution requirements will be completed in separate reports.**

## ATTACHMENT 2

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### Data

Attached is a summary of financial information needed as of December 31, 2015. In addition to this, we would also need the following information:

- A description of any changes to the plan since December 31, 2014;
- Total payroll for the period of January 1, 2015 through December 31, 2015;
- Cash flows for money-weighted return calculation (optional);
- A breakout of employer contributions by Employer and by component unit;
  - BABH
  - All Others Excluding BABH
    - General County
    - Sheriff's Department
    - Road Commission
    - Medical Care Facility
    - DWS
    - Library
- Allocation of assets (optional).

### Fees

Our estimated fees to provide the GASB Statement No. 68 valuation reports including component units are \$10,000-\$12,000. This fee includes 1-2 hours of consultation with staff and/or the auditors. Should more time be requested, the fee will increase based on time spent and our standard hourly billing rates.

### Special Situations and Additional Services Available

We are fully prepared to assist in all of the following areas, at your request:

1. Attending meetings with or providing educational sessions for decision makers.
2. Other GASB reporting issues.

If you are interested in any of these services, please contact us to discuss.

## ATTACHMENT 3

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### STANDARD EDRO FEE SCHEDULE FOR WORK COMPLETED JANUARY 1, 2016 – DECEMBER 31, 2016

#### Certifications

#### Standard Fees

- Reviewing and certifying a DRO that qualifies as an EDRO. \$1,100
- Reviewing and commenting on a DRO that does not qualify as an EDRO. \$1,100 + \$400 per hour in excess of 1.5 hours, if any

#### Calculations

- First-time calculation by GRS of one scenario of benefits to be paid to the Alternate Payee and/or recouped from the Participant. \$1,300 + \$400 per additional scenario of benefits, if any
- Follow-up calculation by GRS of one scenario of benefits to be paid to the Alternate Payee and/or recouped from the Participant. \$1,100 + \$400 per additional scenario of benefits, if any

#### Model Language Preparation

- Preparation of EDRO Models A and B, customized with the Plan's name, administrative contract, mailing address, and telephone number. TBD

**A discount can be applied to the above fees if the plan sponsor prepays for the EDRO calculations before the results are delivered.**



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

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

Thomas L. Hickner  
Bay County Executive

Crystal Hebert  
Finance Officer/Secretary

**BOARD OF TRUSTEES**  
Steven Gray, Chairperson  
Richard Brzezinski  
Kim Coonan  
Kristal Goetz  
Richard Gromaski  
Ernie Krygier  
Jon Morse  
Matthew Pett  
Thomas Starkweather

**ADMINISTRATIVE STAFF**  
Rebecca Marsters  
Kathleen Meeth  
(989) 895-4043  
TDD (989) 895-4049  
FAX (989) 895-4039

To: Bay County Employees' Retirement System Board of Trustees

From: Katie Meeth, Retirement Administrator

Date: May 2, 2016

RE: Gabriel Roeder Smith & Company

**Request:**

To review and approve the proposed service and actuarial fees from GRS to provide the GASB Statement No. 68 valuation reports through December 31, 2019.

**Background:**

The Bay County Employees' Retirement System (BCERS) is currently engaged with Gabriel Roeder Smith & Company to provide actuarial services, a service necessary for preparing the yearly financial statements for Bay County. Beginning this year, BCERS is now required to prepare two separate GASB 68 statements as an agent multiple employer plan, with BABH as an employer and all others as the second employer. The classification of BCERS as an Agent Multiple Employer Plan has changed the current contracted fees with GRS.

**Finance/Economics:**

GRS estimated fees to provide the GASB Statement No. 68 valuation reports are \$10,000 - \$12,000. This fee includes 1-2 hours of consultation with staff and/or the auditors. Should more time be requested, the fee will increase on time spent on our standard hourly billing rates

**Recommendation:**

To authorize the Board Chair to execute the Proposed Services and Actuarial Fee letter and to approve any and all related budget adjustments.

**BAY COUNTY RETIREMENT BOARD  
5/10/16  
RESOLUTION**

- BY: BAY COUNTY RETIREMENT BOARD 5/10/16)
- WHEREAS, The Bay County Employees' Retirement System (BCERS) is currently engaged with Gabriel Roeder Smith & Company (GRS) to provide actuarial services, a service necessary for preparing the yearly financial statements for Bay County.
- WHEREAS, Beginning this year, BCERS is now required to prepare two separate GASB 68 statements as an agent multiple employer plan, with Bay-Arenac Behavioral Health (BABH) as an employer and all others as the second employer.
- WHEREAS, The classification of BCERS as an agent multiple employer plan has changed the current contracted fees with GRS.
- WHEREAS, GRS estimated fees to provide the GASB Statement No. 68 valuation reports are \$10,000 - \$12,000. This fee includes 1-2 hours of consultation with staff and/or the auditors. Should more time be requested, the fee will increase on time spend on our standard hourly billing rates. Therefore, Be It
- RESOLVED That this Board authorize the Board Chair to execute the Proposed Services and Actuarial Fee letter and to approve any and all related budget adjustments following legal review.

STEVE GRAY, CHAIR  
AND BOARD

RESOLUTION – GRS PROPOSED SERVICES AND ACTUARIAL FEE LETTER  
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				Ernie Krygier				Thomas Starkweather			

Vote Totals:

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

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

**From:** Carrie Gabel [<mailto:CGabel@loomissayles.com>] **On Behalf Of**  
Todd\_Needham/CLSVC/Boston/LoomisSayles  
**Sent:** Monday, May 02, 2016 3:55 PM  
**To:** Kathleen Meeth  
**Subject:** John Gidman Promotion to Chief Operating Officer

We are pleased to announce the promotion of John Gidman to chief operating officer effective May 1. This new title more accurately reflects the scope of John's responsibilities as head of the company's technology, operations, general services, and operating solutions teams. John will continue as a member of the Board of Directors and will retain all responsibilities from his previous position of chief information officer.

John joined Loomis Sayles in 2000 and has led several teams in building out comprehensive technology and operations platforms capable of handling significant asset and client growth as well as the mounting complexities of an expanding global investment manager. John has 22 years of investment industry experience and previously held executive leadership positions with Evergreen Investments, State Street Corporation and Fidelity Investments.

As always, we value our relationship with you and are available to discuss this notice in more detail.

Sincerely,

Todd A. Needham, CFA  
Vice President, Client Portfolio Manager  
Loomis, Sayles & Company  
One Financial Center  
Boston, MA 02111  
(617) 960-2092  
[tneedham@loomissayles.com](mailto:tneedham@loomissayles.com)



# CONFERENCE AGENDA

## Saturday, May 21, 2016

9:00 pm – 1:00 am Hospitality Suite  
sponsored by VanOverbeke, Michaud & Timmony, PC

## Sunday, May 22, 2016

11:30 am – 5:30 pm Registration

11:30 am – 12:00 pm  
New MAPERS Member Welcome and Information

12:00 – 12:30 pm  
EventBoard Mobil Application Demonstration

### **12:30 – 1:30 pm**

#### **Actuary Hour**

Speaker: Larry Langer, Buck Consultants

### **2:00 – 5:00 pm**

#### **Trustee Development Seminar Series V: Tax**

Speaker: Michael VanOverbeke, VanOverbeke,  
Michaud & Timmony, P.C.

5:00 – 6:00 pm MAP Test: Levels 1, 2, and 3

8:30 – 10:30 pm  
Networking Reception (Registration Open)

## Monday, May 23, 2016

7:30 am – 4:00 pm Registration

7:30 – 8:45 am  
Group Breakfast  
Legislative Outreach Committee Breakfast  
Administrator's Workshop Breakfast (plan  
administrators only please)

### **9:00 – 10:15 am Welcome & General Session One: "Gazing into the Crystal Ball: The Short Run Outlook for the Economy"**

Speaker: Dr. Loren Scott, President & Founder Loren C.  
Scott & Associates

### **10:30 – 11:30 am General Session Two Global Economic Update**

Speaker: Frances Donald, Manulife Asset Management

11:30 am – 1:00 pm  
MAPERS Business Meeting and Luncheon  
sponsored by Seizert Capital Partners

### **1:00 – 1:50 pm Concurrent Sessions**

#### **A: "Returning to Full Funding Status"**

Speakers: James D. Anderson and Louise Gates,  
Gabriel Roeder Smith & Company

#### **B: U.S. Fixed Income Market Update**

Speakers: Brian Roach and Tim Paulson, Lord Abbett  
**C: New Trustee Workshop** (*this session is intended for  
new trustees serving in their first term of office*)

Speakers: Thomas Michaud, VanOverbeke, Michaud  
& Timmony, P.C. and Lauri Siskind, City of Southfield  
Employees Retirement System

### **2:00 - 2:50 pm Concurrent Sessions**

#### **D: "The Evolution of Collective Investment Funds – Why are They Relevant to You as a Fiduciary?"**

Speaker: Ronald Siemiontkowski, Comerica Bank

#### **E: "Investment Implications of Internet and Mobile Devices"**

Speaker: Robert M. Almeida, MFS Investment  
Management

### **3:00 – 3:50 pm Concurrent Session**

#### **F: "Plan Design"**

Speaker: Michael VanOverbeke, VanOverbeke,  
Michaud & Timmony, P.C.

#### **G: "The Growing Opportunity in Senior Housing"**

Speaker: Gerald C. Timmis III, ValStone Partners

4:00 – 5:00 pm  
Corporate Advisory Committee Meeting  
MAP Test - Levels 1, 2, and 3

6:30 - 8:00 pm Dinner and Comedy Show

8:00 – 11:00 pm Sports Bar Hospitality Suite

## Tuesday, May 24, 2016

7:30 – 11:30 am Registration

7:30 – 8:45 am Group Breakfast

### **9:00 – 10:00 am General Session Three "Following Seven Solid Years...How to Keep it Going"**

Speaker: David Sowerby, CFA, Loomis Sayles & Co.

### **10:15 – 11:15 am General Session Four Legislative, Legal, and Investment Update**

Speakers: Noah Smith, Capitol Services, Inc. and  
Aaron Castle, VanOverbeke, Michaud & Timmony, P.C.

**From:** Eric Adler [<mailto:eric.adler@pramerica.com>]

**Sent:** Friday, May 06, 2016 7:09 AM

**To:** Eric Adler

**Subject:** Prudential Real Estate Investors Renaming to PGIM Real Estate on May 16

As announced in November 2015, Prudential Real Estate Investors will consolidate under one brand – **PGIM Real Estate** – in all of the markets in which we operate. The effective date of this global name change is May 16, 2016.

Aligning under one name across the Americas, Europe and Asia Pacific will support our more globally diversified investment platform and client base. For more than a decade, we have operated under two names – Prudential Real Estate Investors in the Americas, Japan and Korea, and Pramerica Real Estate Investors in all other markets. This was the result of an agreement between our parent company Prudential Financial and Prudential plc, the unrelated UK-based business, regarding the use of the Prudential name.

During this time, the number of countries in which PREI's clients are domiciled has increased nearly four-fold to span 28 countries, while capital commitments from non-U.S. clients comprised approximately half of our new business over the last five years. We have also seen an increase in cross-border investment activity since the start of 2014, with more than one-third of the capital raised originating from clients investing outside their domestic markets.

We believe that renaming to PGIM Real Estate will simplify your ability to interact with us across the globe, and bring greater clarity and consistency to our brand in the marketplace. The PGIM Real Estate name was chosen in conjunction with Prudential Investment Management's decision to change its name to PGIM in January 2016. PGIM, of which PREI is a part, is one of the world's largest asset managers with \$1 trillion in assets under management.

As always, please do not hesitate to contact me or your client relations representative with any questions. For those who are able to join us, we are pleased to launch the new PGIM Real Estate name at our 2016 Global Client Conference on May 17-18 in New York City. We look forward to seeing you there.

Sincerely,

Eric Adler  
Chief Executive Officer

Prudential Real Estate Investors  
Grand Buildings, 1-3 Strand  
Trafalgar Square, London WC2N 5HR

Email: [eric.adler@prudential.com](mailto:eric.adler@prudential.com)  
Tel: +44 (0)20 7766 2450  
Mobile: +44 (0)7931 348 990

Assistant: Alexa Littler-Read // Tel: +44 (0)20 7766 2420 // [alex.littler-read@prudential.com](mailto:alex.littler-read@prudential.com)

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**BAY COUNTY  
FINANCE/INFORMATION SYSTEMS**

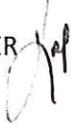
**Thomas L. Hickner**  
County Executive

**Kimberly A. Priessnitz**  
Interim Finance Officer  
[priessnitzk@baycounty.net](mailto:priessnitzk@baycounty.net)

**Frances A. Moore**  
Purchasing/Housing Rehab  
[mooref@baycounty.net](mailto:mooref@baycounty.net)

**Julie A. Coppens**  
Information Systems Manager  
[coppensj@baycounty.net](mailto:coppensj@baycounty.net)

TO: STEVE GRAY, CHAIR, BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

FROM: KIM PRIESSNITZ, INTERIM FINANCE OFFICER 

RE: PENSION PLAN FINANCIALS

Background:

In 2013 the Government Accounting Standards Board issued GASB 67 & 68 for pension plans which were to replace the old GASB 25 & 27. With this pronouncement came new reporting requirements for pension plans. GASB 67 was to be implemented by 2014 and GASB 68 by 2015.

In March 2015, Corporation Counsel issued a legal opinion qualifying Bay County Employees' Retirement System as a multiple employer defined benefits plan which impacts the plan reporting compared to how it has been in the past. Because of its status as a multiple employer defined benefits plan GASB 67 requires significant additional footnotes to be added to the financial statements which relates only to a multiple employer plans. It is suggested by Rehmann Robson to present this information in separate financial statements.

Separate financial statements for the multiple employer defined benefits plan create more transparency and less confusion to users and give the Board and members of BCERS their own set of audited financials and footnotes.

Financial Impact:

The cost is \$2000 annually to issue separate financial statements or to include all this information in the County Audit Financial Statements going forward and will have no impact on the 2016 budget as additional dollars were budgeted for 2016 due to the unknown financial impacts of GASB 67 & 68.

RECOMMENDATION: THAT THIS BOARD APPROVES DOING SEPARATE PENSION PLAN FINANCIALS AND THE EXPENSE AT THE MEETING SCHEDULED ON MAY 10, 2016 AND INCLUDE AN ESTIMATE FOR THIS EXPENSE IN THE BUDGET FOR FUTURE YEARS.

BAY COUNTY RETIREMENT BOARD  
5/10/16  
RESOLUTION

BY: BAY COUNTY RETIREMENT BOARD (5/10/16)

WHEREAS, In 2013, the Government Accounting Standards Board issued GASB 67 & 68 for pension plans which were to replace the old GASB 25 & 27. With this pronouncement came new reporting requirements for pension plans. GASB 67 was to be implemented by 2014 and GASB 68 by 2015.

WHEREAS, In March 2015, Corporation Counsel issued a legal opinion qualifying Bay County Employees' Retirement System (BCERS) as an agent multiple employer defined benefits plan which impacts the plan reporting compared to how it has been in the past.

WHEREAS, Because of its status as an agent multiple employer defined benefits plan, GASB 67 requires significant additional footnotes to be added to the financial statements which relates only to multiple employer plans.

WHEREAS, It is suggested by Rehmann Robson to present this information in separate financial statements.

WHEREAS, Separate financial statements for BCERS will create more transparency and less confusion to users and give the Board and members of BCERS their own set of audited financials and footnotes.

WHEREAS, The cost is \$2000 annually to issue separate financial statements or to include all this information in the County Audit Financial Statements going forward and will have no impact on the 2016 budget as additional dollars were budgeted for 2016 due to the unknown financial impacts of GASB 67 & 68. Therefore, Be It

RESOLVED That this Board approves preparation, maintenance and audit of separate BCERS financials, any required budget adjustments and to include an estimate for this expense in the budget for future years.

STEVE GRAY, CHAIR  
AND BOARD

RESOLUTION SEPARATE PENSION PLAN FINANCIALS

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				Ernie Krygier				Thomas Starkweather			

Vote Totals:

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

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