BAY COUNTY RETIREMENT BOARD OF TRUSTEES AGENDA
TUESDAY, AUGUST 9, 2011 @ 1:30 P.M.
COMMISSIONERS CHAMBERS
515 CENTER AVENUE - 4TH FLOOR
BAY CITY, MI 48708

PAGE				
	I.	CALL TO ORDER		
	II.	ROLL CALL		
	III.	MINUTES		
1 - 5		A.	JULY 12, 2011 REGULAR MEETING	
	IV.	PUBLIC INPUT		
	V.	PETITIONS & COMMUNICATIONS		
6 - 9		A.	PORTFOLIO VALUE 1/1/10 THROUGH 8/03/11	
		B.	**SCHRODER INVESTMENT - SMALL/MID CAP INT'L**	
			1.	**MATTHEW DOBBS, EXECUTIVE DIRECTOR AND CHRIS COOK**
		C.	**BECKER BURKE - SECOND QUARTER REPORT**	
			1.	**RICK POTTER, CONSULTANT**
		D.	MONEY MANAGERS ON WATCH/EFFECTIVE DATE	
10 - 13			1.	DENVER INVESTMENTS - 12/15/09 PORTFOLIO ENDING 6/30/11
14 - 15			2.	MARVIN & PALMER - 6/1/2010 PORTFOLIO ENDING 6/30/11
16 - 23			3.	WENTWORTH HAUSER & VIOLICH - 9/14/10 PORTFOLIO ENDING 6/30/11
		E.	MONEY MANAGER REPORTS	
24 - 29			1.	BAIRD - ENDING 6/30/11
30 - 34			2.	BARINGS - ENDING 6/30/11
35 - 37			3.	COLUMBIA - ENDING 6/30/11
38 - 44			4.	CORNERSTONE - ENDING 6/30/11
45 - 50			5.	EAGLE ASSET MGMT - ENDING 6/30/11
51 - 55			6.	HOTCHKIS & WILEY - ENDING 6/30/2011
56 - 59			7.	INTEGRITY ASSET - ENDING 6/30/2011
60			8.	LOOMIS & SAYLES - ENDING 6/30/2011
61 - 66			9.	MACKAYSHIELDS - ENDING 6/30/2011
67 - 73			10.	SCHRODERS - ENDING 6/30/2011
		F.	NORTHERN TRUST	
74 - 78			1.	SUMMARY EARNINGS 6/30/11
79			2.	INVOICE FOR 6/30/2011
80 - 91			3.	FEE SCHEDULE

BAY COUNTY RETIREMENT BOARD OF TRUSTEES AGENDA
TUESDAY, AUGUST 9, 2011 @ 1:30 P.M.
COMMISSIONERS CHAMBERS
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92 - 93 .... 4. CASH PROCEEDS GENERATED
A. CLAIMS SETTLEMENTS
B. SECURITIES LENDING

93a 5. EMAIL FROM BERNARD WALSH REGARDING ACTIVITY AND TOTALS

G. REFUNDS/RETIREMENTS

94 .... 1. JULY 2011

H. RE-BALANCE OF ASSET ALLOCATION

95 .... 1. CORRESPONDENCE TO EAGLE ASSET
96 .... 2. CORRESPONDENCE TO HOTCHKIS & WILEY

VI. ANNOUNCEMENTS

A. NEXT REGULAR MEETING - TUESDAY, SEPTEMBER 13, 2011 @ 1:30 P.M. - **COMMISSIONERS CHAMBERS, 515 CENTER AVENUE - 4TH FLOOR, BAY CITY, MI 48708**

VII. UNFINISHED BUSINESS

97 .... A. DISPOSITION OF TAPES
1. OPINION OF CORPORATION COUNSEL

VIII. NEW BUSINESS

IX. MISCELLANEOUS BUSINESS

98 .... A. NOTICE OF PUBLIC MEETING

1. TUESDAY, AUGUST 23, 2011 AT 9:00 AM REVIEWING MONEY MANAGER PROFILES

X. ADJOURNMENT

The meeting, held in the Bay County Commission Chambers, 4th Floor, Bay County Building, 515 Center Avenue, Bay City, Michigan, was called to order by Chairman, Steve Gray at 1:33 P.M. Roll call was taken. All trustees are present, except Mr. Pett.

1. Moved and supported and carried to approve the minutes as presented from the regular meeting on June 14, 2011.

Mr. Gray called for public input. Seeing as there is none, he moved on to petitions and communications:

2. Moved, supported and carried to receive the Portfolio Value January 1, 2010 through July 6, 2011. The value as of today is $245 million.

Present today is Pat McMenamin, Managing Director of Hotchkis and Wiley, a Small Cap Value Manager, based in Los Angeles, California.

Mr. McMenamin acknowledged our letter of June 21, 2011 regarding action taken to remove them from the probationary watch list. He expressed his appreciation for our confidence in their firm, and that we recognized their improved performance.

A handout of their investment review was provided to all Trustees. Their approach is to look for out of favor, missed priced securities within the small cap universe, the portfolio shows them trading at a discount in terms of price/earnings ratio or the price we are paying for those earnings. His firm also focuses on normal earnings. They look for companies that are earning in the normal cycle of their business cycle, not peak, not trough, but where they are in terms of valuing the companies on a normalized basis.

Their benchmark is the Russell 2000 Value in the short term, but they also use the broad market bench mark which is the Russell 2000. These are standard industry bench marks in the small cap area. He elaborated on the individual sectors and where they are underweight or overweight. The way they manage the portfolio, they manage against absolute targets, so no stock will be more than 5% in the portfolio, no industry more than 15% and no sector more than 35%.

Page 4 shows performance as of May 31, 2011. Year to Date, the portfolio is 6.3% compared to the Russell 2000 Value of 6.4%. The One Year mark shows the portfolio at 30.9% compared to 22.9% for the Russell 2000 Value.

The portfolio continues to look attractive to them from a valuation perspective. They tend to do well when the market focuses on fundamentals, i.e. earnings, dividends, attractive businesses and franchises. Mr. McMenamin discussed how the financial analysts and portfolio managers look at other countries and their financial debt, as well as the debt of the United States and if the debt ceiling will be raised, and how that will be dealt with. They are constantly monitoring and doing more analysis at the sector team level and also doing economic scenario analysis to see how a certain situation could impact the portfolio.

Mr. McMenamin concludes his presentation and leaves.

3. Moved, supported and carried to receive the report from Hotchkis and Wiley.

4. Moved, supported and carried to make a decision regarding Marvin and Palmer next month after Becker Burke presents their quarterly report.

5. Moved, supported and carried to have a report every month from money managers on watch status.

6. Moved, supported and carried to receive the reports from the money manager on watch: Denver Investments ending 5/31/11 and Marvin and Palmer, ending 5/31/11.

7. Moved, supported and carried to receive the remaining money manager reports ending May 31, 2011 from Cornerstone, Eagle Asset, Hotchkis & Wiley, and Loomis & Sayles.

8. Moved, supported and carried to receive BNY ConvergeEx Recapture Services summary report as of May 31, 2011.

9. Moved, supported and carried to receive the Northern Trust Summary Earnings report ending May 31, 2011.

10. Moved, supported and carried to receive the Refunds and Retirements report for June 2011.

11. Moved, supported and carried to approve request from Joel R. Strasz to purchase previous service credit.

12. Moved, supported and carried to approve request from Robert Blackford to purchase other governmental service credit.

Some discussion on the process of buying back time. Ms. Wright, Plan Administrator, explained the amounts can vary because a calculation is performed taking into account wages, employer contribution rates in effect at the time, actuary interest factor, age of employee, amount of service time, and at what point in time they choose to make this buy back. Contribution rates and actuary interest factor can vary.

13. Moved, supported and carried to receive correspondence regarding money managers removed from watch status.

14. Moved, supported and carried to receive correspondence from County Executive, Tom Hickner regarding maintenance of web page.

Ms. Wright stated she met with Cristin Lipinski yesterday and the web page is set up. Ms. Wright will be meeting with Shawn LaMere from Information Systems Department and they will start moving some items to the web page. Items that will be on the web page, are Board Agendas, Minutes, Retirement Ordinance, Annual Reports, Actuary Reports, Money Manager Reports.

This led to a discussion regarding mailing paper copies of the agenda to Trustees versus sending them electronically via email. It was agreed to email the agenda to all Trustees, but to have a paper copy available at the Board Meeting.

Announcements:

The next regular meeting is scheduled for Tuesday, August 9, 2011 at 1:30 P.M., Board of Commissioners Chambers, 4th Floor.

Unfinished Business:

Trustee wanted to know the status of the issue of disposition of tapes once the printed minutes are approved. Ms. Wright states that Corporation Counsel, Martha Fitzhugh, wants to defer this issue to the next meeting. Chairman asks that this issue be added as an agenda item for the August meeting.

New Business:

Miscellaneous Business:

Ms. Wright gave an update regarding the scanning projects and stated that she is prioritizing items and coordinating with Naomi Wallace. Regarding the EFT issue she stated that she spoke with Bernard Walsh of Northern Trust. We would save about $600 annually whether it is direct deposit or issuing a paper check. Of the retirees, 77% have direct deposit. Currently, about 99% of the employees coming in to retire are choosing direct deposit. The small percentage that continue with paper checks are mostly older retirees that have always had paper checks and that is what they prefer. The paper check is issued by Northern Trust. For direct deposit, Northern Trust also sends out a statement to the retiree advising that the deposit has been made.

Trustee requested that Ms. Wright provide information at next month's meeting on how much we pay Northern Trust each month to provide this service. Chairman requested that this report also include revenue for securities lending and class action lawsuits.

15. Moved, supported and carried to excuse Matthew Pett.

Adjournment:

16. Moved, supported and carried to adjourn the meeting.

Meeting adjourned at 2:28 p.m.

Respectfully submitted,

Crystal Hebert

Crystal Hebert
Assistant Finance Officer/Secretary

Transcribed by: Naomi Wallace

MEETING OF THE **BCERS** BOARD OF TRUSTEES COMMITTEE
JULY 12, 2011

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

MEETING CALLED TO ORDER BY: CHAIR STEVE GRAY AT 1:38 P.M.

OTHER PRESENT: RICK POTTER, JEFF BLACK, DANEAN WRIGHT, CRYSTAL HEBERT, PAT MCMENAMIN

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

TRUSTEE	11	12	13	14	15	16	17	18	19	20
BRZEZINSKI	Y	Y	Y	Y	Y	S				
CARPENTER	Y	Y	Y	Y	Y	Y				
COONAN	Y	Y	Y	Y	Y	Y				
DEATON	S	S	S	M	M	Y				
GRAY	Y	Y	Y	Y	Y	Y				
PELTIER	Y	Y	Y	Y	Y	Y				
PETT	E	E	E	E	E	E				
RYDER	M	M	Y	S	S	M				
STARKWEATHER	Y	Y	M	Y	Y	Y				

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

◆Mgr Mix w/ Accruals

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total market value/ % of consolidation
*BAYCO - COLUMBIA MANAGEMENT 2608694	-161,044.84 -0.67%	161,044.84 0.67%	23,766,700.48 99.33%	0.00 0.00%	0.00 0.00%	0.00 0.00%	23,927,745.32 10.15%
*BAYCO - BAIRD -SL 2618668	-1,142,383.14 -5.39%	1,142,383.14 5.39%	0.00 0.00%	20,054,998.65 94.61%	0.00 0.00%	0.00 0.00%	21,197,381.79 8.99%
BAYCO - SCHRODERS 2618669	-217.18 0.00%	217.18 0.00%	9,733,165.25 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	9,733,382.43 4.13%
*BAYCO - MARVIN & PALMER -SL 2620611	-557,225.61 -2.26%	557,225.61 2.26%	24,091,946.50 97.74%	0.00 0.00%	0.00 0.00%	0.00 0.00%	24,649,172.11 10.46%
*BAYCO - MACKAY SHIELDS -SL 2622490	-1,298,454.07 -6.52%	1,298,454.07 6.52%	2,516,951.55 12.64%	16,091,141.03 80.83%	0.00 0.00%	0.00 0.00%	19,906,546.65 8.45%
*BAYCO - HOTCHKIS & WILEY -SL 2622536	-129,699.22 -1.17%	129,699.22 1.17%	11,045,874.06 99.34%	0.00 0.00%	0.00 0.00%	-56,543.56 -0.51%	11,119,029.72 4.72%
*BAYCO - WENTWORTH -SL 2624493	-1,008,419.93 -3.65%	1,008,419.93 3.65%	26,605,584.66 96.35%	0.00 0.00%	0.00 0.00%	0.00 0.00%	27,614,004.59 11.72%
BAYCO -CASH 2639953	-1,942,252.82 -100.00%	1,942,252.82 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	1,942,252.82 0.82%
*BAYCO - DENVER INV ADV -SL 2639956	-348,353.23 -1.78%	348,353.23 1.78%	19,052,635.20 97.19%	0.00 0.00%	0.00 0.00%	203,264.95 1.04%	19,604,253.38 8.32%
*BAYCO - LOOMIS SAYLES -SL 2641401	-940,318.96 -3.48%	940,318.96 3.48%	0.00 0.00%	25,908,282.58 95.89%	0.00 0.00%	169,247.67 0.63%	27,017,849.21 11.46%
*BAYCO - INTEGRITY -SL 2653308	-511,340.88 -2.86%	511,340.88 2.86%	17,300,780.16 96.88%	0.00 0.00%	0.00 0.00%	46,185.56 0.26%	17,858,306.60 7.58%
*BAYCO - CORNERSTONE REALES-SL 2663296	-174,816.90 -2.13%	174,816.90 2.13%	8,061,002.51 98.44%	0.00 0.00%	0.00 0.00%	-46,892.85 -0.57%	8,188,926.56 3.47%
*BAYCO - EAGLE ASSET -SL 2695063	-104,305.57 -1.16%	104,305.57 1.16%	8,832,046.95 97.93%	0.00 0.00%	0.00 0.00%	82,473.71 0.91%	9,018,826.23 3.83%
BAYCO- BARINGS BYC03	198,796.00 1.43%	0.00 0.00%	13,675,661.37 98.34%	0.00 0.00%	80,937.65 0.58%	-48,557.44 -0.35%	13,906,837.58 5.90%

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◆Mgr Mix w/ Accruals

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total market value/ % of consolidation
Total for consolidation	**-8,120,036.35**	**8,318,832.35**	**164,682,348.69**	**62,054,422.26**	**80,937.65**	**349,178.04**	**235,684,514.99**
% for consolidation	**-3.45%**	**3.53%**	**69.87%**	**26.33%**	**0.03%**	**0.15%**	**100.00%**

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2011	BAIRD	BARINGS	BATTERYMARCH	CORNERSTONE	DENVER	EAGLE	HOTCHKIS & WILEY	INVESCO	LOOMIS SAYLES	MACKAY SHIELDS	MARVIN PALMER	INTEGRITY	SCHRODER	COLUMBIA	WENTWORTH	CASH	TOTAL
1ST QT	15,253.54	32,156.73		12,237.40	34,166.36		33,149.97		20,903.41	25,797.00	48,786.07		21,292.42	33,141.66	37,871.00		314,755.56
2ND QTR							32,671.16		21,275.35		48,701.83						102,648.34
3RD QTR																	0.00
4TH QTR																	0.00
2009 Y-	15,253.54		0.00	12,237.40	34,166.36		65,821.13	0.00	42,178.76	25,797.00	97,487.90	0.00	21,292.42	33,141.66	37,871.00	0.00	417,403.90

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
DENVER INVESTMENT	MID-CAP GROWTH MANAGER
EAGLE	SMALL-CAP GROWTH MANAGER
HOTCHKIS & WILEY	SMALL CAP VALUE MANAGER
INTEGRITY	MID-CAP VALUE MANAGER
LOOMIS SAYLES	CORPORATE BOND MANAGER
MACKAY SHIELDS	CONVERTIBLE BOND MANAGER
MARVIN PALMER	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	.40% - ABOVE $100 MILLION .40% - NEXT $60 MILLION
CORNERSTONE	.60% - OF THE FAIR MARKET VALUE OF ASSETS
DENVER	.65% - OF THE FAIR MARKET VALUE OF ASSETS
EAGLE	.85% - 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
MARVIN PALMER	.75% - ON ALL ASSETS UNDER MANAGEMENT
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

PORTFOLIO VALUE

2010	BAIRD	BARINGS	BATTERYMRCH	CORNERSTONE	DENVER	EAGLE	HOTCHKIS & WILEY	INVESCO	LOOMIS SAYLES	MACKAY SHIELDS	MARVIN PALMER	INTEGRITY	SCHRODER	COLUMBIA	WENTWORTH	CASH	TOTAL
JAN	20,941,600.46	11,517,174.70	7,138,642.20	5,139,221.13	14,135,705.71	0.00	8,504,163.11	64,688.78	25,794,489.48	18,129,276.35	20,738,711.95	13,735,034.07	7,815,979.82	20,120,927.06	24,178,102.21	2,199,419.81	200,153,136.84
FEB	20,975,025.75	11,542,165.92	7,452,085.43	5,448,857.61	15,047,045.81	0.00	9,056,364.71	61,762.76	25,968,541.18	18,438,126.22	21,629,948.33	14,355,393.21	7,747,987.07	21,126,452.08	25,222,849.42	1,623,868.39	205,696,473.89
MARCH	20,960,877.88	12,179,926.86	8,002,863.13	5,991,787.18	16,022,931.87	0.00	10,087,525.97	60,014.63	25,100,468.49	18,874,992.76	22,405,811.99	15,550,810.14	8,238,893.80	22,228,829.14	26,222,547.54	3,288,065.43	215,216,346.81
APRIL	21,150,647.80	12,016,995.29	8,342,901.57	6,423,631.84	16,577,168.09	0.00	10,766,750.38	58,877.03	25,615,998.06	19,167,022.67	22,494,481.34	16,264,920.75	8,308,813.65	22,564,690.25	25,864,974.60	2,812,406.69	218,430,280.01
MAY	21,436,452.58	11,047,220.44	7,862,108.79	6,092,224.37	15,574,364.31	0.00	10,200,726.13	55,929.30	25,336,148.81	18,425,572.47	20,970,886.27	14,991,127.09	7,371,618.23	20,785,803.34	23,653,575.26	2,228,844.46	206,032,601.85
JUNE	21,698,100.75	11,107,433.48	7,384,246.85	5,763,080.50	14,600,551.63	0.00	9,279,300.83	58,715.00	25,853,276.90	17,996,639.28	19,856,137.62	13,893,860.87	7,413,132.67	19,394,682.88	22,149,359.42	1,485,274.76	197,933,793.44
JULY	20,799,211.32	11,957,064.09	7,831,183.36	6,846,816.13	15,671,404.63	0.00	10,392,787.38	0.00	25,527,395.21	18,431,586.29	20,332,324.01	14,906,494.26	8,028,920.52	20,759,474.90	23,972,615.43	2,785,298.91	208,242,576.44
AUG	21,077,527.97	11,752,483.23	7,153,533.75	6,748,275.07	15,056,740.48	0.00	9,478,820.70	0.00	25,860,984.86	18,237,834.97	19,707,511.65	14,095,542.78	7,817,798.24	19,716,256.51	22,683,540.20	2,433,150.55	201,820,000.96
SEPT	21,042,740.36	12,761,997.19	46.03	7,049,630.49	16,947,394.30	8,069,377.51	10,700,121.28	0.00	26,379,286.09	19,152,175.83	21,942,095.33	15,537,000.80	8,799,738.40	21,445,768.58	25,136,628.73	1,581,988.78	216,545,989.70
OCT	20,564,633.65	13,112,421.26	0.00	7,348,149.26	17,723,851.16	8,420,875.28	11,042,108.61	0.00	25,575,545.18	19,027,548.57	22,813,022.32	16,297,208.60	9,102,490.35	22,266,742.42	26,298,057.29	2,668,333.43	222,460,987.38
NOV	20,548,167.72	12,491,970.94	0.00	7,220,322.23	18,490,700.25	8,850,167.71	11,677,827.77	0.00	25,275,576.73	19,102,632.05	23,415,804.52	16,566,724.87	8,847,124.39	22,331,135.90	26,756,349.07	2,724,855.78	224,299,379.93
DEC	20,311,726.61	13,406,367.64	0.00	7,601,110.84	19,443,479.71	9,511,901.34	13,193,408.82	0.00	25,062,142.68	19,815,351.61	24,782,428.62	17,907,044.51	9,753,327.77	24,088,128.28	28,872,348.65	1,594,377.47	235,343,144.55

2011	BAIRD	BARINGS	BATTERYMARCH	CORNERSTONE	DENVER	EAGLE	HOTCHKIS & WILEY	INVESCO	LOOMIS SAYLES	MACKAY SHIELDS	MARVIN PALMER	INTEGRITY	SCHRODER	COLUMBIA	WENTWORTH	CASH	TOTAL
JAN	20,282,960.21	13,469,271.01	0.00	7,855,559.51	19,762,481.35	9,645,338.48	12,667,242.55	0.00	25,230,006.97	20,108,917.03	24,994,751.61	18,109,791.23	9,929,904.74	24,607,913.78	28,277,844.81	2,673,640.73	237,615,624.01
FEB	20,333,087.68	13,922,984.92	0.00	8,264,845.83	20,614,690.78	10,044,714.40	13,401,835.32	0.00	25,465,266.67	20,565,524.39	25,880,455.91	18,791,456.29	10,024,545.75	26,272,034.16	29,133,677.99	1,842,702.27	244,557,842.36
MARCH	20,338,046.29	13,791,629.18	0.00	8,160,328.04	21,041,574.54	10,417,776.60	13,710,768.82	0.00	25,441,342.42	20,589,176.19	26,017,933.98	19,175,661.26	10,133,968.96	26,547,672.38	29,369,026.18	1,460,447.93	246,195,352.77
APRIL	20,531,160.45	14,759,861.53	0.00	8,672,226.56	21,861,559.61	10,821,594.23	13,742,747.04	0.00	25,888,405.68	20,889,745.65	26,527,300.60	19,653,573.42	10,682,992.63	26,977,768.13	29,783,582.01	750,286.51	251,542,804.05
MAY	20,801,325.34	14,371,003.44	0.00	8,781,889.42	21,622,019.01	10,909,579.86	12,989,460.66	0.00	26,326,540.44	20,709,828.84	25,665,035.85	19,556,119.61	10,540,028.79	26,121,450.00	29,107,106.99	2,172,230.00	249,693,618.25
JUNE	20,746,853.51	14,093,143.90	0.00	8,503,482.37	21,251,465.03	10,892,723.30	12,859,047.57	0.00	26,042,704.52	20,546,880.50	25,814,849.82	19,123,828.91	10,372,670.61	25,601,680.47	28,739,352.00	1,407,744.35	245,996,426.86
JULY	21,030,598.96	14,384,481.05	0.00	8,662,959.36	20,366,711.86	9,323,347.21	11,469,557.51	0.00	26,708,858.23	20,308,927.94	25,442,416.08	18,602,263.27	10,199,254.37	24,588,472.00	28,489,107.66	2,705,007.78	242,281,963.28
AUG																	0.00
SEPT																	0.00
OCT																	0.00
NOV																	0.00
DEC																	0.00

9

Denver Investments

Todger Anderson, CFA
Chairman, Client Portfolio Manager

10

PORTFOLIO COMMENTARY AND REVIEW OF QUARTERLY PERFORMANCE ~ MIDCO 2Q 2011

Dear MIDCO Client:

For the second quarter of 2011, we underperformed our benchmark, the Russell Midcap Growth index. The composite return for the quarter was 0.90% versus the benchmark return of 1.61%. Year-to-date performance was 9.13% compared to the benchmark return of 9.59%.

The equity markets were volatile in the second quarter as investors struggled to digest the effects of commodity inflation around the globe, supply chain disruptions due to the Japan earthquake, and sovereign debt issues in Europe. The supply shock from the Japanese earthquake is easing, and we anticipate future economic strength from this region. While inflation and sovereign debt issues indeed pose more systemic risks, we are encouraged by early signs of an improvement in economic prospects.

In the second quarter of 2011, the three largest positive contributing sectors to performance relative to our benchmark were consumer staples, materials, and financials. Within the consumer staples sector, our best-performing stock was Herbalife Ltd, a leading marketer of health and wellness products. Herbalife continued to benefit from the rapid global adoption of nutrition clubs, which provide healthy and affordable meal replacement options in convenient retail-type settings. Within the materials sector, our best-performing stock was once again Rockwood Holdings, a specialty chemicals company with leverage to lithium, titanium dioxide and ceramics markets. Tight supply combined with solid end-market demand continued to benefit Rockwood. Our underweight in financials contributed to performance during the quarter as the sector continues to face headwinds in the form of slower loan growth, new regulations, and credit concerns associated with European sovereign debt.

The three largest sector detractors from performance relative to our benchmark in the quarter were industrials, consumer discretionary, and healthcare. Lennox International, a manufacturer of climate control products primarily for residential end markets, was the largest detractor within industrials. Consumers have continued to favor repair over replacement of existing HVAC systems, pushing out what we believe to be a pent-up demand opportunity for replacement orders. Within the consumer discretionary sector, Sotheby's was our largest detractor from performance. Sotheby's underperformance was a result of heightened concern over potential deceleration in global growth and the resulting affect on the high-end collectibles market. We remain positive on demand trends for high-end collectibles for the foreseeable future, driven by improving wealth creation in Asia. Within the healthcare sector, United Therapeutics was our largest underperformer. Controversy regarding the ultimate market opportunity for the company's new oral drug arose after phase three trial results were reported for patients with severe Pulmonary Arterial Hypertension. We continue to believe current expectations underestimate the substantial opportunity for this new oral treatment.

As we move beyond the second quarter of 2011, our primary overweight positions are in the information technology and healthcare sectors, and our largest underweight positions are in the financials and energy sectors.

The United States' economy accounts for approximately a quarter of nominal global GDP, and important indicators suggest that the private sector may be moving from a phase of stabilization to the initial stages of growth. Increasingly accommodative credit conditions and an apparent bottoming in residential real estate prices also provide reasons for optimism. Rather than a major negative inflection point in the global economy, we believe the second quarter will prove to be merely a growth scare. Accordingly, we have positioned the portfolio to take advantage of improving economic conditions and abating inflation concerns, which should be a tailwind for the global demand environment.

As always, we thank you for your continued investment.

Sincerely,

Todger Anderson

Todger Anderson, CFA

PERFORMANCE COVER SHEET (STATEMENT OF CHANGES)

Denver Investments

375 - BAY COUNTY MI EMP RET SY

World

As of: June 30, 2011

Statement of Changes

	Current Month	Current Quarter	Fiscal Year to Date	Inception to Date
Beginning Market Value	21,624,149	21,038,472	19,441,728	10,000,000
Net Additions/Withdrawals	0	(121)	(121)	(10,939,288)
Income Received	19,151	68,228	94,989	1,690,895
Change in Accrued Income	(4,373)	(3,668)	4,747	12,267
Change in Unrealized Gain/Loss	(641,325)	(964,477)	(1,292,670)	2,237,934
Realized Gain/Loss	253,910	1,113,077	3,002,839	18,249,704
Ending Market Value	21,251,512	21,251,512	21,251,512	21,251,512

Portfolio Composition

	Market Value	% of Total
Total Fund	21,251,512	100.00
Equity and Related	20,722,418	97.51
Cash and Equivalents	529,094	2.49

Performance Summary

	Current Month	Quarter to Date	3 Months	Calendar Year To Date	Fiscal Year to Date	Inception Annualized
Total Fund	(1.72)	1.01	1.01	9.31	9.31	9.41
Equity and Related	(1.76)	1.11	1.11	9.57	9.57	9.56
Cash and Equivalents	0.01	0.02	0.02	0.06	0.06	3.54

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Benchmark Indices

	Current Month	Quarter to Date	3 Months	Calendar Year To Date	Fiscal Year to Date	Inception Annualized
Russell Midcap Growth W/Inc	(1.60)	1.61	1.61	9.59	9.59	7.47
S&P Midcap 400 W/Income	(2.04)	(0.73)	(0.73)	8.56	8.56	11.19
Nasdaq Composite	(2.18)	(0.27)	(0.27)	4.55	4.55	5.46
S&P 500 W/Inc	(1.67)	0.10	0.10	6.02	6.02	6.49
Russell Midcap W/Inc	(2.09)	0.42	0.42	8.08	8.08	9.59

**Inception Date: May 31, 1996*

Returns greater than one year are annualized
Report printed on: 7/8/2011 @ 11:43 AM

PERFORMANCE COVER SHEET (STATEMENT OF CHANGES)

Denver Investments

375 - BAY COUNTY MI EMP RET SY

World

As of: June 30, 2011

Statement of Changes

	Current Month	Current Quarter
Beginning Market Value	21,624,149	21,038,472
Net Additions/Withdrawals	0	(121)
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Realized Gain/Loss	253,910	1,113,077
Ending Market Value	21,251,512	21,251,512

Portfolio Composition

	Market Value	% of Total
Total Fund	21,251,512	100.00
Equity and Related	20,722,418	97.51
Cash and Equivalents	529,094	2.49

Performance Summary

	Quarter to Date	Calendar Year To Date	12 Months	3 Year	5 Year	Inception Annualized
Total Fund	1.01	9.31	45.55	8.89	7.67	9.41
Equity and Related	1.11	9.57	47.32	10.01	8.36	9.56
Cash and Equivalents	0.02	0.06	0.15	0.68	2.32	3.54

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Benchmark Indices

	Quarter to Date	Calendar Year To Date	12 Months	3 Year	5 Year	Inception Annualized
Russell Midcap Growth W/Inc	1.61	9.59	43.25	6.58	6.28	7.47
S&P Midcap 400 W/Income	(0.73)	8.56	39.38	7.82	6.60	11.19
Nasdaq Composite	(0.27)	4.55	31.49	6.55	5.01	5.46
S&P 500 W/Inc	0.10	6.02	30.69	3.34	2.94	6.49
Russell Midcap W/Inc	0.42	8.08	38.47	6.46	5.30	9.59

**Inception Date: May 31, 1996*

Returns greater than one year are annualized
Report printed on: 7/8/2011 @ 11:43 AM

MARVIN & PALMER®
ASSOCIATES, INC.
GLOBAL EQUITY MANAGEMENT

July 15, 2011

Danean Wright
Retirement Accountant
Bay County Employees' Retirement System
Bay County Building
515 Center Avenue, Suite 706
Bay City, Michigan 48708-5128

Dear Danean:

Your portfolio gained 0.5% during June while the Russell 1000 Growth Index lost 1.4%.

The market corrected through most of June and ended lower despite rallying in the final days of the month. The consumer discretionary and utilities sectors posted the only positive returns for the month, while telecommunications, financials, technology and consumer staples posted the worst performance. Positive contributions from our healthcare, technology, industrials and energy stocks boosted our relative performance in June.

May's concerns about a global economic "soft patch" continued to pressure stocks into the latter part of June. While the U.S. continued to see weaker than expected data on employment and manufacturing, investors remained acutely focused on the potential for a "hard landing" in China. Additionally, the sovereign debt crisis in Europe and the debt showdown in the United States combined to lead investors to question the potential for both GDP and earnings growth.

We believe markets are preparing to have another advance as the end of the tightening cycle in China combines with the prospects of settlements in the European sovereign debt crisis and U.S. debt default imbroglio. Price earnings multiples on stocks are very attractive and we believe this will be increasingly recognized during the last half of 2011.

We believe that equities should work their way higher, particularly since we have started to get some relief in the upward movement of commodity prices.

Your portfolio and performance since inception are attached for your interest.

Sincerely,

Jay Middleton

Jay F. Middleton
Portfolio Manager – Principal

JFM/jam

Attachment

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1201 N. Market Street, Suite 2300, Wilmington, DE 19801-1165 U.S.A. • Tel. 302-573-3570 • Facsimile 302-573-2545 • www.marvinandpalmer.com

PERFORMANCE SUMMARY

Bay County Employees' Retirement System

Portfolio Value on June 30, 2011: 25,814,850

Benchmark Russell 1000 Growth Index with Gross Dividends
Reporting Currency US Dollars
Inception Date May 19, 2006

Period	RETURN %			
	M&P Gross	M&P Net	Benchmark	Value Added
June 2011	0.51	0.31	-1.43	1.94
Quarter to Date	1.12	0.93	0.76	0.36
Year to Date	6.17	5.77	6.83	-0.66
2010	20.23	19.32	16.71	3.52
2009	18.10	17.23	37.21	-19.11
2008	-45.96	-46.37	-38.44	-7.52
2007	25.87	24.94	11.81	14.07
Inception Year	4.61	4.13	10.02	-5.41

Period	ANNUALIZED RETURN %			
	M&P Gross	M&P Net	Benchmark	Value Added
1 Year	38.95	37.89	35.01	3.94
2 Years	24.01	23.08	23.85	0.16
3 Years	-2.66	-3.39	5.01	-7.67
5 Years	1.09	0.34	5.33	-4.24
Since Inception	1.38	0.62	5.19	-3.81

Note 1: Performance is compared to the Russell 1000 Growth Index for reporting purposes. The actual benchmark is the Russell 1000 Growth Index plus 1%.

Note 2: The Russell 1000 Growth® Index is a trademark/service mark of the Russell Company. Russell® is a trademark of the Russell Company.

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MARVIN & PALMER ASSOCIATES, INC.
GLOBAL EQUITY MANAGEMENT

WENTWORTH, HAUSER AND VIOLICH
INVESTMENT COUNSEL

July 29, 2011

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

RE **Bay County Employees' Retirement System**

Dear Danean:

Enclosed, please find the June 30, 2011 appraisal for your investment portfolio managed by Wentworth, Hauser and Violich, and our commentary on the overall economic outlook.

The total return (Gross of Fees) for the portfolio as compared to the returns for the relevant benchmark during the second quarter and the full year are as follows:

Portfolio	**3 Months Ended 6/30/11**	**6 Months Ended 6/30/11**	**Since Inception 3/18/04**
Bay County Employees' Retirement System	-0.52%	4.89%	42.45%
Relevant Benchmark			
Standard & Poor's 500 Composite	0.10%	6.02%	36.34%

The equity markets in the first half of 2011 appeared to repeat last year's pattern of strong performance in the first quarter followed by weaker returns in the second quarter. Remarkably, the same issues that caused the markets to decline in the second quarter of 2010 - euro-zone sovereign debt concerns, expectations of slowing growth in the U.S., and slowing emerging markets - also caused the market volatility in the second quarter of 2011. A summary of total return performance for broad market indices during the second quarter of 2011 is included in the table below.

Select Market Indices	**3 Months Ended 06/30/11**	**6 Months Ended 06/30/11**
Large Cap - Standard & Poor's 500 Index	0.10%	6.02%
Small Cap - Russell 2000 Index	-1.61%	6.21%
Mid Cap - S&P 400 Index	-.73%	8.56%
International - MSCI EAFE Index	1.56%	4.98%
Emerging Markets - MSCI Emerging Markets Index	-1.15%	0.88%

Your portfolio slightly underperformed the benchmark in the second quarter of 2011. The portfolio's overweight in the Energy sector combined with the underweights in domestic defensive sectors (Consumer Staples, Health Care, Telecommunications, and Utilities) detracted from performance. Positive stock selection partially offset the negative allocation effect, but was not enough to generate positive alpha in the quarter. The following are the top five and bottom five contributors to performance by holding during the quarter:

Top Contributors*	**Weight (%)**	**Total Return (%)**	**Contribution (%)**	**Bottom Contributors***	**Weight (%)**	**Total Return (%)**	**Contribution (%)**
Dollar Tree Inc.	3.5	19.99	.64	Google Inc. Cl A	2.1	-13.70	-.33
W.W. Grainger Inc.	2.7	12.10	.31	Wells Fargo & Co.	3.4	-11.14	-.42
Check Point Software Technologies Ltd.	2.5	11.36	.26	JP Morgan Chase & Co.	3.7	-10.71	-.44
Colgate-Palmolive Co.	2.6	9.01	.22	Deere & Co..	2.8	-14.48	-.44
Pepsico Inc.	2.2	10.15	.21	Peabody Energy Corp.	3.4	-18.02	-.72

**The top and bottom contributors are based on a model portfolio representative of the equity holdings in your portfolio. Your portfolio's results may vary depending on client specific restrictions, timing of initial investment, capital appreciation and/or other factors. You may contact your portfolio manager for more information regarding the methodology for calculating the top and bottom contributors to performance by holding, and to receive a list of every holding's contribution to the overall account's performance. The holdings identified above do not represent all of the securities purchased, sold, or recommended. Past performance does not guarantee future results.*

On a year-to-date basis, the portfolio's performance was negatively impacted by unfavorable stock selection in the Materials, Health Care and Energy sectors. However, it is worth noting that the largest negative contributors on a year-to-date basis in the Materials and Energy sectors (Freeport-McMoran Copper & Gold Inc. and Peabody Energy Corp.) were two of the top five contributors over the trailing twelve month period. Our sector positioning, which is biased towards global growth sectors, has had a slight positive impact on relative performance. The following are the top five and bottom five contributors to performance by holding during the year-to-date period:

Top Contributors*	Weight (%)	Total Return (%)	Contribution (%)	Bottom Contributors*	Weight (%)	Total Return (%)	Contribution (%)
Baker Hughes Inc.	4.0	27.47	.99	Peabody Energy Corp.	3.6	-7.67	-.23
Canadian National Railway Co.	3.3	21.28	.63	Corning Inc.	2.6	-7.95	-.32
Dollar Tree Inc.	3.2	18.79	.59	Google Inc. Cl A	2.2	-14.75	-.36
National Oilwell Varco. Inc.	2.6	16.64	.56	Wells Fargo & Co.	3.4	-8.74	-.38
Phillip Morris Intl. Inc.	3.3	16.31	.48	Freeport-McMoran Copper & Gold Inc.	3.8	-10.19	-.41

** The top and bottom contributors are based on a model portfolio representative of the equity holdings in your portfolio. Your portfolio's results may vary depending on client specific restrictions, timing of initial investment, capital appreciation and/or other factors. You may contact your portfolio manager for more information regarding the methodology for calculating the top and bottom contributors to performance by holding, and to receive a list of every holding's contribution to the overall account's performance. The holdings identified above do not represent all of the securities purchased, sold, or recommended. Past performance does not guarantee future results.*

Leading economic indicators slowed during the quarter prompting investors to question the sustainability of the current economic expansion. However, there were temporary disruptions that impacted the economic data during the first half of the year including the Japanese natural disasters and the severe weather in the U.S. Normalization of those two factors, coupled with the recent pull back in commodity prices, should help the economy going forward.

The upcoming earnings season, when companies provide updated guidance, will be critical in determining whether the economic recovery will regain momentum in the second half of the year. Thus far, there appears to be a dichotomy between what the economic data points are suggesting and what corporate America is experiencing. Confidence among corporate decision makers is vitally important at this stage of the business cycle. Through the end of June, few companies have corroborated the "slow down" and analysts' revisions to estimates for 2011 (based on aggregates of the S&P 500) have not moved downward.

We have long held the thesis that there will be a sustainable, yet modest recovery in the economy.[i] Further supporting this view are continued strong corporate profits, healthy balance sheets, improving capital expenditures, growing emerging markets, low inventory levels, and a weaker dollar. In an environment of modest economic growth and improving corporate profits we believe equities should perform well. Valuations are attractive relative to historical levels and current interest rates. The spread between the earnings yield on the S&P 500 (approximately 7.6%) and the 10 year treasury (approximately 3.0%) increased further during the quarter. In other words, bonds do not appear to be an attractive alternative to equities at this time. Increased merger and acquisition activity and fund flows into equities further support our optimistic view on equities.

The number of exogenous risks investors must take into consideration when investing is extremely high. To be more specific, the major concerns investors are grappling with include but are not limited to: a less accommodative monetary (end of QE2) and fiscal policy (state, local and federal budget deficits), a potential default on European sovereign debt (Greece), turmoil in the Middle East/Africa, the need to raise the debt ceiling in the U.S., continued deterioration in the U.S. housing market, lackluster employment growth, an anti-business administration, prospects for inflation long-term, and uncertain growth rates in developing nations. As a result of this uncertainty, business leaders and investors alike are hesitant to invest, which ultimately has led to low valuation multiples on stocks. The current macro-related concerns combined with a charged political environment will likely continue to weigh on confidence. Long-term, we believe the reduction of uncertainty and continuation of modest economic growth will likely be the catalyst for multiple expansion.

In this period of heightened risk the market appears to go back and forth between periods of time where investors are increasing risk and reducing risk. We are currently more than 27 months past the March 9, 2009 stock market bottom which compares to the average bull market duration of 61 months. The total return of the S&P 500 since the market bottom has exceeded 100%, which compares to the historical average bull market of 159%. While we continue to believe the long-term direction of the markets will be higher, the risk reducing phases have and will continue to lead to short-term corrections in the market.

The current "trendless" market environment where correlations of equity returns are declining likely indicates the bigger driver of alpha will be stock selection going forward. We believe this bodes well for the WHV Large Cap Core strategy where the investment process is built on a bottom up stock selection process and the portfolio is comprised of only the investment team's highest conviction, best ideas.

For a more in-depth analysis of the current economic environment, we encourage you to read our REVIEW AND OUTLOOK- Summer 2011, which is included with this mailing. As always, if you have any questions or comments, we welcome your inquiry.

Sincerely,

Jeffrey C. Coburn, CFA
Vice President, Portfolio Manager

JCC/cgs

Enclosures

Cc: Ms. Martha P. Fitzhugh
Mr. Richard Potter

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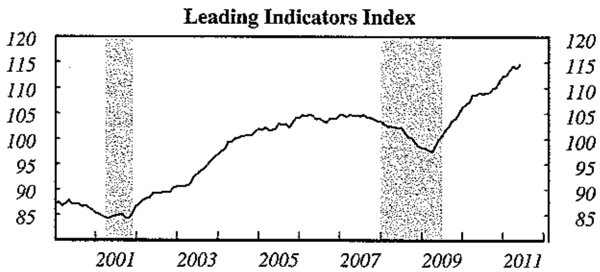
[i] Certain statements contained in this commentary are forward-looking, including those that discuss strategies, goals, outlook or other non-historical matters; or project revenues, income, returns or other financial measures. These forward-looking statements are made only as of the date on which they are made, and WHV undertakes no obligation to update or revise any forward-looking statements.

WENTWORTH, HAUSER AND VIOLICH

REVIEW AND OUTLOOK - SUMMER 2011



During the first half of 2011, the United States economy grew at an average annual rate of about 2.0 percent compared to 2.9 percent for all of 2010. For the first quarter of 2011, Gross Domestic Product (GDP), the total output of goods and services within the U.S., advanced at an inflation-adjusted annual rate of 1.9 percent. In the fourth quarter of 2010 GDP grew at an annual rate of 3.1 percent. Estimates for the second quarter of 2011 ended in June are for the economy to have grown at an annual rate of about 2 percent.

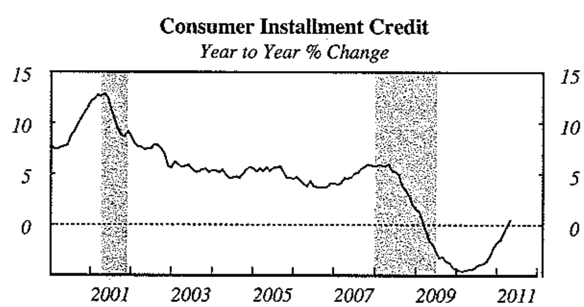
Estimates of growth for the second half of 2011 have been reduced by private economists and the Federal Reserve (Fed). At its last meeting in June, the Fed lowered its estimate of GDP growth in 2011 to 2.9 percent from its January forecast of 3.9 percent. The Fed's forecast for 2012 was also lowered to 3.7 percent from above 4 percent. The Fed also raised its target for unemployment to between 7.8 and 8.2 percent from its earlier forecast of 7.6-7.9 percent for the fourth quarter of 2012. The unemployment rate currently stands at 9.2 percent. The Fed acknowledged that it had underestimated the persistence of the headwinds facing the economy including the housing market, the deleveraging and pay down of debt by consumers, and financial sector weakness.

The current expansion is slow by past standards.

The current economic expansion which began in June of 2009 following the eighteen-month recession of 2007-2009 has been quite tepid compared to the average recovery of the same duration in the post-World War II period. Over the past two years GDP has averaged an annual growth rate of only 2.7 percent compared to double that amount for the prior 11 economic recoveries of the same length over the past 65 years.

Several transitory factors adversely impacted the first half of 2011.

There are a number of explanations for the slow pace of the current expansion. Several non-recurring factors had an impact on the first half of 2011. Extreme adverse weather within the U.S., including snow, rain, floods and tornadoes, curtailed commerce and economic activity. The nuclear accident in Japan following the earthquake and tsunami disrupted the supply chain for a number of critical products that Japanese manufacturers provide to global markets. Some economic activity may have been shifted to the fourth quarter of 2010 from the first quarter of 2011 in anticipation of higher taxes in 2011. A spike in oil prices lifted gasoline prices that may have dampened consumer spending on non-energy goods and services. Some disruption in commerce may have resulted from the revolutions in the Middle East.



Consumers continue to deleverage by paying down debt, particularly revolving or credit card debt. Home mortgage debt is also declining as foreclosures remain high. Whether this is a cyclical or secular trend is difficult to determine. Consumer saving is running at about 5 percent of income compared to negative rates at the peak of the past cycle.

Government regulations impede economic growth.

Beyond these transitory factors are several fundamental dynamic shifts in the structure of the American economy that may have long-term impacts on economic growth. All of these involve the role of government and its size relative to the private sector.

In the aftermath of the stock market bubble of the late 1990s and the corruption highlighted by Enron, Worldcom, Arthur Anderson, Tyco and a myriad of corporate scandals, Congress responded with the Sarbanes-Oxley Act (SOX). Enacted in 2002, SOX was designed to protect investors by improving the accuracy and reliability of corporate disclosures by imposing regulations, controls and standards on corporate managements, their boards and accounting firms. The legislation is highly controversial. Proponents contend that it improves the confidence of investors in the veracity of corporate financial statements. Others contend that it has placed an overly-complex regulatory burden on public companies, has driven some companies overseas and has prompted other companies to list their shares on overseas stock exchanges. The compliance costs of SOX impact smaller companies more than larger ones. One study found that companies with revenues exceeding $5 billion spent 0.06% of revenue on compliance costs while companies with less than $100 million in sales spent 2.55% of revenue on compliance costs. This impacts job growth since smaller companies are the progenitors of new employment. Critics of SOX also contend that the legislation places U.S. corporations at a competitive disadvantage with foreign companies because of its costs and mandates. In a December 21, 2008 editorial, the *Wall Street Journal* concluded that "the new laws and regulations have neither prevented frauds nor instituted fairness. But they have managed to kill the creation of new public companies in the U.S., cripple the venture capital business, and damage entrepreneurship."

Sarbanes-Oxley did not prevent the financial industry meltdown of 2008.

Indeed, SOX did not prevent the accounting, disclosure, and reporting misdeeds that led to the collapse of Bear Stearns, Lehman Brothers, AIG, FannieMae, FreddieMac, and others in 2008. Their corporate mischief was culpable in the global financial meltdown of the 2007-2009 Great Recession.

Dodd-Frank will impose large burdens on corporate America.

Undaunted by its past legislative failures, in the wake of the 2007-2009 global recession, Congress enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act in July 2010. This legislation is the most sweeping change in the regulation of the financial services industry since the 1930s. The act has 2,319 pages, over 1,600 sections and contains 387 rules. A host of new federal government regulations and oversight agencies was created. The cost of implementation is estimated to fall between $3 and $5 billion over the Act's first three years. The complexity of the legislation is so great that the deadline for implementation of one section dealing with the $600 trillion derivative market was postponed from July 2011 to the end of the year. More than half of the new rules mandated by the law have yet to be written and will eventually result in tens of thousands of pages. This legislation has created great uncertainty within the business community. The only certainty is that it will increase the cost of lending, the cost of borrowing and the cost of doing business.

Obama care is the largest and most costly entitlement program in history.

The Patient Protection and Affordable Health Care Act (Obama care) signed into law in March 2010, also represents an unprecedented intrusion of the public sector into the nation's economy. The health care system within the U.S. definitely needs to be reformed in terms of cost control, access, pre-existing conditions, litigation and competition. However, the complexity of this act is confirmed by the 1,372 waivers that have been issued to companies seeking exemption. The new health care legislation contains 21 new or higher taxes and a multitude of new regulations and mandates. It increases the costs of employment. This new entitlement program, as currently structured, will place an unimaginable burden on federal finances.

Another factor that creates uncertainty and therefore impedes economic development is the temporary nature of the income tax code. The current federal tax structure is set to expire in a year and a half with taxes on income, dividends and capital gains increasing at the beginning of 2013. Calculating a projected return on investment is impossible without knowing applicable tax rates.

Taken together, these collective pieces of legislation, as well as others, have placed an incalculable burden on the economy in terms of regulation, mandates and taxes. An additional factor that weighs on business and consumer confidence is the failure of past government policies to stimulate economic activity. It started with the Bush administration's $150 billion Economic Stimulus Act of February 2008. That had no economic impact and created no jobs. In the fall of 2008 The Bush administration signed the $700 billion Troubled Asset Relief Program (TARP). Originally designed to buy mortgage-backed securities from banks and insurance companies, the money was instead used to provide liquidity to financial firms in the form of equity or loans. This may have prevented a complete collapse of the financial sector but may also have reinforced the "too big to fail" concept that may encourage excessive risk taking.

Trillions of dollars have been spent to revive the economy with little effect.

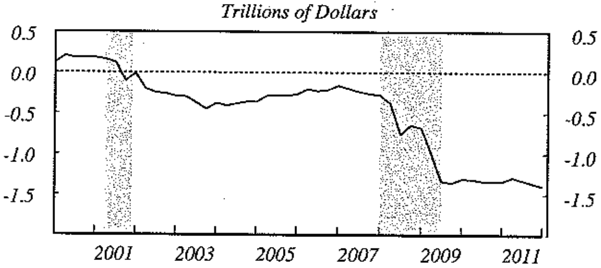
In February 2009, the Obama administration signed the $785 billion Recovery Act, subsequently raised to close to $1 trillion. Economists argue whether or not this played a role in dampening the depth of the recession. Approximately one-third of the stimulus went to the states. These funds have been spent and only postponed the needed reforms of states' fiscal policies. State and local governments have been laying off workers for the past several months. Whether or not the stimulus created or saved jobs is debatable. The unemployment rate rose in the ensuing seven months from 8.2 percent to 10.1 percent as "shovel ready jobs" failed to materialize.

The Fed's policies carry future inflation risks.

The Federal Reserve in the meantime has purchased close to $2 trillion of mortgage-backed securities, U.S. government securities and government agency securities. Most of these purchases, in a practice called quantitative easing, have been financed by crediting the reserve accounts of member banks at the Fed. These excess reserves can be used by the banks to make loans at the approximate rate of $9 of loan for every $1 of reserve. This potential loan growth has future inflationary implications, creating additional uncertainty.

Government policies have undermined business and consumer confidence.

Federal Government Surplus / Deficit
Trillions of Dollars



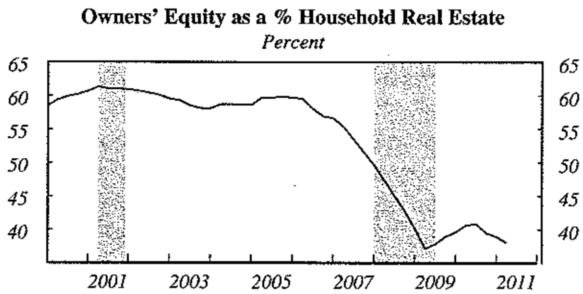
The large federal budget deficit, estimated at $1.6 trillion this fiscal year and exceeding 10 percent of GDP, and the explosion of outstanding federal debt, totaling close to 100 percent of GDP have eroded public confidence in the ability of our elected officials to manage the nation's affairs.

Other actions of the government during the financial crisis have undermined confidence in the rule of law and private property rights. In orchestrating the bankruptcy of General Motors and Chrysler, the government placed unsecured creditors ahead of secured creditors, upending 150 years of bankruptcy law. The National Labor Relations Board recently ruled that Boeing could not open a factory in South Carolina because it would violate the 1947 Taft-Hartley Act. The NLRB contends that the plant was located in South Carolina, a non-union state, as retribution against the union for not signing a no-strike contract. This issue will be decided in the courts, but it serves to explain why companies open plants outside the U.S.

All of these actions by the Federal Government and the Federal Reserve have undermined the confidence that consumers and businesses alike have in our institutions. They have created uncertainty with regard to the purchasing power of the dollar, the cost of future employment, the return on invested capital, mandates on normal business operations and general intrusion of the federal government into the private sector.

Housing remains weak.

The housing market, residential fixed construction, represents just 2.2 percent of GDP, and has fallen from over 6 percent in 2006. Virtually all measures of housing remain weak. Foreclosures, mortgage delinquencies, existing and new home sales and prices are bouncing along the bottom in one of the most depressed housing cycles in history. The Case-Shiller Home Price Index fell in the latest month to a new cycle low. Home prices have declined 31.8 percent from their April 2006 peak. Given the large number of mortgage resets due in 2011 and 2012, the outlook for home prices remains bleak. Approximately one-quarter of existing home sales are foreclosures. Thirty-eight percent of homeowners who have second mortgages owe more than their homes are worth. Eighteen percent of homeowners who have only first mortgages are underwater. Altogether, 22.7 percent of homeowners have negative equity in their homes.



Homes represent the largest asset class for Americans. In the first quarter of 2011, the equity in homeownership totaled 22 percent of all household assets, exceeding pension reserves, deposits, stocks and mutual funds. Since 2006 home equity has fallen \$6.6 trillion, from \$22.7 trillion to \$16.1 trillion. Home mortgage liabilities have fallen from over \$10.6 trillion in 2007 to \$9.99 trillion due mainly to foreclosures. Thus the equity in homes has fallen from about 60 percent to 38 percent. This has an important impact on employment. Over 70 percent of net new employment comes from small business. Small business formation is often financed by home equity loans. The decline in home equity combined with tighter mortgage lending standards will impact employment growth for the foreseeable future which in turn will impact overall economic growth.

The decline in home equity impacts employment.

SUMMARY

Virtually all economic indicators point toward continued economic expansion within the United States in the period ahead. Economic and employment growth will be slower than in past periods due to the headwinds created by government policies regarding regulation, mandates, rules, taxation and overall barriers to free market capitalism. The sovereign debt issue in several euro-zone countries remains a concern and all parties are working to prevent defaults that would present systemic risks to the global financial markets. The global economy remains robust and will benefit U.S. exporters. Corporate profits are at a record level and equities appear reasonably valued.

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BAIRD

Charles B. Groeschell
Managing Director
Senior Portfolio Manager
Baird Advisors

July 26, 2011

Mr. Danean Wright
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 June 30, 2011 for the Bay County Employees' Retirement System Portfolio managed by Baird Advisors.

Market Review
Treasury yields fell by as much as 50 basis points during the 2nd quarter as the economic recovery lost momentum and entered a "soft patch". All sectors of the bond market had very solid, positive returns with US Government related issues setting the pace. After many quarters of outperformance, non-Government sectors generally underperformed equal maturity US Treasuries this quarter. Yield spreads widened during the quarter on rising uncertainty related to a slowing US economy, continued weakness in housing and the escalating debt crisis in Europe. Please find attached a copy of our June Bond Market Comments which provide a more detailed review of the market.

Performance Update
The Bay County Employees' Retirement System Portfolio produced strong absolute returns in the 2nd quarter but gave back a bit of the relative performance gained over that last several quarters due to the underweighting of US Treasuries and overweighting of corporates as yield spreads widened. We remain confident in the Portfolio's overall structure, and with the significant yield advantage, are optimistic regarding relative performance for the back half of this year.

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

Sincerely,

Charles B. Groeschell

Charles B. Groeschell

cc: Rick Potter - Becker, Burke Associates, Inc.

Bay County Employees' Retirement System
Fixed Income Portfolio

June 30, 2011

	Fixed Income Portfolio	Customized Benchmark
Average Quality	AGY	AAA
Average Coupon	4.62 %	3.84 %
Current Yield	4.17 %	3.64 %
Yield to Maturity	2.64 %	2.60 %
Duration	4.81 years	4.81 years
Average Maturity	6.42 years	6.63 years
Quality Profile		
US Treasury	37.3 %	42.1 %
Agency	57.8 %	57.8 %
Aaa	4.9 %	0.0 %
Aa	0.0 %	0.1 %
A	0.0 %	0.0 %
Baa	0.0 %	0.0 %
	100.0 %	100.0 %
Sector Profile		
US Treasury	37.3 %	42.1 %
Agency	0.0 %	7.9 %
Other Govt	0.0 %	0.0 %
Asset-Backed	0.0 %	0.0 %
Mortgages/CMOs	57.8 %	50.0 %
Industrial	0.0 %	0.0 %
Utility	0.0 %	0.0 %
Financial Institutions	0.0 %	0.0 %
Cash	4.9 %	0.0 %
	100.0 %	100.0 %
Number of Issues	70	2,097
Market Value	$20,746,853	

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

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

03/31/06 through 06/30/11

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	1st Quarter	0.13%	0.25%
	2nd Quarter	2.01%	2.25%
	Year-to-Date	2.14%	2.50%
Total Return 03/31/06-06/30/11		**37.51%**	**37.21%**
Annualized Return		**6.26%**	**6.21%**

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 Capital Government & 50% Barclays Capital 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 06/30/11

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	1st Quarter	0.05%	0.25%
	2nd Quarter	1.94%	2.25%
	Year-to-Date	1.99%	2.50%
Total Return 03/31/06-06/30/11		**35.38%**	**37.21%**
Annualized Return		**5.94%**	**6.21%**

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 Capital Government & 50% Barclays
Capital 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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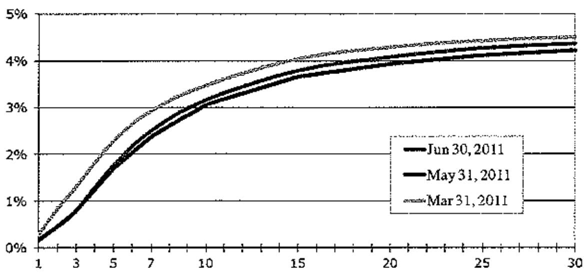
Baird Advisors
Fixed Income Market Comments
June 2011

Treasury Yields Up in June, Down for the Quarter

After trending downward by as much as 30 bps for the first three weeks of June on concerns about the escalating Greek debt crisis, Treasury yields surged upward during the final week of the month as an imminent default was avoided and long yields finished as much as 15 bps higher than May 31 levels. For the quarter, Treasury yields fell by over 50 bps in intermediate maturities (see chart and table below) as it became apparent that the economy was not gaining momentum and had actually entered a *soft patch*: consumer confidence fell to 58.5 in June from 72.0 in February, weekly [initial] jobless claims rose to 428,000 in late June from 375,000 in late February, the unemployment rate rose to 9.1% in May from 8.8% in March and the S&P/Case-Shiller Home Price Index fell to 138.8 in April from 142.3 in December.

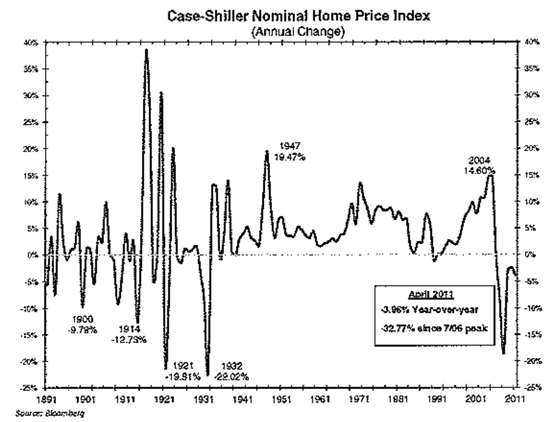
Treasury Yields
Source: Bloomberg



Maturity	Mar 31, 2011	May 31, 2011	Jun 30, 2011	1 mo. Change	Q2 change
1	0.27%	0.16%	0.18%	0.02	-0.09
2	0.82%	0.47%	0.46%	-0.01	-0.36
3	1.30%	0.78%	0.80%	0.02	-0.50
5	2.28%	1.70%	1.76%	0.06	-0.52
10	3.47%	3.06%	3.16%	0.10	-0.31
30	4.51%	4.22%	4.37%	0.15	-0.14

Cautious Tone

The market took on a more cautious tone in June. The most recent data showed that home prices declined 3.6% on a year-over-year basis through April (see chart at right) and the weakness in housing characterized investors' disappointment in the pace of the recovery. Reduced estimates for 2nd quarter GDP (formerly 3.0%, now closer to 2.0%) and concern about Greece's strain on Europe's financial system caused yield spreads on non-Government issues to widen again in June. Spreads did begin to tighten during the last week of June, but were generally 10-20 bps wider than where they had been at the end of the 1st quarter.



Weak Month, Strong Quarter

Despite softer returns in June as a result of higher Treasury yields and wider yield spreads in most non-Treasury sectors, the bond market produced strong returns in the 2nd quarter and 1st half of 2011 (see table below). Benefiting from continued low supply, municipals led the pack and had a very strong quarter (+3.89%). TIPS followed close behind (+3.66%) and lead all sectors year to date (+5.81%). Despite the setback in June (-0.34%) Treasuries did well in the 2nd quarter (+2.39%) and Gov't Agencies (+1.60%), Agency MBS (+2.28) and asset-backeds (+1.77%) also held their own. Wider spreads on CMBS, investment grade corporates and high yield made for a difficult June (-1.01%, -0.88% and -0.97% respectively) which appreciably softened 2nd quarter returns (+1.63%, +2.28% and +1.05% respectively). A summary of selected sector and index returns appears in the table below.

Total Returns of Selected Barclays Capital Indices and Subsectors

Index/Sector	June	2nd Qtr	YTD
BC Aggregate Index	-0.29%	2.29%	2.72%
BC Gov't/Credit Index	-0.47%	2.32%	2.61%
BC Int. Gov't/Credit Index	-0.16%	2.12%	2.47%
BC 1-3 yr. Gov't/Credit Index	0.01%	0.87%	1.05%
US Treasury Sector	-0.34%	2.39%	2.22%
Gov't Agency Sector	-0.08%	1.60%	1.90%
Corporate Sector	-0.88%	2.28%	3.16%
CMBS Sector	-1.01%	1.63%	3.71%
MBS Sector	0.09%	2.28%	2.87%
ABS Sector	0.03%	1.77%	2.42%
High Yield Sector	-0.97%	1.05%	4.97%
Municipal Sector	0.35%	3.89%	4.42%
TIPS	0.81%	3.66%	5.81%

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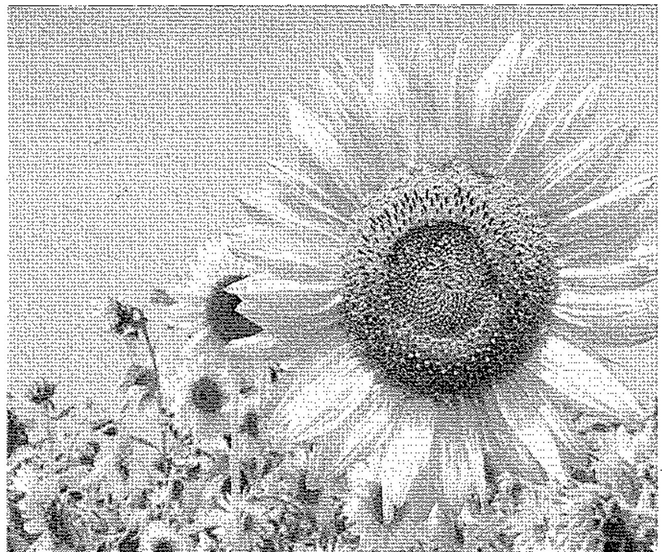
Indices and subsectors are unmanaged and an investment cannot be made directly in an index or a sector

BARINGS



Bay County Employee Retirement System

Quarterly Investment Review

Q2 2011

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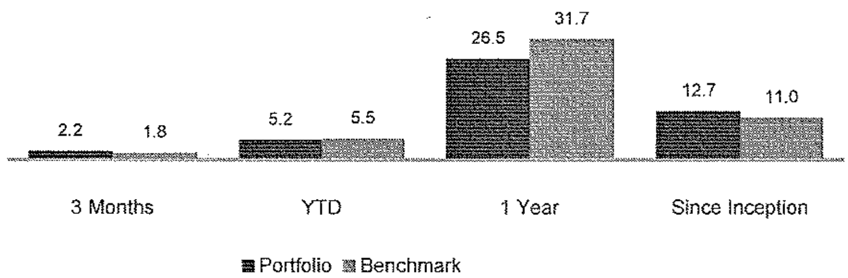
Summary

Performance Versus Benchmark In USD Terms - Periods To 30 June 2011



Portfolio Value (USD)	
31 March 2011	13,719,090
30 June 2011	14,014,659

Inception: 30 October 2009
Source: Barings, gross of fees
Periods over 1 year are annualized
Benchmark: MSCI EAFE (net) + 1% p.a.

International equity markets had another positive quarter with the MSCI EAFE index rising by 1.6%.

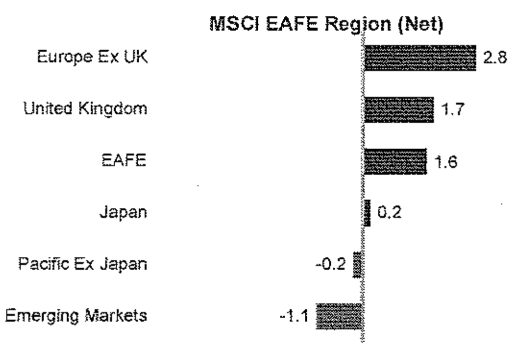
The Health Care sector was the best performing sector rising by 8.7% in the quarter. Europe ex UK was the best performing region rising by 2.8%.

Performance was ahead of the benchmark in the quarter. This was mostly due to good stock selection in Japan and Europe ex UK. Offsetting this was somewhat weak stock selection in the UK.

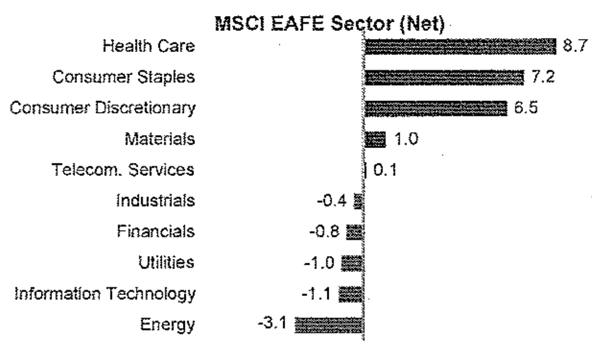
By sector, we had good stock selection in Consumer Discretionary and Information Technology, offset by weak stock selection in Energy and Consumer Staples.

Emerging markets stocks detracted from performance in the quarter.

Market Review - In USD Terms - Q2 2011



Source: MSCI



Source: MSCI

International equity markets had a positive quarter rising by 1.6%.

By region, Europe ex UK was the best performing region rising by 2.8%. This was followed by the UK which rose by 1.7%.

Emerging markets fell by 1.1% in the quarter, underperforming the MSCI EAFE index.

The Pacific ex Japan region was also down in the quarter falling by 0.2%.

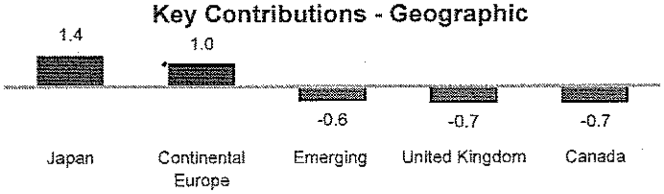
The Health Care sector was the best performing sector rising by 8.7% in the quarter. This was followed by Consumer Staples which rose by 7.2% and the Consumer Discretionary sector which rose by 6.5%.

The Energy sector was the worst performing sector in the quarter falling by 3.1%. This was followed by Information Technology which fell by 1.1%.

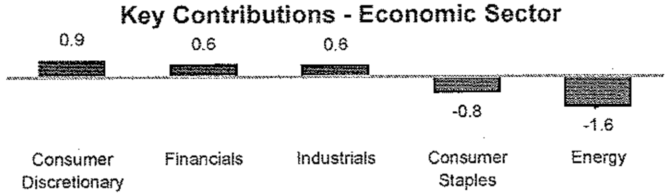
Performance - Q2 2011

Total Relative Contributions (%)

Key Contributions - Geographic



Key Contributions - Economic Sector



	Allocation		Selection	Total
Japan	0.2	UW	1.2	1.4
Continental Europe	-0.1	UW	1.1	1.0
Pacific Ex Japan	0.0	UW	0.3	0.3
Cash	0.1	OW		0.1
Middle East	-0.1	OW	0.1	0.0
Emerging	-0.2	OW	-0.4	-0.6
United Kingdom	0.0	OW	-0.7	-0.7
Canada	-0.7	OW		-0.7
Total	-0.9		1.5	0.7

	Allocation		Selection	Total
Consumer Discretionary	-0.1	UW	1.0	0.9
Financials	0.1	UW	0.5	0.6
Industrials	0.1	UW	0.5	0.6
Information Technology	-0.1	OW	0.7	0.6
Health Care	0.2	OW	0.3	0.5
Telecom. Services	0.0	UW	0.3	0.3
Utilities	0.1	UW	0.0	0.1
Cash	0.1	OW		0.1
Materials	0.0	OW	-0.5	-0.5
Consumer Staples	-0.1	UW	-0.8	-0.8
Energy	-0.2	OW	-1.4	-1.6
Total	0.0		0.7	0.7

OW: Overweight UW: Underweight

Region & Sector definitions are based on MSCI classifications. Economic exposure may differ.

Performance Summary

Stock selection by region was positive. This was mostly due to strong stock selection in Japan and Continental Europe. The strong performance in Japan was broad based with personal products company Uni-Charm leading the way. In Europe our holding in car manufacturer BMW and pharmaceutical company Sanofi were good performers.

This was offset by weak stock selection in the UK. Gold miner Petropavlosk was our weakest performer here despite good performance from the underlying gold price.

Allocation by region was negative. This was mostly due to weak performance from a number of our emerging markets stocks. Niko Resources had another weak quarter of performance as investors were disappointed about production growth from its Indian assets.

Allocation by sector was neutral to performance. We saw a positive contribution from our overweight in Health Care. This was offset by a negative contribution from our overweight in Energy.

Stock selection by sector was slightly positive in the quarter. We had good stock selection in the Consumer Discretionary and Information Technology sectors. Macau gaming stock SJM Holdings was our biggest positive contributor in Consumer Discretionary.

This was offset to some extent by weak stock selection in Energy and Consumer Staples. In Consumer Staples our holding in salmon farmer Marine Harvest was weak following a decline in salmon prices.

Major Stock Contributions To Relative Return (%)

Positive	Contribution	Country	Sector
SJM Holdings	0.5	Hong Kong	Consumer Discretionary
Sanofi	0.3	France	Health Care
BMW	0.3	Germany	Consumer Discretionary
HSBC	0.3	United Kingdom	Financials
Vodafone Group	0.3	United Kingdom	Telecommunication Services
Negative	**Contribution**	**Country**	**Sector**
Niko Resources	-0.7	Canada	Energy
Paladin Energy	-0.5	Australia	Energy
Petropavlovsk	-0.5	United Kingdom	Materials
GlaxoSmithKline	-0.5	United Kingdom	Health Care
Hypermarcas	-0.4	Brazil	Consumer Staples

Source: Barings

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Investment Strategy

Major Portfolio Positions Relative To Benchmark - 30 June 2011 (%)

Geographic			Relative Weight	
	Portfolio	B'Mark	30 Jun	31 Mar
Emerging	7.9		7.9	7.8
Cash	2.8		2.8	1.1
Middle East	2.3	0.7	1.6	1.7
United Kingdom	22.8	21.3	1.6	2.2
Canada	1.3		1.3	2.0
Japan	19.4	20.0	-0.7	-5.6
Pacific Ex Japan	11.2	13.2	-2.0	-0.9
Continental Europe	32.3	44.8	-12.5	-8.3
Total	100.0	100.0		

Economic Sector			Relative Weight	
	Portfolio	B'Mark	30 Jun	31 Mar
Energy	12.1	8.1	4.0	5.5
Information Technology	8.6	4.7	3.9	4.2
Materials	15.1	11.3	3.8	5.9
Cash	2.8		2.8	1.1
Health Care	10.6	8.7	1.9	2.6
Telecom. Services	6.1	5.5	0.7	-1.9
Consumer Discretionary	9.3	10.5	-1.2	-1.2
Utilities	1.7	4.7	-2.9	-2.9
Consumer Staples	6.6	10.2	-3.5	-1.6
Financials	19.7	23.5	-3.8	-5.5
Industrials	7.3	12.9	-5.6	-6.1
Total	100.0	100.0		

Region & Sector definitions are based on MSCI classifications. Economic exposure may differ.

Largest Positive & Negative Positions Relative To Benchmark - 30 June 2011

Positive	Active Position (%)	Country	Sector
ICL-Israel Chemicals	2.3	Israel (Developed)	Materials
SES	2.3	France	Consumer Discretionary
Newcrest Mining	2.3	Australia	Materials
Gazprom	2.3	Russia	Energy
Fresenius	2.2	Germany	Health Care
Negative	**Active Position (%)**	**Country**	**Sector**
Royal Dutch Shell	-9.1	United Kingdom	Energy
HSBC	-7.2	United Kingdom	Financials
Vodafone Group	-5.6	United Kingdom	Telecommunication Services
GlaxoSmithKline	-4.5	United Kingdom	Health Care
Rio Tinto	-4.3	United Kingdom	Materials

We made a number of changes to the portfolio in the quarter.

Following our analysts' recommendation and downgrade we sold our holding in Brazilian personal products company Hypermarcas. We had a disappointing meeting with Hypermarcas that suggested we might see margin pressure for the rest of 2011. Though the longer term outlook for their business looks reasonably attractive, we decided to sell this investment.

We also sold our position in Chinese internet stock Tencent. Tencent has been a good investment for the portfolio. The decision to sell was based on our analyst's view that there was more return potential from Chinese internet stock, Baidu, that had underperformed Tencent in recent months.

Baidu was a recent addition to our best ideas list. The company is the leading search engine in China with greater than 80% market share. We see potential for growth from rising search activity and growth in online advertising.

We added to our Japanese holdings in the quarter. Chugai Pharmaceutical has a reasonably strong product pipeline in the oncology area and benefits from having the distribution rights to Roche products in the Japanese market. The stock was a recent addition to our best ideas list.

We also purchased Japanese insurance company Tokio Marine Holdings. Tokio Marine is a well capitalized insurance company that has a strong position in the domestic Japanese market where we feel pricing trends are likely to be strong. Moreover, recent overseas acquisitions such as Philadelphia Consolidated and Kiln insurance have positioned the company well in new growth areas.

Finally, we purchased Latin American telecommunications company America Movil. The stock is on our best ideas list and recent weakness in the share price gave us an attractive entry point. America Movil has a number of interesting growth businesses spanning much of Latin America, but is largely focused on Mexico and Brazil.

Source: Barings

Investment Outlook

The MSCI EAFE index rose 1.8% in the second quarter. This was, again, another good result for international equities in the face of headwinds.

This quarter we saw an escalation of the European debt problem with a crisis in Greece only just averted at the end of the quarter. But, in our view, this was a problem postponed, not resolved, because while the proposed solution provides Greece the liquidity to rollover maturing debt, it does little to improve Greece's solvency other than to impose greater austerity on an already weak economy.

Greece's debt level is forecast to reach 160% of GDP by the end of next year. This level is not sustainable for Greece at anything near normal interest rates. A solution would require the write-down of Greece's debt to a manageable level. But for now this write-down cannot occur for fear of the damage that it would do to holders of Greek debt: namely European banks and the European Central Bank.

So, a liquidity solution buys time until the next debt rollover. At this point we will see the crisis re-emerge. This will be happening for Greece and, soon we expect, for other peripheral economies. The European authorities will likely avoid the difficult choice of a more permanent solution until forced to do so, and that will probably have more to do with politics than economics. As scenes of rioting Greek protesters show all too well, the capacity for citizens of these peripheral economies to bear the cost of fixing this mess is limited.

Not surprisingly our Strategic Policy Group (SPG) remains negative on the Financial sector and we remain comfortable with our zero weighting to European commercial banks in our portfolios.

Middle Eastern and North African political tensions continued in the quarter. It says something about the breadth and depth of the world's current problems that civil unrest in Syria and an ongoing civil war in Libya could be kept so much off the front pages of the news while we focus on the European debt crisis and the ongoing debt ceiling debate in the US.

In the quarter, we also saw a string of weaker economic data coming out of a number of areas, including the US, China, parts of Europe and Japan. For now, it is difficult to say how much of this is underlying economic weakness and how much is merely the after effects of the supply chain disruptions caused by the disastrous earthquake/tsunami in Japan. Our view is that the underlying global economy is stronger than recent data has suggested, and that an economic recovery is continuing but that it is continuing at a weak pace.

The weak pace of the economic recovery is a problem for policy makers because it has been accompanied by inflation in several important areas such as food and energy. This inflation threatens the economic recovery because it acts as a tax on consumer spending. Extra dollars spent on food and energy are dollars not spent on other consumer goods.

Where the economic recovery is stronger, like in China and India, this inflation is being tackled with tighter monetary policy. But in the West, where the economic recovery is fragile, tighter monetary policy is not an option and the authorities have opted for unconventional measures.

The most recent example was the International Energy Agency's announcement that its member states would release oil from their respective strategic reserves, ostensibly to mitigate the impact of Libyan production disruptions.

Strategic petroleum reserve releases have occurred on only two other occasions in the past: one was the Iraqi invasion of Kuwait in 1991, the second was in the aftermath of Hurricane Katrina when much of the Gulf of Mexico's oil production was shut down. The current situation hardly seems as serious as the prior two events and looks, to us, like an attempt to drive oil prices lower – oil fell 12% on the day of this announcement.

Another example occurred at the end of April when the CME began raising margin requirements on silver. In the end, they raised the margin requirement five times in the space of two weeks, bringing silver prices down by 30%. This had the effect of bringing other commodity prices down in sympathy.

Despite these interventions we continue to find investments in the energy, agriculture and precious metals areas attractive and we remain overweight to these areas. The reason is that the supply-demand picture in these areas remains fundamentally attractive; demand has been steady and supply has only been able to respond slowly to higher prices. We think the fundamentals of supply and demand will win out over market interventions – oil prices are already back near $100/bbl just several weeks after the intervention.

We mentioned last quarter that we would be looking for Japanese companies whose growth plans were not severely impacted by the recent earthquake. We added two new names to the portfolio in the quarter: Chugai Pharmaceutical and insurance company Tokio Marine Holding. Though the Japan market underperformed MSCI EAFE in the quarter, our Japanese holdings performed well and were our largest contributor to performance.

Finally, our SPG remains cautious on equities in the short term. The two main reasons are a concern that now that the US Federal Reserve's second round of quantitative easing (QE2) has ended we might see renewed weakness in equity markets, and that we have event risk from the ongoing European debt crisis.

We think the end of QE2 could reveal the weakness of the underlying growth in the economy. It is why our focus remains on finding growth stocks for our portfolios. When economic growth is scarce, growth stocks tend to rise to a premium to the market.

ColumbiaManagement

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July 19, 2011

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

Dear Deanna:

We are pleased to enclose our quarterly report as an Investment Manager for the Bay County Employees' Retirement System for the quarter ended June 30, 2011.

The following table highlights the performance for your portfolio as of June 30, 2011, compared to your stated benchmark of the Russell 1000 Value Index plus 1% annually:

	Market Value as of 06/30/2011	Quarter ended 06/30/2011	6 months ended 06/30/2011	Since Inception*
Total Portfolio	$25,557,403.61	-1.75%	8.29%	4.64%
Russell 1000 Value Index + 1% annually		-0.26%	6.44%	4.84%
S&P 500 Index		0.10%	6.02%	1.67%

* Inception Date: January 26, 2001

The US stock market was extremely volatile in the second quarter of 2011 with the largest drop occurring in the first two weeks of June. The volatility in the quarter was fuelled by a concern about the sustainability of the U. S. recovery and the economic crisis in Greece as well as Italy, Portugal and Spain. The market rallied over the last several trading days in June erasing some of the larger losses of the first half of the month. Large Cap stocks generally outpaced smaller stocks and growth outperformed value during the quarter. Unemployment ticked up slightly during the quarter and is once again over 9.0%, a level which cause us some concern. The housing market is still troubling for the U.S. economy as prices have not recovered and the oversupply still exists.

On an absolute basis the portfolio underperformed the Russell 1000 Value Index and the broad market as measured by the S&P 500 Index for the quarter. The underperformance for the quarter was attributable to both stock and sector selection. The best performing sectors in the quarter were Industrials and Materials while Telecommunication Services and Consumer Discretionary stocks distracted from performance relative to the Russell Index.

Financials, which comprised 24% of the portfolio slightly under the 27% weighting in the Russell 1000 Value Index, were considerable laggards during the quarter. Among the factors contributing to the weakness in the sector was the end of the Federal Reserve Quantitative Easing program, the crisis in Greece, the implementation of the Basel III capital requirements, and the continued low interest rate environment. We are watching and are somewhat concerned about the increased level of regulation with the implementation of the Dodd-Frank legislation. In spite of all of the headwinds, the outlook for the banking sector is improving with a drop in the loan loss and credit card defaults. We are confident in the positions we own in the portfolio and do not plan on making any changes to the financial sector stocks at this time

Strong performance in the Industrial Sector was primarily driven by our holdings in rail carriers Union Pacific and CSX. Union Pacific reported stronger than expected earnings and growth in all of its business units and the stock respond to the positive news. Also, our holding in United Technology was a strong performer in the sector with strength coming from all of its business units. We continue to hold a significant overweight in industrials, a position we plan on maintaining.

Health care stocks, although a small weighting in both the portfolio and the index were the best absolute performers in the quarter. Humana Inc., Bristol-Myers Squibb, and Baxter International were the top absolute performers in the quarter. Our weighting in the sector is slightly under the Russell Benchmark weighting. The P/E and earnings for the sector are still attractive on an historical basis.

Energy stocks were mixed performers in the quarter on the heels of lower oil prices. Our holdings in the sector include Marathon Oil, Valero Energy, Williams Cos., Conoco and Chevron. Valero had the largest negative impact in the sector as oil prices fell and an oversupply of gasoline and a narrowing of the prices between heavy crude and refined product. We believe this a temporary situation and we expect energy prices to strength in the coming months.

Outlook

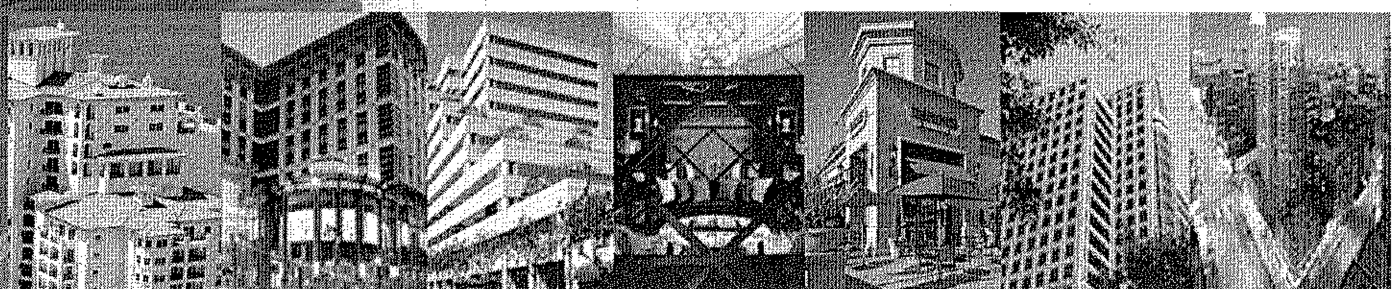
We remain cautiously positive on the US Stock market for the second half of the 2011. A continued accommodative monetary policy and strong corporate profitability coupled with a low interest rate and inflation environment and lower oil prices should help fuel stocks in the second half of the year. Corporate cash levels remain at record highs and as the economy improves, companies will both increase capital expenditures, and raise dividends. Fundamentals in the US stock market are strong with GDP growth rising. We continue to be concerned about the high unemployment rate, which has diminished consumer spending and could temporarily derail US economic growth. This is among the largest factor which could lead to market volatility in the 3rd quarter and the balance of the year.

If you have any questions on your account or would like to discuss any aspect of portfolio performance, please do not hesitate to call me.

Best Regards,

Alan J. Puklin

CORNERSTONE



Bay County Employees' Retirement System
Real Estate Securities
Quarterly Report
Quarter Ended June 30, 2011

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July 29, 2011

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 June 30, 2011 is as follows:

Portfolio	**Bay County's Total Return Ending**	
	June 30, 2011	
	Quarter	**YTD**
Bay County Employees' Gross	4.23%	11.86%
Bay County Employees' Net	4.08%	11.54%
FTSE NAREIT Equity Index	3.63%	10.20%

Market Overview

The FTSE NAREIT REIT Index (REIT Index) posted positive total returns in a volatile second quarter dominated by macro-economic and geopolitical events. Concerns about the sustainability of global macroeconomic growth due to the sovereign debt crisis in Europe and disappointing data in the U.S. weighed on equity market returns during the second quarter. Similar to the second quarter of 2010 investors struggled to determine if the slowdown was just a "soft patch" which would reverse in the second half of the year, or an indication that the economic recovery will be disappointing and necessitate additional stimulus activity. Nonetheless the REIT Index posted a total return of 3.6% in the second quarter, outperforming the broader equity market.

Looking at relative performance, Regional Malls were the best performing sector in the REIT universe during the quarter thanks in part to attractive relative valuations versus both the publicly traded REIT universe and private market transactions. Better than expected operating fundamentals resulted in strong performance for the Apartment sector as well. Sectors that are viewed as more closely tied to economic activity, Lodging and Free Standing Retail, continued to lag the benchmark during the second quarter.

Market Commentary

Despite the increased risks to the broader economy commercial real estate fundamentals remain robust. Internal growth has bounced back quicker than expected in all property sectors following the rent reductions and falling occupancy of the past two years. Indeed, the modest increase in demand that we foresee based on our expectation of economic and employment growth are more than enough to drive solid earnings growth thanks to limited new supply (new construction levels remain at the lowest levels in 40 years). This positive fundamental outlook is already driving improvement in the economically sensitive sectors with the shortest lease terms, Apartment and Lodging, and should begin to impact the other sectors as well as economic recovery continues. What's more, the lack of available financing for new development during the credit crisis kept starts at a minimum and therefore limits the potential for new supply to impact the market before 2013 at the earliest. As such, we believe commercial real estate should enjoy several years of above average internal growth.

The strong fundamental picture for real estate is drawing increased investor interest to both the direct property market and the publicly traded REIT sector as well. A flood of capital into the real estate market has driven a surge in investment volumes during the first half of 2011. According to Real Capital Analytics, sales volumes reached $90.6 billion through the first six months of the year, a 104% increase year over year. Encouragingly, the increase in activity was seen across all property types and prices were generally stable to improving. Anecdotally we have heard that considerable amount of capital still needs to be invested in real estate. As such, we believe this should provide support for prices and cap rates over the foreseeable future. In addition to the strong flows into direct property markets, the REIT sector has seen an increase in demand as well. Indeed, year to date fund flows to domestic real estate funds have been in excess of $3 billion dollars.

We are closely watching the debt markets to see if the strong demand for real estate will continue. After compressing dramatically from their 2009 peaks, debt spreads in the CMBS market began to widen modestly during the second quarter. Thus far the movement seems more tied to technical issues in the CMBS market related to the Federal government exiting some of their holdings, then related to concerns about real estate fundamentals. That said, with the general concern about the economic recovery and the status of the U.S. credit rating spreads could continue to widen in the near-term placing some pressure on financing costs at slowing transaction activity.

Property Markets

As we previously mentioned despite moderating our growth expectations for the U.S. economy, fundamentals for all property types continue to improve at a faster than expected rate and this trend should continue for the next few years.

Office

Although the pace of the recovery in Office fundamentals lags other property sectors, we are encouraged by the improvement we are beginning to see in high-barrier markets. Indeed, while vacancy rates remain stubbornly high in many suburban markets, demand for space is quite strong in high barrier CBD office markets like New York, Washington, DC, Boston and San Francisco. Moreover these markets are also seeing a strong bid for well-located assets in the private market, resulting in lower cap rates. As such, we have the spread between high-barrier markets and low-barrier markets remain extremely wide. We believe this trend likely continues for the next several quarters until the economic recovery gains enough strength to allow fundamentals in the low-barrier markets to also begin their recovery.

Multifamily

Fundamentals remain extremely strong in the multifamily market driven by positive demographic trends and a cyclical shift in sentiment toward rental housing from homeownership. This should allow the sector to push rents and maintain high occupancy levels over the next 18 to 24 months. That said, we believe the prolonged period of relative outperformance for Multifamily REIT shares, could be nearing an end. Indeed, the pace of rental rate increases, while continuing to grow in the mid to high-single digit levels, will likely begin to slow as rents achieve prior peak levels and income growth nationally remains modest at best. This in turn could result in investors lightening exposure to the sector. Another potential headwind on the horizon for the multifamily sector is the expected increase in planned development starts over the next few quarters. We note however, that due to the lag time required for new developments, new supply should remain in check in most markets until 2013 at the earliest.

Retail

The resiliency of the U.S. consumer and other indicators related to the retail REITs drove the sectors outperformance in 2Q2011. Macro-economically, despite weakness in consumer confidence levels and employment growth, consumer spending remained resilient in the quarter. Though food prices continue to rise, impacting discretionary spending habits, energy prices began a slow decline offsetting some of the pricing pressures. On the retail REIT front, the lack of new retail supply is keeping occupancy levels stable despite a number of high profile store closures. While small shop leasing is still struggling in the shopping center group, big box and junior anchor leasing continues to surge ahead driving better-than-expected revenue growth. In regional malls, the high-end consumer continues to spend unabashedly creating dramatically superior sales results for the A mall landlords over their B mall counterparts.

Lodging

The Lodging sector is most exposed to slower than expected economic growth of all of the property sectors. Indeed, any slowdown in economic activity is likely to impact business travel as well. That said, despite these risks fundamentals for the Lodging sector remain quite strong and the companies are poised to deliver strong earnings growth this year. Operators continue to report mid-to high-single digit RevPar growth on a consistent basis. Moreover, group demand is improving providing an opportunity to report improved revenue mixes this year as well. Given the lack of supply particularly in the upper upscale urban segment, we expect strong results in 2011-2015, leading to a full recovery to peak EBITDA levels absent higher oil prices derailing the economy.

Industrial

The moderate improvement in the global economy allowed Industrial fundamentals to continue their slow recovery in the second quarter. Global trade, as measured by imports and exports ex services, has returned to levels last seen in 2007 and although volatile industrial production and capacity utilization are both improving as well. Accordingly, we believe demand for Industrial space should ramp up over the coming months allowing occupancy, which currently is hovering around 20 year lows to return to the low

90% range over the next 12-24 months. This level is consistent with an ability to push rates and single-digit same-store NOI growth.

REIT Outlook

The sovereign debt crisis in Europe, budgetary concerns in the U.S. and concerns about the sustainability of economic growth in emerging markets are serving to cloud companies' ability to forecast their growth prospects and in general reducing confidence levels. This lack of confidence is proving to have a greater impact on the domestic economy than previously thought. As such, we maintain our view that the U.S. should post only moderate (2%-2.5%) economic growth over the remainder of 2011 and into 2012. This level of growth is insufficient to generate meaningful job creation and reduce the unemployment rate, thereby continuing to place pressure on the U.S. consumer. While this level of growth is disappointing from a macroeconomic perspective, it actually is quite favorable for real estate fundamentals. Indeed, this level of growth is sufficient to support demand for real estate space, but should also help to keep new development at bay. Accordingly, owners of existing portfolios should be able to achieve better rent and NOI growth rates. What's more, the improved fundamentals and increase in capital chasing the sector should provide support for property valuations and potentially continue to push values even higher as investors seek the stability of cash flows.

Based on the strength of the REIT Index year to date and our near-term concerns about the pace of economic recovery and current valuations, we believe the pace of gains in the REIT market will likely moderate over the remainder of 2011. That said, the positive outlook for real estate in general, should support the performance of REITs relative to other asset classes. Indeed, although the sector continues to trade at a premium to net asset value, we believe this premium reflects the prospect for higher property values revealed by increased transaction activity and higher property values. Moreover, we believe there are still numerous companies whose underlying fundamentals could potentially surprise to the upside and still offer attractive valuations.

Sincerely,

Scott Westphal
Managing Director, Real Estate Securities

CORNERSTONE

PERFORMANCE HISTORY
Bay County Employees' Retirement System

Total Return

Time Period	Portfolio Returns Gross	Portfolio Returns Net	FTSE/NAREIT Equity Index
Q2 2011	4.23%	4.08%	3.63%
YTD	11.86%	11.54%	10.20%
1 Year	36.84%	36.04%	33.58%
*Since Inception	23.96%	23.22%	20.00%

**Inception Date 10/21/2008*

CORNERSTONE

PERFORMANCE HISTORY
Bay County Employees' Retirement System

Time Period			Percent Return Per Period Portfolio Gross	 Net	 FTSE/NAREIT Equity Index
5/31/2011	to	6/30/2011	-3.17%	-3.22%	-3.31%
12/31/2010	to	6/30/2011	11.86%	11.54%	10.20%

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PORTFOLIO VALUATION AND STATEMENTS

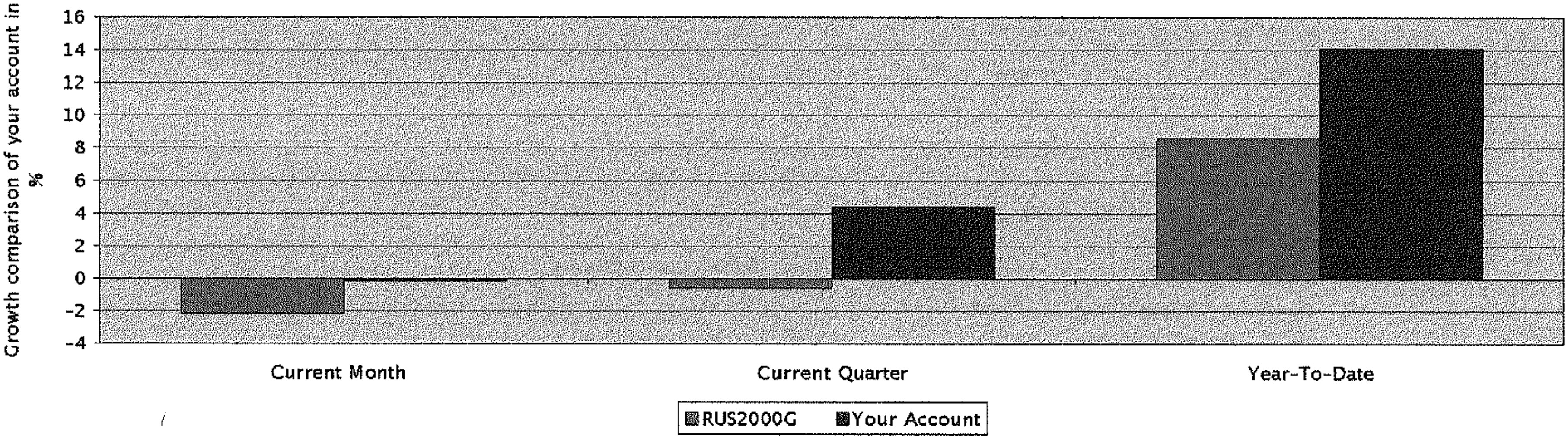
Bay County Employees' Retirement System
05231100/
SmallCap Growth Equity

AS OF 06/30/2011

CURRENT PERIOD STARTED ON: 06/01/2011
CURRENT QUARTER STARTED ON: 04/01/2011
YEAR-TO-DATE STARTED ON: 01/01/2011
INCEPTION DATE: 09/03/2010

ANALYSIS OF RATES OF RETURN

	CURRENT MONTH	CURRENT QUARTER	YEAR-TO-DATE	PAST 12 MONTHS	ANNUALIZED THREE-YEARS	ANNUALIZED FIVE-YEARS	ANNUALIZED SINCE INCEPTION
TOTAL MANAGED ASSETS	-0.16%	4.38%	14.11%	N/A	N/A	N/A	N/A
Russell 2000 Growth Index	-2.14%	-0.59%	8.59%	N/A	N/A	N/A	N/A



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EAGLE | Asset Management
880 Carillon Parkway | St. Petersburg, FL 33716 | p: 800.237.3101

STATEMENT

PORTFOLIO VALUATION AND STATEMENTS

Bay County Employees' Retirement System
05231100/
SmallCap Growth Equity

AS OF 06/30/2011

CURRENT PERIOD STARTED ON: 06/01/2011
CURRENT QUARTER STARTED ON: 04/01/2011
YEAR-TO-DATE STARTED ON: 01/01/2011
INCEPTION DATE: 09/03/2010

SUMMARY

CONTRIBUTIONS THRU 06/01/2011	$7,518,783
DEPOSITS MADE DURING STATEMENT PERIOD	
SECURITIES	$0
CASH	$0
WITHDRAWALS MADE DURING STATEMENT PERIOD	
SECURITIES	$0
CASH	$0
TOTAL CONTRIBUTIONS THRU 06/30/2011	$7,518,783
MARKET VALUE OF ACCOUNT AS OF 06/30/2011	$10,892,742

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We have provided this information regarding your account(s) based on sources we believe to be reliable and accurate. We encourage you to compare the account balances contained in this report to those balances reflected on the statements you receive directly from your account's custodian. Please contact us or the account custodian with any questions you may have. Also, please notify us promptly if you do not receive statements on all accounts from the custodian on at least a quarterly basis.

EAGLE | Asset Management

Small Cap Growth

Second Quarter 2011 Investment Review

Bert L. Boksen, CFA
Managing Director and Portfolio Manager

Eric Mintz, CFA
Portfolio Co-Manager

Jay Daniel, CFA
Senior Research Analyst

Adam Gallina, CFA
Senior Research Analyst

Chris Sassouni, DMD
Senior Research Analyst

Market Overview

The Russell 2000 Growth Index was down 0.59 percent during the second quarter, and is now up 8.59 percent year-to-date. Growth finished ahead of value for the fifth quarter in a row (the Russell 2000 Value was down 2.65 percent). Financials comprise more than one-third of the value benchmark so we believe it will be tough for value to beat growth until the outlook for financials improves. Within the Russell 2000 Growth, consumer staples, healthcare and consumer discretionary finished the quarter in positive territory; meanwhile, energy, information technology, materials, industrials and financials traded down.

Portfolio Review[1,2]

Eagle Small Cap Growth portfolios finished significantly ahead (on a gross basis) of the Russell 2000 Growth Index for the quarter. On a relative basis, we outperformed in information technology and consumer discretionary through strong stock selection. Our top-performing stocks for the quarter were Genesco, EMS Technologies and Vitamin Shoppe. Genesco is a retailer of headwear, footwear and clothing accessories. The stock has benefitted from strong earnings growth and its recent acquisition of Schuh Group. EMS Technologies, which makes communications equipment, was purchased at a large premium by Honeywell. Vitamin Shoppe is a specialty retailer of vitamins and nutritional supplements. The stock continues to benefit from solid earnings growth and a maturing U.S. population's focus on illness prevention.

We lagged slightly in energy due to our overweight position in the space. Our worst-performing stocks were Progress Software, Approach Resources and Lufkin Industries. Progress Software, which offers enterprise data solutions, reported lower-than-expected earnings guidance. We believe its core business has significant growth potential. Approach Resources is an oil and gas producer. The stock traded down slightly on lower oil prices. Lufkin gave back a small portion of its solid gains made in the first quarter but it continues to be our top-performing stock this year.

Sector Weightings[2] (as a percentage, as of June 30, 2011)

Sectors	Eagle	Russell 2000 Growth	Difference
Consumer Discretionary	19.5	14.7	*4.8*
Consumer Staples	1.7	3.9	*-2.2*
Energy	8.5	8.4	*0.1*
Financials	4.6	7.4	*-2.8*
Health Care	16.6	19.2	*-2.6*
Industrials	16.7	15.7	*1.0*
Information Technology	26.0	24.7	*1.3*
Materials	6.3	4.7	*1.6*
Telecommunication Services	--	1.3	*-1.3*
Utilities	--	0.1	*-0.1*
Total	**100%**	**100%**	

Source: Eagle research, Factset

Recent Transactions[1]

Buys

We purchased Apogee, provides glass for commercial buildings and framing art with a focus on energy efficiency as well as hurricane and blast protection. The company stands to benefit, in our view, from significant backlog growth and increased revenue and earnings estimates.

Biolase Technology makes a tool that uses lasers rather than drills in dental procedures. The company has shown accelerating earnings growth; further, there was significant insider buying during the quarter.

STEC is a developer and manufacturer of flash-based memory geared toward original equipment manufacturers (OEM) in their product offerings. We believe STEC is a strong player in the solid-state drive space due to its ongoing relationships with prominent OEMs in the technology sector. This is another company where we identified sizable insider buying.

Houston Wire & Cable is a supplier of electrical and electronic wire and cable. The firm looks to us to be well-positioned with strong gross-margin acceleration. Also, we believe the stock should benefit from higher copper prices.

Sells

American Medical Systems Holdings makes medical devices used to treat pelvic-health conditions for both men and women. Endo Pharmaceuticals bought the company during the quarter at a significant premium. We sold the stock following the announcement.

DuPont Fabros Technology is a real-estate investment trust (REIT) that owns and operates wholesale data centers in the United States. We had concerns over some of the firm's recent operational decisions and the uses of its resources; consequently, we sold the stock.

OpenTable provides an electronic reservation-booking service for restaurants. We sold the stock due to a rich valuation and increasing competitive pressures.

Outlook

We view the selloff for the bulk of the second quarter as a normal correction in what we see as a positive environment for equities. We believe lower gasoline prices and a rebound in auto production following the earthquake in Japan should enable reasonable economic growth for the balance of the year. Continued government stimulus focused on reducing unemployment – sure to be a theme of the 2012 presidential election – also will be a plus. Small-cap stocks may appear expensive relative to large caps but their price/earnings ratio is approximately in line with historical averages and they continue to be boosted by high levels of mergers and acquisitions as well as continued strong earnings growth projected into 2012.

We remain positive on the energy with our longstanding preference toward companies leveraged to oil over natural gas. Ironically, we believe the International Energy Administration's (IEA) decision to release 60 million barrels of oil from the strategic reserve actually benefited the energy industry by lowering prices enough to help shore up demand. The industry's rush toward emerging oil-producing areas, such as the Permian Basin and Bakken Shale, continues to accelerate as evidenced by the stunning 18 percent sequential increase (more than double its year-ago level) in the oil-rig count in the second quarter. We continue to favor companies (e.g,. Brigham Exploration) that have large acreage positions in those areas.

Within the materials and industrials industries, we continue to favor companies with exposure to the aerospace industry. Both Boeing and Airbus reported sizable orders at the Paris Air Show. With backlogs at record levels, both companies are increasing their production rates, which should have positive implications for suppliers such as Triumph Group. Additionally, we expect Boeing to deliver the long-awaited 787 plane during the third quarter, which should serve as a meaningful catalyst for titanium suppliers (e.g., RTI International Metals). From a macroeconomic perspective, we believe U.S. industrial activity should benefit from an expected uptick in auto production as supply-chain constraints stemming from the devastating earthquake in Japan begin to ease. Encouragingly, recent manufacturing surveys have shown modest improvements following a modest pullback in the spring.

The yield curve flattened in the second quarter as weaker economic data helped to quell concerns over inflationary pressures and demand for U.S. Treasury securities seemed to increase, driven by fears over sovereign-debt problems in Europe. A flatter yield curve is not usually good news for bank stocks, as it likely will put pressure on net-interest margins. Looking ahead, financial stocks continue to be challenged by the slow pace of the economic recovery, and it remains hard to find names that have good underlying fundamentals that will support quality earnings growth.

The American Recovery and Reinvestment Act (ARRA) allocated more than $30 billion in stimulus funds to increase dramatically the adoption of electronic health records by physicians and hospitals. Business trends have been accelerating for those vendors (e.g., Quality Systems) that can offer a certified electronic health record. Healthcare certainly had strong relative performance during the second quarter but that was largely the result of a rotation into defensive stocks at this stage of the market cycle. There is enormous change occurring in the healthcare industry. Changes include healthcare reform, a seeming reluctance by the U.S. Food and Drug Administration (FDA) to approve new drugs and devices, sluggish utilization of healthcare resources by patients due to the economy and constant pressure on profit margins. We believe the future winners of the healthcare industry will be those that can overcome these challenging headwinds.

In the technology sector, we continue to focus on companies that have a secular, rather than cyclical, growth story as well as those with the potential for accelerating earnings growth. Recently, we have favored software companies that offer strong competitive positions, high margins and operating leverage, recurring revenue streams, high barriers to entry and switching costs, and have the potential to be acquired. For example, we have taken a position in Opnet Technologies, a provider of software that helps companies identify problems with applications running on their corporate networks and helps quickly fix those problems. As we move closer to the end of the year, we likely will increase our weighting in semiconductor stocks, which now offer attractive valuations and may begin to anticipate the next up-cycle in spending.

Following the recently rally in consumer stocks, we believe they will likely perform in line with the broader market. We finished the quarter with a modest overweight in consumer discretionary due to both very strong stock selection and the recent lowering of the benchmark sector weight following Russell's annual reconstitution. We are comfortable with the names we currently own but we may reduce our weighting to be more in line with the benchmark.

1. References to specific securities are intended to illustrate the types of securities Eagle may hold in this portfolio. They are not intended as representations of specific investment recommendations that would have been profitable to an investor. Past performance is not a guarantee of future results.
2. Source: FactSet, Frank Russell Co. Statistics represent an aggregate of all portfolios.

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

Small Cap Value — Total Market Value: $12,859,101 (1.0% Cash) — Quarter Ended June 30, 2011

Performance Returns - Gross of Fees

	MTD	QTD	YTD	Since Incept.
Portfolio - Total Return	-1.00 %	-2.67 %	5.18 %	7.79 %
Portfolio - Equity Only	-1.01	-2.72	5.12	7.54
Russell 2000 Value Index	-2.46	-2.65	3.77	6.71
Russell 2000 Index	-2.31	-1.61	6.21	6.99
S&P 500 Index	-1.67	0.10	6.02	5.06

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)	10.3x	12.3x	13.7x
Price / Cash Flow Ratio	4.9x	7.3x	9.1x
Price / Book Ratio	1.2x	1.3x	1.9x
Dividend Yield	1.0%	1.9%	1.3%
Market Capitalization (mm)	$1,633	$1,097	$1,263
# of Holdings / 1-Yr Turnover	60 / 57%		

Top and Bottom Five Contributors to Performance

	End Wgt	Ttl Ret.	Contr.
Miller Industries Inc.	4.11 %	15.92 %	0.59 %
Ness Technologies Inc.	1.75	18.28	0.30
Valassis Communications	5.99	3.98	0.25
Goodyear Tire & Rubber Co.	1.00	11.95	0.24
Universal Stainless & Alloy Prod.	0.00	20.52	0.22
Stone Energy Corp.	3.57 %	-8.93 %	-0.36 %
Cobalt Int'l Energy Inc.	1.93	-18.92	-0.44
Huntington Ingalls Industries	3.46	-16.87	-0.47
Jones Group Inc.	2.21	-20.79	-0.56
Hudson Highland Group	3.32	-17.69	-0.65

Trading Data

Major Buy(Sell) *New buy/final sell	+/-
Huntington Ingalls Industries	3.3%
Horace Mann Educators Corp.	1.2% *
Heartland Payment Systems Inc.	1.0% *
PharMerica Corp.	1.0% *
Arris Group Inc.	0.7%
(Jones Group Inc.)	-0.8%
(Global Payments Inc.)	-0.8% *
(Universal Stainless & Alloy Prod.)	-1.2% *
(Kinetic Concepts Inc.)	-1.8%
(Goodyear Tire & Rubber Co.)	-2.1%

Top Ten Stocks - Total Portfolio

	End Wgt
Valassis Communications	6.0 %
Great Plains Energy Inc.	4.6
Noranda Aluminum Hldg	4.3
Con-Way Inc.	4.1
Miller Industries Inc.	4.1
Alliant Techsystems Inc.	4.0
Symetra Financial Corp.	3.9
MI Developments Inc.	3.7
Stone Energy Corp.	3.6
Huntington Ingalls Industries	3.5

Performance Attribution

	Portfolio		Russell 2000 Value		Allocation		
	Avg Wgt	Equ. Ret.	Avg Wgt	Equ. Ret.	Sector	Stock	Total
Information Technology	6.95 %	1.82 %	9.48 %	-4.65 %	0.03	0.50	0.53
Materials	5.20	1.25	6.27	-4.87	-0.01	0.34	0.33
Utilities	8.41	5.16	6.42	2.71	0.12	0.20	0.32
Consumer Discretionary	16.46	-0.49	9.36	-0.15	0.19	-0.10	0.09
Financials	25.67	-2.38	36.86	-2.63	-0.01	0.02	0.01
Telecommunication Services	0.00	0.00	0.57	14.95	-0.09	0.00	-0.09
Health Care	3.70	2.67	5.97	4.58	-0.14	-0.09	-0.23
Energy	6.50	-11.91	8.06	-6.69	0.10	-0.38	-0.28
Consumer Staples	2.01	-8.24	3.03	2.65	-0.05	-0.24	-0.29
Industrials	25.10	-6.58	14.01	-6.21	-0.35	-0.02	-0.38
					-0.21	0.23	0.02

Top Ten Industries - Total Portfolio

	End Wgt
Insurance	12.0 %
Aerospace & Defense	7.9
Electric Utilities	7.8
Machinery	7.7
Media	6.5
Commercial Banks	5.9
Professional Services	5.8
Oil Gas & Consumable Fuels	5.8
Textiles Apparel & Lux Gds	4.5
Road & Rail	4.4

Data source: FactSet daily buy-and-hold, gross of fees. Returns calculated using this buy-and-hold methodology could differ from actual portfolio returns when there is a significant difference between the trade price and the closing price of any given security (e.g., IPOs, corporate transactions or closing price conventions). 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. HWCM and Russell sectors are based on the Global Industry Classification Standard by MSCI and Standard and Poor's.

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BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

Small Cap Value
Investment Review

Quarter Ended
June 30, 2011

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HOTCHKIS AND WILEY CAPITAL MANAGEMENT
725 South Figueroa Street, 39th Floor • Los Angeles, California 90017-5439 • Tel 213.430.1000 • Fax 213.430.1001
Investment Advisor

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

June 30, 2011

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Assets

Total Market Value:	$12,859,101
Total Equity Value:	$12,722,910
Total Cash Value:	$127,577
Total Accrued Value:	$8,614
% Cash of Portfolio:	1.0%

Transactions Summary

Total Purchases:	$1,527,854
Total Sales:	$1,815,495
Total Commissions:	$2,600
Average Transaction Cost/Share:	$0.014

Performance Returns

Commencement of Portfolio
December 1, 2003

	MTD	QTD	YTD	1 Yr	3 Yrs	5 Yrs	Since Inception
Portfolio - Total Return	-1.00 %	-2.67 %	5.18 %	42.48 %	13.87 %	4.04 %	7.79 %
Portfolio - Equity Only	-1.01	-2.72	5.12	42.99	13.22	3.38	7.54
Russell 2000 Value Index	-2.46	-2.65	3.77	31.35	7.09	2.24	6.71
Russell 2000 Index	-2.31	-1.61	6.21	37.41	7.77	4.08	6.99
S&P 500 Index	-1.67	0.10	6.02	30.69	3.34	2.94	5.06

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

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MARKET REVIEW AND OUTLOOK

Market Commentary

Dissonance gripped the equity market in the second quarter as investors seemed unable to reconcile continued earnings recovery with lackluster economic reports. This discrepancy fueled considerable swings intra-quarter. In the end, the S&P 500 Index returned +0.1% and the Russell 2000 Index returned -1.6%. Operating leverage stemming from aggressive responses to the recession has fueled strong earnings and cash flows. The recovery in small cap stock prices, however, has not kept pace with the robust recovery in their earnings. The result is a small cap equity market exhibiting robust earnings and attractive valuations. Against this backdrop, investors are concerned about the sovereign debt crisis in Europe and fiscal policies here in the US, most notably the debt ceiling issue. While the geopolitical and macroeconomic environment is important, our experience tells us that these concerns tend to be overly discounted in stock prices and that focusing on normal earnings power and valuation leads to better investment outcomes—especially in the US small cap equity market. Consequently, we see a reason to be optimistic.

Small cap stocks with low economic sensitivity outperformed the market considerably during the quarter as the four least cyclical sectors were among the top performers—telecommunications, consumer staples, healthcare, and utilities. Energy, industrials, and materials were the biggest laggards. Growth stocks outperformed value stocks for the quarter. In general, the lower the price-to-book and price-to-earnings multiples, the worse the performance.

The portfolio continues to be sensitive to market sentiment and the direction of the economy. This sensitivity is due to the reversion of earnings from economically depressed levels to normal levels as the economy recovers—a dynamic that we believe has yet to fully transpire. While we may experience short term fluctuations due to macroeconomic news, we continue to see attractive portfolio valuation.

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2011 Q2 Attribution

The Hotchkis and Wiley Small Cap Value portfolio performed in line with the Russell 2000 Value Index for the quarter despite the portfolio's tilt toward cyclical economic recovery. Positive stock selection was the largest performance contributor in the quarter. Positive stock selection in technology, materials, and utilities helped performance. The largest individual contributors were Miller Industries, Valassis Communications, and Goodyear Tire & Rubber. An overweight in low-valued stocks and an underweight in non-cyclical stocks were performance detractors in the quarter. An overweight in industrials and stock selection in energy also hurt performance. The largest individual detractors were Hudson Highland, Jones Group, and Huntington Ingalls Industries.

Performance comparison is based on gross of management fee returns. The portfolio characteristics and attribution in this commentary are based on a representative Small Cap Value portfolio. Certain client portfolio(s) may or may not contain the securities discussed in this commentary due to different restrictions, cash flows and other relevant considerations. The commentary is for information purposes only and is not intended to be, and should not be, relied on for investment advice. The opinions expressed are those of the portfolio managers as of 6/30/11 and may not be accurate reflections of their opinions after that date. There is no guarantee that any forecasts made will come to pass. Accounts may not continue to hold the securities mentioned and HWCM has no obligation to disclose purchases or sales of these securities. Past performance is no guarantee of future results.

INTEGRITY ASSET MANAGEMENT

July 26, 2011

Danean Wright
Bay County Employees' Retirement System
515 Center Ave, Suite 706
Bay City, MI 48708

Dear Danean,

Enclosed please find a copy of the quarterly portfolio review as of June 30, 2011 for the Bay County Employees' Retirement System account.

If you have any questions or require additional information, please let us know.

Best regards,

Wendy J. Kunze
Manager - Account Administration

/wjk
Enclosure

Investment Management
18500 Lake Road, Suite 300
Rocky River, Ohio 44116
Phone (216) 920-5001
Fax (216) 920-1418

Administration & Operations
480 Pierce Street
Birmingham, Michigan 48009
Phone (248) 647-9200
Fax (248) 451-2093

Bay County Employees' Retirement System

As of 6/30/11

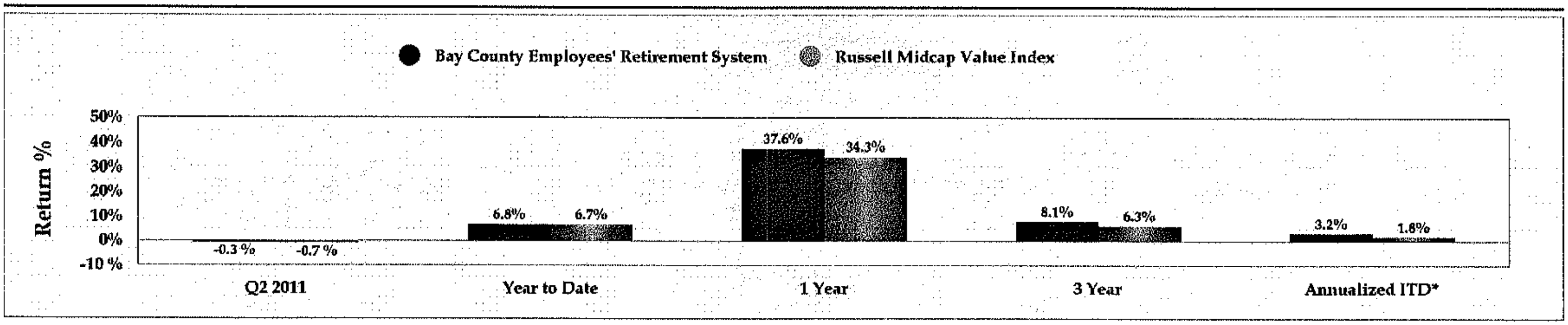
Account Performance

For the quarter ending June 30, 2011, your portfolio returned -0.28% versus the Russell Mid Cap Value index, which returned -0.69%.

Stock selection in Health Care, Materials and Industrials drove the outperformance. Stock selection in Utilities, Financials and Consumer Staples were the biggest detractors. Sector positioning was a minor detractor overall as the benefit of being overweight Health Care, the best performing sector, was offset by a sizeable overweight to Technology which underperformed and an underweight to Utilities which outperformed. From a style perspective, our larger beta and smaller market cap hurt us this quarter, while higher momentum continued to work.

Performance Review (Annualized)

Gross of Fees



Portfolio Performance	Q2 2011	Year to Date	1 Year	3 Year	Annualized ITD*
Bay County Employees' Retirement System	**-0.28%**	6.79%	37.60%	8.13%	3.20%
Russell Midcap Value Index	-0.69%	6.69%	34.28%	6.35%	1.77%
Relative Performance	**0.41%**	**0.10%**	**3.32%**	**1.78%**	**1.43%**

* *Since Inception 1/3/07*

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"Round up the Usual Suspects", a quote from Capt. Louis Renault from the movie Casablanca sums up the market perfectly. Many of the same macro issues that have confronted investors over the last few years have come to the forefront: The European debt crisis, high energy prices, the end of the second round of QE, slowing Chinese growth and the press calling for a double dip in the U.S. economy. Layer on unrest in the Middle East, uncertainty over the outcome of the U.S. debt ceiling debate and the Japanese tragedy all have the makings for a very uncertain macro environment.

As we wrote last quarter, our biggest concern with the market was the timing of the effects of the Japanese disaster hitting concurrently with the end of QE2. Should the market correlate slower growth with the end of QE2, instead of a temporary pause from Japan, it could weigh on stocks. This is precisely where we are currently with the issues of the European debt crisis bundled in, which has caused the market to correct.

While we are quite concerned about these macro issues, we believe many are transitory and the global economy is still in the process of recovering. It appears the Greek situation is on the path to stabilization, Japan's economy is beginning to recover, oil prices have retreated approximately 16% from the highs in early May, China is nearing the end of their interest rate tightening cycle and the auto industry is beginning to increase production which will boost second half U.S GDP. Corporate profits still look very solid, even though Q2 and the initial outlook for Q3 may not be as strong as previous quarters; we believe this is just a soft patch in the recovery. There has been a host of positive macro data recently pointing to improving employment, increased cap-ex, solid business fundamentals and stable equity fund flows. With this backdrop, we remain constructive on the economy and the market.

We believe the market is trying to turn its attention from bigger picture issues to individual company fundamentals as corporate profits have been outstanding. As we have said the last few quarters, we will look for companies in the value universe which offer prospects for both top and bottom line growth. We retain a positive bias toward the market although we are wary of the risks we spoke about. Overall, we expect this to be a good year for the market, but not with returns like we have witnessed over the last two years.

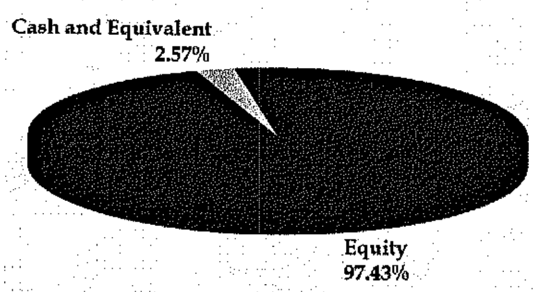
Lastly, Russell recently completed their annual rebalancing across their indices. The new Russell Midcap Value index stylistically looks to have a smaller market cap and a little lower beta. The major sector changes are increased weights in Technology and Financials along with a smaller weight in Energy and Telecom.

Bay County Employees' Retirement System

As of 6/30/11

Portfolio Summary

Current Asset Allocation



Asset Class		Market Value	Percent of Assets
Equity	$	18,631,064.37	97.43%
Cash and Equivalent	$	490,762.14	2.57%
TOTAL	**$**	**19,121,826.51**	**100.00%**

Portfolio Summary

Bay County Employees Ret System
4407N1

Date Run: 07/19/2011
Period Covered: 05/31/2011 to 06/30/2011

Portfolio Composition as of 06/30/2011

	Total Market Value	% of Total
Bonds	23,891,884	91.75%
Cash and Equivalents	1,829,119	7.02%
Accrued Income	319,555	1.23%
Total	26,040,558	100.00%

Statement of Changes

Total Market Value at 05/31/2011	26,324,856
Net Additions/Withdrawals	56
Income Earned	110,097
Portfolio Appreciation/Depreciation	-394,451
Total Market Value at 06/30/2011	26,040,558

Performance Returns (Supervised Assets)

	1Mth	3Mths	YTD	1 YR	3 YRS*	5 YRS*
Total	-1.08	2.34	3.89	8.81	9.65	7.58
Barclays Credit ^	-0.73	2.50	3.41	6.20	8.23	7.03

* - Returns are annualized

^Barclays Credit from 6/30/1999 thru 6/30/2011
Citigroup Broad Inv-Grade (BIG) from 01/31/1997 thru 6/30/1999

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MacKayShields
9 West 57th Street, 33rd Floor
New York, NY 10019

July 2011

We are pleased to enclose your Second Quarter 2011 Investment Summary report. If you have any questions concerning the report, your account or the financial markets in general, please do not hesitate to call upon us.

Just a reminder that you can access your portfolio reports through our password access "Your Account" on our website. We would be pleased to provide you with a "Password" if you are interested in accessing your reports through our website at mackayshields.com.

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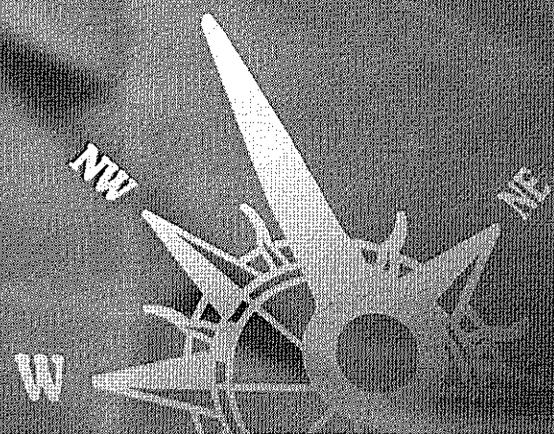
As always, MacKay Shields appreciates the continuing opportunity to be of service to you.

Best regards,

Virginia

Virginia Rose

MacKayShields



BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

Quarterly Report
June 30, 2011

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SECOND QUARTER 2011 — OVERVIEW OF QUARTERLY PERFORMANCE

MARKET OVERVIEW

In the second quarter of 2011, the US convertible market, as measured by the BofA Merrill Lynch All Convertible Index, returned -0.6%, while underlying equities were down 2.3%. Year-to-date, the convertible bond market is up 4.4%.

Equity markets declined in the second quarter in the midst of weaker-than-expected reports on GDP growth. This weakness reflects rising oil prices, mounting government debt, the temporary impact of disruptions to the global supply chains, and slower economic growth in China and India.

Investment grade convertible bonds slightly outperformed speculative grade convertible bonds. For the quarter, investment-grade convertibles bonds, as measured by the BofA Investment Grade Convertible Index, dropped 0.6%, while speculative-grade convertibles decreased by 1.5%. Year-to-date, speculative-grade convertible bonds are up 4.7%, ahead of investment-grade convertible bonds, which are up 3.7%.

Utilities was the best performing sector in the quarter, climbing 5.6%. Other outperformers included Healthcare, Media, and Telecom. Year-to-date, Technology and Transportation are the worst performing sectors.

There were a total of twenty-two new convertible bond issues in the second quarter. These new convertible deals raised a total of $5.7 billion. Year-to-date, total proceeds from new issues of convertible bonds are $17.5 billion. Redemptions in the second quarter totaled $17 billion.

PERFORMANCE

Leading contributors for the quarter came from a variety of sectors and industries. On the whole, the portfolio's Consumer related holdings performed well. Big-box retailer, Costco, performed well as core US sales were in line with the upper end of expectations, while International was better than expected. Costco continues to benefit from inflation in food and gas. In periods of rising prices, consumers are seeking out low cost providers like Costco, and this is evident in its traffic as well as its food and gas sales. The company is also benefitting from a bigger investment in non-food inventory. Danaher's convertible bonds also outperformed the market in the second quarter. The company posted record first quarter results in April, which boosted investor confidence. Additionally, Danaher has a solid record of free cash generation. We believe Danaher has an opportunity to further boost its efficiency and improve margins given the company's acquisition of Beckman and Coulter, a leading manufacturer of biomedical tools. Another leading contributor was Boston Properties. The company's convertible bonds have benefited from a flight to quality, as tenants look for prime rental space in a soft rental market. Boston Properties is one of the most skilled developers in this sector and we believe management will leverage its experience to expand its development pipeline and drive growth in upcoming quarters.

On the whole, the portfolio's Energy and Materials holdings declined during the quarter. Cameron International, Apache Corp and Allegheny Technologies were each leading detractors. Earlier in the quarter Cameron International reported an earnings decline, as the oil and gas pressure control equipment maker recorded previously disclosed charges related to cost overruns on a subsea project and the loss of business in Libya. The convertible preferred shares of energy company, Apache, also underperformed in the second quarter. Apache's stock price likely traded lower due to pessimistic macro-indicators, which threaten economic growth in the US. Still, Apache continues to demonstrate an improving international asset mix, which will fuel company growth for the foreseeable future. Lastly, the convertible bonds of specialty metals producer Allegheny Technologies weighed on returns, likely falling in sympathy with declining nickel prices. Still, Allegheny's products, particularly titanium and nickel alloy, face growing industrial, oil/gas, and jet engine demand into 2011 and beyond, with visibility improving and further projects potentially on the horizon.

SECOND QUARTER 2011 — OVERVIEW OF QUARTERLY PERFORMANCE

OUTLOOK

Given the relatively attractive valuation of stocks and the emerging economic recovery, we think that convertible bonds and stocks are likely to be higher in twelve to eighteen months than where they stood on June 30th. We believe that convertible bonds remain an excellent vehicle through which to participate in further equity advances. 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. In 2010, convertible bonds exceeded the advance in equities. While the convertible market may not be able to continue to capture more than 100 percent of the upside of the stock market's advances, we believe that convertibles will continue to offer a compelling risk/reward profile.

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, and is not intended to constitute the giving of advice or the making of a recommendation. 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 article may be reproduced in any form, or referred to in any other publication, without express written permission of MacKay Shields LLC.

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BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

Portfolio Composition and Performance — Account 1256
June 30, 2011

Composition	Market Value	Percent of Total
Fixed Income	17,140,680	83.14
Equity	2,670,011	12.95
Cash & Equivalents	806,400	3.91
Total Portfolio	**$20,617,091**	**100.00%**

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)	-0.89%	-0.10%	3.44%	17.13%	2.03%	4.96%	57.78%	6.06%
Merrill Lynch Convertible Inv Grade	-1.22%	-0.61%	3.10%	13.77%	6.26%	6.70%	54.72%	5.79%
ML Convt Inv Grade BDS (Inc Mandatory)	-1.24%	-0.56%	3.70%	14.89%	1.09%	1.70%	27.45%	3.18%

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

MacKayShields

BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

Summary Report — Account 1256
June 30, 2011

	Total Cost	Percent at Cost	Yield at Cost	Market Value	Percent of Assets	Yield at Market	Annual Income
Bonds	15,084,100	87.10	1.70	17,090,050	82.89	1.50	256,504
Stocks	2,233,163	12.90	5.17	2,664,963	12.93	4.33	115,489
Cash & Equivalents	0	0.00		806,400	3.91	0.09	726
Accrued Income				55,678	0.27		
Total Portfolio	**$17,317,263**	**100.00%**	**2.15**	**$20,617,091**	**100.00%**	**1.81**	**$372,719**

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MacKayShields

Schroders

Bay County Employees' Retirement System

Investment Report – Schroder International Small Companies Fund

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e-mail: michelle.seiden@us.schroders.com

Schroder Investment Management North America Inc.
875 Third Avenue
New York, NY 10022-6225

Tel: 1 212 641 3881
Fax: 1 212 641 3985

Schroders

Bay County Employees' Retirement System

Overview

Fund Valuation

Value at 31 March 2011	Net Cash Flow	Value at 30 June 2011
US$ 10,133,759	-	US$ 10,372,461

Performance

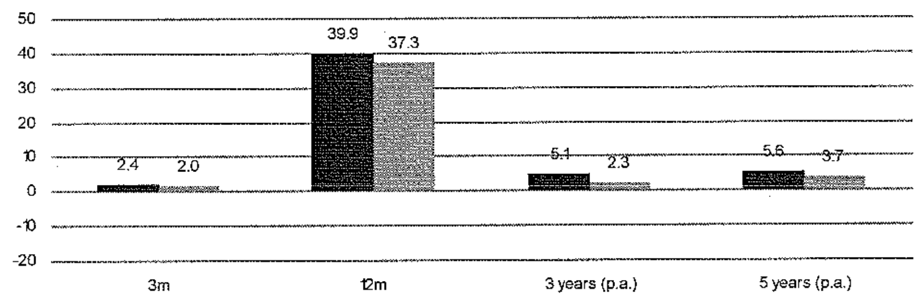
Periods to 30 June 2011

Total returns (US$)	3 months %	12 months %	3 years % p.a.	5 years % p.a.	Since Inception** % p.a
Fund	+2.4	+39.9	+5.1	+5.6	+5.6
Index*	+2.4	+38.8	+3.8	+5.2	+5.2
S&P EPAC SmallCap	+2.0	+37.3	+2.3	+3.7	+3.7
Value added rel Index*	0.0	+1.1	+1.3	+0.4	+0.4
Difference	+0.4	+2.6	+2.8	+1.9	+1.9

Source: Schroders. Gross of fees. * S&P EPAC SmallCap Index plus 150 basis points ** Inception June 30, 2006

All subsequent performance comments and numbers are relative to S&P EPAC SmallCap Index

Performance versus benchmark (%)



Summary

A last gasp rally on hopes of a resolution of the Greek debt impasse and weakness in the dollar left international smallcap returns fractionally positive for US based investors over the quarter. Underlying sentiment was generally weak through the period as previously over-optimistic expectations on global growth were disappointed and, for Asian /Emerging markets, there remained considerable uncertainty over inflation and whether monetary authorities had either the will or ability to restrain it.

The Fund marginally outperformed over the quarter, primarily due to stock selection in the United Kingdom and the Pacific ex Japan. This was partly offset by shortfalls in the rest of Europe and Japan, and a small headwind from regional positioning.

Positive relative performance over twelve months is primarily due to stock selection in Europe and Japan. The only area where selection has lagged has been Pacific ex Japan, primarily due to weakness in Hong Kong, compounded by the Fund's overweighting in that market.

Growth will be patchy and restrained in the developed world as consumer and public sectors seek to deleverage. The corporate sector will provide some offset but will remain cautious in expanding capacity and costs (and therefore employment). Asia/Emerging should exhibit better growth, but will be slow to relinquish the export-led model and unfetter their currencies.

We believe this environment favours companies with pricing power and their own growth dynamic, and these remain the core of our portfolio. In geographic terms we are overweight Asia ex Japan and core Europe at the expense of Japan, UK and the southern European periphery. We remain underweight financials, balanced by small overweights in industrials and energy.

Bay County Employees' Retirement System

Market Summary

International small companies registered a small rise in US dollar terms of 2.0% over the second quarter, broadly in line with larger cap stocks. This belies a distinctly subdued market environment, with the end result flattered by the continued weakness of the dollar, and a brief but sharp rally in markets in the final week of June.

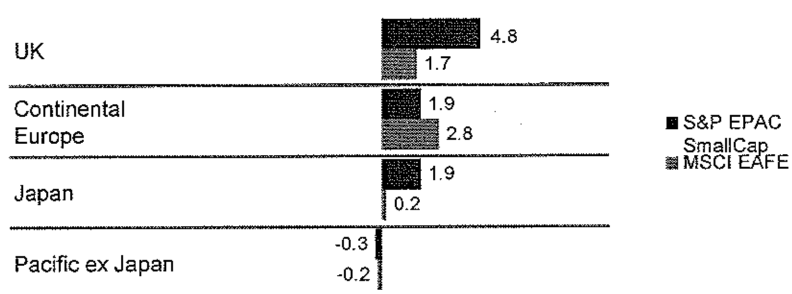
Taking the quarter as a whole, risk aversion has been to the fore as equities markedly underperformed bonds. The key factors have been a steady downward ratchet in global growth expectations as excessive optimism over developed markets unwound, and emerging markets continued beset by inflationary concerns. More noise over Greece and strains on the euro added to the mood.

Unsurprisingly in the circumstances, traditional defensives such as consumer staples and health care were resilient, while cyclicals and commodities (notably energy and mining) were weak. While overall smallcap kept pace with their larger peers, there were some regional divergences. In continental Europe, largecaps did better, particularly in staples, healthcare and consumer cyclicals (notably autos), although smallcap banks fared better than larger peers.

In the United Kingdom, largecaps lagged as the strength in defensives was more than offset by weakness of the big banks which languished in the wake of lacklustre results and regulatory uncertainty, and the weakness in the largecap miners, not helped by the poor reception to the Glencore IPO. A steady flow of M&A has continued to be a notable feature.

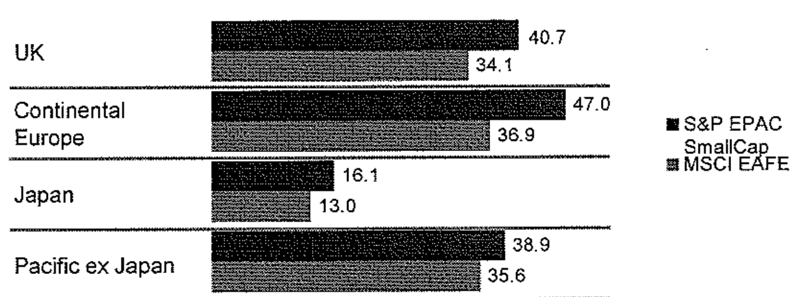
The Pacific ex Japan market continued to under-perform, notably Hong Kong where financials and real estate stocks were subdued, and Australia due to a correction in commodity stocks and weakness in the domestic consumer reflecting rising interest rates and withdrawal of fiscal stimulus.

S&P & MSCI returns by major region US$ 3 months to 30 June 2011



Source: S&P, MSCI

S&P & MSCI returns by major region US$ 12 months to 30 June 2011



Source: S&P, MSCI

Bay County Employees' Retirement System

Performance

Performance attribution – Periods to 30 June 2011

Total returns	3 months %	12 months %	3 years % p.a.	5 years % p.a.
Stock selection	+0.4	+4.9	+3.2	+1.6
Country weightings	-0.3	-3.2	-0.3	+0.4
Currency hedging	0.0	0.0	0.0	0.0
Residual	+0.3	+0.9	-0.1	-0.1
Total value added	**+0.4**	**+2.6**	**+2.8**	**+1.9**

Source: Schroders

The Fund marginally outperformed over the quarter, primarily due to stock selection in the United Kingdom and the Pacific ex Japan. This was partly offset by shortfalls in the rest of Europe and Japan, and a small headwind from regional positioning.

Stock selection in the United Kingdom was the most significant positive, and most evident among industrial (**Hamworthy, Ricardo, Senior**), consumer cyclical, (**Berkeley Group, William Hill**), financial (**Albemarle & Bond**), and energy (**Exillon Energy**) holdings. Health care has been the one area of weakness, (**Dechra, Consort Medical**)

In the Pacific ex Japan region, the major contributors were from the autoparts exposure in Korea (**Hyundai Wia, Hankook Tire, Mando**), along with lesser contributions from materials (**Iluka Resources, Amcor**), industrials (**STX OSV, Hyundai Glovis, SIA Engineering**), and information technology.

Stock selection in consumer cyclicals, industrials, financials and materials were the key detractors in continental Europe, though some of the larger shortfalls were the result of specific factors, such as **BYGGmax** reacting to an interest rate increase in Sweden, **TomTom** on competition fears, and **gategroup** on euro strength given its high exposure to dollar revenue streams.

Although our industrial selection in Japan was strong (**Hitachi Transport, Asahi Diamond, Nitta**), this was more than offset by weakness elsewhere, including energy (**MODEC**), consumer cyclicals (**Tsutsumi Jewelry**) and financials (**Tokai Tokyo Financial**) although remaining underweight the latter sector continued to be a positive factor.

Positive relative performance over twelve months is primarily due to stock selection in Europe and Japan. The only area where selection has lagged has been Pacific ex Japan, primarily due to weakness in Hong Kong, compounded by the Fund's overweighting in that market.

Stock and Country Selection Impact – 3 months to 30 June 2011

	Stock selection %	Country allocation %	Total* %
UK	+0.6	-0.1	+0.5
Japan	-0.1	0.0	-0.1
Continental Europe	-0.9	-0.1	-1.0
Pacific ex Japan	+0.8	-0.1	+0.7
Cash	-	0.0	0.0

* Contribution to performance relative to S&P EPAC SmallCap

Source: Schroders

Bay County Employees' Retirement System

Fund Activity

Country Changes – 3 months to 30 June 2011

Continental Europe	We have remained modestly underweight in continental Europe over the quarter, with little change to the broad thrust of policy. We remain focused on the core markets at the expense of the Southern periphery, where continued deflationary pressures, weakening asset price and high unemployment, represents a difficult environment for more domestically oriented smaller companies. The bulk of our exposure remains in industrials and information technology, along with consumer cyclicals primarily in core Europe and Scandinavia where operating conditions remain generally favourable. The major areas of underweighting are financials and materials.
UK	On a rather smaller scale, the United Kingdom is also an economy of contrasts between sectors (capital spending and export sensitive companies performing well as opposed to domestic demand sensitive) and geographically (South versus North). Overall, however, the rate of expansion is anaemic with the full force of public spending cuts still to come. With continued easy credit policies in prospect, sterling looks vulnerable once more. We remain underweight, with the bulk of exposure in industrials and information technology.
Japan	The Japanese economy has been recovering somewhat faster than expected from the shocks of mid-March, but domestic sentiment remains fragile, with the general uncertainty restraining consumption. We reduced exposure modestly through the quarter, reflecting a number of holdings approaching fair value, and while we seek to add to depressed domestic names, in practice the opportunities look limited.
Pacific ex Japan	We remain overweight in Asia ex Japan. There appears to be greater visibility on at least a levelling off of inflation given slowing activity across the region and some selective relief on commodity prices. This should allow regional monetary authorities to rein in the current tightening activity and allow some recovery in domestic sentiment, possibly reversing the recent underperformance by smaller companies. While the longer-term attractions of the region lie in the growth of domestic consumption, we also see attractive value in selected export orientated stocks.

Country Weightings versus Benchmark Index* at 30 June 2011

Fund (%)	Index (%)			3 month change in active weight (%)
21.5	17.5	Pacific ex. Japan	4.0	+0.3
43.0	44.5	Continental Europe	-1.5	-0.7
17.2	19.1	UK	-1.9	-0.1
15.3	18.9	Japan	-3.6	-0.9
3.0	0.0	Cash	3.0	+1.4

* S&P EPAC SmallCap Index

Bay County Employees' Retirement System

Policy

The caution we expressed in our last report over what seemed excessive optimism on the immediate outlook for the global economy proved well placed. Economic data over the second quarter has turned out almost uniformly below expectations. As is the wont of markets, this appears to have been extrapolated out into the future and macro surprise measures, having started the quarter at five year highs, closed it at lows last seen at the depths of the Global Financial Crisis.

Being, as we are, in the "muddle through" camp for the developed world, we suspect the pessimism evident now is as misplaced as the optimism of three months ago. To that extent, we are modestly constructive on the near-term outlook for international smallcap equities, with support coming from still reasonable earnings expansion, modest valuations, currently poor sentiment indicators and the calculation that we are experiencing a pause in growth rather than a double dip. The latter view is based on our belief that Japan is rapidly building production back to close to pre-earthquake levels, corporate spending will remain supportive in most markets, and fragile consumer confidence will not get much worse (particularly if there is some relief from food/fuel/commodity cost pressures).

Given the fragility of current sentiment and the extent to which traditional safe havens (health care, staples) have outperformed in recent months, a relief rally may be led by cyclical and lower quality stocks and sectors. We would not expect this to be particularly helpful for relative performance in the near-term given our quality bias, but also believe that such a phase will prove short-lived. The fundamental headwinds to global activity, (specifically facing the developed world) remain formidable, and there is a risk that the shortcomings of QE becomes apparent in a steadily less appetising trade-off between its impact on real activity and the inflationary cost.

Meanwhile, the world remains very vulnerable to shocks above and beyond the current strains in the euro bloc. The western consumer is in little position to withstand economic reality as illustrated by the recent experience in Sweden where a modest interest rate rise prompt an immediate reaction in consumption despite having a relatively less indebted household sector than most in the developed world. The flight path out of anomalously low interest rates remains fraught with risks.

Asia ex Japan remains the key area of overweighting. Virtually unique in having inherent growth momentum, it has been going through an awkward phase in the cycle, with inflationary pressures exacerbated by the developed world's brief post QE2 recovery. However, we are now further on in the cycle, and the signs are that the region is slowing in what should be a relatively controlled manner, with concomitant relaxation of inflationary pressures. Interest rate rises have been accompanied by a range of other measures (credit controls, direct measures to cool real estate activity, slowing of infrastructure spending) with direct impact on growth, and equally important on sentiment.

New holdings in the region have included **Mando Corp** a Korean autoparts maker, **Yuexiu Transport Infrastructure** a toll road operator in Guangzhou, and **China BlueChemical,** a producer of nitrogen fertilizer. However, addition to the region has been more than cancelled out by a number of sales reflecting specific stocks reaching our fair value targets, such as **Intime Department Stores**, **L'Occitane, China National Building Material,** and sizeable reductions in **Iluka Resources** and **Hyundai Glovis**.

Industrial production in Japan has been recovering healthily from the March disruption, and is set for full restoration in the course of the third quarter. The priority has been to restore and maintain global competitiveness. Whether due to the general uncertainty or self-abnegation, consumer activity has been restrained, and in general more domestically oriented sectors have been slower to recover. The portfolio remains oriented towards industrials, information technology and specialist materials. The only new holding was in **Kureha Chemical** for its exposure to materials used in production of lithium ion batteries.

Bay County Employees' Retirement System

Policy continued

The United Kingdom remains an economy of contrasting fortunes but the overall picture is subdued. Export and capex sensitive sectors continue to do well, but struggle to offset the headwinds on domestic demand whether public or private. Despite inflation running at 4.5% monetary policy remains very loose and sterling relatively weak. This continues to favor more externally oriented companies including new holdings in **SDL** (automated translation software) **Senior** (aerospace engineering) and **Lamprell** (oil services). We have had less success finding domestic names, and if anything our exposure fell in the quarter with sales of **WH Smith** (retailing), **Cranswick** (food manufacturing) **Homeserve** (insurance), and **Forth Ports,** which was taken over.

Continental Europe presents a similar picture of contrasting economic fortunes. While we remain cautious on the outlook for the Southern periphery, it is clear that core European economies and financial systems are not insulated from the strains in the currency bloc. It seems right to remain underweight the region as a whole, and we continue to favour defensive growth, export exposure and very selective consumer names. New holdings included **RIB Software** (specialist software), **FinnvedenBulten** (fastenings and autoparts), and **D'Ieteren**, which owns Autoglass, the global auto-screen repair specialist.

Fund Analysis

Top Ten Holdings at 30 June 2011

	Country	Fund %
Delta Lloyd	Netherlands	1.4
Rheinmetall	Germany	1.4
BS Financial	Korea	1.2
Gategroup	Switzerland	1.2
Freenet	Germany	1.2
Bilfinger Berger	Germany	1.2
Helvetia	Switzerland	1.1
STX	Singapore	1.1
Imtech	Netherlands	1.1
Biosensors	Singapore	1.1
Total		**12.0**

Fund Characteristics at 30 June 2011

		Fund %	Index* %
Number of securities		216	3,137
P/E 12mths Fwd (x)		13.7	14.8
Dividend yield (%)		2.1	2.4
Price/book (x)		1.7	1.4
3 year earnings growth (%) p.a.		8.2	8.5
Return on equity (%)		13.6	13.6
Market capitalization (%)	>$5 billion	2.0	7.6
	$1-5 billion	38.0	43.3
	<$1 billion	60.0	49.1
5 Yrs Standard Deviation (%)		23.1	23.7
5 Yrs Historic Tracking Error (%)		3.5	

* S&P EPAC SmallCap Index
Source: Schroders, Factset, S&P

Performance figures are presented on a "gross basis" and do not reflect the deduction of investment advisory fees.

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

BILLING DATE: 07/07/2011
BILLING PERIOD: 06/01/2011 - 06/30/2011

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUM.: BYC03					
ACCOUNT NAME: BAYCO- BARINGS					
OPEN CASH	0.00	0.00	0.00	127.48	127.48
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	650.64	650.64
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	0.00	0.00	778.12	778.12
TOTAL REBATES	0.00	0.00	0.00	827.01-	827.01-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	0.00	0.00	1,605.13	1,605.13
BANK FEES	0.00	0.00	0.00	641.92	641.92
NET INCOME	0.00	0.00	0.00	963.21	963.21
ACCOUNT NUM.: 1799220					
ACCOUNT NAME: *TNT-LDN-BYC03-BAYCO-BARING-SL					
OPEN CASH	0.00	0.00	0.00	88.39	88.39
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	88.39	88.39
TOTAL REBATES	0.00	0.00	0.00	0.31	0.31
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	0.00	0.00	88.08	88.08
BANK FEES	0.00	0.00	0.00	35.16	35.16
NET INCOME	0.00	0.00	0.00	52.92	52.92
ACCOUNT NUM.: 2608694					
ACCOUNT NAME: *BAYCO - COLUMBIA MANAGEMENT					
OPEN CASH	0.00	861.89	0.00	0.00	861.89
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	861.89	0.00	0.00	861.89
TOTAL REBATES	0.00	13.88	0.00	0.00	13.88
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	848.01	0.00	0.00	848.01
BANK FEES	0.00	338.98	0.00	0.00	338.98
NET INCOME	0.00	509.03	0.00	0.00	509.03

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010000237 BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM SUMMARY EARNINGS STATEMENT CURRENCY: USD PAGE 2

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUM.: 2618668					
ACCOUNT NAME: *BAYCO - BAIRD -SL					
OPEN CASH	1,614.88	0.00	0.00	0.00	1,614.88
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	1,614.88	0.00	0.00	0.00	1,614.88
TOTAL REBATES	511.90	0.00	0.00	0.00	511.90
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	1,102.98	0.00	0.00	0.00	1,102.98
BANK FEES	441.10	0.00	0.00	0.00	441.10
NET INCOME	661.88	0.00	0.00	0.00	661.88
ACCOUNT NUM.: 2620611					
ACCOUNT NAME: *BAYCO - MARVIN & PALMER -SL					
OPEN CASH	0.00	924.24	0.00	62.98	987.22
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	924.24	0.00	62.98	987.22
TOTAL REBATES	0.00	0.31	0.00	1.41	1.72
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	923.93	0.00	61.57	985.50
BANK FEES	0.00	369.36	0.00	24.62	393.98
NET INCOME	0.00	554.57	0.00	36.95	591.52
ACCOUNT NUM.: 2622490					
ACCOUNT NAME: *BAYCO - MACKAY SHIELDS -SL					
OPEN CASH	1,421.35	263.22	0.00	0.00	1,684.57
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	1,421.35	263.22	0.00	0.00	1,684.57
TOTAL REBATES	1,100.00-	44.62-	0.00	0.00	1,144.62-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	2,521.35	307.84	0.00	0.00	2,829.19
BANK FEES	1,008.10	123.04	0.00	0.00	1,131.14
NET INCOME	1,513.25	184.80	0.00	0.00	1,698.05

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010000237 BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM SUMMARY EARNINGS STATEMENT CURRENCY: USD PAGE 3

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUM.: 2622536					
ACCOUNT NAME: *BAYCO - HOTCHKIS & WILEY -SL					
OPEN CASH	0.00	1,574.85	0.00	42.61	1,617.46
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	1,574.85	0.00	42.61	1,617.46
TOTAL REBATES	0.00	16.04	0.00	1.20	17.24
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,558.81	0.00	41.41	1,600.22
BANK FEES	0.00	621.76	0.00	16.52	638.28
NET INCOME	0.00	937.05	0.00	24.89	961.94
ACCOUNT NUM.: 2624493					
ACCOUNT NAME: *BAYCO - WENTWORTH -SL					
OPEN CASH	0.00	475.68	0.00	321.70	797.38
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	70.48	70.48
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	475.68	0.00	392.18	867.86
TOTAL REBATES	0.00	3.65	0.00	13.19-	9.54-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	472.03	0.00	405.37	877.40
BANK FEES	0.00	188.69	0.00	162.03	350.72
NET INCOME	0.00	283.34	0.00	243.34	526.68
ACCOUNT NUM.: 2639956					
ACCOUNT NAME: *BAYCO - DENVER INV ADV -SL					
OPEN CASH	0.00	1,384.84	0.00	244.39	1,629.23
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
GROSS EARNINGS	0.00	1,384.84	0.00	244.39	1,629.23
TOTAL REBATES	0.00	30.95-	0.00	6.17-	37.12-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,415.79	0.00	250.56	1,666.35
BANK FEES	0.00	565.50	0.00	99.97	665.47
NET INCOME	0.00	850.29	0.00	150.59	1,000.88

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010000237 BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM SUMMARY EARNINGS STATEMENT CURRENCY: USD PAGE 4

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUM.: 2641401					
ACCOUNT NAME: *BAYCO - LOOMIS SAYLES -SL					
OPEN CASH	1,275.12	0.00	188.73	0.00	1,463.85
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	1,275.12	0.00	188.73	0.00	1,463.85
TOTAL REBATES	62.88	0.00	2.92	0.00	65.80
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	1,212.24	0.00	185.81	0.00	1,398.05
BANK FEES	484.23	0.00	74.26	0.00	558.49
NET INCOME	728.01	0.00	111.55	0.00	839.56
ACCOUNT NUM.: 2653308					
ACCOUNT NAME: *BAYCO - INTEGRITY -SL					
OPEN CASH	0.00	1,527.80	0.00	70.70	1,598.50
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,527.80	0.00	70.70	1,598.50
TOTAL REBATES	0.00	48.03	0.00	1.19	49.22
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,479.77	0.00	69.51	1,549.28
BANK FEES	0.00	590.89	0.00	27.75	618.64
NET INCOME	0.00	888.88	0.00	41.76	930.64
ACCOUNT NUM.: 2663296					
ACCOUNT NAME: *BAYCO - CORNERSTONE REALES-SL					
OPEN CASH	0.00	1,264.52	0.00	0.00	1,264.52
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	7.20	0.00	0.00	7.20
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,271.72	0.00	0.00	1,271.72
TOTAL REBATES	0.00	53.52-	0.00	0.00	53.52-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,325.24	0.00	0.00	1,325.24
BANK FEES	0.00	528.51	0.00	0.00	528.51
NET INCOME	0.00	796.73	0.00	0.00	796.73

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THE NORTHERN TRUST COMPANY

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

ACCOUNT NUM.: 2695063
ACCOUNT NAME: *BAYCO - EAGLE ASSET -SL

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
OPEN CASH	0.00	1,561.40	0.00	54.28	1,615.68
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.96	0.00	4.47	5.43
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,562.36	0.00	58.75	1,621.11
TOTAL REBATES	0.00	1,397.67-	0.00	91.11-	1,488.78-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,960.03	0.00	149.86	3,109.89
BANK FEES	0.00	1,181.78	0.00	59.84	1,241.62
NET INCOME	0.00	1,778.25	0.00	90.02	1,868.27

GRAND TOTAL

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
OPEN CASH	4,311.35	9,838.44	188.73	1,012.53	15,351.05
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	8.16	0.00	725.59	733.75
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	4,311.35	9,846.60	188.73	1,738.12	16,084.80
TOTAL REBATES	525.22-	1,444.85-	2.92	933.37-	2,900.52-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	4,836.57	11,291.45	185.81	2,671.49	18,985.32
BANK FEES	1,933.43	4,508.51	74.26	1,067.81	7,584.01
NET INCOME	2,903.14	6,782.94	111.55	1,603.68	11,401.31

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The Northern Trust Company

50 S. LASALLE STREET, CHICAGO, ILLINOIS 60675

TAX ID # 36-1561860

CLIENT ID:	1059	PERIOD ENDING:	06/30/11
CLIENT NAME:	Bay County ERS	MARKET VALUE DATE:	03/31/11
		INVOICE NUMBER:	01272621

BAY COUNTY EMPLOYEES RETIREMENT
ATTN: Ms. Danean Wright
SYSTEM
515 CENTER AVE STE 706
BAY CITY, MI 48708-5941

ACCOUNT MANAGER: BERNARD C WALSH (312) 444-4142

BILLING SUMMARY FEE NOTICE

Custody	$14,685.05
Global Custody	$4,435.67
Global Transactions	$2,765.00
Global Payments	$0.00
Domestic Transactions	$22,585.00
Benefit Payments	$4,145.55
CURRENT PERIOD TOTAL:	$48,616.27

*** YOUR ACCOUNT(S) WILL BE DEBITED ON 06/30/11 ***

For internal use: 0001R0000452 1059 SKW1

The Northern Trust Company

The Northern Trust Company

50 S. LASALLE STREET, CHICAGO, ILLINOIS 60675

TAX ID # 36-1561860

ACCOUNT SERVICE DETAIL
CLIENT NAME - Bay County ERS

STATEMENT DATE: 06/30/11

ACCT NUM SERVICE DESCRIPTION	UNIT/MARKET VALUE	CALCULATED FEES (1)		ALLOCATED FEES (2)	TOTAL FEES (3)
1799220 *TNT-LDN-BYC03-BAYCO-BARING-SL					
Global Transactions Tier 1	6	$90.00	-	$90.00	$0.00
Global Transactions Tier 2	124	$1,860.00	-	$1,860.00	$0.00
Global Transactions Tier 3	36	$540.00	-	$540.00	$0.00
Global Transactions Tier 5	11	$275.00	-	$275.00	$0.00
Account Base	$0.00	$750.00	-	$750.00	$0.00
Global Custody MV Tier 1	$740,057.16	$18.50	-	$18.50	$0.00
Global Custody MV Tier 2	$9,267,206.14	$2,316.80	-	$2,316.80	$0.00
Global Custody MV Tier 3	$3,245,340.56	$811.34	-	$811.34	$0.00
Global Custody MV Tier 5	$539,025.72	$539.03	-	$539.03	$0.00
		$7,200.67	-	$7,200.67	$0.00
2608694 *BAYCO - COLUMBIA MANAGEMENT					
Equities	14	$210.00	-	$210.00	$0.00
Account Base	$0.00	$750.00	-	$750.00	$0.00
Custody Market Value	$26,547,672.37	$663.69	-	$663.69	$0.00
		$1,623.69	-	$1,623.69	$0.00
2618668 *BAYCO - BAIRD -SL					
Fixed Income - Government	4	$60.00	-	$60.00	$0.00
Pass-Thru Securities	4	$100.00	-	$100.00	$0.00
Paydowns	172	$860.00	-	$860.00	$0.00
Account Base	$0.00	$750.00	-	$750.00	$0.00
Custody Market Value	$20,338,046.13	$508.45	-	$508.45	$0.00
		$2,278.45	-	$2,278.45	$0.00
2618669 BAYCO - SCHRODERS					
Account Base	$0.00	$375.00	-	$375.00	$0.00
Custody Market Value	$10,133,968.96	$253.35	-	$253.35	$0.00
		$628.35	-	$628.35	$0.00
2620611 *BAYCO - MARVIN & PALMER -SL					
Equities	45	$675.00	-	$675.00	$0.00
Account Base	$0.00	$750.00	-	$750.00	$0.00
Custody Market Value	$26,018,176.52	$650.45	-	$650.45	$0.00
		$2,075.45	-	$2,075.45	$0.00

(1) FEES GENERATED IN THE ACCOUNT FOR SERVICES RENDERED.

(2) CALCULATED FEES BILLED THROUGH ANOTHER ACCOUNT(S) AS DIRECTED BY CLIENT.

(3) FEES BILLED TO CLIENT.

The Northern Trust Company

50 S. LASALLE STREET, CHICAGO, ILLINOIS 60675

TAX ID # 36-1561860

ACCOUNT SERVICE DETAIL
CLIENT NAME - Bay County ERS

STATEMENT DATE: 06/30/11

ACCT NUM SERVICE DESCRIPTION	UNIT/MARKET VALUE	CALCULATED FEES (1)	ALLOCATED FEES (2)	TOTAL FEES (3)
2622490 *BAYCO - MACKAY SHIELDS -SL				
Equities	12	$180.00	- $180.00	$0.00
Fixed Income - Corporate	23	$345.00	- $345.00	$0.00
Account Base	$0.00	$750.00	- $750.00	$0.00
Custody Market Value	$20,589,175.94	$514.73	- $514.73	$0.00
		$1,789.73	- $1,789.73	$0.00
2622536 *BAYCO - HOTCHKIS & WILEY -SL				
Equities	235	$3,525.00	- $3,525.00	$0.00
Account Base	$0.00	$750.00	- $750.00	$0.00
Custody Market Value	$13,710,768.78	$342.77	- $342.77	$0.00
		$4,617.77	- $4,617.77	$0.00
2624493 *BAYCO - WENTWORTH -SL				
Equities	60	$900.00	- $900.00	$0.00
Account Base	$0.00	$750.00	- $750.00	$0.00
Custody Market Value	$29,369,026.16	$734.23	- $734.23	$0.00
		$2,384.23	- $2,384.23	$0.00
2639953 BAYCO -CASH				
Benefit Payment Services		$4,145.55	$0.00	$4,145.55
Account Base	$0.00	$250.00	$8,625.00	$8,875.00
Custody Market Value	$1,460,447.68	$36.51	$5,773.54	$5,810.05
Account Base	$0.00	$0.00	$750.00	$750.00
Equities		$0.00	$19,620.00	$19,620.00
Fixed Income - Corporate		$0.00	$1,665.00	$1,665.00
Fixed Income - Government		$0.00	$150.00	$150.00
Fixed Income - Municipal		$0.00	$15.00	$15.00
Global Custody MV Tier 1	$0.00	$0.00	$18.50	$18.50
Global Custody MV Tier 2	$0.00	$0.00	$2,316.80	$2,316.80
Global Custody MV Tier 3	$0.00	$0.00	$811.34	$811.34
Global Custody MV Tier 5	$0.00	$0.00	$539.03	$539.03
Global Transactions Tier 1		$0.00	$90.00	$90.00
Global Transactions Tier 2		$0.00	$1,860.00	$1,860.00
Global Transactions Tier 3		$0.00	$540.00	$540.00
Global Transactions Tier 5		$0.00	$275.00	$275.00
Mutual Funds		$0.00	$150.00	$150.00
Pass-Thru Securities		$0.00	$100.00	$100.00
Paydowns		$0.00	$885.00	$885.00
		$4,432.06	$44,184.21	$48,616.27
2639956 *BAYCO - DENVER INV ADV -SL				
Equities	135	$2,025.00	- $2,025.00	$0.00
Account Base	$0.00	$750.00	- $750.00	$0.00
Custody Market Value	$21,041,432.17	$526.04	- $526.04	$0.00
		$3,301.04	- $3,301.04	$0.00

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The Northern Trust Company

50 S. LASALLE STREET, CHICAGO, ILLINOIS 60675

TAX ID # 36-1561860

ACCOUNT SERVICE DETAIL
CLIENT NAME - Bay County ERS

STATEMENT DATE: 06/30/11

ACCT NUM SERVICE DESCRIPTION	UNIT/MARKET VALUE	CALCULATED FEES (1)	ALLOCATED FEES (2)	TOTAL FEES (3)
2641401 *BAYCO - LOOMIS SAYLES -SL				
Fixed Income - Corporate	88	$1,320.00	- $1,320.00	$0.00
Fixed Income - Government	6	$90.00	- $90.00	$0.00
Fixed Income - Municipal	1	$15.00	- $15.00	$0.00
Paydowns	5	$25.00	- $25.00	$0.00
Account Base	$0.00	$750.00	- $750.00	$0.00
Custody Market Value	$25,441,053.29	$636.03	- $636.03	$0.00
		$2,836.03	- $2,836.03	$0.00
2653308 *BAYCO - INTEGRITY -SL				
Equities	158	$2,370.00	- $2,370.00	$0.00
Account Base	$0.00	$750.00	- $750.00	$0.00
Custody Market Value	$19,174,918.13	$479.37	- $479.37	$0.00
		$3,599.37	- $3,599.37	$0.00
2663296 *BAYCO - CORNERSTONE REALES-SL				
Equities	528	$7,920.00	- $7,920.00	$0.00
Account Base	$0.00	$750.00	- $750.00	$0.00
Custody Market Value	$8,159,694.29	$203.99	- $203.99	$0.00
		$8,873.99	- $8,873.99	$0.00
2695063 *BAYCO - EAGLE ASSET -SL				
Equities	121	$1,815.00	- $1,815.00	$0.00
Mutual Funds	3	$150.00	- $150.00	$0.00
Account Base	$10,417,767.71	$750.00	- $750.00	$0.00
Custody Market Value	$10,417,767.71	$260.44	- $260.44	$0.00
		$2,975.44	- $2,975.44	$0.00
	TOTAL	$48,616.27	$0.00	$48,616.27

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For internal use: 0001R0000452 1059 SKW1

The Northern Trust Company

50 S. LASALLE STREET, CHICAGO, ILLINOIS 60675

TAX ID # 36-1561860

ACCOUNT SERVICE DETAIL
CLIENT NAME - Bay County ERS

STATEMENT DATE: 06/30/11

<u>ACCOUNT SERVICE SUMMARY</u>	
Custody	
Account Base	$8,875.00
Custody Market Value	$5,810.05
Global Custody	
Account Base	$750.00
Global Custody MV Tier 1	$18.50
Global Custody MV Tier 2	$2,316.80
Global Custody MV Tier 3	$811.34
Global Custody MV Tier 5	$539.03
Global Transactions	
Global Transactions Tier 1	$90.00
Global Transactions Tier 2	$1,860.00
Global Transactions Tier 3	$540.00
Global Transactions Tier 5	$275.00
Domestic Transactions	
Equities	$19,620.00
Fixed Income - Corporate	$1,665.00
Fixed Income - Government	$150.00
Fixed Income - Municipal	$15.00
Mutual Funds	$150.00
Pass-Thru Securities	$100.00
Paydowns	$885.00
Benefit Payments	
Benefit Payment Services	$4,145.55
TOTAL	$48,616.27

Bay County Employees Retirement System

Effective Jan 1, 2009 To December 31, 2012

TABLE OF CONTENTS

FEE SCHEDULE

TERMS OF FEE SCHEDULE

Northern will charge fees quarterly in March, June, September and December. Northern will debit fees directly from the Cash Accounts 26-39953 on the last business day of the billing period. Northern will deliver a copy of the fee notice in advance of the debit to Danean Wright. In the event of a disputed invoice, contact Julie Gonsch 312 557-0908. If an error is discovered after Northern debits the fees, an appropriate adjustment will be made to the fee in the following quarter.

Northern will charge Market Value fees for the current billing period, with calculations based on the relevant Market Value as of the end of the prior billing period.

Northern will charge Transaction and Benefit Payment fees at the end of the billing period following the billing period in which the activity occurred. For example, transactions and benefit payments processed in the first quarter are invoiced in the second quarter. All other fees are for services provided in the current billing period.

Special Assignment Services & Fees - In addition to the specific services and fees identified in this schedule, Northern may charge for additional services associated with special events the client, its investment managers or other service providers initiate, to the extent those events are not specifically described by the fees detailed in this Fee Schedule. Special assignments include such activities as manager terminations, account restructures, mergers, spin-offs, fund conversions, etc. There will be service and transaction fees associated with each event. In addition, Northern may pass through to the client legal, evaluation and/or consulting fees necessitated by an event. Northern will discuss charges related to an event with the client in advance.

The Fee Schedule reflects the accounts established at the time this schedule was prepared. The Schedule will be applicable to all accounts that may be added from time to time and without modification of the Schedule, unless warranted by the nature of the new accounts.

The client and Northern Trust established this Fee Schedule with the assumption that there will be no substantive changes in the account structure, composition of assets, reporting requirements or in the mix of services delivered by Northern Trust. Further, the Schedule is predicated on the expectation the client will use the products & services anticipated during its negotiation. Should there be any significant changes or the client elects not to use one of the anticipated products or services, Northern reserves the right to reevaluate the fees.

GLOBAL CUSTODY SERVICES

SEPARATELY-MANAGED U.S. ACCOUNT SCHEDULE

Account Fees

$ 3,000 Annually per account

Market Value Fees

Annual basis point fees will apply to the total market value of the assets of each account subject to this schedule, as follows:

Total Market Value 1 basis points

TRANSACTION FEES

The transaction charges detailed below will apply to all transactions that occur for the transaction category, including transactions associated with Special Assignments (see below)

Equities	$ 15	Fixed Inc - Sht Trm	25	Wire Transfers	$ 10
Fixed Inc - Corp	15	Option	50	Paydowns	5
Fixed Inc - Gov	15	Futures (each leg)	25		
Fixed Inc - Muni	15	Insurance Contracts	50	Depository	
Pass Through	25	Mutual Funds	50	Non-Depository	

FEE SCHEDULE

SINGLE-LINE ASSET U.S. ACCOUNT SCHEDULE

Account Fees

$ 1,500 Annually per account

Market Value Fees

Annual basis point fees will apply to the total market value of the assets of each account subject to this schedule, as follows:

Total Market Value 1 basis points

TRANSACTION FEES

The transaction charges detailed below will apply to all transactions that occur for the transaction category, including transactions associated with Special Assignments (see below)

Equities	$ 15	Fixed Inc - Sht Trm	$ 25	Wire Transfers	$ 10
Fixed Inc - Corp	15	Option	50	Paydowns	5
Fixed Inc - Gov	15	Futures (each leg)	25		
Fixed Inc - Muni	15	Insurance Contracts	50	Depository	
Pass Through	25	Mutual Funds	50	Non-Depository	

Fee Schedule

Cash Account Schedule

Account Fees

$ 1,000 Annually per account

Market Value Fees

Annual basis point fees will apply to the total market value of the assets of each account subject to this schedule, as follows:

Total Market Value	1 basis points

FEE SCHEDULE

SEPARATELY-MANAGED GLOBAL ACCOUNT SCHEDULE

Account Fees

$ 3,000 Annually per account

Market Value Fees

Country Tier Market Value Fee

Annual basis point fees will apply to the market value of the assets for designated Separately-Managed accounts, as follows:

Tier 1	United States		
	Total Tier 1 Assets	1	basis points
Tier 2	Australia, Belgium, Canada, Denmark, Euroclear, France, Germany, Ireland, Italy, Japan, Luxembourg, Malaysia, Netherlands, New Zealand, Sweden, UK		
	Total Tier 2 Assets	10	basis points
Tier 3	Austria, Hong Kong, Norway, Singapore, South Korea, Spain, Switzerland, Taiwan, Thailand		
	Total Tier 3 Assets	10	basis points
Tier 4	Argentina, China, Finland, Mexico, Portugal, Shanghai/Shenzhen, South Africa, Sri Lanka, Turkey		
	Total Tier 4 Assets	20	basis points
Tier 5	Bahrain, Bangladesh, Bolivia, Botswana, Bulgaria, Brazil, Czech Republic, Chile, Colombia, Croatia, Cyprus, Ecuador, Egypt, Estonia, Ghana, Greece, Hungary, Iceland, India, Indonesia, Israel, Ivory Coast, Jamaica, Jordan, Kenya, Latvia, Lebanon, Lithuania, Mauritius, Morocco, Namibia, Oman, Pakistan, Peru, Philippines, Poland, Qatar, Romania, Slovenia, Slovakia, Swaziland, Trinidad, Tunisia, Uruguay, Venezuela, Zambia, Zimbabwe, Bermuda, Cayman Islands		
	Total Tier 5 Assets	40	basis points

SEPARATELY-MANAGED GLOBAL ACCOUNT SCHEDULE – CONT'D

Transaction Charges Applicable to Country Tiers

The following transaction charges do not include any applicable Delivery & Receipt Charges, which the market's subcustodian charges Northern Trust, or Market Associated Costs, which are non-negotiable charges paid by Northern for transactions in various markets

Tier 1	$ 15 per transaction
Tier 2	$ 15 per transaction
Tier 3	$ 15 per transaction
Tier 4	$ 25 per transaction
Tier 5	$ 25 per transaction

Transaction Charges Applicable to All Country Tiers

Futures (per leg)	$ 25 per transaction
Options (per leg)	$ 25 per transaction
3rd Party Foreign Exchange	$ 50 per transaction
3rd Party Fixed Deposits	$ 50 per transaction
Wire Transfers	$ 10 per transaction
Mark to Markets	$ 10 per transaction

COST RECOVERY CHARGES

Market Associated Costs (execution costs) attributable to settlement and custody activities in specific markets, including but not limited to stamp duty, securities re-registration fees and proxy voting physical representation/ad hoc expenses will be passed through to the client and debited from accounts, where applicable.

Delivery & Receipt Charges will be passed through to the client and debited from accounts, where applicable.

Fee Schedule

BENEFIT PAYMENT SERVICES

Recurring payments	$10.50 annually plus postage
EFT Charge	$11.70
EFT Advices	$0.40 plus postage
Plan Charge	$50 per plan
Lump Sum Charge	$9 per check
Set up charge	$5 per pensioner
Toll free customer service number	$2.20 per check recipient
Accumulative transaction report	$125 per month
Additional Ad-hoc reporting	$75 per month

CLAIMS SETTLEMENT

Total Cash Proceeds for the Bay County Employees' Retirement System

Year	Claims Filed	Claims Paid	Total Amount Paid*
2008	77	30	$68,341.49
2009	64	36	$66,813.88
2010	56	54	$248,247.52
2011(YTD)	21	16	$23,609.43

*All Amounts Are Reflected in USD

Volumes vary based on market fluctuations

Northern Trust

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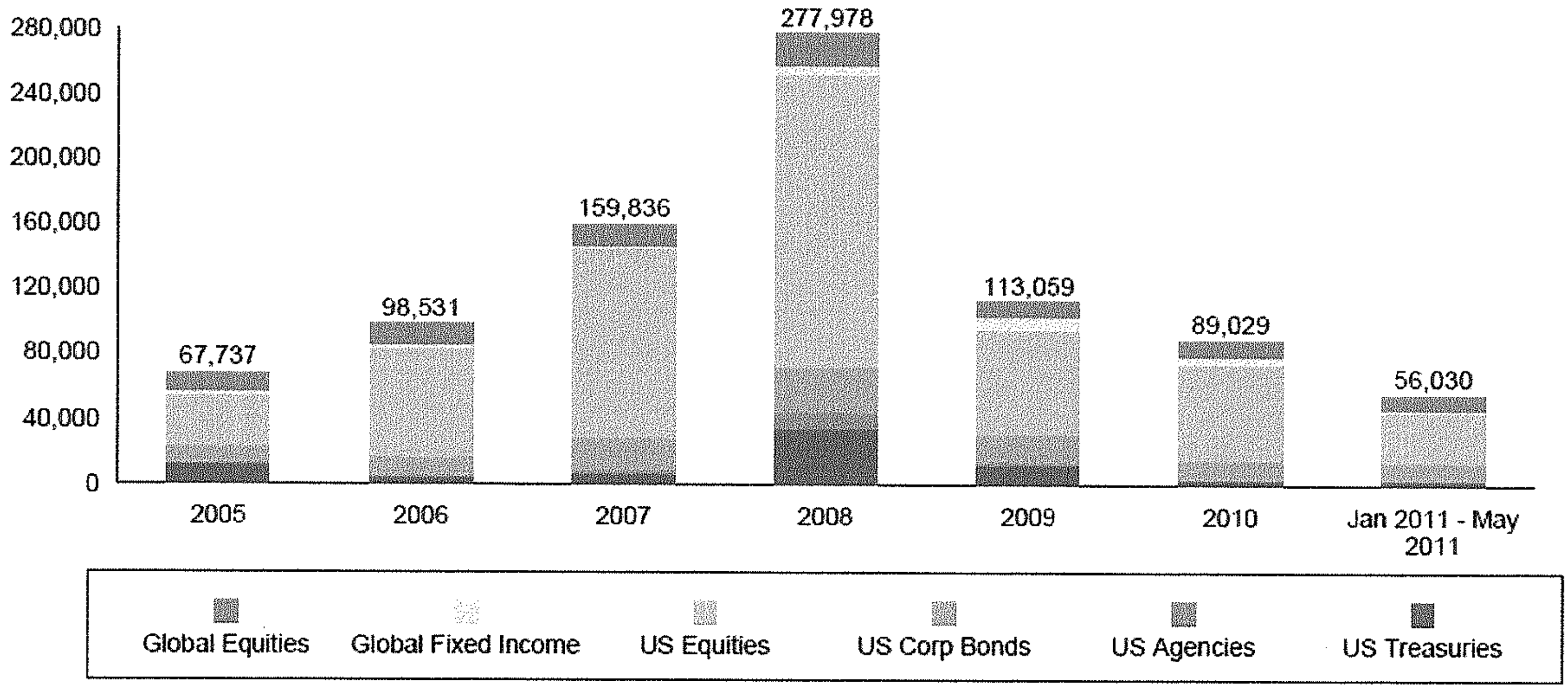
Historical Net Earnings

SECURITIES LENDING

Cumulative Net Earnings since 2005 = $862,200



Northern Trust

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Danean Wright - RE: Favor

From:	Bernard C Walsh <bw12@ntrs.com>
To:	Danean Wright <wrightd@baycounty.net>
Date:	8/4/2011 10:12 AM
Subject:	RE: Favor
Attachments:	Class_Action_Proceeds_Received_Report.pdf; Summary_Earnings_Report_for_MR.pdf

Hi Danean -

Below are two reports that show all the activity and the totals.

Totals for Class Actions: $718,407.38
Total of Net Income for Securities Lending: $547,497.33

My numbers have the custody fees over the same period as $679,316.25. So it seems to me that it is about $1,265,904.71 in proceeds of Securities Lending and Class Actions vs. $679,316.25 for custody fees. Almost a 2:1 ratio to the plan vs. our fees.

Thanks,

Northern Trust

Bernard C. Walsh | Second Vice President | Corporate & Institutional Services
50 South LaSalle Street, Chicago, IL 60603 | phone 312-444-4142 | fax 312-444-3419 | bw12@ntrs.com
Please visit northerntrust.com

From: Danean Wright <wrightd@baycounty.net>
To: Bernard C Walsh <bw12@ntrs.com>
Date: 08/03/2011 03:52 PM
Subject: RE: Favor

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8/2/2011

REFUNDS: FOR THE MONTH ENDIND JULY 31, 2011

RETIREE	CONTRIBUTIONS TRANSFERRED	DEPARTMENT	EFFECTIVE DATE
Lesley, Gary	159,043.61	BABH	06/10/11

DECEASED EMPLOYEE/ RETIREE	BENEFICIARY	REFUND/ PENSION	DATE/DEPARTMENT
Bourassa, Kathleen	N/A	Pension	06/30/11 R/C

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

THOMAS L. HICKNER
Bay County Executive

July 19, 2011

Mr. Clay Lindsey
Eagle Asset Management
880 Carillon Parkway
St. Petersburg, FL 33716

Dear Clay:

There is a need for the Bay County Employees' Retirement System to rebalance its asset allocation therefore, I am requesting that Eagle Asset 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 Wednesday, July 27, 2011.

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

Sincerely,

Crystal Hebert

Crystal Hebert
Assistant Finance Officer/Secretary

VIA E-MAIL -ORIGINAL TO BE SENT SURFACE MAIL

cc: Bay County Employees' Retirement System Board of Trustees
Richard Potter, Becker Burke Associates
Bernard Walsh, The Northern Trust Company
Danean Wright, Retirement Administrator/Accountant

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

BAY COUNTY BUILDING
515 CENTER AVENUE, SUITE 706
BAY CITY, MICHIGAN 48708-5128

July 19, 2011

Mr. Pat McMenamin
Hotchkis & Wiley
725 S. Figueroa St. - 39th Floor
Los Angeles, CA 90017

Dear Pat:

There is a need for the Bay County Employees' Retirement System to rebalance its asset allocation therefore, I am requesting that Hotchkis & Wiley 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 Wednesday, July 27, 2011.

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

Sincerely,

Crystal Hebert

Crystal Hebert
Assistant Finance Officer/Secretary

VIA E-MAIL -ORIGINAL TO BE SENT SURFACE MAIL

cc: Bay County Employees' Retirement System Board of Trustees
Richard Potter, Becker Burke Associates
Bernard Walsh, The Northern Trust Company
Danean Wright, Retirement Administrator/Accountant

Naomi Wallace - RE: Disposition of Recording Tapes

From: Marty Fitzhugh
To: Danean Wright
Date: 8/3/2011 11:24 AM
Subject: RE: Disposition of Recording Tapes

Danean:

BCERS is not required to retain tapes where minutes have been created from them and are on record.

Marty

Martha P. (Marty) Fitzhugh
Bay County Corporation Counsel
515 Center Avenue, Ste. 402
Bay City, MI 48708
(989) 895-4131/FAX: (989) 895-7658

>>> Danean Wright 8/3/2011 10:43 AM >>>
Hi Marty,

The Board was asking at the last meeting about if I had an answer yet on whether we can get rid of the tapes from prior retirement meetings once the minutes are transcribed and approved. Do you have an answer yet?

Thanks

Danean

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NOTICE OF
PUBLIC MEETING

THE BOARD OF TRUSTEES OF THE BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION, 515 CENTER AVENUE, BAY CITY, MICHIGAN 48708, PHONE NUMBER (989) 895-4030, HAS SCHEDULED A SPECIAL MEETING FOR THE PURPOSE OF REVIEWING SMALL AND MID CAP EQUITY MANAGER AND CORE FIXED INCOME MANAGER PROFILES. THIS MEETING WILL BE HELD ON TUESDAY, AUGUST 23, 2011 AT 9:00 A.M. IN THE BOARD OF COMMISSIONERS' CHAMBERS LOCATED IN THE BAY COUNTY BUILDING, 515 CENTER AVENUE, 4TH FLOOR, BAY CITY, MI 48708.

8/4/11
DATE

Crystal Hebert
CRYSTAL HEBERT
ASSISTANT FINANCE OFFICER/SECRETARY
BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM, BOARD OF TRUSTEES

The County of Bay will provide reasonable and necessary auxiliary aids and services, such as signers for the hearing impaired and audio tapes of printed materials being considered, to individuals with disabilities at the meeting/hearing upon ten days notice to the County of Bay. Individuals with disabilities requiring auxiliary aids or services should contact the County of Bay by calling or writing: Michael Gray, Executive Assistant, Office of the Bay County Executive, 515 Center Avenue, Bay City, MI 48708, (989) 895-4130 or (989) 895-4049. tdd