BAY COUNTY RETIREMENT BOARD OF TRUSTEES AGENDA
TUESDAY, MARCH 11, 2014 @ 1:30 P.M.
COMMISSIONERS CHAMBERS
515 CENTER AVENUE - 4TH FLOOR
BAY CITY, MI 48708

PAGE		
	I.	CALL TO ORDER
	II.	ROLL CALL
1-4	III.	MINUTES
	A.	FEBRUARY 11, 2014 - REGULAR MEETING
	IV.	PUBLIC INPUT
	V.	PETITIONS & COMMUNICATIONS
	A.	INTEGRITY
	1.	ADAM FRIEDMAN AND ANDREA LEISTRA
5 -6	B.	PORTFOLIO VALUE - 1/1/14 - 2/28/2014
	C.	MONEY MANAGERS ON WATCH - **(EFFECTIVE DATE)**
	1.	BARINGS - **(6/6/13)** NO REPORT
7-27.....	D.	MONEY MANAGER REPORTS
	1.	BAIRD - ENDING 12/31/2013
	2.	CORNERSTONE - ENDING 1/31/2014
	3.	EAGLE ASSET MGMT - ENDING 1/31/2014
	4.	GENEVA - ENDING 1/31/2014
	5.	HOTCHKIS & WILEY - ENDING 1/31/2014
	6.	MACKAY SHIELDS - ENDING 1/31/2014
28-30	E.	RECAPTURE SERVICES
	1.	CONVERGEX - SUMMARY ENDING 1/31/2014
31-35	F.	NORTHERN TRUST
	1.	SUMMARY EARNINGS ENDING FEBRUARY 2014
36-37	G.	REFUNDS/RETIREMENTS - FEBRUARY 2014
39 - 42	H.	BCERS YTD BUDGET REPORT - ENDING 2/28/2014
43 - 44	I.	CORRESPONDENCE TO GENEVA AND INTEGRITY ASSET MANAGEMENT
		1. REBALANCE OF ASSET ALLOCATION
45 - 47	J.	CORRESPONDENCE - RECAPTURE
	1.	RECAPTURE AGREEMENT CAPIS
	2.	RECAPTURE PROPOSAL ABEL/NOSER

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TUESDAY, MARCH 11, 2014 @ 1:30 P.M.
COMMISSIONERS CHAMBERS
515 CENTER AVENUE - 4TH FLOOR
BAY CITY, MI 48708

VI. ANNOUNCEMENTS

A. NEXT REGULAR MEETING - APRIL 8, 2014 AT 1:30 P.M., COMMISSIONERS CHAMBERS, 515 CENTER AVENUE 4TH FLOOR, BAY CITY, MI 48708

VII. UNFINISHED BUSINESS

VIII. NEW BUSINESS

IX. MISCELLANEOUS BUSINESS

X. ADJOURNMENT

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

A meeting of the Board of Trustees was held on February 11, 2014 at 1:33 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. Herek, Mr. Morse, Mr. Pett, Mr. Starkweather, and Ms. Zielinski.

Trustees Absent: Mr. Brzezinski, Mr. Gromaski

Also Present:
Consultant: The Bogdahn Group: Jeff Black and Howard Pohl, Joe Bogdahn
Finance Officer: Crystal Hebert
Retirement Administrator: Janie Tacey
Recorder: Eliza Cortez
Members from the public: yes

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

1. Moved, supported and carried to excuse Trustees Brzezinski and Gromaski.

2. Moved, supported and carried to approve the minutes, as presented, from the January 14, 2014 real estate manager interviews.

3. Moved, supported and carried to approve the minutes, as presented, from the January 14, 2014 regular meeting.

Mr. Gray called for public input, there is none and he moved onto petitions and communications.

Jeff Black our consultant will present the fourth quarter report for 2013. A copy was provided to all Trustees, in advance, via the web.

Mr. Pohl advised that Mike Welker from Bogdahn had wanted to come and meet this Board, however he had a conflict with this meeting date, so Joe Bogdahn, Chairman of the company was available to attend today. Mr. Bogdahn introduced himself to the Board, spoke briefly, and excused himself as he had a meeting in Southfield.

Mr. Black presented the fourth quarter investment performance report for December 31, 2013.

Discussion took place on looking into changing the money manager on watch (Barings) who were not performing to par. Chairman Gray asked for Bogdahn representatives to come back next month with recommendations. Mr. Pohl also stated that a representative from Bogdahn met with Barings reporting that Barings investment philosophy has changed and recommends we discontinue our relationship with them.

/

4. Moved, supported and carried to receive the fourth quarter report from the Bogdahn Group.

5. Moved, supported and carried to receive Portfolio Value from January 1, 2014 to January 31, 2014. The value today is $291 million.

6. Moved, supported and carried to receive the portfolio reports from Baring Asset Management ending 12/31/13.

7. Moved, supported and carried to receive portfolio reports from Columbia, Cornerstone, Eagle Asset, Geneva, Hotchkis & Wiley, MFS Investment, MacKay Shields, and Schroders all ending 12/31/13.

8. Mr. Pohl suggested alternate firms to be used for commission recapture. The board has requested that Mr. Pohl contact Capis and Abel Noser to submit proposals for the March meeting. Moved, supported and carried to receive the report from ConvergEx ending 12/31/13.

9. Moved, supported and carried to receive Northern Trust's Summary Earnings ending 12/31/13.

10. Moved, supported and carried to receive Refunds/Retirements for the month ending 1/31/14.

11. Moved, supported and carried to receive BCERS Year-To-Date Budget report for December 2013 and January 14.

12. Moved, supported and carried to receive the letter for purchase of service of credit for employee of the Bay Area Behavioral Health, Margaret Worthington.

13. Moved, supported and carried to receive a 30 day waiver so that retirement can begin on February 10, 2014, for Louise Laskey-Barth an employee of Bay Medical Care Facility.

14. Moved, supported and carried to receive annual correspondence to equity managers on commission recapture.

ANNOUNCEMENTS:

A. Next regularly scheduled meeting will be Tuesday, March 11, 2014 at 1:30 P.M. in Commissioner's Chambers, 515 Center Avenue - 4th Floor, Bay City, MI 48708.

UNFINISHED BUSINESS: Core Real Estate Manager selection.

15. Moved, and supported to identify Prudential as our candidate for core real estate. Roll call vote - 5 ayes, 2 nays. Motion carried.

The board asked for someone to look into the length of time it takes when a

retiree receives their first pension check, and report back if there is something that can be done to shorten the time frame.

There recently was an issue for those retirees who still receive paper checks. There was a delay in getting their checks due to bad weather. Northern Trust will send a letter to all those who received late checks and will urge them to sign up for direct deposit to avoid any future issues.

Mr. Quinn drafted a proposal with regards to Marty's retirement on how items will be addressed in the near future with the new county attorneys.

16. Discussion to have representative of the current law firm attend March meeting for a presentation. Mr. Coonan left meeting. Moved, supported and carried to bring a representative of the current Law Firm we utilize for legal services to give a presentation. Roll call vote - 6 ayes, 0 nays. Motion carried.

NEW BUSINESS: None

There was a question on the next scheduled presentation for Money Managers. Crystal will confirm with Naomi and report back.

MISCELLANEOUS BUSINESS None

ADJOURNMENT:

17. Moved, supported and carried to adjourn the meeting at 3:00 p.m.

Respectfully submitted,

Crystal Hebert

Crystal Hebert
Finance Officer/Secretary

Transcribed by: Naomi Wallace/Eliza Cortez/Janie Tacey

MEETING OF THE **BCERS** BOARD OF TRUSTEES COMMITTEE
FEBRUARY 11, 2014

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

MEETING CALLED TO ORDER BY: CHAIRPERSON STEVE GRAY AT 1:33 P.M.

OTHERS PRESENT: JEFF BLACK, JOE BOGDAHN, ELIZA CORTEZ, CRYSTAL HEBERT, HOWARD POHL, JANIE TACEY

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

TRUSTEE	11	12	13	14	15	16	17	18	19	20
BRZEZINSKI	E	E	E	E	E	E	E	E		
COONAN		M	M			S-Y	A	A		
GRAY						Y	Y			
GROMASKI	E	E	E	E	E	E	E	E		
HEREK		S	S	M		N	M-Y	M		
MORSE				S		Y	Y			
PETT	M					N	Y			
STARKWEATHER						M-Y	S-Y	S		
ZIELINSKI	S					Y	Y			

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

2014 VENDOR #	BAIRD 63541	BARINGS 1539	CORNERSTONE 464	DENVER 29624	EAGLE (RJFN) 2980	GENEVA 4299	HOTCHKIS & WILEY 57457	LOOMIS SAYLES 39127	MACKAY SHIELDS 55627	MFS 4925	INTEGRITY 69150	SCHRODER 65337	COLUMBIA 44907	VAN GUARD	WENTWORTH (WHV) 58141	CASH	TOTAL
JAN	24,463,170.06	15,810,418.52	10,882,785.36	15,636.55	10,845,477.76	23,655,580.91	11,093,089.76	33,704,722.73	17,312,317.81	42,185,660.33	25,341,799.15	17,897,691.90	42,025,846.40	12,827,293.37	1,556.12	2,315,529.80	290,378,576.53
FEB	24,551,115.13	16,435,350.37	11,477,164.97	15,637.07	11,334,968.12	23,126,136.82	11,626,222.96	34,155,815.39	17,896,798.78	44,594,775.30	25,791,007.32	19,007,323.01	43,808,067.15	13,413,634.59	1,556.12	4,108,385.47	301,343,958.57
MARCH																	0.00
APRIL																	0.00
MAY																	0.00
JUNE																	0.00
JULY																	0.00
AUG																	0.00
SEPT																	0.00
OCT																	0.00
NOV																	0.00
DEC																	0.00

2014	BAIRD	BARINGS	CORNERSTONE	DENVER	EAGLE	GENEVA	HOTCHKIS & WILEY	LOOMIS SAYLES	MACKAY SHIELDS	MFS	INTEGRITY	SCHRODER	COLUMBIA	VAN GUARD	WENTWORTH	CASH	TOTAL
1ST QTR																	0.00
2ND QTR																	0.00
3RD QTR																	0.00
4TH QTR																	0.00
2014 YTD	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00

INVESTMENT MANAGER FEES ARE PAID FROM: 73127400 80100 (Professional Services)

BAIRD	GOVERNMENTAL FIXED INCOME MANAGER
BARING	LARGE CAP GROWTH INTERNATIONAL EQUITY MANAGER
COLUMBIA	LARGE CAP DEEP VALUE MANAGER
CORNERSTONE REAL ESTATE	REAL ESTATE INVESTMENT TRUST MANAGER
EAGLE	SMALL-CAP GROWTH MANAGER
GENEVA	MID-CAP GROWTH MANAGER
HOTCHKIS & WILEY	SMALL CAP VALUE MANAGER
INTEGRITY	MID-CAP VALUE MANAGER
LOOMIS SAYLES	CORPORATE BOND MANAGER
MACKAY SHIELDS	CONVERTIBLE BOND MANAGER
MFS	LARGE CAP GROWTH EQUITY MANAGER
SCHRODER	INTERNATIONAL SMALL/MID CAP EQUITY MANAGER
WENTWORTH	LARGE CAP CORE MANAGER

INVESTMENT MANAGER FEE SCHEDULES

BAIRD	.30% - FIRST $25 MILLION .25% - NEXT $25 MILLION .20% - NEXT 50 MILLION .15% - THEREAFTER
BARING	.95% -ON ASSETS UNDER MANAGEMENT
COLUMBIA	.50% - FIRST $40 MILLION .40% - NEXT $60 MILLION
CORNERSTONE	.60% - OF THE FAIR MARKET VALUE OF ASSETS
EAGLE	.85% - ON ASSETS UNDER MANAGEMENT
GENEVA	.75% - ON ASSETS UNDER MANAGEMENT
HOTCHKIS & WILEY	1.00% -ON ASSETS UNDER MANAGEMENT
INTEGRITY	.85% - FIRST $15 MILLION .75% - NEXT $25 MILLION
LOOMIS SAYLES	.35% - FIRST $20 MILLION .25% - NEXT $80 MILLION .20% - OVER $100 MILLION
MACKAY SHIELDS	.50% - UP TO $100 MILLION .40% - ABOVE $100 MILLION
MFS	.60% - ON FIRST $50 MILLION
SCHRODER	.75% - UP TO $10 MILLION .50% - UP TO $100 MILLION
WENTWORTH	.80%-FIRST $2 MILLION .60%-NEXT $8 MILLION .50%-NEXT $10 MILLION .40%-NEXT $10 MILLION .30%-OVER $30 MILLION

Charles B. Groeschell
Managing Director
Senior Portfolio Manager
Baird Advisors

January 28, 2014

Ms. Janie Tracey
Retirement Administrator
Bay County Employees' Retirement System
515 Center Avenue, Suite 701
Bay City, MI 48708-5128

Dear Danean:

Enclosed please find a summary review as of December 31, 2013 for the Bay County Employees' Retirement System Portfolio managed by Baird Advisors.

Market Review
The bond market capped off a volatile year with mixed returns in the 4th quarter. Yields fell in the early part of the year primarily as a result of actions taken in Washington, D.C. including sequestration (across the board federal spending cuts) then again later in the year on the partial government shutdown and the debt ceiling negotiations. However, the Fed's move to taper QE bond purchases as well as modest improvement in the economy pushed rates higher through the end of the year with the 10-year Treasury ending the year at its highest rate of 3.03%. Spread sectors outperformed in the 4th quarter as well as for the year on strong investor demand and solid credit fundamentals driven by an improving economic backdrop.

Please find attached a copy of our December Bond Market Comments which provide a more detailed review of the market.

Portfolio Update
The Bay County Employees' Retirement System Portfolio enters 2014 with a yield advantage over its benchmark and we remain confident in the Portfolio's overall structure and ability to continue to outperform the benchmark. While the 2014 bond market will continue to experience an ongoing environment of heightened uncertainty, we believe our risk-controlled, bottom-up approach to bond investing is well-suited to this type of market and allows us to identify, research and invest in select credits with strong balance sheets and fundamentals that offer good relative value.

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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

We remain privileged to provide fixed income management services for Bay County Employees' Retirement System and are honored in your continued confidence in us to help you successfully navigate the challenging fixed income market.

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

Sincerely,

Charles B. Groeschell

Charles B. Groeschell

cc: Mary Nye - Becker, Burke Associates, Inc.
Jeffrey Black - Becker, Burke Associates, Inc.

Bay County Employees' Retirement System
Fixed Income Portfolio

December 31, 2013

	Fixed Income Portfolio	Customized Benchmark
Average Quality	AA	AAA
Average Coupon	3.18 %	3.00 %
Current Yield	2.99 %	2.93 %
Yield to Maturity	2.36 %	2.34 %
Duration	5.24 years	5.24 years
Average Maturity	6.29 years	6.86 years
Quality Profile		
US Treasury	37.9 %	44.9 %
Agency	58.0 %	55.1 %
Aaa	4.1 %	0.0 %
Aa	0.0 %	0.0 %
A	0.0 %	0.0 %
Baa	0.0 %	0.0 %
	100.0 %	100.0 %
Sector Profile		
US Treasury	37.9 %	44.9 %
Agency	3.4 %	5.1 %
Other Govt	0.0 %	0.0 %
Asset-Backed	0.0 %	0.0 %
Mortgages/CMOs	40.9 %	50.0 %
CMBS	15.0 %	0.0 %
Industrial	0.0 %	0.0 %
Utility	0.0 %	0.0 %
Financial Institutions	0.0 %	0.0 %
Cash	2.8 %	0.0 %
	100.0 %	100.0 %
Number of Issues	79	1,744
Market Value	$24,076,906	

Customized Benchmark is comprised of 50% Barclays Government & 50% Barclays MBS

Bay County Employees' Retirement System
Fixed Income Portfolio
Gross Investment Performance
03/31/06 through 12/31/13

Year		Fixed Income Portfolio	Customized Benchmark
2006	Year-to-Date	5.04%	4.85%
2007		7.20%	7.78%
2008		9.13%	10.36%
2009		3.72%	1.79%
2010		5.63%	5.46%
2011		7.91%	7.62%
2012		3.05%	2.32%
2013		-2.59%	-2.00%
Total Return 03/31/06-12/31/13		**45.83%**	**44.44%**
Annualized Return		**4.98%**	**4.85%**

The performance is presented on a cumulative basis and does not reflect the deduction of investment advisory fees. Return would be reduced by advisory fee and other fees such as custodial expenses. The maximum fee found in Baird Advisors form ADV is 30 basis points. All returns are calculated on a time weighted, total return basis. The results shown should not be considered representative of future investment returns. The 50% Barclays Government & 50% Barclays MBS Index is an unmanaged portfolio of specific securities. The portfolio does not invest in all the securities traded in the index. Direct investment in the index is not available. 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.

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The Baird Advisors Brochure, which serves as a substitute for Form ADV Part II, is available upon request.

Bay County Employees' Retirement System
Fixed Income Portfolio
Net Investment Performance

03/31/06 through 12/31/13

Year		Fixed Income Portfolio	Customized Benchmark
2006	Year-to-Date	4.80%	4.85%
2007		6.89%	7.78%
2008		8.81%	10.36%
2009		3.41%	1.79%
2010		5.31%	5.46%
2011		7.59%	7.62%
2012		2.74%	2.32%
2013		-2.88%	-2.00%
Total Return 03/31/06-12/31/13		**42.50%**	**44.44%**
Annualized Return		**4.67%**	**4.85%**

The performance is presented on a cumulative basis. All returns are calculated on a time weighted, total return basis. The results shown should not be considered representative of future investment returns. The 50% Barclays Government & 50% Barclays MBS Index is an unmanaged portfolio of specific securities. The portfolio does not invest in all the securities traded in the index. Direct investment in the index is not available. 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.

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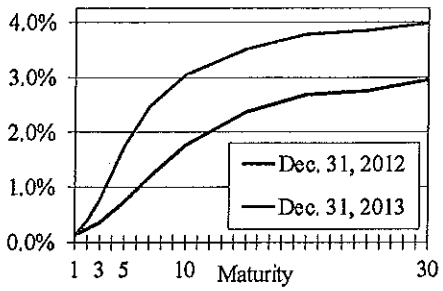
Baird Advisors
Fixed Income Market Comments
December 2013

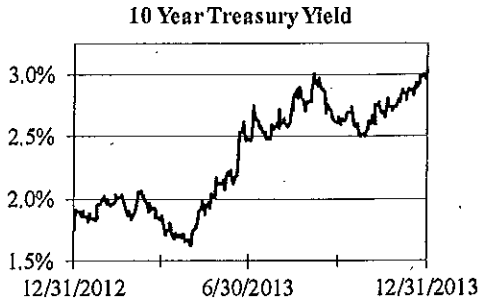
Treasury Yields Rise, Yield Curve Steepens on Introduction of Taper

The 10-year Treasury yield rose 127 bps in 2013, ending the year at its high (3.03%) as the Fed announced it will modestly reduce the pace of Quantitative Easing (QE) purchases from $85 to $75 billion per month and expects to further reduce and ultimately end purchases as the labor market and broader economy improve. The December announcement came after two months of nonfarm payroll reports showing job gains of over 200,000. The path to higher rates in 2013 was volatile (see chart below right) as sequestration (across the board federal spending cuts) pushed rates lower early in the year and then a partial government shutdown and eleventh hour vote to raise the debt ceiling to avoid technical default caused yields to drop in the fall. Despite these fiscal episodes, yields rose for the year primarily on the Fed's move to taper QE bond purchases though modest improvement in the economy also contributed to the upward pressure on rates.

Treasury Yields



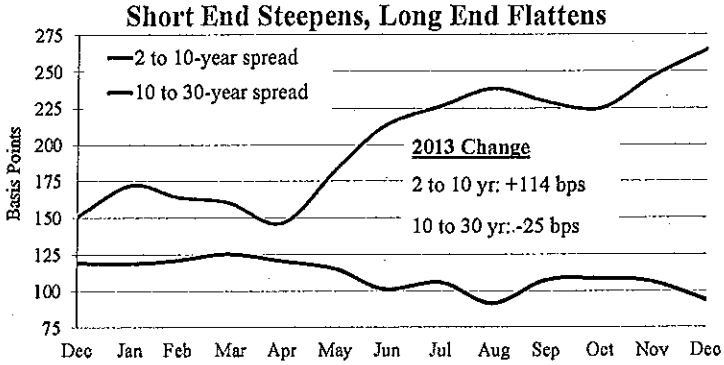
Maturity	12/31/12	12/31/13	1 Year Change
1	0.14%	0.11%	-0.03%
2	0.25%	0.38%	0.13%
3	0.35%	0.76%	0.41%
5	0.72%	1.74%	1.02%
7	1.18%	2.45%	1.27%
10	1.76%	3.03%	1.27%
30	2.95%	3.97%	1.02%



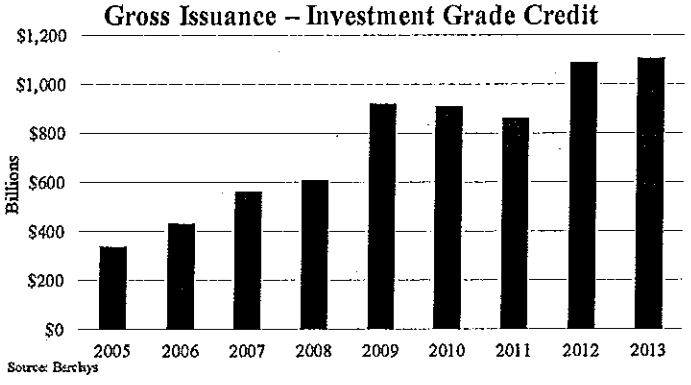
A Tale of Two Curves

As many anticipated, the Fed paired its decision to taper QE purchases with an announcement that it would likely keep the Fed Funds rate near zero "well past the time" the unemployment rate dips below its 6.5% threshold. Forward guidance anchored short term interest rates, creating a very steep yield curve from two to ten years. However, the ten to thirty year portion of the curve actually flattened by 25 bps for the year (see chart at right), in part due to demand from defined benefit pension plans reallocating into long term bonds as US equity markets delivered a 30%+ performance in 2013.

Short End Steepens, Long End Flattens



Gross Issuance – Investment Grade Credit



Record Issuance Year for Credit

U.S. investment grade credit issuance of $1.106 trillion set a new record, exceeding last year's record of $1.086 trillion, according to Barclays data. Many corporations were looking to opportunistically fund their businesses while interest rates remained near historic lows. Apple set a record with the largest corporate issuance ever in the second quarter at $17 billion, only to be out-done by Verizon's $49 billion debt issuance in the third quarter to help fund its $130 billion acquisition of Vodafone's 45% stake in Verizon Wireless. Looking ahead, it is expected that gross issuance will decline 5% - 15% in 2014.

Corporate Yield Spreads Tighten Further

In spite of the record issuance, corporate spreads tightened significantly on strong investor demand and solid credit fundamentals (see chart on next page). Within investment grade credit, financial spreads tightened the most (-46 bps) as financial institutions continued fortifying balance sheets to comply with higher regulatory capital and liquidity requirements. The spread on financials (109 bps) is now inside of industrials (114 bps), a relationship that was typical prior to 2008. Given the solid fundamentals, expanding regulation in the sector, and expected decline in supply, we believe financial spreads could continue to tighten vs. industrials. Very strong demand for yield in a low interest rate environment drove spreads on High Yield Corporates tighter (-129 bps). Away from corporates, agency pass-throughs tightened 16 bps as the Fed continued to purchase the majority of new

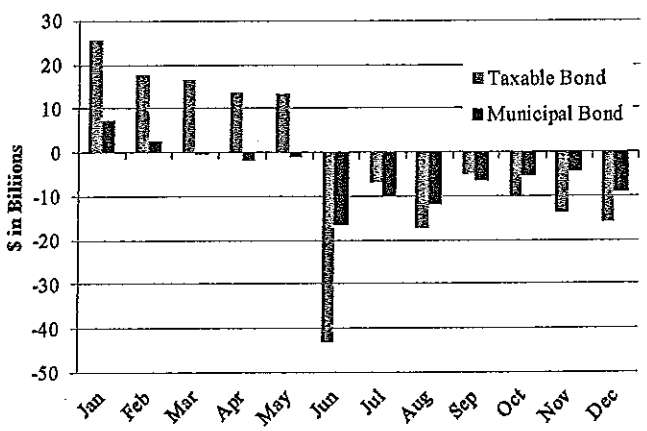
issuance. Commercial mortgage-backed securities (CMBS) and asset-backed securities (ABS) spreads widened, reflecting some of the selling pressure on the market as bond mutual fund flows turned distinctly negative starting in June (see chart below).

Option-Adjusted Spreads (in bps)

	6/30/07	12/31/12	12/31/13	1 Year Change
U.S. Aggregate Index	53	53	45	-8
U.S. Agency (non-mortgage)	34	13	17	4
Mortgage and ABS Sectors				
U.S. Agency Pass-throughs	65	50	34	-16
Asset-Backed Securities	57	43	55	12
CMBS	82	124	126	2
Corporate Sectors				
U.S. Investment Grade	97	141	114	-27
Industrial	104	133	114	-19
Utility	100	144	125	-19
Financial Institutions	88	155	109	-46
U.S. High Yield	292	511	382	-129

Source: Barclays

2013 Mutual Fund Net Flows



Source: ICI

Rising Yields Depress Returns

Most major bond indices and sectors posted negative returns for 2013 as rising yields detracted from returns. Only a handful of indices and sectors with shorter average durations (e.g. U.S. 1-3 Yr. Gov't/Credit +0.64%, CMBS +0.23%), or with dramatic spread tightening (i.e. Corporate High Yield +7.44%) ended the year in positive territory. Treasuries (-2.75%) felt the full impact of the rise in rates in 2013 and municipals (-2.55%) followed close behind as mutual fund flows turned sharply negative mid-year (see chart above right) and Detroit's record bankruptcy filing and Puerto Rico's challenges raised investors' sensitivity to credit risk. Tightening spreads limited the fall of Investment Grade Corporates (-1.53%) while the return of the High Yield sector (+7.44%) mirrored the surge in equities. TIPS (-8.61%) were the weakest performing sector by far and moved back closer to fair value in 2013 (after an extended period of overvaluation) as inflation expectations eased and investors became painfully aware that while they do provide inflation protection, TIPS are not always an effective hedge against rising rates.

Total Returns of Selected Barclays Indices and Subsectors

Barclays Index/Sector	December	4th Quarter	2013
U.S. Aggregate Index	-0.57%	-0.14%	-2.02%
U.S. Gov't/Credit Index	-0.62%	-0.03%	-2.35%
U.S. Intermediate Gov't/Credit Index	-0.63%	-0.02%	-0.86%
U.S. 1-3 Yr. Gov't/Credit Index	-0.13%	0.18%	0.64%
U.S. Treasury	-0.91%	-0.75%	-2.75%
U.S. Agency	-0.56%	-0.17%	-1.38%
MBS (Mortgage Backed Securities)	-0.47%	-0.42%	-1.41%
CMBS (Commercial Mortgage Backed Securities)	-0.29%	0.53%	0.23%
ABS (Asset-Backed Securities)	-0.22%	0.32%	-0.27%
U.S. Corporate - Investment Grade	-0.16%	1.11%	-1.53%
Corporate High Yield	0.54%	3.58%	7.44%
Municipal Bond Index	-0.26%	0.32%	-2.55%
TIPS (Treasury Inflation Protected Securities)	-1.47%	-2.00%	-8.61%

Outlook

We expect economic growth to modestly improve in 2014 although many headwinds remain and inflation remains benign. The tapering of QE purchases will put some additional upward pressure on rates, although the magnitude of any rise will be limited by modest economic growth and tepid inflation. With the Fed keeping its policy rate near zero into 2015, the intermediate portion of the curve will remain very steep. As such, rolling down the yield curve will add significantly to returns of intermediate maturities. Due to the Taper, we see limited return potential for Treasuries and Agencies. Instead, we see good relative value in several non-government sectors along the steeper intermediate maturity segment of the curve. We expect Investment Grade Corporates to outperform, as strong fundamentals and reduced supply will allow spreads to tighten modestly. We also see attractive relative value in CMBS structures with superior credit enhancement. We hold a cautious view on Agency MBS as the Fed reduces extraordinarily accommodative purchases and the sector starts the year with historically tight spreads. With yields on Corporate High Yield at all-time lows, we are concerned that aggressive use of leverage could adversely impact the sector. In the municipal sector, higher yields and a steep curve brought in some demand from cross-over buyers. While state credit conditions are showing signs of improvement, high-profile challenges (e.g. Detroit, Puerto Rico) will keep investor sensitivity to credit risk high for municipals. Across tax-exempt markets we caution investors against going too far out the yield curve or too far down in quality given the high level of uncertainty and broad range of potential outcomes.

CORNERSTONE

PERFORMANCE HISTORY
Bay County Employees' Retirement System

Time Period	1/31/2014	Percent Return Per Period		
		Portfolio		FTSE/NAREIT
		Gross	Net	Equity REIT Index
1 Month		3.33%	3.28%	4.14%
YTD		3.33%	3.28%	4.14%
1 Year		4.13%	3.51%	2.86%
3 Year		10.34%	9.69%	9.74%
5 Year		23.25%	22.53%	22.00%
Inception (October 21, 2008)		16.20%	15.51%	14.26%

Bay County Employees' Retirement System - 05231100

Portfolio Style: SmallCap Growth Equity

Portfolio Summary

	Month To Date	Year To Date
Beginning Market Value	11,026,120.85	11,026,120.85
Contributions	0.00	0.00
Withdrawals	-9.21	-9.21
Dividend and Interest Income	3,465.71	3,465.71
Change in Market Value	-184,586.79	-184,586.79
Ending Market Value	10,844,990.56	10,844,990.56

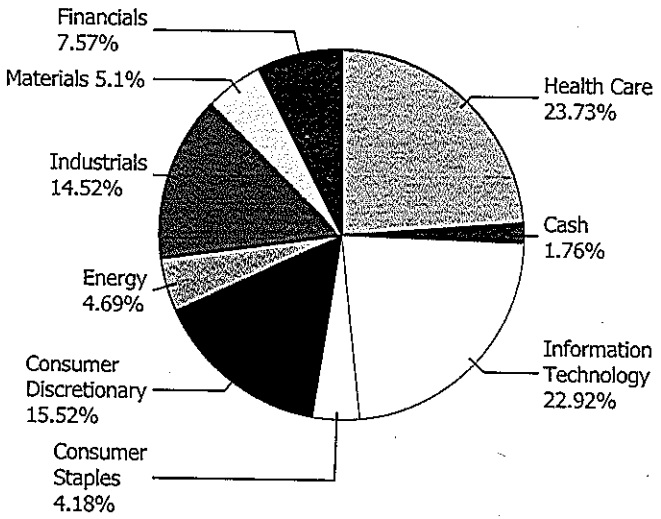
Performance Summary

	MTD	QTD	YTD	1 Year	3 Years	5 Years	Annualized Since Inception
Gross	-1.64	-1.64	-1.64	26.51	15.38		21.96
Net	-1.87	-1.87	-1.87	25.35	14.43		21.00
RU20GRTR[1]	-1.73	-1.73	-1.73	32.13	16.36		24.16

[1] *Russell 2000 Growth Index*

Performance is based on fiscal year end of portfolio

Industry Weightings



Top Ten Holdings

Security Description	Total Market Value	% of Market Value
HURON CONSULTING GROUP INC	237,404.16	2.19%
TEXAS INDUSTRIES INC	211,368.20	1.95%
GENESCO INC	211,221.76	1.95%
QUAKER CHEMICAL CORP	198,760.36	1.83%
MULTIMEDIA GAMES HOLDING CO	198,404.72	1.83%
NATUS MEDICAL INC	192,000.24	1.77%
ASPEN TECHNOLOGY INC	190,573.74	1.76%
BALLY TECHNOLOGIES INC	188,872.32	1.74%
COGNEX CORP	187,229.70	1.73%
CORNERSTONE ONDEMAND INC	185,412.50	1.71%

Currency Valuation: USD

Geneva Capital Management Ltd.

PORTFOLIO APPRAISAL

Bay County Employees' Retirement System XXXX9057 (bcers)

January 31, 2014

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Yield
COMMON STOCK							
2,578	AFFILIATED MANAGERS GRP COM	122.37	315,468	199.24	513,641	2.2	0.0
7,295	ALIGN TECHNOLOGY INC COM	30.60	223,261	59.42	433,469	1.8	0.0
9,936	AMETEK INC NEW COM	40.34	400,841	49.42	491,037	2.1	0.5
5,941	AMPHENOL CORP NEW CL A	67.92	403,492	86.88	516,154	2.2	0.9
5,508	ANSYS INC COM	72.76	400,764	78.53	432,543	1.8	0.0
2,317	BARD C R INC COM	115.63	267,919	129.59	300,260	1.3	0.6
6,533	BEACON ROOFING SUPPLY INC COM	41.37	270,246	37.79	246,882	1.0	0.0
9,876	BROWN & BROWN INC COM	31.12	307,294	31.49	310,995	1.3	1.3
7,318	CATAMARAN CORP COM	51.13	374,148	48.62	355,801	1.5	0.0
9,137	CERNER CORP COM	40.92	373,875	56.89	519,804	2.2	0.0
3,370	CHART INDS INC COM	82.49	278,006	85.44	287,933	1.2	0.0
932	CHIPOTLE MEXICAN GRILL INC COM	321.38	299,526	551.96	514,427	2.2	0.0
5,927	CHURCH & DWIGHT INC COM	55.87	331,150	64.58	382,766	1.6	1.7
4,826	COGNIZANT TECHNOLOGY SOLUTIONS CL A	78.17	377,240	96.91	467,688	2.0	0.0
3,421	COMMVAULT SYSTEMS INC COM	82.39	281,845	69.07	236,288	1.0	0.0
4,071	CONCHO RES INC COM	91.71	373,334	97.79	398,103	1.7	0.0
10,828	COPART INC COM	32.30	349,739	34.28	371,184	1.6	0.0
2,049	COSTAR GROUP INC COM	135.61	277,858	172.04	352,510	1.5	0.0
8,653	DICKS SPORTING GOODS INC COM	49.54	428,652	52.50	454,282	1.9	1.0
9,848	DSW INC CL A	41.75	411,181	37.65	370,777	1.6	1.3
13,699	EAST WEST BANCORP INC COM	23.16	317,239	33.46	458,369	1.9	2.2
1,757	FACTSET RESH SYS INC COM	88.64	155,732	105.77	185,838	0.8	1.3
6,136	FASTENAL CO COM	46.65	286,227	43.93	269,554	1.1	2.3
8,738	FISERV INC COM	41.39	361,667	56.05	489,765	2.1	0.0
3,405	GENESEE & WYO INC CL A	81.71	278,225	90.34	307,608	1.3	0.0
4,177	HAIN CELESTIAL GROUP INC COM	86.39	360,855	91.89	383,825	1.6	0.0
4,681	HUNT J B TRANS SVCS INC COM	69.32	324,493	75.05	351,309	1.5	1.1
5,871	IDEX CORP COM	52.85	310,262	72.01	422,771	1.8	1.3
3,821	IHS INC CL A	102.21	390,537	113.41	433,340	1.8	0.0

Geneva Capital Management Ltd.

PORTFOLIO APPRAISAL

Bay County Employees' Retirement System XXXX9057 (bcers)

January 31, 2014

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Yield
2,280	INTERCONTINENTAL EXCHANGE GROUP COM	127.72	291,198	208.79	476,041	2.0	1.2
6,079	INTUIT COM	62.44	379,579	73.25	445,287	1.9	1.0
17,219	LKQ CORP COM	22.85	393,429	27.07	466,118	2.0	0.0
6,640	MANHATTAN ASSOCS INC COM	33.05	219,481	33.72	223,901	0.9	0.0
7,780	MICROS SYS INC COM	44.73	347,997	55.53	432,023	1.8	0.0
1,422	MIDDLEBY CORP COM	214.16	304,542	246.58	350,637	1.5	0.0
4,410	O REILLY AUTOMOTIVE INC NEW COM	87.69	386,698	130.98	577,622	2.4	0.0
6,009	OASIS PETE INC NEW COM	34.73	208,668	41.81	251,236	1.1	0.0
2,807	OCEANEERING INTL INC COM	69.74	195,753	68.15	191,297	0.8	1.3
3,557	PALL CORP COM	69.15	245,968	80.10	284,916	1.2	1.4
1,956	PANERA BREAD CO CL A	163.05	318,921	169.07	330,701	1.4	0.0
7,203	PAREXEL INTL CORP COM	33.14	238,685	48.81	351,578	1.5	0.0
3,352	PERRIGO CO PLC SHS	152.20	510,191	155.66	521,772	2.2	0.3
4,548	POLARIS INDS INC COM	83.79	381,099	125.20	569,410	2.4	1.5
4,499	RANGE RES CORP COM	67.17	302,205	86.19	387,769	1.6	0.2
5,519	RAYMOND JAMES FINANCIAL INC COM	51.90	286,438	50.91	280,972	1.2	1.3
7,814	RED HAT INC COM	51.33	401,067	56.50	441,491	1.9	0.0
2,446	ROPER INDS INC NEW COM	114.81	280,819	137.24	335,689	1.4	0.6
3,253	SIGMA ALDRICH CORP COM	76.44	248,656	92.97	302,431	1.3	0.9
4,763	SIGNATURE BK NEW YORK N Y COM	72.85	346,977	122.06	581,372	2.5	0.0
4,208	SIRONA DENTAL SYSTEMS INC COM	69.53	292,572	71.94	302,724	1.3	0.0
2,406	SMUCKER J M CO COM NEW	88.81	213,666	96.39	231,914	1.0	2.4
3,794	STERICYCLE INC COM	95.08	360,735	117.06	444,126	1.9	0.0
8,916	TRACTOR SUPPLY CO COM	46.82	417,429	66.51	593,003	2.5	0.8
13,564	TRIMBLE NAVIGATION LTD COM	30.97	420,091	32.33	438,524	1.9	0.0
2,755	TYLER TECHNOLOGIES INC COM	79.55	219,162	105.45	290,515	1.2	0.0
6,570	UNDER ARMOUR INC CL A	52.25	343,267	108.11	710,283	3.0	0.0
6,105	VARIAN MED SYS INC COM	74.77	456,480	81.31	496,398	2.1	0.0

Geneva Capital Management Ltd.

PORTFOLIO APPRAISAL

Bay County Employees' Retirement System XXXX9057 (bcers)

January 31, 2014

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Yield
7,000	WABTEC CORP COM	47.44	332,049	73.81	516,670	2.2	0.2
			18,874,896		23,085,341	97.6	0.5
CASH AND EQUIVALENTS							
	ACCRUED DIVIDENDS		4,000		4,000	0.0	0.0
	CASH ACCOUNT		565,344		565,344	2.4	0.0
			569,344		569,344	2.4	0.0
TOTAL PORTFOLIO			**19,444,240**		**23,654,685**	**100.0**	**0.4**

Please compare the information in Geneva's client reports with the information provided by the independent custodian of your account(s).

The market value on Geneva's report may differ from the value on the statement provided by your custodian due to cut off date, unsupervised assets (if applicable), pricing, or deposits/withdrawals. For tax purposes, refer to custodian records and consult with your tax adviser for advice. Geneva's reports should not be relied upon for tax purposes. Cost basis data is provided for informational purposes only and may differ from custodian records. Please reference your custodial statement for the current yield on money market fund(s). If you are not receiving periodic statements directly from your custodian, please contact Geneva immediately at 414-224-6002. Thank you.

Geneva Capital Management Ltd.

PERFORMANCE HISTORY
NET OF FEES

Bay County Employees' Retirement System
XXXX9057 (bcers)

From 01-17-2013 to 01-31-2014

Time Period	Percent Return Per Period		
	Total Account	Equities	Russell Midcap Growth Index
01-17-2013 to 01-31-2013	1.01	1.02	1.65
01-31-2013 to 02-28-2013	1.41	1.43	1.01
02-28-2013 to 03-31-2013	3.05	3.10	3.99
03-31-2013 to 04-30-2013	-2.02	-1.92	1.47
04-30-2013 to 05-31-2013	2.57	2.62	2.63
05-31-2013 to 06-30-2013	-0.34	-0.34	-1.22
06-30-2013 to 07-31-2013	6.55	6.84	6.22
07-31-2013 to 08-31-2013	-1.86	-1.88	-1.90
08-31-2013 to 09-30-2013	5.93	6.02	4.93
09-30-2013 to 10-31-2013	2.34	2.57	2.62
10-31-2013 to 11-30-2013	1.34	1.36	2.21
11-30-2013 to 12-31-2013	3.00	3.05	3.19
12-31-2013 to 01-31-2014	-3.61	-3.48	-2.17
Inception to Date			
01-17-2013 to 01-31-2014	20.60	21.77	27.14

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Geneva Capital Management Ltd.

PERFORMANCE HISTORY
NET OF FEES

Bay County Employees' Retirement System
XXXX9057 (bcers)

From 01-17-2013 to 01-31-2014

Time Period	Percent Return Per Period		
	Total Account	Equities	Russell Midcap Growth Index
01-17-2013 to 12-31-2013	25.11	26.17	29.97
12-31-2013 to 01-31-2014	-3.61	-3.48	-2.17
Date to Date			
01-17-2013 to 01-31-2014	20.60	21.77	27.14
Annualized	19.77	20.89	26.02

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BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

Small Cap Value | Total Market Value: $11,093,177 (4.3% Cash) | Month Ended January 31, 2014

Performance Returns - Gross of Fees

	MTD	QTD	YTD	Since Incept.
Portfolio - Total Return	-3.95 %	-3.95 %	-3.95 %	10.35 %
Portfolio - Equity Only	-4.13	-4.13	-4.13	10.29
Russell 2000 Value Index	-3.87	-3.87	-3.87	8.41
Russell 2000 Index	-2.77	-2.77	-2.77	8.83
S&P 500 Index	-3.46	-3.46	-3.46	7.44

Commencement of portfolio: 12/1/03. Periods over one year are average annualized returns.

Weighted Average Portfolio Characteristics

	Portfolio	Rus 2000 V	Rus 2000
Projected P/E Ratio (FY2)	14.6x	15.2x	17.1x
Price / Cash Flow Ratio	5.2x	7.6x	9.7x
Price / Book Ratio	1.6x	1.5x	2.3x
Dividend Yield	1.2%	2.0%	1.3%
Market Capitalization (mm)	$2,171	$1,503	$1,779
# of Holdings / 1-Yr Turnover	58 / 53%		

Top and Bottom Five Contributors to Performance

	End Wgt	Ttl Ret.	Contr.
ARRIS Group Inc.	3.36 %	6.30 %	0.20 %
Meritor Inc.	3.06	5.27	0.16
Huntington Ingalls Ind. Inc.	1.88	5.57	0.14
Alliant Techsystems Inc.	0.65	18.10	0.13
Geo Group Inc.	2.17	3.91	0.08
Quiksilver Inc.	1.05 %	-19.61 %	-0.28 %
Horace Mann Educators Corp.	2.52	-11.54	-0.28
Big Lots Inc.	1.72	-17.03	-0.33
Masonite Int'l Corp.	5.06	-8.33	-0.44
Rent-A-Center Inc.	2.99	-25.19	-0.97

Trading Data

Major Buy(Sell) *New buy/final sell	+/-
Kaiser Aluminum Corp.	0.9%
First Niagara Fin'l Group Inc.	0.6%
Platinum Underwriters Hlds Ltd.	0.5%
Matson Inc.	0.5%
Wellcare Health Plans Inc.	0.5%
(Quiksilver Inc.)	-0.5%
(Endurance Specialty Holdings)	-0.6%
(CNO Financial Group Inc.)	-0.6% *
(Valassis Communications)	-0.6%
(Huntington Ingalls Ind. Inc.)	-0.8%

Top Ten Stocks - Total Portfolio

	End Wgt
Masonite Int'l Corp.	5.1 %
First Horizon Nat'l Corp.	4.4
Con-Way Inc.	4.4
ARRIS Group Inc.	3.4
Kaiser Aluminum Corp.	3.3
Meritor Inc.	3.1
Sonic Automotive Inc.	3.0
PHH Corp.	3.0
Rent-A-Center Inc.	3.0
Matson Inc.	2.9

Performance Attribution

	Portfolio		Russell 2000 Value		Allocation		
	Avg Wgt	Equ. Ret.	Avg Wgt	Equ. Ret.	Sector	Stock	Total
Information Technology	8.90 %	1.50 %	10.60 %	-3.46 %	-0.01	0.42	0.42
Industrials	30.84	-3.19	13.64	-4.66	-0.14	0.45	0.31
Materials	6.28	-2.29	4.66	-5.64	-0.03	0.23	0.20
Energy	1.24	-6.14	7.13	-5.22	0.08	-0.01	0.07
Consumer Staples	0.00	0.00	2.67	-4.38	0.01	0.00	0.01
Health Care	8.04	-2.38	4.90	-0.24	0.12	-0.17	-0.05
Telecommunication Services	0.00	0.00	0.61	4.92	-0.05	0.00	-0.05
Utilities	4.17	-0.45	6.08	-0.61	-0.06	0.01	-0.05
Financials	25.53	-3.39	39.30	-3.32	-0.08	-0.01	-0.09
Consumer Discretionary	14.98	-12.96	10.42	-7.42	-0.17	-0.87	-1.04
					-0.33	0.05	-0.27

Top Ten Industries - Total Portfolio

	End Wgt
Insurance	9.8 %
Commercial Banks	9.0
Road & Rail	6.6
Metals & Mining	6.5
Specialty Retail	6.0
Health Care Prov. & Srvcs	5.7
Machinery	5.6
Building Products	5.1
Communications Equip.	3.4
Diversified Financial Srvcs	3.0

Returns are calculated using daily holding information, gross of fees, within Bloomberg. Returns calculated using this buy-and-hold methodology can differ from actual portfolio returns due to intraday trades, cash flows, accrued/miscellaneous income, corporate actions, and trade price and closing price difference of any given security. Russell Investment Group is the source and owner of the Russell Index data contained herein (and all trademarks related thereto), which may not be redistributed. The information herein is not approved by Russell. H&W and Russell sectors are based on the Global Industry Classification Standard by MSCI and Standard and Poor's.

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

Small Cap Value | Total Market Value: $11,093,177 (4.3% Cash) | Month Ended January 31, 2014

Performance Returns - Gross of Fees

	MTD	QTD	YTD	Since Incept.
Portfolio - Total Return	-3.95 %	-3.95 %	-3.95 %	10.35 %
Portfolio - Equity Only	-4.13	-4.13	-4.13	10.29
Russell 2000 Value Index	-3.87	-3.87	-3.87	8.41
Russell 2000 Index	-2.77	-2.77	-2.77	8.83
S&P 500 Index	-3.46	-3.46	-3.46	7.44

Commencement of portfolio: 12/1/03. Periods over one year are average annualized returns.

Weighted Average Portfolio Characteristics

	Portfolio	Rus 2000 V	Rus 2000
Projected P/E Ratio (FY2)	14.6x	15.2x	17.1x
Price / Cash Flow Ratio	5.2x	7.6x	9.7x
Price / Book Ratio	1.6x	1.5x	2.3x
Dividend Yield	1.2%	2.0%	1.3%
Market Capitalization (mm)	$2,171	$1,503	$1,779
# of Holdings / 1-Yr Turnover	58 / 53%		

Top and Bottom Five Contributors to Performance

	End Wgt	Ttl Ret.	Contr.
ARRIS Group Inc.	3.36 %	6.30 %	0.20 %
Meritor Inc.	3.06	5.27	0.16
Huntington Ingalls Ind. Inc.	1.88	5.57	0.14
Alliant Techsystems Inc.	0.65	18.10	0.13
Geo Group Inc.	2.17	3.91	0.08
Quiksilver Inc.	1.05 %	-19.61 %	-0.28 %
Horace Mann Educators Corp.	2.52	-11.54	-0.28
Big Lots Inc.	1.72	-17.03	-0.33
Masonite Int'l Corp.	5.06	-8.33	-0.44
Rent-A-Center Inc.	2.99	-25.19	-0.97

Trading Data

Major Buy(Sell) *New buy/final sell	+/-
Kaiser Aluminum Corp.	0.9%
First Niagara Fin'l Group Inc.	0.6%
Platinum Underwriters Hlds Ltd.	0.5%
Matson Inc.	0.5%
Wellcare Health Plans Inc.	0.5%
(Quiksilver Inc.)	-0.5%
(Endurance Specialty Holdings)	-0.6%
(CNO Financial Group Inc.)	-0.6% *
(Valassis Communications)	-0.6%
(Huntington Ingalls Ind. Inc.)	-0.8%

Top Ten Stocks - Total Portfolio

	End Wgt
Masonite Int'l Corp.	5.1 %
First Horizon Nat'l Corp.	4.4
Con-Way Inc.	4.4
ARRIS Group Inc.	3.4
Kaiser Aluminum Corp.	3.3
Meritor Inc.	3.1
Sonic Automotive Inc.	3.0
PHH Corp.	3.0
Rent-A-Center Inc.	3.0
Matson Inc.	2.9

Performance Attribution

	Portfolio		Russell 2000 Value		Allocation		
	Avg Wgt	Equ. Ret.	Avg Wgt	Equ. Ret.	Sector	Stock	Total
Information Technology	8.90 %	1.50 %	10.60 %	-3.46 %	-0.01	0.42	0.42
Industrials	30.84	-3.19	13.64	-4.66	-0.14	0.45	0.31
Materials	6.28	-2.29	4.66	-5.64	-0.03	0.23	0.20
Energy	1.24	-6.14	7.13	-5.22	0.08	-0.01	0.07
Consumer Staples	0.00	0.00	2.67	-4.38	0.01	0.00	0.01
Health Care	8.04	-2.38	4.90	-0.24	0.12	-0.17	-0.05
Telecommunication Services	0.00	0.00	0.61	4.92	-0.05	0.00	-0.05
Utilities	4.17	-0.45	6.08	-0.61	-0.06	0.01	-0.05
Financials	25.53	-3.39	39.30	-3.32	-0.08	-0.01	-0.09
Consumer Discretionary	14.98	-12.96	10.42	-7.42	-0.17	-0.87	-1.04
					-0.33	0.05	-0.27

Top Ten Industries - Total Portfolio

	End Wgt
Insurance	9.8 %
Commercial Banks	9.0
Road & Rail	6.6
Metals & Mining	6.5
Specialty Retail	6.0
Health Care Prov. & Srvcs	5.7
Machinery	5.6
Building Products	5.1
Communications Equip.	3.4
Diversified Financial Srvcs	3.0

Returns are calculated using daily holding information, gross of fees, within Bloomberg. Returns calculated using this buy-and-hold methodology can differ from actual portfolio returns due to intraday trades, cash flows, accrued/miscellaneous income, corporate actions, and trade price and closing price difference of any given security. Russell Investment Group is the source and owner of the Russell Index data contained herein (and all trademarks related thereto), which may not be redistributed. The information herein is not approved by Russell. H&W and Russell sectors are based on the Global Industry Classification Standard by MSCI and Standard and Poor's.

BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

Monthly Report

January 31, 2014

MACKAY SHIELDS

JANUARY 2014
OVERVIEW OF MONTHLY PERFORMANCE

MACKAYSHIELDS

MARKET OVERVIEW

The U.S. convertible market, as measured by the BofA Merrill Lynch All Convertible Index, rose 1.71% in January, 2014, while underlying equities climbed 0.77%. During the month, investment-grade convertibles, as measured by the BofA Merrill Lynch Investment Grade Convertible Index, increased 0.89%, while speculative-grade convertibles rose 0.92 % during the same time period.

Convertible securities managed to advance during the month despite the nearly 3.5% decline in the *Standard & Poors 500 Index* and a 2.7% decline on the smaller cap Russell 2000 Index. Convertible performance benefitted from the strong returns of several large, equity-sensitive components of the Index, such as Gilead Sciences, which was up over 7% during the month, and Illumina, Inc., which increased over 37% in January. Most equity securities were down during the month as investors expressed concern about slowing economic growth in China and the declining fortunes of several emerging market economies such as Argentina, Turkey, and Venezuela. In addition, U.S. retail sales and industrial output in December were reported to be weak.

We believe that the decline in the equity markets is simply a pause, as fundamentals catch up with valuations in some cases. Market forces generally believe that Ben Bernanke's successor at the Federal Reserve, Janet Yellen, is likely to continue a monetary policy of low interest rates. Despite the rise in the price of natural gas due to the cold North American winter, crude oil prices remain subdued, which should provide a slight tailwind for economic activity. Significant growth in U.S. crude oil production and large supplies of natural gas have kept energy prices contained, providing some increased spending power for consumers, and lower costs for businesses. We continue to believe that equities and equity-linked securities, such as convertibles, are attractively valued, particularly when compared to the yields on pure fixed income securities (most specifically U.S. Treasury and investment-grade bonds). We maintain that in a slow growth environment, at current valuations, convertible bonds and stocks are attractive and should continue to perform well.

Benchmark sector performance was mixed during the month. The Transportation, Healthcare, Utilities and Technology sectors each outperformed the broad market, rising 10.53%, 5.61%, 3.52% and 1.86%, respectively. Conversely, Media, Consumer Staples, Materials and Energy declined.

Following a strong 2013, issuance in January was light. Three new convertible securities were issued in the U.S. market during the month, raising a total of $655 million. The average convertible new issue offering was $218 million in size.

PERFORMANCE

The convertibles of Gilead Sciences, Teva Pharmaceuticals and Airtran (Southwest Airlines) were leading contributors during January 2014. Gilead Sciences continued to post strong returns as analysts tracked prescription trends for the company's new Hepatitis C drug, Sovaldi. Prescription trends suggest that Sovaldi sales are tracking ahead of expectations. The drug is expected to achieve sales in excess of three billion dollars in its first year on the market. Teva Pharmaceuticals advanced after the company reported that it received approval for a new version of its multiple sclerosis therapy, Copaxone. Copaxone may face generic competition later this year. The newer version of Copaxone needs to be injected only three times per week, versus daily injection for the older version. Teva is hoping that this will provide an advantage over possible generic substitutes. Southwest Airlines rose after the company surprised investors with fourth quarter earnings that were well ahead of expectations due to better than expected revenue.

Conversely, exposure to the convertibles bonds of Danaher, Chart Industries and Schlumberger weighed on performance during the month. Danaher declined slightly in January despite reported solid fourth quarter earnings. Investors may be focused on Danaher's ability to continue to make accretive acquisitions in an environment where many potential targets are already richly-valued. Chart Industries continued the decline that began in October after the company reported disappointing third quarter earnings. Over the past several months, analysts have been reducing their earnings expectations for the company as they believe that

the slowdown in orders from China will continue for at least several more quarters. The synthetic convertible bonds of Schlumberger Limited declined slightly in January despite the company reporting very good fourth quarter results. The company's shares advanced on the day that earnings were announced, but declined later in the month in sympathy with several other energy service related companies, such as Halliburton, which provided a more subdued outlook for their businesses.

OUTLOOK

2013 was an outstanding year for the convertible market, and 2014 is off to a decent start. Apart from the extraordinary market returns, the past year marked the resurrection of a vibrant market for new convertible issuance. Last year's returns were also testimony to the notion that convertible bonds will outperform in a rising rate environment and, unlike almost all other classes of fixed income instruments, have almost no correlation to the movement in interest rates. Regarding issuance, 2013 saw over 130 news issues totaling approximately $44.4 billion come to the market. This compares to 68 new issues totaling $21.5 billion which came to the market in 2012. This surge in new issuance was largely due to the simultaneous rise in stock prices and interest rates. With the rise in rates, issuing companies could once again realize a significant interest savings by issuing a convertible bond instead of a non-convertible high-yield security. For most investment grade companies, however, rates remain so low in absolute terms that the benefits of a convertible offering remain relatively muted. As such, the preponderance of new issuance in 2013 was 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 that they believed under-valued their companies. However, with stocks at record levels, companies are no longer reluctant to issue a security linked to their equity.

We believe that this trend will continue and perhaps accelerate in 2014. If interest rates continue to rise from record low levels, and stocks can hold onto gains, we believe that 2014's new convertible issuance is likely to exceed 2013's level. We do not expect the investment gains of 2013 to be repeated, but with decent corporate earnings, stocks and convertible bonds are likely to see further advances.

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

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

This material contains the opinions of the Convertibles team of MacKay Shields LLC but not necessarily those of MacKay Shields LLC. The opinions expressed herein are subject to change without notice. This material is distributed for informational purposes only. Forecasts, estimates, and certain information contained herein are based upon proprietary research and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. No part of this document may be reproduced in any form, or referred to in any other publication, without express written permission of MacKay Shields LLC. ©2014, MacKay Shields LLC.

BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

MACKAY SHIELDS

Portfolio Composition and Performance — Account 1256

January 31, 2014

Composition	Market Value	Percent of Total
Fixed Income	12,122,289	69.99
Equity	2,208,386	12.75
Cash & Equivalents	2,988,747	17.26
Total Portfolio	$17,319,422	100.00%

ZL

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)	-0.11%	1.60%	-0.11%	14.75%	7.13%	11.77%	90.17%	6.41%
Merrill Lynch Convertible Inv Grade	0.81%	3.15%	0.81%	22.09%	9.34%	12.86%	99.30%	6.89%
ML Convt Inv Grade BDS (Inc Mandatory)	0.89%	3.03%	0.89%	18.91%	9.20%	13.35%	63.14%	4.85%

Expressed in USD

Past performance is not indicative of future results.

BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

MACKAY SHIELDS

Summary Report — Account 1256

January 31, 2014

	Total Cost	Percent at Cost	Yield at Cost	Market Value	Percent of Assets	Yield at Market	Annual Income
Bonds	9,824,396	85.09	1.80	12,072,158	69.70	1.47	176,942
Stocks	1,720,986	14.91	3.55	2,194,167	12.67	2.79	61,157
Cash & Equivalents	0	0.00		2,988,747	17.26	0.09	2,690
Accrued Income				64,350	0.37		
Total Portfolio	$11,545,382	100.00%	2.06	$17,319,422	100.00%	1.40	$240,789

27

ConvergEx Group
Execution Solutions

Recapture Services

Bay County Employees Retirement System by Trade Date

Ref#: 23803

Directed Commission Summary

January 01, 2014 through January 31, 2014

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

28

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

This statement represents trades through Trade Date January 31, 2014 for all US transactions and upon information provided to us to date from our Global Correspondent Network for all non-US transactions
PLEASE CHECK YOUR STATEMENTS FOR ACCURACY AND REPORT ANY INACCURACIES TO RECAPTURE SERVICES.

ConvergEx Group

Execution Solutions

Recapture Services

Bay County Employees Retirement System

Plan Trading Summary (US Dollars)

January 01, 2014 - January 31, 2014

Ref#: 23803

Manager		Current Month Commissions	Current Month Credits	Year-To-Date Commissions	Year-To-Date Credits
Revenue Type: Equity					
Columbia Management Advisors, LLC		900.00	630.00	900.00	630.00
Eagle Asset Management		0.00	0.00	0.00	0.00
Geneva Capital Management Ltd		325.76	228.03	325.76	228.03
Hotchkis & Wiley		0.00	0.00	0.00	0.00
MFS Investment Management Co.		0.00	0.00	0.00	0.00
Totals for Equity		**1,225.76**	**858.03**	**1,225.76**	**858.03**
Revenue Type: Correspondent Equity					
Integrity Asset Management		28.32	19.82	28.32	19.82
Integrity Asset Management	Corrsp Broker	12.88	0.00	12.88	0.00
Totals for Correspondent Equity		**41.20**	**19.82**	**41.20**	**19.82**
Revenue Type: International Correspondent					
Baring Asset Management Ltd.		325.22	243.91	325.22	243.91
Baring Asset Management Ltd.	Corrsp Broker	420.62	0.00	420.62	0.00
Schroder Investment Management Ltd		0.00	0.00	0.00	0.00
Totals for International Correspondent		**745.84**	**243.91**	**745.84**	**243.91**
Grand Totals		**2,012.80**	**1,121.77**	**2,012.80**	**1,121.77**

29

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

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

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

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ConvergEx Group
Execution Solutions

Recapture Services

Bay County Employees Retirement System

Plan Activity Summary and Balance

January 01, 2014 - January 31, 2014

Ref#: 23803

Summary by Revenue Type

Revenue Type	Month to Date		Year to Date	
	Commissions	Credits	Commissions	Credits
Equity	1,225.76	858.03	1,225.76	858.03
Correspondent Equity	28.32	19.82	28.32	19.82
Correspondent Broker Fees	12.88	0.00	12.88	0.00
International Correspondent	325.22	243.91	325.22	243.91
Correspondent Broker Fees	420.62	0.00	420.62	0.00
Fixed Income	0.00	0.00	0.00	0.00
12B-1 fees	0.00	0.00	0.00	0.00
Adjustments	0.00	0.00	0.00	0.00
No Credit	0.00	0.00	0.00	0.00
TOTAL	2,012.80	1,121.77	2,012.80	1,121.77

Account Balance

Month	Commissions	Credits	Adjustments	Payments	Month Ending
Prior Year CR or DB	0.00	0.00			1,830.63
January 2014	2,012.80	1,121.77	0.00	1,830.63	1,121.76
February 2014	0.00	0.00			
March 2014	0.00	0.00			
April 2014	0.00	0.00			
May 2014	0.00	0.00			
June 2014	0.00	0.00			
July 2014	0.00	0.00			
August 2014	0.00	0.00			
September 2014	0.00	0.00			
October 2014	0.00	0.00			
November 2014	0.00	0.00			
December 2014	0.00	0.00			
TOTAL	2,012.80	1,121.77	0.00	1,830.63	
				Current Balance	1,121.76

30

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

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

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

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

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

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

BILLING DATE: 02/06/2014
BILLING PERIOD: 01/01/2014 - 01/31/2014

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUM.: BYC03					
ACCOUNT NAME: BAYCO- BARINGS					
OPEN CASH	0.00	0.00	0.00	42.19	42.19
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	0.00	0.00	42.19	42.19
TOTAL REBATES	0.00	0.00	0.00	11.85-	11.85-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	0.00	0.00	54.04	54.04
BANK FEES	0.00	0.00	0.00	21.61	21.61
NET INCOME	0.00	0.00	0.00	32.43	32.43
ACCOUNT NUM.: 1799220					
ACCOUNT NAME: *TNT-LDN-BYC03-BAYCO-BARING-SL					
OPEN CASH	0.00	0.00	0.00	104.81	104.81
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	0.00	0.00	104.81	104.81
TOTAL REBATES	0.00	0.00	0.00	14.64-	14.64-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	0.00	0.00	119.45	119.45
BANK FEES	0.00	0.00	0.00	47.50	47.50
NET INCOME	0.00	0.00	0.00	71.95	71.95
ACCOUNT NUM.: 2608694					
ACCOUNT NAME: *BAYCO - COLUMBIA MANAGEMENT					
OPEN CASH	0.00	1,700.45	0.00	0.00	1,700.45
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,700.45	0.00	0.00	1,700.45
TOTAL REBATES	0.00	167.30-	0.00	0.00	167.30-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,867.75	0.00	0.00	1,867.75
BANK FEES	0.00	746.83	0.00	0.00	746.83
NET INCOME	0.00	1,120.92	0.00	0.00	1,120.92

31

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUM.: 2618668					
ACCOUNT NAME: *BAYCO - BAIRD -SL					
OPEN CASH	2,167.70	0.00	0.00	0.00	2,167.70
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	2,167.70	0.00	0.00	0.00	2,167.70
TOTAL REBATES	321.21	0.00	0.00	0.00	321.21
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	1,846.49	0.00	0.00	0.00	1,846.49
BANK FEES	738.50	0.00	0.00	0.00	738.50
NET INCOME	1,107.99	0.00	0.00	0.00	1,107.99
ACCOUNT NUM.: 2622490					
ACCOUNT NAME: *BAYCO - MACKAY SHIELDS -SL					
OPEN CASH	1,136.54	32.29	0.00	4.91	1,173.74
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	42.75	0.00	0.00	0.00	42.75
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	1,179.29	32.29	0.00	4.91	1,216.49
TOTAL REBATES	910.18-	2.97-	0.00	0.42-	913.57-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	2,089.47	35.26	0.00	5.33	2,130.06
BANK FEES	835.37	14.03	0.00	2.11	851.51
NET INCOME	1,254.10	21.23	0.00	3.22	1,278.55
ACCOUNT NUM.: 2622536					
ACCOUNT NAME: *BAYCO - HOTCHKIS & WILEY -SL					
OPEN CASH	0.00	1,227.78	0.00	253.68	1,481.46
TERM CASH	0.00	19.02	0.00	0.00	19.02
NON CASH	0.00	27.04	0.00	0.00	27.04
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,273.84	0.00	253.68	1,527.52
TOTAL REBATES	0.00	222.70-	0.00	38.55-	261.25-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,496.54	0.00	292.23	1,788.77
BANK FEES	0.00	596.41	0.00	116.50	712.91
NET INCOME	0.00	900.13	0.00	175.73	1,075.86

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUM.: 2624493					
ACCOUNT NAME: *BAYCO - WENTWORTH -SL					
OPEN CASH	0.00	0.00	0.00	0.00	0.00
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	0.00	0.00	0.00	0.00
TOTAL REBATES	0.00	0.00	0.00	0.00	0.00
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	0.00	0.00	0.00	0.00
BANK FEES	0.00	0.00	0.00	0.00	0.00
NET INCOME	0.00	0.00	0.00	0.00	0.00
ACCOUNT NUM.: 2639956					
ACCOUNT NAME: *BAYCO - DENVER INV ADV -SL					
OPEN CASH	0.00	0.00	0.00	0.00	0.00
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	0.00	0.00	0.00	0.00
TOTAL REBATES	0.00	0.00	0.00	0.00	0.00
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	0.00	0.00	0.00	0.00
BANK FEES	0.00	0.00	0.00	0.00	0.00
NET INCOME	0.00	0.00	0.00	0.00	0.00
ACCOUNT NUM.: 2641401					
ACCOUNT NAME: *BAYCO - LOOMIS SAYLES -SL					
OPEN CASH	1,140.52	0.00	463.50	0.00	1,604.02
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.02	0.00	0.00	0.00	0.02
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	1,140.54	0.00	463.50	0.00	1,604.04
TOTAL REBATES	163.37-	0.00	78.67-	0.00	242.04-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	1,303.91	0.00	542.17	0.00	1,846.08
BANK FEES	520.63	0.00	216.59	0.00	737.22
NET INCOME	783.28	0.00	325.58	0.00	1,108.86

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUM.: 2649057					
ACCOUNT NAME: *BAYCO GENEVA CAPITAL MGMT -SL					
OPEN CASH	0.00	1,954.01	0.00	22.65	1,976.66
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,954.01	0.00	22.65	1,976.66
TOTAL REBATES	0.00	243.08-	0.00	5.17-	248.25-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,197.09	0.00	27.82	2,224.91
BANK FEES	0.00	878.17	0.00	11.08	889.25
NET INCOME	0.00	1,318.92	0.00	16.74	1,335.66
ACCOUNT NUM.: 2653308					
ACCOUNT NAME: *BAYCO - INTEGRITY -SL					
OPEN CASH	0.00	1,674.93	0.00	46.79	1,721.72
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,674.93	0.00	46.79	1,721.72
TOTAL REBATES	0.00	199.87-	0.00	10.08-	209.95-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,874.80	0.00	56.87	1,931.67
BANK FEES	0.00	748.83	0.00	22.64	771.47
NET INCOME	0.00	1,125.97	0.00	34.23	1,160.20
ACCOUNT NUM.: 2663296					
ACCOUNT NAME: *BAYCO - CORNERSTONE REALES-SL					
OPEN CASH	0.00	1,071.87	0.00	0.00	1,071.87
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,071.87	0.00	0.00	1,071.87
TOTAL REBATES	0.00	122.96-	0.00	0.00	122.96-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,194.83	0.00	0.00	1,194.83
BANK FEES	0.00	476.54	0.00	0.00	476.54
NET INCOME	0.00	718.29	0.00	0.00	718.29

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUM.: 2683854					
ACCOUNT NAME: *BAYCO - MFS INVESTMENTS -SL					
OPEN CASH	0.00	1,710.09	0.00	250.58	1,960.67
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,710.09	0.00	250.58	1,960.67
TOTAL REBATES	0.00	395.39-	0.00	84.39-	479.78-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,105.48	0.00	334.97	2,440.45
BANK FEES	0.00	841.51	0.00	133.83	975.34
NET INCOME	0.00	1,263.97	0.00	201.14	1,465.11
ACCOUNT NUM.: 2695063					
ACCOUNT NAME: *BAYCO - EAGLE ASSET -SL					
OPEN CASH	0.00	1,480.66	0.00	21.78	1,502.44
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	278.42	0.00	0.00	278.42
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,759.08	0.00	21.78	1,780.86
TOTAL REBATES	0.00	458.15-	0.00	16.27-	474.42-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,217.23	0.00	38.05	2,255.28
BANK FEES	0.00	884.02	0.00	15.13	899.15
NET INCOME	0.00	1,333.21	0.00	22.92	1,356.13
GRAND TOTAL					
OPEN CASH	4,444.76	10,852.08	463.50	747.39	16,507.73
TERM CASH	0.00	19.02	0.00	0.00	19.02
NON CASH	42.77	305.46	0.00	0.00	348.23
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	4,487.53	11,176.56	463.50	747.39	16,874.98
TOTAL REBATES	752.34-	1,812.42-	78.67-	181.37-	2,824.80-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	5,239.87	12,988.98	542.17	928.76	19,699.78
BANK FEES	2,094.50	5,186.34	216.59	370.40	7,867.83
NET INCOME	3,145.37	7,802.64	325.58	558.36	11,831.95

REFUNDS: FOR THE MONTH ENDED: **February 28, 2014**

EMPLOYEE/BENEFICIARY	CONTRIBUTIONS	PROCESSED	DEPARTMENT	TERMINATION	
REUTHER,VAN	806.54	10/16/13	BABH	3/22/13	addl amt that was not reported on Oct 13)
LOPEZ, CARMEN	5,787.76	2/14/14	BABH	11/26/13	
KLOPF, JOSHUA	18,356.58	2/14/14	GENERAL	10/30/13	
TOTAL REFUNDS:	24,950.88				

NEW RETIREE	CONTRIBUTIONS TRANSFERRED	RETIREMENT GROUP/ COUNTY DEPT	EFFECTIVE DATE
SAWYER, BERNARD	18,442.22	BABH-AFSCME INCENTIVE	12/21/2013
NEWLAND, MARY	14,033.54	BABH-AFSCME INCENTIVE	12/12/2013
MCFARLAND, JAYNE	62,118.35	BABH-INCENTIVE	12/13/2013
BARTLETT, MARIANNE	32,982.97	BABH-INCENTIVE	12/28/2013
CHRISTIE, CARRIE	38,133.40	BABH-INCENTIVE	12/28/2013
FAYDENKO, KAREN	18,935.47	BABH-INCENTIVE	12/28/2013
GRAVES, MARGARET	43,235.99	BABH-INCENTIVE	12/28/2013
HENIGE, DENNIS	83,360.12	BABH-INCENTIVE	12/28/2013
MASON, JACK	55,853.02	BABH-INCENTIVE	12/28/2013
NEWSHAM, ANN	60,469.07	BABH-INCENTIVE	12/28/2013
SCHERZER, KAREN	16,590.87	BABH-INCENTIVE	12/28/2013
STEGER, HARRY	36,094.39	USW GENERAL UNIT	12/28/2013
JAHR, SUSAN	58,359.71	BABH-INCENTIVE	12/21/2013
MILLER, COLLEEN	20,751.13	BABH-INCENTIVE	12/21/2013
WHITTUM, SANDRA	63,491.29	BABH-INCENTIVE	12/28/2013
WOLBER, MARLENE	25,269.93	BABH-INCENTIVE	12/28/2013
WYZKIEWICZ, JUDITH	58,688.56	BABH-INCENTIVE	12/28/2013
LINDKE, SHARON	76,032.37	GENERAL CIRCUIT COURT	12/28/2013
SPRYGADA, MICHELLE	55,294.07	BABH-INCENTIVE	12/28/2013
ANDERSON, ELISE	44,800.53	BABH-INCENTIVE	12/30/2013
BAUER, KATHLEEN	27,674.79	BABH-INCENTIVE	12/31/2013
BAKER, PATRICK	75,972.93	BABH-INCENTIVE	12/31/2013
DELVALLE, LISA A	61,190.25	BABH-INCENTIVE	12/31/2013
GARCIA, GEORGE	25,720.47	BABH-INCENTIVE	12/31/2013
GRIFFITH, KEVIN	47,218.99	BABH-INCENTIVE	12/31/2013
OLSON, MARCIA	45,328.65	BABH-INCENTIVE	12/31/2013
OSWALD, LEIGH	64,662.07	BABH-INCENTIVE	12/31/2013
LAMERE, SHERRY	61,971.86	BABH-INCENTIVE	12/31/2013
MAZE, LINDA	29,604.14	BABH-INCENTIVE	12/31/2013
SEFCOVIC, KATHLEEN	81,514.38	BABH-INCENTIVE	12/31/2013
SWANK, DIANE	63,862.41	BABH-INCENTIVE	12/31/2013
SWANK, MICHAEL	65,468.12	BABH-INCENTIVE	12/31/2013
	1,533,126.06		

DECEASED EMPLOYEE/ RETIREE	BENEFICIARY	REFUND/ PENSION	DATE OF DEATH	DIVISION/ DEPARTMENT
KELMAR, MARY	NO (PRECEDED BY DANIEL)	PENTION ENDS	2/5/2014	GENERAL

NO REFUNDS EMPLOYEE NAME	ACCUMULATED CONTRIBUTIONS	UNION GROUP	DATE TERMINATED
GALLAGHER, KATHLEEN	6.68	BMCF	12/16/2013
ENGEL, CHELSIE	182.00	BMCF	12/3/2013
KOZUCH, KRISTIN	5,627.11	BMCF	12/16/2013
TENHAVE, MONICA	1,561.26	BMCF	11/11/2013
HURST, JESSICA	1,806.20	BMCF	1/3/2014
THOMAS, BRITTANY	420.70	BMCF	1/2/2014

PERRY, MELANIE	2,119.73	GEN - BCAMPS P/T	12/31/2013
CHARTIER, ANDREW	409.68	GEN - BCAMPS	12/27/2013
LEMMON, MARK	839.11	GEN USW P/T	12/10/2013
GROCHOLSKI, ANDREW	74.07	GEN - ROAD PATROL	1/16/2014
RAYL, MICHAEL	65.97	GEN - CEN DISP	1/25/2014
	13,105.83		

FOR 2014 02

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
7310 RETIREMENT SYSTEM FUND							
73127400 RETIREMENT BOARD							
RA FUND BALANCE, NET AS							
73127400 40001 FUND BALANCE	0	0	.00	.00	.00	.00	.0%
73127400 40003 FUND BALANCE-RESRVS	16,176	16,176	.00	.00	.00	16,176.00	.0%
73127400 40004 NET ASSETS - RESERV	3,763,344	3,763,344	.00	.00	.00	3,763,344.00	.0%
TOTAL FUND BALANCE, NET AS	3,779,520	3,779,520	.00	.00	.00	3,779,520.00	.0%
RJ LOCAL UNIT CONTRIBUT							
73127400 59401 ER CONTR-BEHAVE.HEA	-1,300,000	-1,300,000	.00	.00	.00	-1,300,000.00	.0%*
73127400 59402 ER CONTR-MOSQUITO C	-13,000	-13,000	-836.25	.00	.00	-12,163.75	6.4%*
73127400 59403 ER CONTR-HEALTH FUN	-57,000	-57,000	-3,605.81	.00	.00	-53,394.19	6.3%*
73127400 59404 ER CONTR-ROAD COMMI	-520,000	-520,000	.00	.00	.00	-520,000.00	.0%*
73127400 59406 ER CONTR-LIBRARY	-130,000	-130,000	.00	.00	.00	-130,000.00	.0%*
73127400 59407 ER CONTR-GOLF COURS	-6,000	-6,000	-152.92	.00	.00	-5,847.08	2.5%*
73127400 59408 ER CONTR-GENERAL FU	-375,000	-375,000	-34,209.81	.00	.00	-340,790.19	9.1%*
73127400 59409 ER CONTR-DWS	-250,000	-250,000	.00	.00	.00	-250,000.00	.0%*
73127400 59410 ER CONTR-911 SERVIC	-45,000	-45,000	-2,889.14	.00	.00	-42,110.86	6.4%*
73127400 59411 ER CONTR-CHILD CARE	-40,000	-40,000	-2,794.48	.00	.00	-37,205.52	7.0%*
73127400 59412 ER CONTR-DIV ON AGI	-43,000	-43,000	-2,813.45	.00	.00	-40,186.55	6.5%*
73127400 59413 ER CONTR-RETIRE SYS	-1,800	-1,800	-113.42	.00	.00	-1,686.58	6.3%*
73127400 59414 ER CONTR-HOMELAND S	-3,500	-3,500	.00	.00	.00	-3,500.00	.0%*
73127400 59415 ER CONTR-GYPSY MOTH	-2,000	-2,000	-122.44	.00	.00	-1,877.56	6.1%*
73127400 59416 ER CONTR-HOME REHAB	-180	-180	1.31	.00	.00	-181.31	.7%*
73127400 59418 ER CONTR-100% TAX P	-3,200	-3,200	-163.12	.00	.00	-3,036.88	5.1%*
73127400 59419 ER CONTR-MED CARE F	-700,000	-700,000	.00	.00	.00	-700,000.00	.0%*
73127400 59424 ER CONTR-SELF INSUR	-500	-500	-29.70	.00	.00	-470.30	5.9%*
73127400 59427 ER CONTR-COMM.CORRE	-3,100	-3,100	-77.95	.00	.00	-3,022.05	2.5%*
73127400 59429 ER CONTR-F.O.C. FUN	-2,100	-2,100	-168.08	.00	.00	-1,931.92	8.0%*
73127400 59430 ER CONTR-HOUSING FU	-6,800	-6,800	-317.61	.00	.00	-6,482.39	4.7%*
73127400 59434 ER CONTR-LOCAL CFO	0	0	.00	.00	.00	.00	.0%
73127400 59499 ER CONTR-SHERIFF DE	0	0	73.91	73.91	.00	-73.91	100.0%*
73127400 59501 EE CONTR-BEHAVE.HEA	-580,000	-580,000	.00	.00	.00	-580,000.00	.0%*

FOR 2014 02

		ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73127400 59502	EE CONTR-MOSQUITO C	-12,500	-12,500	-836.25	.00	.00	-11,663.75	6.7%*
73127400 59503	EE CONTR-HEALTH FUN	-60,000	-60,000	-3,605.81	.00	.00	-56,394.19	6.0%*
73127400 59504	EE CONTR-ROAD COMMI	-130,000	-130,000	.00	.00	.00	-130,000.00	.0%*
73127400 59506	EE CONTR-LIBRARY	-75,000	-75,000	.00	.00	.00	-75,000.00	.0%*
73127400 59507	EE CONTR-GOLF COURS	-4,800	-4,800	-152.92	.00	.00	-4,647.08	3.2%*
73127400 59508	EE CONTR-GENERAL FU	-500,000	-500,000	-35,169.06	.00	.00	-464,830.94	7.0%*
73127400 59509	EE CONTR-DWS	-85,000	-85,000	.00	.00	.00	-85,000.00	.0%*
73127400 59510	EE CONTR-911 SERVIC	-62,000	-62,000	-4,960.25	.00	.00	-57,039.75	8.0%*
73127400 59511	EE CONTR-CHILD CARE	-40,000	-40,000	-2,794.48	.00	.00	-37,205.52	7.0%*
73127400 59512	EE CONTR-DIV ON AGI	-43,000	-43,000	-2,813.45	.00	.00	-40,186.55	6.5%*
73127400 59513	EE CONTR-RETIRE SYS	-1,800	-1,800	-113.42	.00	.00	-1,686.58	6.3%*
73127400 59514	EE CONTR-HOMELAND S	0	0	.00	.00	.00	.00	.0%
73127400 59515	EE CONTR-GYPSY MOTH	-1,900	-1,900	-122.44	.00	.00	-1,777.56	6.4%*
73127400 59516	EE CONTR-HOME REHAB	-180	-180	1.31	.00	.00	-181.31	.7%*
73127400 59518	EE CONTR-100% TAX P	-3,000	-3,000	-283.48	.00	.00	-2,716.52	9.4%*
73127400 59519	EE CONTR-MED CARE F	-380,000	-380,000	120.36	.00	.00	-380,120.36	.0%*
73127400 59524	EE CONTR-SELF INSUR	-400	-400	-29.70	.00	.00	-370.30	7.4%*
73127400 59527	EE CONTR-COMM.CORRE	-3,100	-3,100	-77.95	.00	.00	-3,022.05	2.5%*
73127400 59529	EE CONTR-F.O.C. FUN	-2,100	-2,100	-168.08	.00	.00	-1,931.92	8.0%*
73127400 59530	EE CONTR-HOUSING FU	-6,800	-6,800	-317.61	.00	.00	-6,482.39	4.7%*
73127400 59534	EE CONTR LOCAL CFO	0	0	.00	.00	.00	.00	.0%
73127400 59599	EE CONTR-SHERIFF DE	-245,000	-245,000	-6,875.50	537.57	.00	-238,124.50	2.8%*
TOTAL LOCAL UNIT CONTRIBUT		-5,738,760	-5,738,760	-106,417.69	611.48	.00	-5,632,342.31	1.9%
RP INTEREST & RENTALS								
73127400 66400	INVESTMENT INTEREST	-5,000,000	-5,000,000	.00	.00	.00	-5,000,000.00	.0%*
73127400 66500	GAIN ON SALE OF INV	-15,000,000	-15,000,000	.00	.00	.00	-15,000,000.00	.0%*
73127400 66501	UNREALIZED GAIN ON	-3,000,000	-3,000,000	.00	.00	.00	-3,000,000.00	.0%*
73127400 66502	GAIN ON FOREIGN CUR	-40,000	-40,000	.00	.00	.00	-40,000.00	.0%*
73127400 66600	SECURITIES LENDING	-300,000	-300,000	.00	.00	.00	-300,000.00	.0%*
TOTAL INTEREST & RENTALS		-23,340,000	-23,340,000	.00	.00	.00	-23,340,000.00	.0%
RR OTHER REVENUE								
73127400 67104	MISCELLANOUS REVENU	0	0	.00	.00	.00	.00	.0%
73127400 67600	REIMBURSEMENTS	0	0	.00	.00	.00	.00	.0%
73127400 67601	REIMBURSEMENT - IND	0	0	.00	.00	.00	.00	.0%

FOR 2014 02

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73127400 68900 TRADE-IN ALLOWANCE	0	0	.00	.00	.00	.00	.0%
73127400 69000 COMMISSION RECAPTUR	-25,000	-25,000	.00	.00	.00	-25,000.00	.0%*
73127400 69200 CLAIMS/SETTLEMENTS/	-150,000	-150,000	.00	.00	.00	-150,000.00	.0%*
TOTAL OTHER REVENUE	-175,000	-175,000	.00	.00	.00	-175,000.00	.0%
XE WAGES & SALARIES							
73127400 70300 SALARIES-ELECTED OR	57,460	57,460	6,028.65	3,381.12	.00	51,431.35	10.5%
73127400 70500 TEMPORARY HELP	12,740	12,740	4,575.20	2,724.48	.00	8,164.80	35.9%*
73127400 70501 PART TIME WAGES	7,349	7,349	841.02	77.97	.00	6,507.98	11.4%
73127400 70600 OVERTIME	2,809	2,809	.00	.00	.00	2,809.00	.0%
73127400 70800 HOLIDAY PAY	0	0	477.98	221.89	.00	-477.98	100.0%*
73127400 71000 PER DIEM	3,420	3,420	180.00	.00	.00	3,240.00	5.3%
73127400 71200 VACATION PAY	0	0	187.84	187.84	.00	-187.84	100.0%*
73127400 71202 SICK PAY	0	0	.00	.00	.00	.00	.0%
73127400 71203 TERMINATION SICK PA	0	0	.00	.00	.00	.00	.0%
73127400 71204 TERMINATION VACTION	0	0	.00	.00	.00	.00	.0%
TOTAL WAGES & SALARIES	83,778	83,778	12,290.69	6,593.30	.00	71,487.31	14.7%
XF FRINGES							
73127400 71500 SOCIAL SECURITY	4,740	4,740	907.86	485.76	.00	3,832.14	19.2%*
73127400 71600 HEALTH INSURANCE	17,592	17,592	1,167.20	1,167.20	.00	16,424.80	6.6%
73127400 71603 RETIREE HEALTH CARE	0	0	.00	.00	.00	.00	.0%
73127400 71632 EMPLOYEE INCENTIVE	219	219	.00	.00	.00	219.00	.0%
73127400 71700 LIFE INSURANCE	131	131	10.80	7.20	.00	120.20	8.2%
73127400 71800 RETIREMENT	4,598	4,598	527.40	300.56	.00	4,070.60	11.5%
73127400 71900 OTHER FRINGE BENEFI	652	652	.00	.00	.00	652.00	.0%
73127400 72001 SIF ADMINISTRATION	111	111	20.57	11.20	.00	90.43	18.5%*
73127400 72100 WORKERS' COMPENSATI	163	163	30.29	16.49	.00	132.71	18.6%*
73127400 72200 SICK AND ACCIDENT I	391	391	44.82	25.54	.00	346.18	11.5%
73127400 72500 UNEMPLOYMENT COMPEN	358	358	66.59	36.26	.00	291.41	18.6%*
TOTAL FRINGES	28,955	28,955	2,775.53	2,050.21	.00	26,179.47	9.6%
XI SUPPLIES							
73127400 72700 OFFICE SUPPLIES	2,000	2,000	90.00	90.00	.00	1,910.00	4.5%

FOR 2014 02

		ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73127400 72702	BOOK SUPPLIES	0	0	.00	.00	.00	.00	.0%
73127400 72800	PRINTING AND BINDIN	1,000	1,000	34.50	.00	.00	965.50	3.5%
73127400 72900	POSTAGE	300	300	38.62	.00	.00	261.38	12.9%
73127400 73000	MAGAZINES AND PERIO	600	600	.00	.00	.00	600.00	.0%
73127400 73301	COPIER / FAX SUPPLI	500	500	.00	.00	.00	500.00	.0%
73127400 74200	FOOD SUPPLIES	150	150	.00	.00	.00	150.00	.0%
73127400 74700	PHOTO & MICROFILM/F	0	0	.00	.00	.00	.00	.0%
73127400 75100	COMPUTER SUPPLIES	1,500	1,500	.00	.00	.00	1,500.00	.0%
TOTAL SUPPLIES		6,050	6,050	163.12	90.00	.00	5,886.88	2.7%
XL OTHER SERVICES AND C								
73127400 80100	PROFESSIONAL SERVIC	1,500,000	1,500,000	.00	.00	.00	1,500,000.00	.0%
73127400 80101	ACTUARIAL SERVICES	40,000	40,000	.00	.00	.00	40,000.00	.0%
73127400 80200	CONTRACTUAL SERVICE	0	0	.00	.00	.00	.00	.0%
73127400 81200	MEDICAL SERVICES	1,000	1,000	.00	.00	.00	1,000.00	.0%
73127400 81400	INVESTMENT/BANK SER	230,000	230,000	.00	.00	.00	230,000.00	.0%
73127400 81700	LEGAL FEES	7,500	7,500	.00	.00	.00	7,500.00	.0%
73127400 81900	CONSULTANTS	125,000	125,000	35,000.00	.00	.00	90,000.00	28.0%*
73127400 82000	MEMBERSHIPS AND DUE	550	550	.00	.00	.00	550.00	.0%
73127400 82900	FILING FEES	250	250	.00	.00	.00	250.00	.0%
73127400 83500	HEALTH SERVICES	0	0	.00	.00	.00	.00	.0%
73127400 85200	TELEPHONE	420	420	21.02	19.51	.00	398.98	5.0%
73127400 86100	CONFERENCE FEES & E	15,000	15,000	.00	.00	.00	15,000.00	.0%
73127400 86500	STATE TRAVEL MILEAG	2,000	2,000	.00	.00	.00	2,000.00	.0%
73127400 86600	LOCAL TRAVEL MILEAG	300	300	19.21	.00	.00	280.79	6.4%
73127400 87500	PENSION PAYMENTS	13,000,000	13,000,000	.00	.00	.00	13,000,000.00	.0%
73127400 90000	PRINTING/PUBLISHING	500	500	.00	.00	.00	500.00	.0%
73127400 90100	LEGAL NOTICES	1,000	1,000	.00	.00	.00	1,000.00	.0%
73127400 93100	EQUIPMENT REPAIR &	500	500	.00	.00	.00	500.00	.0%
73127400 94601	EQUIPMENT RENTAL-CO	5,000	5,000	29.02	.00	.00	4,970.98	.6%
73127400 95500	MISCELLANEOUS	500	500	.00	.00	.00	500.00	.0%
73127400 95600	INDIRECT COST EXPEN	95,437	95,437	7,953.08	7,953.08	.00	87,483.92	8.3%
73127400 96000	EDUCATION AND TRAIN	1,500	1,500	.00	.00	.00	1,500.00	.0%
73127400 96200	LOSS ON DISPOSAL OF	10,000,000	10,000,000	.00	.00	.00	10,000,000.00	.0%
73127400 96201	UNREALIZED LOSS ON	0	0	.00	.00	.00	.00	.0%
73127400 96203	LOSS ON FOREIGN CUR	100,000	100,000	.00	.00	.00	100,000.00	.0%
73127400 96401	CONTRIB REFUND-GENE	60,000	60,000	.00	.00	.00	60,000.00	.0%
73127400 96402	CONTRIB REFUND-SHER	5,000	5,000	.00	.00	.00	5,000.00	.0%
73127400 96403	CONTRIB REFUND-ROAD	5,000	5,000	.00	.00	.00	5,000.00	.0%
73127400 96404	CONTRIB REFUND-MED	40,000	40,000	.00	.00	.00	40,000.00	.0%

FOR 2014 02

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73127400 96405 CONTRIB REFUND-B.A.	50,000	50,000	.00	.00	.00	50,000.00	.0%
73127400 96406 CONTRIB REFUND-D.W.	5,000	5,000	.00	.00	.00	5,000.00	.0%
73127400 96407 CONTRIB REFUND-LIBR	5,000	5,000	.00	.00	.00	5,000.00	.0%
73127400 96500 INSURANCE AND BONDS	22,000	22,000	.00	.00	.00	22,000.00	.0%
73127400 96730 MACHINERY & EQUIPME	2,000	2,000	.00	.00	.00	2,000.00	.0%
73127400 96740 OFFICE EQUIP.& FURN	1,000	1,000	.00	.00	.00	1,000.00	.0%
73127400 96741 COMPUTER HARDWARE E	0	0	.00	.00	.00	.00	.0%
73127400 96742 COMPUTER SOFTWARE E	0	0	.00	.00	.00	.00	.0%
73127400 96770 BOOK EXPENSE	0	0	.00	.00	.00	.00	.0%
73127400 96999 BUDGET REDUCTION TA	0	0	.00	.00	.00	.00	.0%
TOTAL OTHER SERVICES AND C	25,321,457	25,321,457	43,022.33	7,972.59	.00	25,278,434.67	.2%
XQ CAPITAL OUTLAY							
73127400 98001 COMPUTER SOFTWARE	34,000	34,000	.00	.00	.00	34,000.00	.0%
TOTAL CAPITAL OUTLAY	34,000	34,000	.00	.00	.00	34,000.00	.0%
TOTAL RETIREMENT BOARD	0	0	-48,166.02	17,317.58	.00	48,166.02	100.0%
TOTAL RETIREMENT SYSTEM FUND	0	0	-48,166.02	17,317.58	.00	48,166.02	100.0%
TOTAL REVENUES	-25,474,240	-25,474,240	-106,417.69	611.48	.00	-25,367,822.31	
TOTAL EXPENSES	25,474,240	25,474,240	58,251.67	16,706.10	.00	25,415,988.33	
GRAND TOTAL	0	0	-48,166.02	17,317.58	.00	48,166.02	100.0%

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

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM
BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
BAY COUNTY BUILDING
515 CENTER AVENUE, SUITE 706
BAY CITY, MICHIGAN 48708-5128

BOARD OF TRUSTEES
Steven Gray, Chairperson
Richard Brzezinski
Kim Coonan
Richard Gromaski
Tom Herek
Jon Morse
Matthew Pett
Thomas Starkweather
Kristal Zielinski

Thomas L. Hickner
Bay County Executive

Crystal Hebert
Finance Officer/Secretary

ADMINISTRATIVE STAFF
Tiffany Jerry
Janie Tacey
(989) 895-4030
TDD (989) 895-4049
FAX (989) 895-4039

February 11, 2014

Ms. Lori Klomstad
Geneva Investment Advisors
100 E. Wisconsin Ave., Ste. 2550
Milwaukee, WI 53202

Dear Ms. Klomstad:

There is a need for the Bay County Employee's Retirement System to rebalance its asset allocation therefore, I am requesting that Geneva Investment Advisors divest themselves of $1,500,000 (one million, five hundred thousand dollars) and deposit said cash within the System's Short-Term Investment Fund Reserve account at The Northern Trust Company no later than Monday, February 17, 2014.

If you have any questions or concerns regarding the above, please contact me at (989) 895-4030.

Sincerely,

Crystal Hebert

Crystal Hebert
Finance Officer/Secretary

VIA E-MAIL-ORIGINAL TO BE SENT SURFACE MAIL

cc: Bay County Employees' Retirement System Board of Trustees
Jeff Black, Becker Burke Associates
Lawrence Fumarolo, The Northern Trust Company
Janie Tacey, Retirement Administrator/Accountant

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM
BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
BAY COUNTY BUILDING
515 CENTER AVENUE, SUITE 706
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February 11, 2014

Ms. Andrea Leistra
Integrity Asset Management
480 Pierce Street
Birmingham, MI 48009

Dear Ms. Leistra:

There is a need for the Bay County Employee's Retirement System to rebalance its asset allocation therefore, I am requesting that Integrity Asset Management divest themselves of $1,000,000 (one million dollars) and deposit said cash within the System's Short-Term Investment Fund Reserve account at The Northern Trust Company no later than Monday, February 17, 2014.

If you have any questions or concerns regarding the above, please contact me at (989) 895-4030.

Sincerely,

Crystal Hebert

Crystal Hebert
Finance Officer/Secretary

VIA E-MAIL-ORIGINAL TO BE SENT SURFACE MAIL

cc: Bay County Employees' Retirement System Board of Trustees
Jeff Black, Becker Burke Associates
Lawrence Fumarolo, The Northern Trust Company
Janie Tacey, Retirement Administrator/Accountant

CAPITAL INSTITUTIONAL SERVICES, INC.

February 13, 2014

Bay County Employees' Retirement Pension Plan
Bay County Building
Attn: Janey Tacey
515 Center Avenue
Bay City, Michigan 48708

Re: Commission Recapture Agreement Letter for the Bay County Employees' Retirement Pension Plan

Dear Authorized Signor,

This Letter will constitute our arrangement with respect to the brokerage transactions directed to Capital Institutional Services, Inc. ("CAPIS") and executed on behalf of the Bay County Employees' Retirement Pension Plan ("The Fund").

CAPIS represents to Fund the following:

1. To the extent The Fund directs its investment managers to effect through CAPIS, consistent with best execution, certain brokerage transactions, CAPIS will rebate all brokerage commissions paid in connection with such transactions above the following minimums retained by CAPIS ("Commission Rebates"):

Domestic Equity	**1 CPS**
International Equity	**8 Basis Points**

In addition, The Fund will be refunded brokerage commissions based upon the following percentages:

Correspondent Equity	**80% Of Net ***
Fixed Income	**75%**

***This rate is based upon the net commission paid to CAPIS from the correspondent broker.**

2. CAPIS will send Commission Rebates in accordance with the instructions provided to CAPIS by The Fund.
3. CAPIS confirms that, as a registered broker-dealer under the Securities Exchange Act of 1934 and as a member of the NYSE, FINRA, and the NFA, it has an obligation to protect the best interests of The Fund. CAPIS will perform each transaction in accordance with the appropriate statutes and regulations governing the securities industry.
4. A portion of the remuneration, which may be disclosed on confirmations associated with transactions directed to CAPIS in accordance with this agreement, may be rebated to the beneficial owner for the purposes represented herein.

Fund represents to CAPIS the following:

1. All Commission Rebates will be used exclusively for the benefit of The Fund and in no event will be used to pay any expenses properly chargeable to The Fund's sponsor or any other person or entity. The Fund agrees to have record-keeping and other controls to assure the foregoing.
2. The Fund understands that in disbursing Commission Rebates, CAPIS will be relying on the representations and agreements contained herein which the Fund hereby authorize us to do.
3. The Fund represents that the undersigned is an officer of The Fund and that the governing documents of The Fund authorize the undersigned to make the representations herein and to execute this agreement.
4. The Fund further agrees to advise CAPIS promptly of any changes in any material fact contained in this agreement.

This Letter constitutes the entire Commission Recapture Agreement between the parties and shall supersede all previous communications or agreements, which have been made between the parties. No change to the terms and conditions of this agreement will be valid unless made by supplemental written amendment executed by both parties.

Please indicate your agreement with and acceptance of the foregoing by signing and returning a copy of this agreement prior to the initiation of the payments.

Sincerely,

Jon Lantz
Vice President

Approved and Accepted for CAPIS by:

_____

Jim Morrow, COO
Name/Title Date

Approved and Accepted for Fund by:

_____

_____
Name/Title Date

> Abel / Noser Corp.
One Battery Park Plaza 6th Floor, New York, NY 10004-1405
Phone: 646-432-4000 / 800.322.2610 / fax: 212.363.7571
Website: www.abelnoser.com >
Member FINRA, NYSE, and SIPC

ABEL/NOSER

COMMISSION RECAPTURE PROGRAM

The Bay County Employees Retirement System

- **Equity Trading through Abel/Noser Desk**
  Domestic Equities – Abel/Noser will rebate all commissions over 1.0 cents per share

  International Equities*-Abel/Noser will rebate all commissions over three (3) basis points

- **Equity Trading through Correspondent Brokers**
  Domestic Equities

  Correspondent Brokers keep between 1.0 and 1.4 cents per share of the commission.

  Abel/Noser will rebate 75% of the **A/N gross** commission back to the Plan with no minimum.

  International Equities*

  Correspondent Brokers keep between 25% to 60% of the commission.

  Abel/Noser will rebate 75% of the **A/N gross** commission back to the plan with no minimum.

  *International commission rates for equities are set in basis points.

- **Fixed Income**
  Rate is based on size and sector. Abel/Noser will keep 33%.

- **Trade Cost Analysis**
  Abel/Noser provides all commission recapture clients with semi-annual trade cost analysis reports for their equity managers.

- **Online statements are available.**

Mary Davidson
Senior Vice President
ABEL/NOSER CORP.
DIRECT: (646)432-4084
Email:mdavidson@abelnoser.com