

BAY COUNTY RETIREMENT BOARD OF TRUSTEES
 AGENDA
 TUESDAY, JULY 12, 2016 @ 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 - 8	A.	JUNE 14, 2016
	IV.	PUBLIC INPUT
	V.	PETITIONS & COMMUNICATIONS
9 - 11	A.	MONTHLY REPORTS – RES NO. 2016-31
	1.	PORTFOLIO VALUE - 1/1/16 - 7/31/2016
	2.	CHANGE IN BOOK AND MARKET VALUE – 6/30/16
	3.	MONEY MANAGERS ON WATCH - (EFFECTIVE DATE)
	a.	NONE
	4.	MONEY MANAGER REPORTS
	a.	CORNERSTONE – ENDING 5/31/16
	b.	EAGLE ASSET MGMT - ENDING 5/31/16
	c.	HOTCHKIS & WILEY – ENDING 5/31/16
	d.	LOOMIS SAYLES - ENDING 5/31/16
	e.	MACKAY SHIELDS - ENDING 5/31/16
	f.	MFS HERITAGE TRUST – ENDING 5/31/16
	g.	MFS INVESTMENT - ENDING 5/31/16
	5.	RECAPTURE SERVICES
	a.	ABEL/NOSER - SUMMARY ENDING 5/31/16
	b.	CAPIS - SUMMARY ENDING 5/31/16 & 2016 Q1 REPORT
12 - 31	6.	NORTHERN TRUST
	a.	SUMMARY EARNINGS - ENDING 5/31/16
32 - 39	7.	REFUNDS/RETIREMENTS ENDING 6/30/16
40 - 45	8.	BCERS YTD BUDGET REPORT – ENDING 6/30/16
46	9.	INVOICES APPROVED – 6/30/16
47 - 53		
54		

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

55 – 77

C. CORRESPONDENCE

1. FROM PGIM REGARDING CALL FOR CAPITAL FOR PRISA REAL ESTATE INVESTMENT (MOTION TO RECEIVE)
2. REBALANCE ASSET ALLOCATION: (MOTION TO RECEIVE)
 - a. COLUMBIA
 - b. CORNERSTONE
 - c. MACKAY SHIELDS
 - d. MFS
3. TO NORTHERN TRUST – PROCESS CAPITAL CALL (MOTION TO RECEIVE)
4. FROM PGIM REGARDING OPERATING CASH FLOW DISTRIBUTION (MOTION TO RECEIVE)
5. FROM PRISA – MINUTES OF PRISA ADVISORY COUNCIL MEETING (MOTION TO RECEIVE)
6. REGARDING EUROPEAN UNION REFERENDUM BREXIT (MOTION TO RECEIVE)
 - a. PGIM
 - b. SCHRODERS
 - c. LOOMIS SAYLES

VI. ANNOUNCEMENTS

- A. NEXT REGULAR MEETING – AUGUST 9, 2016 AT 1:30 P.M., COMMISSIONERS CHAMBERS, 515 CENTER AVENUE 4TH FLOOR, BAY CITY, MI 48708
- B. MAPERS 2016 FALL CONFERENCE SUNDAY, SEPTEMBER 18, 2016 TO TUESDAY, SEPTEMBER 20, 2016 AT THE GRAND HOTEL, MACKINAW ISLAND. IF YOU WISH TO ATTEND, PLEASE CONTACT KATIE MEETH.

78

VII. UNFINISHED BUSINESS

VIII. NEW BUSINESS

1. MAPERS ACCOMMODATIONS

IX. MISCELLANEOUS BUSINESS

X. ADJOURNMENT

**MINUTES BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM BOARD OF TRUSTEES (BCERS)
JUNE 14, 2016 – REGULAR MEETING**

PAGE 1

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

A meeting of the Board of Trustees was held on June 14, 2016 at 1:30 p.m. in the Commission Chambers, 4th Floor, Bay County Building, 515 Center Avenue, Bay City, Michigan. Roll call taken.

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

Trustees Absent: None.

Also Present:

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

Secretary: Jan Histed

Retirement Administrator: Katie Meeth

Corporation Counsel: Shawna Walraven

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

MOTION 48: Moved, supported and carried to approve the minutes, as printed, from the April 21, 2016 special meeting.

MOTION 49: Moved, supported and carried to approve the minutes, as printed, from the May 10, 2016 regular meeting.

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

Present today was Jim Miles, Portfolio Manager and Principal from Hotchkis & Wiley to present the performance report. A copy was provided to all Trustees, in advance, via the web.

Hotchkis & Wiley manages approximately \$8.5 million for the County. They have been managing for Bay County for almost 13 years. The return has been compounding at about 9%.

Performance shows year-to-date down about 3% versus the benchmark which is up a little bit less than 6%. On a one-year basis, the Portfolio is down almost 14% versus the benchmark which is down about 3%. Since inception, it shows performance just a little below 9% versus the benchmark of about 7.3 to 7.6%. Over the entire time period of historical performance, it has averaged over 2.7% excess return over the benchmark. Currently, it is in a downward trend.

The largest underweight to the benchmark was in financials, in particular, real estate investment trusts. The largest overweight was industrial companies relative to the benchmark. Over the last year, it has been more of a question of stability or perceived safety versus economic sensitivity. He spoke about the concerns of the economy in China and the effect that may have on the United States as well as fears of recession.

Trustee Coonan asked which company had been the biggest disappointment. Mr. Miles stated a company

**MINUTES BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM BOARD OF TRUSTEES (BCERS)
JUNE 14, 2016 – REGULAR MEETING**

PAGE 2

called Hanger Orthopedics that makes artificial limbs for amputees. He explained about their trouble putting their financial statements together and delaying filing their financials which ultimately caused them to not be traded on the New York Stock Exchange and how that impacted the company.

Trustee Krygier commented on the long-term performance and asked if it was normal for every \$1 to see a \$3 return. Mr. Miles explained that is not an unusual experience for a client over that time period.

Mr. Miles answered questions on recession, oil prices and stocks. He concluded his presentation and departed.

MOTION 50: Moved, supported and carried to receive the Hotchkis & Wiley report.

RES NO – 2016-24:

Moved, supported and carried to approve Resolution No 2016-24 to receive the following monthly reports: PORTFOLIO VALUE - 1/1/16 - 5/31/16 (Today's Value is \$302,405,000), Change in Book & Market Value– 4/30/16, Money Manager Reports – Baird – Ending 4/30/16, Cornerstone - Ending 4/30/16, Eagle Asset Management – Ending 4/30/16, Hotchkis & Wiley – Ending 4/30/16 , MFS ending 4/30/16, MFS Heritage Trust - Ending 4/30/16 & Holdings report, Mackay Shields - Ending 4/30/16, RECAPTURE SERVICES: ABEL/NOSER – Summary Ending 4/30/16, CAPIS – Summary Ending 4/30/16; Northern Trust Summary Earnings – 4/30/16; Refunds & Retirement- Ending 5/31/16, BCERS YTD Budget Report – Ending 5/31/16, and Invoices Approved – 5/31/16.

Res No 2016-25

Moved, supported and carried to approve resolution 2016-25 to receive the Compensation Disclosure Forms and the Political Contribution Disclosure Forms from:

Baird Advisors	Loomis Sayles & Co.
Columbia Management	Bogdahn Consulting
Cornerstone Real Estate Advisors	Mackay Shields
Eagle Asset Management	MFS Institutional Advisors
Geneva/Henderson	MFS Heritage Trust
Hotchkis & Wiley	Schroder Investment
Prudential (PRISA)	ABEL/NOSER
Northern Trust	Gabriel Roeder Smith
Victory Capital/Integrity Asset Management	CAPIS

Ms. Walraven updated the Board on the change to the Education, Travel and Due Diligence Policy. She will have the new update for the policy ready for next month's Board meeting.

Ms. Walraven informed the Board that a member of the System is appealing the denial of benefits regarding his service time. Mr. Rodney Holliday believes he is entitled to service time beginning February 1, 1987. We are relying on information given to us by the employer which states he was hired in as a temporary employee. The ordinance speaks to temporary employees as not being included in their first year but if they did reach the threshold of the 800 hours then they are included thereafter. Mr. Holliday did reach the

MINUTES BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM BOARD OF TRUSTEES (BCERS)
JUNE 14, 2016 - REGULAR MEETING
PAGE 3

threshold of the 800 hours and was included thereafter. In fact, he was included after 11 months. His membership blank, given to us by the employer, states that on January 1, 1988, he was to be included with retirement benefits. I have denied his request and he is appealing this decision. When there is a denial and the Member wishes to appeal, the appeal process is in section 55 of the ordinance. It states that the appeal has to be in writing, state the reasons for denial and must be timely. This Board, today, needs to decide whether they would like to schedule an oral hearing or if they would like to decide the matter based on the written materials. The Hollidays have requested an oral hearing. Ms. Walraven stated she sees no reason not to give that to them. The oral hearing must be scheduled within 60 days of receipt of the request. Ms. Walraven stated if the Board is going to grant an oral hearing that it be at the July Board meeting.

Trustee Pett questioned if the Member requested an oral hearing, if the Board had the choice of having an oral hearing or using written documentation. Ms. Walraven explained the Ordinance states the Board has the choice of the oral hearing or using written documentation submitted. Ms. Walraven stated there is written documentation submitted but if they have requested an oral hearing she did not see any reason to deny that to them.

Trustee Coonan asked if this was unique. Ms. Walraven stated it is not common to have an appeal. She stated that the reason she thinks they do not have many is that the ordinance is very clear on this type of issue. From her prospective, Ms. Walraven believes the denial is very clear and he is not entitled to that time. Other people have been treated the same way. He has concerns that other employees were given this benefit and he is being denied the benefit, which is not the case from searching our records. It is just the first 11 months he is appealing.

Trustee Pett asked if he provided specific examples. Ms. Walraven stated he gave a lot of examples and Ms. Walraven has done a pretty exhaustive search of people over time. Any person they have found has been treated the way it says in the ordinance that they should be treated. Anyone who is noted on their membership blank in the same way as Mr. Holliday is being treated the same way. The Retirement System has to rely on information given by the employer. The employer has assured the Retirement System that this information is correct.

MOTION 51: Moved, supported and carried to approve an oral hearing regarding service time appeal for Rodney Holliday at the next regularly scheduled Board meeting, July 12, 2016

MOTION 52:

Moved, supported and carried to go into closed session pursuant to MCLA 15.268, Sec. 8 (h) to consider material exempt from discussion or disclosure by state or federal statute.

Roll Call Vote:

Brzezinski	Yes
Coonan	Yes
Goetz	Yes
Gray	Yes
Gromaski	Yes

MINUTES BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM BOARD OF TRUSTEES (BCERS)
JUNE 14, 2016 - REGULAR MEETING
PAGE 4

Krygier Yes
Morse Yes
Pett Yes
Starkweather Yes

MOTION 53: Moved, supported and carried to return to open session.

Roll Call Vote:

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

Res No. 2016-27

Moved supported and carried to approve resolution 2016-27 approving the Non-duty Disability Retirement for Paul Brissette.

Res No. 2016-28

Moved, supported and carried to approve resolution 2016-28 approving the Non-Duty Disability Retirement for Albert LaFond.

MOTION 54: Moved, supported and carried to receive Pension Distribution Report by Location.

MOTION 55: Moved, supported and carried to receive correspondence regarding appointment of new Secretary, Jan Histed, to the Board.

Res No. 2016-26

Moved, supported and carried to approve Res No. 2016-26 authorizing the renewal of the Bay County Employees' Retirement System Fiduciary Liability Policy and authorizing the Chairman of the Board to execute the renewal application and subsequent related documents on behalf of the Retirement Board following Legal review/approval.

Ms. Walraven addressed the Board regarding Res No 2016-29 requesting a date change for submission of the Disability Retirement Reexamination forms. She stated due to employee turnover the notification to the Members to be reexamined has not gone out yet. She proposed changing the date the forms are to be submitted to the Board from July 1, 2016 to September 1, 2016. The date for the final deadline would remain the same. This would be a one-time deviation from the July date

MINUTES BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM BOARD OF TRUSTEES (BCERS)
JUNE 14, 2016 - REGULAR MEETING
PAGE 5

to the September date.

Res No. 2016-29

Moved, supported and carried to approve Res No. 2016-29 to approve this deviation from the Disability Retirement Procedure and change the deadline for a Member on disability retirement to submit their completed reexamination forms until September 1, 2016.

Ms. Walraven also addressed the Board regarding Res No 2016-30 updating the Disability Retirement Procedure. She stated originally the procedure said this Board should receive the forms in July and then again in August. Ms. Walraven explained it seems inefficient because if there are any Members that need to be further evaluated they need to get to the appropriate person to be reevaluated so if the forms are received in July and the decisions are made at that meeting, then the members can be sent out for further evaluation and the reports will be back in November. Ms. Walraven does not see a benefit in presenting this in two different sessions when it can be taken care of at the same meeting in July.

Res No. 2016-30

Moved, supported and carried to approve Res No. 2016-30 to approve the change to the Disability Retirement Procedure to review the forms in executive session and make determinations in regular session of the same meeting on Members to be reevaluated by the Medical Director.

ANNOUNCEMENTS:

- A. Next regularly scheduled meeting will be Tuesday, July 12, 2016 at 1:30 P.M. in Commissioner's Chambers, 515 Center Avenue - 4th Floor, Bay City, MI 48708.

UNFINISHED BUSINESS:

NEW BUSINESS: None

MISCELLANEOUS BUSINESS

Mr. Pohl informed the Board that Prudential will likely call for the balance of funds for the PRISA Real Estate Fund. The call will likely come at the end of June. This has already been approved by the Board. Trustee Pett asked if the call was coming earlier than first planned. Mr. Pohl stated it is about one quarter earlier than planned. Mr. Brown stated it is based on deal flow meaning how many properties they acquire or find to add to the Portfolio. They typically give a range of one to two quarters and it just happens to be the earlier part of that. Trustee Starkweather wanted to point out that we are selling the REIT, which is yielding well above 10%, while we are still holding on to our 2% bonds. He wanted it on record that we are not making money on the Bond Portfolio and we are making money on the Real Estate Portfolio. He believes the Board should re-examine the fund allocation.

MINUTES BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM BOARD OF TRUSTEES (BCERS)
JUNE 14, 2016 - REGULAR MEETING
PAGE 6

ADJOURNMENT:

MOTION 56: Moved, supported and carried to adjourn the meeting at
2:15 p.m.

Respectfully submitted,



Jan Histed
Secretary

Transcribed by: Tracy Cederquist

MEETING OF THE BCERS BOARD OF TRUSTEES COMMITTEE
JUNE 14, 2016

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

MEETING CALLED TO ORDER BY: CHAIRPERSON STEVE GRAY AT 1:31 P.M.

Adjourned 2:15 P.M.

MOTIONS

TRUSTEE	48	49	50	51	52	53	54	55	56
BRZEZINSKI	Y	Y	Y	Y	Y	S-Y	Y	Y	Y
COONAN	Y	Y	Y	Y	S-Y	Y	Y	Y	Y
GOETZ	Y	S-Y	Y	Y	Y	Y	Y	S-Y	Y
GRAY	Y	Y	Y	Y	Y	Y	Y	Y	Y
GROMASKI	Y	Y	S-Y	Y	Y	M-Y	Y	Y	Y
KRYGIER	S-Y	M-Y	M-Y	S-Y	Y	Y	M-Y	M-Y	M-Y
MORSE	Y	Y	Y	Y	Y	Y	S-Y	Y	S-Y
PETT	M-Y	Y	Y	M-Y	M-Y	Y	Y	Y	Y
STARKWEATHER	Y	Y	Y	Y	Y	Y	Y	Y	Y

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

MEETING OF THE **BCERS** BOARD OF TRUSTEES COMMITTEE
JUNE 14, 2016

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

MEETING CALLED TO ORDER BY: CHAIRPERSON STEVE GRAY 1:31P.M.

RESOLUTIONS

TRUSTEE	2016-24	2016-25	2016-26	2016-27	2016-28	2016-29	2016-30	
BRZEZINSKI	M-Y	Y	M-Y	Y	Y	Y	Y	
COONAN	Y	Y	Y	Y	M-Y	M-Y	S-Y	
GOETZ	Y	Y	Y	S-Y	Y	Y	Y	
GRAY	Y	Y	Y	Y	Y	Y	Y	
GROMASKI	Y	S-Y	Y	M-Y	S-Y	Y	Y	
KRYGIER	Y	Y	S-Y	Y	Y	S-Y	M-Y	
MORSE	Y	Y	Y	Y	Y	Y	Y	
PETT	S-Y	M-Y	Y	Y	Y	Y	Y	
STARKWEATHER	Y	Y	Y	Y	Y	Y	Y	

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

BAY COUNTY RETIREMENT BOARD
7/12/2016
RESOLUTION

BY: BAY COUNTY RETIREMENT BOARD

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

- 1. PORTFOLIO VALUE - 1/1/16 - 6/30/16
- 2. CHANGE IN BOOK AND MARKET VALUE - 5/31/16
- 3. MONEY MANAGERS ON WATCH - NONE
- 4. MONEY MANAGER REPORTS
 - a. CORNERSTONE - ENDING 5/31/16
 - b. EAGLE ASSET MGMT - ENDING 5/31/16
 - c. HOTCHKIS & WILEY - ENDING 5/31/16
 - d. LOOMIS SAYLES - ENDING 5/31/16
 - e. MACKAY SHIELDS - ENDING 5/31/16
 - f. MFS HERITAGE TRUST - ENDING 5/31/16
 - g. MFS INVESTMENT - ENDING 5/31/16
 - h. SCHRODERS - ENDING 5/31/16
- 5. RECAPTURE SERVICES
 - a. ABEL/NOSER - SUMMARY ENDING 5/31/16 AND 2016 Q 1 REPORT
 - b. CAPIS - SUMMARY ENDING 5/31/16
- 6. NORTHERN TRUST SUMMARY EARNINGS -5/31/16
- 7. REFUNDS/RETIREMENTS -ENDING 6/30/16
- 8. BCERS YTD BUDGET REPORT - ENDING 6/30/16
- 9. APPROVED EXPENSES - 6/30/16

STEVE GRAY, CHAIR
AND BOARD

MONTHLY REPORTS FEBRUARY

MOVED BY TRUSTEE _____
SUPPORTED BY TRUSTEE _____

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

Vote Totals:

Roll Call: Yeas _____ Nays _____ Excused _____
Voice: Yeas _____ Nays _____ Excused _____

Disposition: Adopted _____ Defeated _____ Withdrawn _____
Amended _____ Corrected _____ Referred _____

RET. 2016	<u>BAIRD</u>	<u>BARINGS</u>	<u>CORNERSTONE</u>	<u>DENVER</u>	<u>EAGLE (RJFN)</u>	<u>GENEVA</u>	<u>HOTCHKIS & WILEY</u>	<u>LOOMIS SAYLES</u>	<u>MACKAY SHIELDS</u>	<u>MFS</u>	<u>MFS INTER-NATIONAL</u>	<u>INTEGRITY</u>	<u>SCHRODER</u>	<u>COLUMBIA</u>	<u>VANGUARD</u>	<u>PRISA</u>	<u>CASH</u>	<u>TOTAL</u>
VENDOR #	63541	1530	464	20624	2080	4200	87487	20127	88827	4023	2662872	68180	88237	44007				
JAN	26,283,359.90	9,549.37	8,024,569.78		9,137,770.44	19,317,122.12	8,643,010.65	35,626,884.74	12,045,416.38	31,368,773.03	24,387,024.29	18,703,644.28	25,440,447.89	27,919,505.11	28,982,907.66	10,204,968.00	2,118,603.07	288,213,356.69
FEB	26,478,395.80	9,724.10	7,983,427.70		8,466,632.78	18,426,852.58	7,745,292.81	35,962,113.86	12,118,530.94	30,801,024.68	23,447,311.75	18,310,761.32	25,285,553.05	28,067,691.20	28,943,886.36	10,492,136.00	3,590,989.89	288,130,124.60
MARCH	26,537,197.15	10,149.14	8,760,988.78		9,039,428.01	18,356,054.70	8,553,808.96	37,093,053.76	12,766,517.82	32,525,775.18	23,144,625.39	18,257,453.44	27,153,795.99	29,997,154.52	30,906,457.95	10,492,136.00	5,165,466.43	298,760,081.22
APRIL	26,550,263.68	10,185.72	8,539,439.80		9,194,415.00	18,433,022.68	8,635,510.45	37,718,226.09	13,045,771.83	32,389,182.35	24,828,194.61	18,620,464.90	27,368,757.32	30,654,357.79	31,026,398.89	10,693,192.00	3,962,112.72	301,689,473.83
MAY	26,562,219.04	9,828.33	8,789,939.91		9,397,770.03	19,016,525.74	8,536,977.58	37,670,659.73	13,193,476.59	33,351,798.78	25,061,638.99	19,068,924.49	27,721,210.17	31,257,281.87	31,581,730.62	10,693,192.00	2,694,037.53	304,607,191.40
JUNE	26,981,765.58	9,927.48	7,184,852.46		9,401,521.55	18,917,259.39	8,294,976.30	38,505,541.49	11,008,025.16	32,069,284.07	25,172,426.15	19,043,324.29	28,017,554.50	30,290,411.66	30,649,759.87	15,093,192.00	4,713,680.27	303,353,502.22
JULY																		0.00
AUG																		
SEPT																		
OCT																		
NOV																		
DEC																		

	<u>BAIRD</u>	<u>BARINGS</u>	<u>CORNERSTONE</u>	<u>DENVER</u>	<u>EAGLE</u>	<u>GENEVA</u>	<u>HOTCHKIS & WILEY</u>	<u>LOOMIS SAYLES</u>	<u>MACKAY SHIELDS</u>	<u>MFS</u>	<u>MFS INT'L</u>	<u>INTEGRITY</u>	<u>SCHRODER</u>	<u>COLUMBIA</u>	<u>VANGUARD</u>	<u>PRISA</u>	<u>CASH</u>	<u>TOTAL</u>
2016																		
1ST QTR	16,585.73		13,141.48		18,078.76	31,790.00	20,782.97	28,180.20	14,393.93	45,260.73	41,948.92	38,295.00	49,179.87	34,422.38				352,058.95
2ND QTR																		0.00
3RD QTR																		0.00
4TH QTR																		0.00
2014 YTD	16,585.73	0.00	13,141.48	0.00	18,078.76	31,790.00	20,782.97	28,180.20	14,393.93	45,260.73	41,948.92	38,295.00	49,179.87	34,422.38			0.00	

10

Portfolio Statement

1 MAY 16 - 31 MAY 16

Account number 8765
Account Name FAMILY CODE FAM8765

Page 1 of 140

◆ Change in Book and Market Value

	Cost	Market value	For more information
Opening balance	262,813,492.90	301,908,954.52	
Miscellaneous Cash Receipts	68,344.35	68,344.35	See funding & disbursement summary
Participant Contributions	88,382.77	88,382.77	See funding & disbursement summary
Sponsor Contributions	102,100.11	102,100.11	See funding & disbursement summary
Benefit Payment Redeposits	5,747.96	5,747.96	See funding & disbursement summary
Total receipts	264,575.19	264,575.19	See funding & disbursement summary
Benefit Payments / Beneficiary Payments	- 1,434,635.19	- 1,434,635.19	See funding & disbursement summary
Total disbursements	- 1,434,635.19	- 1,434,635.19	See funding & disbursement summary
Income received	382,998.59	382,998.59	See income & expense summary, cash activity detail
Expenses paid	- 120,246.68	- 120,246.68	See income & expense summary
Unrealized gain/loss change	0.00	3,239,392.80	See asset summary
Realized gain/loss	399,205.12	399,205.12	See realized gain/loss summary
Accrued income change	78,103.60	78,103.60	See income & expense summary
Closing balance	262,383,493.53	304,718,347.95	



CORNERSTONE

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

Percent Total Return
Per Period

Time Period	5/31/2016	Portfolio		FTSE/NAREIT
		Gross	Net	Equity REIT Index
1 Month		2.93%	2.88%	2.43%
YTD		5.56%	5.30%	5.99%
1 Year		11.18%	10.51%	10.62%
3 Year		12.38%	11.72%	10.34%
5 Year		11.25%	10.59%	10.35%
Inception (October 21, 2008)		16.20%	15.51%	14.28%



CORNERSTONE

May 31, 2016

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

Symbol	Description	Property Type	Shares	Cost	Cost Per Share	Closing Price 5/31/2016	Percentage of Portfolio	Market Value 5/31/2016	Dividend Yield
<i>Equity Holdings</i>									
ACC	American Campus Communities In	Apartment	6,010	\$257,292	\$42.81	\$47.02	3.2%	\$282,590	3.6%
AIV	Apartment Investment & Managem	Apartment	4,670	\$195,175	\$41.79	\$42.65	2.3%	\$199,176	3.1%
ESS	Essex Property Trust Inc	Apartment	1,420	\$320,642	\$225.80	\$227.23	3.7%	\$322,667	2.8%
CONE	CyrusOne Inc	Data Center	7,560	\$336,982	\$44.57	\$49.31	4.2%	\$372,784	3.1%
DLR	Digital Realty Trust Inc	Data Center	2,920	\$223,653	\$76.59	\$95.45	3.2%	\$278,714	3.7%
EQIX	Equinix Inc	Data Center	1,060	\$317,315	\$299.35	\$362.00	4.4%	\$383,720	1.9%
DOC	Physicians Realty Trust	Healthcare	8,470	\$132,186	\$15.61	\$18.99	1.8%	\$160,845	4.7%
HCN	Welltower Inc	Healthcare	6,190	\$398,231	\$64.33	\$68.91	4.9%	\$426,553	5.0%
NHI	National Health Investors Inc	Healthcare	1,417	\$87,646	\$61.85	\$69.83	1.1%	\$98,949	5.2%
VTR	Ventas Inc	Healthcare	4,017	\$251,638	\$62.64	\$66.33	3.0%	\$266,448	4.4%
CLDT	Chatham Lodging Trust	Hotels	1,900	\$56,140	\$29.55	\$21.69	0.5%	\$41,211	6.1%
CHSP	Chesapeake Lodging Trust	Hotels	4,840	\$112,121	\$23.17	\$23.84	1.3%	\$115,386	6.7%
DRH	DiamondRock Hospitality Co	Hotels	6,690	\$87,501	\$13.08	\$8.94	0.7%	\$59,809	5.6%
FCH	FelCor Lodging Trust Inc	Hotels	18,960	\$183,458	\$9.68	\$6.61	1.4%	\$125,326	3.6%
HLT	Hilton Worldwide Holdings Inc	Hotels/Not Indexed	4,580	\$108,519	\$23.69	\$20.78	1.1%	\$95,172	1.3%
DRE	Duke Realty Corp	Industrial	9,810	\$199,230	\$20.31	\$23.67	2.6%	\$232,203	3.0%
FR	First Industrial Realty Trust	Industrial	10,210	\$242,442	\$23.75	\$24.76	2.9%	\$252,800	3.1%
PLD	Prologis Inc	Industrial	8,770	\$354,921	\$40.47	\$47.53	4.7%	\$416,838	3.5%
SUI	Sun Communities Inc	Manufactured Homes	2,850	\$196,232	\$68.85	\$69.83	2.3%	\$199,016	3.7%
BXP	Boston Properties Inc	Office	2,830	\$305,049	\$107.79	\$125.63	4.0%	\$355,533	2.1%
HIW	Highwoods Properties Inc	Office	3,680	\$139,280	\$37.85	\$48.66	2.0%	\$179,069	3.5%
KRC	Kilroy Realty Corp	Office	3,422	\$218,308	\$63.80	\$63.15	2.5%	\$216,099	2.4%
PGRE	Paramount Group Inc	Office	14,190	\$250,710	\$17.67	\$16.38	2.6%	\$232,432	2.3%
SLG	SL Green Realty Corp	Office	1,340	\$129,121	\$96.36	\$101.36	1.5%	\$135,822	2.8%
MAC	Macerich Co/The	Regional Mall	5,080	\$400,550	\$78.85	\$76.32	4.4%	\$387,706	3.6%
SPG	Simon Property Group Inc	Regional Mall	4,268	\$506,074	\$118.57	\$197.64	9.6%	\$843,528	3.2%
TCO	Taubman Centers Inc	Regional Mall	3,180	\$242,848	\$76.37	\$68.57	2.5%	\$218,053	3.5%
CUBE	CubeSmart	Self-Storage	8,360	\$263,763	\$31.55	\$31.84	3.0%	\$266,182	2.6%
EXR	Extra Space Storage Inc	Self-Storage	3,280	\$270,751	\$82.55	\$92.97	3.5%	\$304,942	3.4%
PSA	Public Storage	Self-Storage	810	\$191,715	\$236.69	\$253.71	2.3%	\$205,505	2.8%
AKR	Acadia Realty Trust	Shopping Centers	7,041	\$208,648	\$29.63	\$33.90	2.7%	\$238,690	2.9%
EQY	Equity One inc	Shopping Centers	5,090	\$134,657	\$26.46	\$29.46	1.7%	\$149,951	3.0%
KIM	Kimco Realty Corp	Shopping Centers	8,120	\$205,590	\$25.32	\$28.18	2.6%	\$228,822	3.6%
REG	Regency Centers Corp	Shopping Centers	3,420	\$216,602	\$63.33	\$76.60	3.0%	\$261,972	2.6%
SKT	Tanger Factory Outlet Centers	Shopping Centers	3,730	\$123,266	\$33.05	\$35.22	1.5%	\$131,371	3.7%
Total Equities							98.8%	\$8,685,880	3.3%
Total Cash & Cash Equivalents							1.2%	\$103,996	
Total Portfolio Value							100.0%	<u>\$8,789,876</u>	

13

Bay County Employees' Retirement System - 05231100

Portfolio Style: SmallCap Growth Equity

Portfolio Summary

	Month To Date	Year To Date
Beginning Market Value	9,194,338.12	10,188,378.45
Contributions	0.00	342.61
Withdrawals	0.00	-625,514.62
Dividend and Interest Income	3,613.46	28,244.78
Change in Market Value	199,700.50	-193,799.14
Ending Market Value	9,397,652.08	9,397,652.08

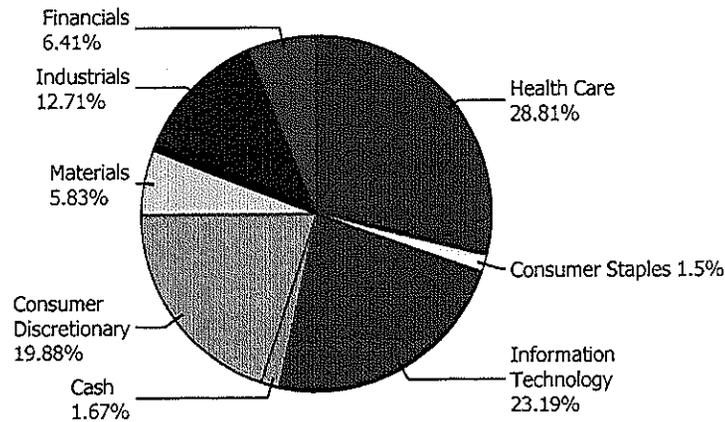
Performance Summary

	MTD	QTD	YTD	1 Year	3 Years	5 Years	Annualized Since Inception
Gross	2.21	3.96	-42	-3.59	6.93	7.84	13.92
Net	2.21	3.76	-85	-4.39	5.96	6.90	12.99
RU20GRTR ¹	2.69	3.72	-1.14	-9.13	7.68	8.15	14.65

¹ Russell 2000 Growth Index

Performance is based on fiscal year end of portfolio

Industry Weightings



Top Ten Holdings

Security Description	Total Market Value	% of Market Value
UNIVERSAL ELECTRONICS INC	366,464.92	3.90%
QUAKER CHEMICAL CORP	252,403.61	2.69%
GENESCO INC	230,492.80	2.45%
NATUS MEDICAL INC	203,129.39	2.16%
VAIL RESORTS INC	196,481.25	2.09%
SYNOVUS FINANCIAL CORP	185,234.86	1.97%
WASTE CONNECTIONS US INC	184,690.87	1.97%
COHERENT INC	180,629.58	1.92%
MARTIN MARIETTA MATERIALS	177,508.56	1.89%
WEBMD HEALTH CORP	166,742.00	1.77%

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

Small Cap Value

Total Market Value: \$8,537,001 (3.9% Cash)

Month Ended May 31, 2016

Performance Returns - Gross of Fees					Weighted Average Portfolio Characteristics			
	MTD	QTD	YTD	Since Incept.		Portfolio	Rus 2000 V	Rus 2000
Portfolio - Total Return	-1.14 %	-0.20 %	-2.91 %	8.89 %	Projected P/E (FY2)	12.0x	15.2x	16.0x
					Price / Normal Earnings	8.3x	14.7x	17.0x
Russell 2000 Value Index	1.83	3.99	5.76	7.30	Price / Cash Flow	6.4x	8.3x	9.6x
Russell 2000 Index	2.25	3.86	2.28	7.58	Price / Book	1.2x	1.4x	2.0x
S&P 500 Index	1.80	2.19	3.57	7.83	Dividend Yield	1.3%	2.3%	1.6%
					Market Capitalization (mm)	\$2,070	\$1,851	\$1,993
					# of Holdings / 1-Yr Turnover	57 / 33%		

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

Top and Bottom Five Contributors to Performance				Trading Data			Top Ten Holdings - Total Portfolio	
	Avg Wgt	Ttl Ret.	Contr.	Major Buy(Sell)	New buy/final sell	+/-		End Wgt
Tutor Perini Corp.	2.87 %	42.98 %	1.00 %	Matson Inc.		0.9%	Horace Mann Educ. Corp.	5.0 %
Rush Enterprises Inc.	4.22	11.83	0.49	Office Depot Inc.		0.6%	Rush Enterprises Inc.	4.6
Horace Mann Educ. Corp.	4.92	9.52	0.43	PBF Energy Inc.		0.5% *	Great Plains Energy Inc.	4.3
Xura Inc.	1.51	10.85	0.19	Seritage Growth Properties		0.5% *	First Niagara Fin'l Grp Inc.	3.9
ARRIS Int'l PLC	3.23	5.84	0.18				Matson Inc.	3.5
Great Plains Energy Inc.	5.82 %	-5.76 %	-0.33 %	(WellCare Health Plans Inc.)		-0.9% *	Masonite Int'l Corp.	3.4
Matson Inc.	3.14	-13.80	-0.39	(Xura Inc.)		-0.9%	ARRIS Int'l PLC	3.3
Enpro Inds. Inc.	3.18	-13.31	-0.46	(Circor Int'l Inc.)		-0.9% *	Geo Grp Inc.	3.3
Real Industry Inc.	2.09	-23.36	-0.57	(Great Plains Energy Inc.)		-1.1%	Enpro Inds. Inc.	3.2
Office Depot Inc.	3.46	-39.12	-1.64				LifePoint Hospitals Inc.	3.1

Performance Attribution					Allocation			Top Ten Industries - Total Portfolio	
	Portfolio		Russell 2000 Value		Sector	Stock	Total		End Wgt
	Avg Wgt	Equ. Ret.	Avg Wgt	Equ. Ret.					
Information Technology	12.02 %	5.94 %	10.23 %	4.53 %	0.04	0.17	0.21	Banks	11.8 %
Financials	30.74	3.94	43.67	3.15	-0.17	0.24	0.06	Insurance	10.5
Telecommunication Services	0.00	0.00	0.89	2.77	-0.01	0.00	-0.01	Machinery	6.0
Consumer Staples	0.00	0.00	3.68	3.57	-0.06	0.00	-0.06	Electric Utilities	5.9
Energy	2.73	-13.31	4.45	-4.89	0.14	-0.23	-0.10	Specialty Retail	5.4
Health Care	7.06	-1.38	4.10	-0.25	-0.07	-0.07	-0.14	Construction & Engineering	5.2
Industrials	24.83	1.38	12.00	2.37	0.07	-0.22	-0.15	Real Estate Inv. Trusts	5.1
Utilities	9.23	-1.67	7.81	1.29	-0.02	-0.26	-0.28	Communications Equip.	4.6
Materials	3.45	-22.39	3.71	-3.59	0.01	-0.76	-0.75	Health Care Prov. & Svcs	4.6
Consumer Discretionary	9.93	-17.71	9.45	-1.50	-0.03	-1.77	-1.80	Trading Cos & Distributors	4.6
					-0.10	-2.91	-3.01		

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

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services, LLC ("S&P") and is licensed for use by Hotchkis & Wiley ("H&W"). All rights reserved. Neither S&P nor MSCI is liable for any errors or delays in this report, or for any actions taken in reliance on any information contained herein. Russell Investment Group is the source and owner of the Russell Index data contained herein (and all trademarks related thereto), which may not be redistributed. The information herein is not approved by Russell. H&W and Russell sectors are based on GICS by MSCI and S&P.

16

performance review

may 2016

PERFORMANCE (%)

	ACCOUNT(GROSS)	BENCHMARK
May 16	-0.14	-0.08
YTD	5.96	5.31
1 Year Trailing	3.93	3.62
3 Year Trailing	4.24	3.67
5 Year Trailing	5.58	4.75
1/31/97 - 5/31/16 Annualized	6.82	6.17

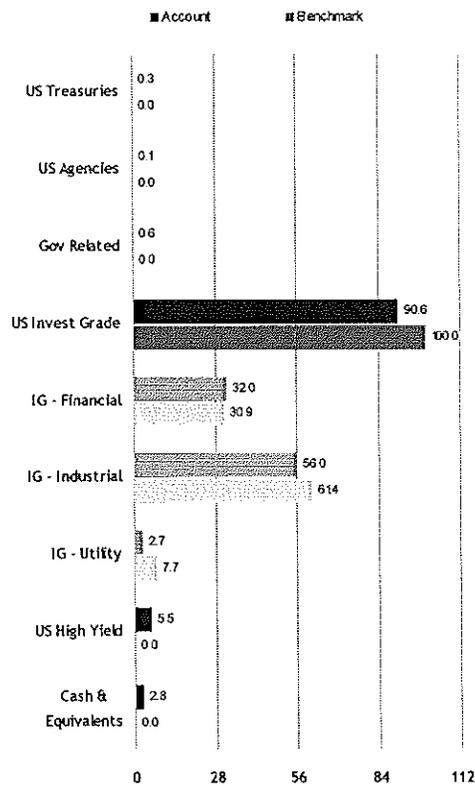
MARKET VALUE

\$37,666,495

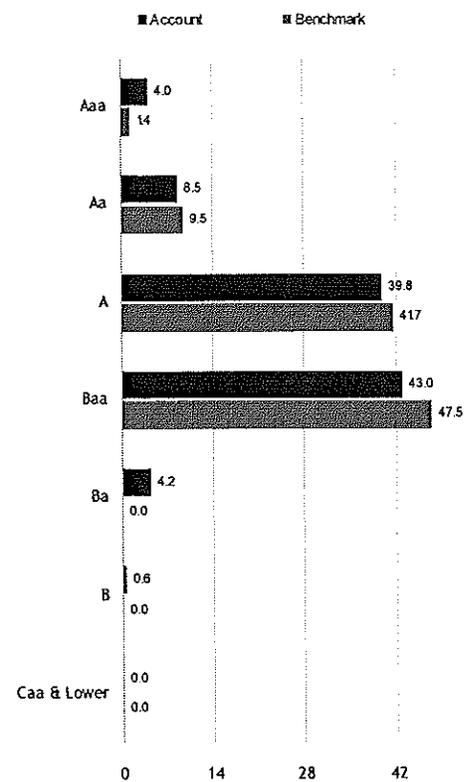
CHARACTERISTICS

Effective Duration	7.45 years	7.26 years
Average Maturity	10.85 years	10.54 years
Yield	3.35%	3.10%
Average Quality	Baa1	Baa1

SECTOR ANALYSIS AT MAY 31, 2016 (%)



QUALITY ANALYSIS AT MAY 31, 2016 (%)



The current benchmark is Barclays U.S. Corporate Investment Grade. (1) Citigroup Broad Inv-Grade (BIG) from 1/31/1997 to 6/30/1999; Barclays Credit from 6/30/1999 to 2/29/2012; and Barclays U.S. Corporate Investment Grade from 2/29/2012 to 5/31/2016. For split rated securities in the quality distribution, the bigger of Moody and S&P is used. The account's split rating treatment is based on client guidelines. The benchmark follows the vendor's methodology. Equity securities are deemed to have a duration and maturity value of zero. Yield is Yield to Effective Maturity Data Source: Barclays Capital, Bloomberg This report is a service provided to customers of Loomis Sayles for informational purposes and is not a recommendation to purchase or sell securities. Unless otherwise noted, the performance shown is gross of management fees. Past performance is not a guarantee of future results. Loomis Sayles believes the information contained in this report is reliable but we do not guarantee its accuracy. Additional information on portfolio holdings, portfolio attribution and portfolio transactions are available to all investors upon request.

performance review

may 2016

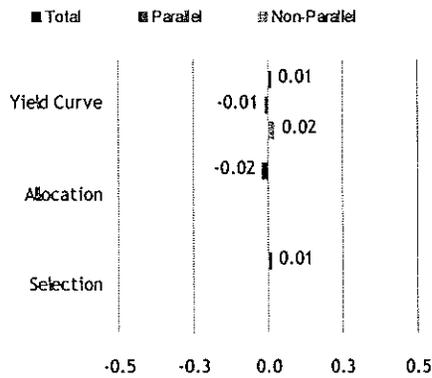
CURRENT MONTH TOTAL RETURNS (%)

Account Return	-0.14
Benchmark Return	-0.08
Excess Return	-0.06

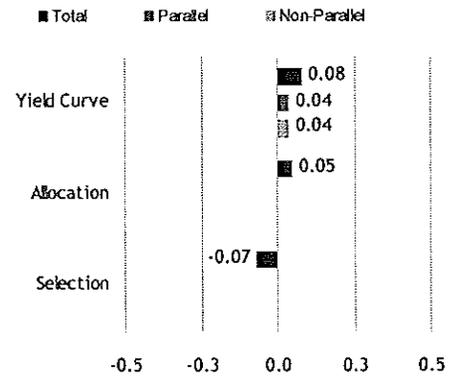
TRAILING YEAR TOTAL RETURNS (%)

Account Return	3.93
Benchmark Return	3.62
Excess Return	0.31

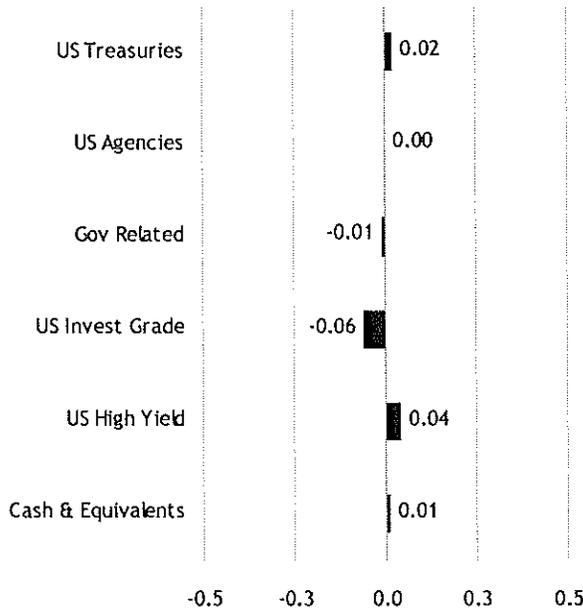
CURRENT MONTH EXCESS RETURN ATTRIBUTION (%)



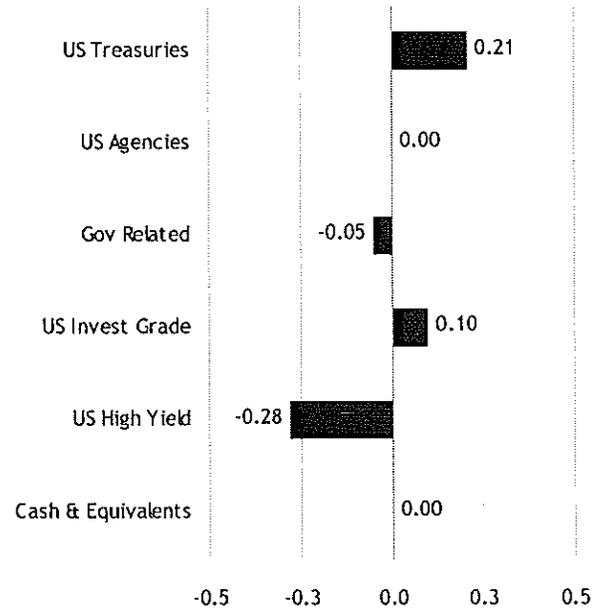
TRAILING YEAR EXCESS RETURN ATTRIBUTION (%)



EXCESS RETURN ATTRIBUTION BY SECTOR (%)



EXCESS RETURN ATTRIBUTION BY SECTOR (%)



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



June, 2016

MacKay Shields is pleased to provide you with your portfolio's May, 2016 Investment Summary report. Should you have any questions or comments about this report, your portfolio, or the markets in general, please do not hesitate to call.

As a note to clients that provide us with a specific restricted/exclusion securities list, please be aware that our process for coding the list into our compliance module, Charles River, is driven by the "ultimate parent issuer ID" on Bloomberg.

MacKay Shields values our relationship with you and your organization. We would welcome any opportunity to be of further assistance.

Best,

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

Virginia Rose
Senior Managing Director
Head of Client Service

61

MAY 2016

OVERVIEW OF MONTHLY PERFORMANCE



MARKET OVERVIEW

The U.S. convertible market, as measured by the BofA Merrill Lynch All Convertible Index, rose 1.70% during May, 2016, while underlying equities climbed 2.20%. During the month, investment-grade convertibles, as measured by the BofA Merrill Lynch Investment Grade Convertible Index, were up 1.11%, underperforming speculative-grade convertibles, which increased 1.94%.

May's performance marked the third consecutive month of gains for the convertible market. This brings returns into positive territory for the year, which few likely anticipated given the poor start to 2016. The market's rally more closely aligns financial markets with economic fundamentals and corporate earnings. With financial markets more accurately reflecting economic reality, we continue to believe that equity markets will be higher in the coming twelve to eighteen months as economic growth in the U.S. continues at a slow pace and Europe's economy expands in muted fits and starts. Growth in China is slowing and, although that region is not a significant market for exports from the U.S., a slowdown in China will serve to keep inflationary pressures under control. Lastly, as evidenced by Janet Yellen's most recent testimony, the Federal Reserve is likely to continue a monetary policy of low interest rates, which should foster a healthy climate for stocks and equity-linked securities, such as convertibles.

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

Sector results were mixed during the month. Following their recent rally, Energy and Materials pulled back, down -1.0% and -6.8%, respectively. Consumer Discretionary and Transportation also declined during May. On the other hand, Technology and Media rose over 3% each. Consumer Staples and Health Care also outperformed the benchmark over the period.

During the month, six new issues totaling \$1.3 billion came to the U.S. convertible market, while approximately \$4.4 billion was redeemed through redemptions and maturities, according to BofA Merrill Lynch Research. While, in recent years, the issuer base has been well-diversified across sectors, thus far in 2016 issuance has emanated from the Energy, Healthcare and Technology sectors. Similar to the past several years, the vast majority of issuance thus far has been non-rated. As previously noted, we expect new issuance from investment grade companies to remain depressed until the yield on the 10-year U.S. Treasury exceeds 3.5%.

PERFORMANCE¹

The convertible bonds of several technology related companies, including Nvidia, Xilinx and Microchip Technology were among the top contributors during the month. Graphics chips manufacturer, Nvidia Corp., rose in May after the company reported first quarter earnings that were ahead of investor expectations. Unlike commodity chip manufacturers, Nvidia continues to benefit from novel uses for its chips such as self-driving cars and virtual reality applications. Xilinx rose following news that the chipmaker received a \$15 billion takeover offer, with Qualcomm mentioned as the potential acquirer. Chipmakers, which have tens of billions of dollars of cash on their balance sheets, have spent considerable sums in recent years to acquire rivals to further consolidate the industry. Microchip Technology performed well following the company's positive first quarter earnings release at the beginning of the month. In addition, Microchip Technology's common shares and convertible bonds continued to climb later in the month as speculation about further industry consolidation in the chip sector lifted the shares of many semiconductor stocks.

Conversely, exposure to Priceline Group and Ionis Pharmaceutical, and synthetic convertible bonds of Schlumberger weighed on performance during the period. Although Priceline Group reported solid first quarter earnings early in the month, the company gave forward guidance which fell short of investor expectations. Some of the disappointing guidance was due to translation losses from the strong U.S. dollar and weakness in European travel which we see as transitory. Biotechnology company, Ionis Pharmaceutical, declined after the company reported that one of its drug trials would be halted after a number of patients in the trial reported a dangerous decline in blood platelets which may be related to company's experimental drug. Last, Schlumberger fell on little company-specific news. The shares of many energy-related companies declined slightly in May following strong gains in March and April. The price of crude oil continues to rise, with the price per barrel of

MAY 2016

OVERVIEW OF MONTHLY PERFORMANCE



West Texas crude recently breaking above \$50, which should improve the business prospects of companies such as Schlumberger who sells equipment and services to entities that explore for and produce oil and natural gas.

OUTLOOK

As the market continues to improve from the winter selloff and new issuance of convertible securities picks up, we expect more investors to view the convertible market favorably. Despite poor start to the year, convertible performance has been strong for the past several years. The past three years marked the resurrection of a vibrant market for new convertible issuance, which continued in 2015 following 2013 and 2014's nearly \$50 billion of new issuance. The surge in new issuance was largely due to the simultaneous rise in stock prices and interest rates. With the rise in rates, issuing companies could once again realize a significant interest savings by issuing a convertible bond instead of a non-convertible high-yield security. For most investment-grade companies, however, rates remain so low in absolute terms that the benefits of a convertible offering remain relatively muted. As such, the preponderance of new issuance the past three years has been from non-investment grade companies. In addition, following the stock market decline of 2008, companies were reluctant to issue equity-linked securities as they believed that doing so would dilute existing equity holders at prices they believed under-valued their companies. However, with stocks at near-record levels, companies are no longer reluctant to issue a security linked to their equity.

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

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

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

¹Please note that security specific disclosures are representative and may not be included in your portfolio.

Availability of this document and products and services provided by MacKay Shields may be limited by applicable laws and regulations in certain jurisdictions and this document is provided only for persons to whom this document and the products and services of MacKay Shields may otherwise lawfully be issued or made available. None of the products and services provided by MacKay Shields are offered to any person in any jurisdiction where such offering would be contrary to local law or regulation. This document is provided for information purposes only. It does not constitute investment advice and should not be construed as an offer to buy securities. The contents of this document have not been reviewed by any regulatory authority in any jurisdiction.

Note to European Investors: This document is intended for the use of professional and qualifying investors (as defined in the Alternative Investment Fund Manager's Directive) only. Where applicable, this document has been issued by MacKay Shields UK LLP, 200 Aldersgate Street, 13th Floor, London EC1A 4HD, which is authorised and regulated by the UK Financial Conduct Authority (FRN594166).

This material contains the opinions of the Convertibles team of MacKay Shields LLC but not necessarily those of MacKay Shields LLC. The opinions expressed herein are subject to change without notice. This material is distributed for informational purposes only. Forecasts, estimates, and opinions contained herein 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. Any forward-looking statements speak only as of the date they are made and MacKay Shields assumes no duty and does not undertake to update forward-looking statements. No part of this document may be reproduced in any form, or referred to in any other publication, without express written permission of MacKay Shields LLC. ©2016, MacKay Shields LLC.

Past performance is not indicative of future results.

BAY COUNTY EMPLOYEES RETIREMENT SYSTEM



Portfolio Composition and Performance — Account 1256

May 31, 2016

Composition	Market Value	Percent of Total
Fixed Income	10,156,734	76.71
Equity	2,525,396	19.07
Cash & Equivalents	558,148	4.22
Total Portfolio	\$13,240,278	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)	1.19%	8.88%	3.48%	-0.57%	7.55%	6.45%	117.64%	6.33%
CUSTOM BENCHMARK I	1.70%	7.97%	1.58%	-6.91%	7.43%	7.26%	83.21%	4.89%
CUSTOM BENCHMARK II	1.70%	7.97%	1.58%	-6.68%	6.62%	N/A %	N/A	N/A

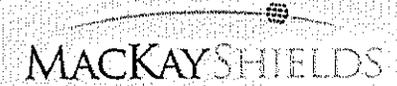
22

Expressed in USD

Note: Custom Benchmarks consist of BofAML All Convt (Inc Mand) since 8/31/15. Previously, (I) was BofAML Convt Inv Grade Bds (Inc Mand) Index and (II) was BofAML Convt Inv Grade Bds (Inc Mand) 5% Cap Index.

Past performance is not indicative of future results.

BAY COUNTY EMPLOYEES RETIREMENT SYSTEM



Summary Report — Account 1256

May 31, 2016

	Total Cost	Percent at Cost	Yield at Cost	Market Value	Percent of Assets	Yield at Market	Annual Income
Bonds	9,513,638	81.95	1.36	10,119,495	76.43	1.28	129,063
Stocks	2,095,811	18.05	0.75	2,513,556	18.98	0.62	15,644
Cash & Equivalents	0	0.00		558,148	4.22	0.00	0
Accrued Income				49,078	0.37		
	<u>\$11,609,449</u>	<u>100.00%</u>	<u>1.25</u>	<u>\$13,240,278</u>	<u>100.00%</u>	<u>1.10</u>	<u>\$144,706</u>

23



MFS HERITAGE TRUST COMPANYSM
111 Huntington Avenue, Boston, Massachusetts 02199

MFS HERITAGE TRUST COMPANY

Account Statement
05/01/2016 - 05/31/2016
Page 1 of 2

Registration: BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM
(BCERS)
Account Number: 193

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

Account Summary - Period

Fund Name	05/31/2016 NAV	Beginning Market Value	Period Purchases	Period Redemptions	Ending Units	Ending Market Value
MFS INTERNATIONAL GROWTH FUND CL 1	\$127.24	\$25,061,637.72	\$0.00	(\$0.00)	197,834.210	\$25,172,424.88
Account Total		\$25,061,637.72				\$25,172,424.88

Account Summary - YTD

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

193

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

24



MFS HERITAGE TRUST COMPANYSM
 111 Huntington Avenue, Boston, Massachusetts 02199

MFS HERITAGE TRUST COMPANY

Account Statement
 05/01/2016 - 05/31/2016
 Page 2 of 2

Transaction History

Trade Date	Transaction Type	Gross Amount	Net Amount	NAV	Transaction Units	Total Units
MFS INTERNATIONAL GROWTH FUND CL 1						
<i>— There are no transactions for this section —</i>						

Message

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

25

Bay County Employees' Retirement System

MFS[®] Heritage Trust Company CIT - MFS International Growth Fund
(Class 1 Shares)



31 May 2016

Performance results (%) class 1 shares net of expenses (USD)	Portfolio	Benchmark ^A	Excess returns
May 2016	0.44	-0.65	1.09
2016 YTD	3.22	0.52	2.70
1 year	-4.29	-8.28	3.99
Since client inception (06-Aug-14)	-0.14	-2.74	2.60

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

All periods greater than one year are annualized.

Past performance is no guarantee of future results.

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

Net of expenses performance does not include management fees.

^A MSCI All Country World (ex-US) Growth Index (net div)

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

Asset summary (USD)

Beginning value as of 30-Apr-16	25,061,638
Contributions	0
Withdrawals	0
Change in market value	+110,787
Ending value as of 31-May-16	25,172,425

Characteristics	Portfolio	Benchmark ^{AA}
IBES long-term EPS growth - weighted median ¹	8.1%	9.1%
Price/earnings (12 months forward ex-negative earnings) - weighted median	19.2x	18.0x
Return on invested capital - weighted median	12.7%	10.9%
Market capitalization (USD) ²	37.3 bn	26.0 bn
Number of holdings	85	1,058
Trailing 1 year turnover ³	23%	-
Barra predicted tracking error ⁴	3.03%	-

¹ Source: Thomson Reuters

² Weighted median.

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

⁴ Source: Barra

No forecasts can be guaranteed.

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

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

Sectors (%)	Portfolio	Benchmark ^{AA}
Consumer Staples	19.0	15.8
Health Care	15.7	12.1
Technology	13.2	12.0
Financial Services	11.3	14.4
Special Products & Services	8.6	4.8
Industrial Goods & Services	8.2	5.4
Basic Materials	6.9	5.4
Retailing	5.5	7.4
Leisure	4.6	4.8
Transportation	2.4	4.3
Autos & Housing	1.2	5.6
Energy	1.0	1.4
Utilities & Communications	0.8	6.7

Regions (%)	Portfolio	Benchmark ^{AA}
Europe ex-U.K.	47.7	35.0
United Kingdom	16.7	12.0
Emerging Markets	11.7	20.7
Japan	8.4	17.0
North America	7.5	6.3
Asia/Pacific ex-Japan	5.0	8.6
Developed - Middle East/Africa	1.5	0.5
1.6% Cash & cash equivalents		

FOR EXISTING INSTITUTIONAL CLIENT USE ONLY.

MFS Heritage Trust Company

^{AA} MSCI All Country World (ex-US) Growth Index

FOR MORE INFORMATION CONTACT

Kimberly Hyland, Director, Relationship Management
Phone: +1 617 954 5575 | Cell: +1 781 929 6122
Email: khyland@mfs.com

Thomas Shanley, Client Service Manager
Phone: +1 617 954 7492 | Cell: +1 857 208 5297
Email: tshanley@mfs.com

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

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

Period	Portfolio net	Benchmark [^]	Excess ^{^^}
May	0.44	-0.65	1.09
April	0.94	1.52	-0.58
1Q 2016	1.81	-0.34	2.14
2016 YTD	3.22	0.52	2.70
1 year	-4.29	-8.28	3.99
Since client inception (06-Aug-14)	-0.14	-2.74	2.60

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

All periods greater than one year are annualized.

Past performance is no guarantee of future results.

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

Net of expenses performance does not include management fees.

[^] MSCI All Country World (ex-US) Growth Index (net div)

^{^^} Excess return net vs benchmark (%)

FOR EXISTING INSTITUTIONAL CLIENT USE ONLY.

MFS Heritage Trust Company

27

Bay County Employees' Retirement System - Growth Equity
BCS

Valuation Summary	31-May-16		Portfolio Currency: USD		
	Cost	Market Value	Accrued Income	Total Value	Total Value
CASH	851,660.61	851,660.61	0.00	851,660.61	2.55 %
COMMON STOCK	23,846,436.78	32,179,972.87	21,960.24	32,201,933.11	96.55 %
ADR	303,454.67	297,903.85	0.00	297,903.85	.89 %
	25,001,552.06	33,329,537.33	21,960.24	33,351,497.57	100.00 %
		21,960.24			
Accrued Income:		21,960.24			
Total Value:		33,351,497.57			

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

30

Bay County Employees' Retirement System
 Growth Equity
 Report as of 31 May 2016

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

Period	Portfolio gross	Portfolio net	Benchmark [^]	Excess ^{^^}
May	2.97	2.92	1.94	0.98
April	-0.42	-0.47	-0.91	0.44
1Q 2016	-1.59	-1.73	0.74	-2.47
2016 YTD	0.91	0.67	1.76	-1.09
1 year	3.56	2.96	1.61	1.35
3 year	13.24	12.57	12.50	0.06
Since client inception (04-Sep-12)	15.48	14.79	13.99	0.80

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

All periods greater than one year are annualized.

Past performance is no guarantee of future results.

[^] Russell 1000® Growth Index

^{^^} Excess return net vs benchmark (%)

FOR EXISTING INSTITUTIONAL CLIENT USE ONLY.

MFS Institutional Advisors, Inc.

31016

31



>AbelNoser Corp.
 One Battery Park Plaza,
 New York, NY 10004-1405
 phone:646.432.4000 800.322.2610
 fax: 212.363.7571
 website: www.abelnoser.com>

Ms. Crystal Herbert
 Bay County Financial Officer
 Bay County Retirement System
 515 Center Avenue
 Suite 701
 Bay City, MO 48708

Date 6/16/2016
 Page 1 of 2

Commission Program Review
 Rep: MARY DAVIDSON

Month Summary: BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

Period: May 1, 2016 To May 31, 2016

	<u>May 2016</u>	<u>Year To Date</u>
Opening Balance:	\$0.00	\$0.00*
Commission:	\$24.00	\$145.17
Credit:	\$0.00	\$0.00
Payments:	\$0.00	\$0.00
Adjustments:	\$0.00	\$0.00
Ending Balance:	\$0.00	\$0.00

**Previous Year's closing balance*

Manager Commission Summary

	<u>May 2016 Commission</u>	<u>May 2016 Credit</u>	<u>Year to Date Commission</u>	<u>Year to Date Credit</u>
HOTCHKIS & WILEY	\$24.00	\$0.00	\$145.17	\$0.00
Total:	\$24.00	\$0.00	\$145.17	\$0.00

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

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

Member New York Stock Exchange and other Principle Exchanges, FINRA/SIPC



>AbelNoser Corp.
 One Battery Park Plaza,
 New York, NY 10004-1405
 phone:646.432.4000 800.322.2610
 fax: 212.363.7571
 website: www.abelnoser.com>

Date 6/16/2016

Page 2 of 2

Commission Program Review
 Rep: MARY DAVIDSON

Trade Details: BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

Period: May 1, 2016 To May 31, 2016

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

<u>trade date</u>	<u>side</u>	<u>ticker</u>	<u>security description</u>	<u>share</u>	<u>commission</u>	<u>credit</u>	<u>cumulation</u> <u>credit</u>
05/13/16	S	GEO	GEO GROUP INC NEW COM	100	\$1.00	\$0.00	\$0.00
05/13/16	B	MATX	MATSON INC COM	100	\$1.00	\$0.00	\$0.00
05/17/16	B	MATX	MATSON INC COM	200	\$2.00	\$0.00	\$0.00
05/17/16	B	ODP	OFFICE DEPOT INC COM	1,900	\$19.00	\$0.00	\$0.00
05/19/16	B	MATX	MATSON INC COM	100	\$1.00	\$0.00	\$0.00
Account Total:				2,400	\$24.00	\$0.00	
Grand Total:				2,400	\$24.00	\$0.00	

Bay County Employees' Ret. Sys.

CAPIS Account: 10263

Settlement Month Ending: 5/31/2016

TOTAL COMMISSION

COMMISSION ALLOCATION

	TOTAL COMMISSION		COMMISSION ALLOCATION			
	May	YTD	Execution		Recapture	
			May	YTD	May	YTD
Beginning Balance					\$117.60	\$177.01
U.S. Equity	39.49	1,209.82	10.97	310.54	28.52	899.28
International Equity	-	-	-	-	-	-
Fixed Income	-	-	-	-	-	-
International Fixed Income	-	-	-	-	-	-
New Issues	-	-	-	-	-	-
Options	-	-	-	-	-	-
Futures	-	-	-	-	-	-
Foreign Currency	-	-	-	-	-	-
Syndicates	-	-	-	-	-	-
U.S. Correspondent Equity	855.51	2,863.85	399.24	1,338.58	456.27	1,525.27
Recapture Subtotals	\$ 895.00	\$ 4,073.67	\$ 410.21	\$ 1,649.12	\$ 484.79	\$ 2,424.55
Execution	\$ 0.00	\$ 0.00				
Directed	\$ 0.00	\$ 0.00				
Correspondent Broker/Dealer	\$ 0.00	\$ 0.00				
Total	\$ 895.00	\$ 4,073.67				
					Total Earned	\$ 484.79
					Total Redeemed	\$ 117.60
					Balance as of 5/31/2016	\$ 484.79
						\$ 2,424.55
						\$ 2,116.77

34

Bay County Employees' Ret. Sys.

CAPIS Account: 10263

Settlement Month Ending: 5/31/2016

Summary of Segregated Account Detail

	May	YTD
Payment from Segregated Account	\$ 117.60	\$ 2,116.77
	<u>\$ 117.60</u>	<u>\$ 2,116.77</u>

Voucher Amount

Segregated Account Detail

Service Period	Comments/Notes	Vendor Invoice #	Date Paid	May	Prior Months	YTD	Mixed Use %
Payment from Segregated Account							
December 2015	Commission Recapture	305624	Bay Count 01/15/2016		\$ 177.01		
January 2016	Commission Recapture	306237	Bay Count 02/12/2016		\$ 381.33		
February 2016	Commission Recapture	306725	Bay Count 03/15/2016		\$ 556.20		
March 2016	Commission Recapture	307305	Bay Count 04/15/2016		\$ 884.63		
April 2016	Commission Recapture	307776	Bay Count 05/16/2016	\$ 117.60			
		Payment from Segregated Account Total		<u>\$ 117.60</u>	<u>\$ 1,999.17</u>	<u>\$ 2,116.77</u>	
		Grand Total		<u>\$ 117.60</u>	<u>\$ 1,999.17</u>	<u>\$ 2,116.77</u>	

35

Fund Comparison
Bay County Employees' Retirement Pension Plan
First Quarter 2016

January 1 - March 31
VWAP Analysis

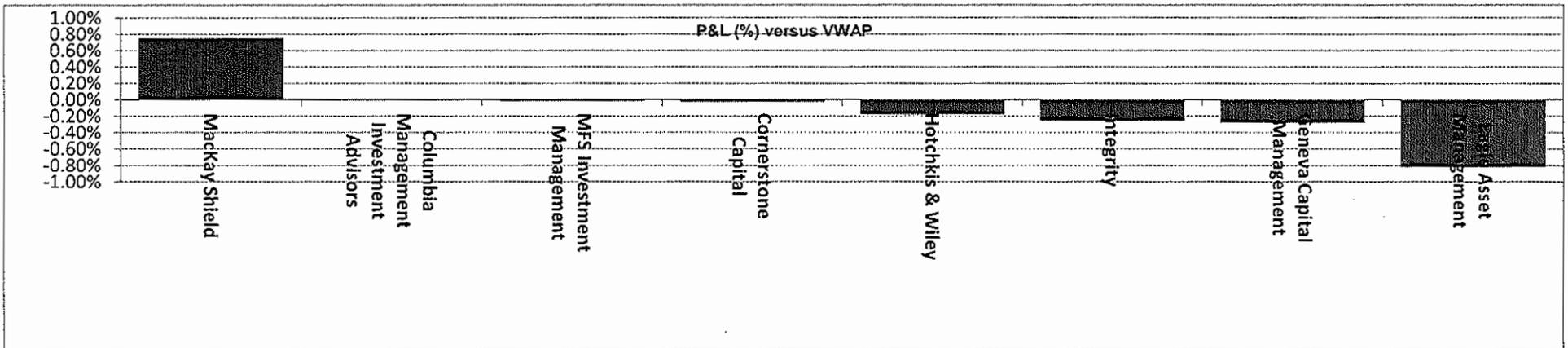
Fund ID	Fund Description	# of Trades	Gross Consideration	P&L vs VWAP	P&L (%)	Commission	Comm (%)	Fees	Total Cost	Q1 Total Cost (%)	CAPIS Ratings			
											Q1 2016	Q4 2015	Q3 2015	Q2 2015
2608694	Columbia Management	54	\$ 3,361,984	\$ (363)	-0.01%	\$ (2,787)	-0.08%	\$ (43)	\$ (3,193)	-0.09%	2	3	4	1
2663296	Cornerstone Real Estate	172	\$ 2,902,831	\$ (915)	-0.03%	\$ (1,951)	-0.07%	\$ (29)	\$ (2,895)	-0.10%	2	2	2	3
2695063	Eagle Capital Management	124	\$ 1,985,671	\$ (16,242)	-0.82%	\$ (1,208)	-0.06%	\$ (27)	\$ (17,478)	-0.88%	4	4	2	1
2649057	Geneva Capital Management	130	\$ 3,227,900	\$ (8,923)	-0.28%	\$ (1,517)	-0.05%	\$ (54)	\$ (10,495)	-0.33%	4	2	2	2
2622536	Hotchkis & Wiley	232	\$ 1,605,509	\$ (2,897)	-0.18%	\$ (3,005)	-0.19%	\$ (24)	\$ (5,926)	-0.37%	4	1	3	2
2653308	Integrity	436	\$ 9,002,484	\$ (23,196)	-0.26%	\$ (13,824)	-0.15%	\$ (116)	\$ (37,136)	-0.41%	4	2	2	2
2622490	MacKay Shield	3	\$ 117,958	\$ 886	0.75%	\$ (49)	-0.04%	\$ (2)	\$ 835	0.71%	1	N/A	4	N/A
2683854	MFS Investment	2,064	\$ 4,392,234	\$ (838)	-0.02%	\$ (1,271)	-0.03%	\$ (135)	\$ (2,244)	-0.05%	2	3	3	3
		3,215	\$ 26,596,570	\$ (52,488)	-0.20%	\$ (25,612)	-0.10%	\$ (431)	\$ (78,531)	-0.30%				

36

Manager Comparison
Bay County Employees' Retirement Pension Plan
First Quarter 2016

January 1 - March 31
VWAP Analysis

# of Funds	Investment Manager	# of Trades	Gross Consideration	P&L vs VWAP	P&L (%)	Commission	Comm (%)	Fees	Total Cost	Q1 Total Cost (%)	CAPIS Ratings			
											Q1 2016	Q4 2015	Q3 2015	Q2 2015
1	MacKay Shield	3	\$ 117,958	\$ 886	0.75%	\$ (49)	-0.04%	\$ (2)	\$ 835	0.71%	1	N/A	4	N/A
1	Columbia Management Investment	54	\$ 3,361,984	\$ (363)	-0.01%	\$ (2,787)	-0.08%	\$ (43)	\$ (3,193)	-0.09%	2	3	4	1
1	MFS Investment Management	2,064	\$ 4,392,234	\$ (838)	-0.02%	\$ (1,271)	-0.03%	\$ (135)	\$ (2,244)	-0.05%	2	3	3	3
1	Cornerstone Capital	172	\$ 2,902,831	\$ (915)	-0.03%	\$ (1,951)	-0.07%	\$ (29)	\$ (2,895)	-0.10%	2	2	2	3
1	Hotchkis & Wiley	232	\$ 1,605,509	\$ (2,897)	-0.18%	\$ (3,005)	-0.19%	\$ (24)	\$ (5,926)	-0.37%	4	1	3	2
1	Integrity	436	\$ 9,002,484	\$ (23,196)	-0.26%	\$ (13,824)	-0.15%	\$ (116)	\$ (37,136)	-0.41%	4	2	2	2
1	Geneva Capital Management	130	\$ 3,227,900	\$ (8,923)	-0.28%	\$ (1,517)	-0.05%	\$ (54)	\$ (10,495)	-0.33%	4	2	2	2
1	Eagle Asset Management	124	\$ 1,985,671	\$ (16,242)	-0.82%	\$ (1,208)	-0.06%	\$ (27)	\$ (17,478)	-0.88%	4	4	2	1
		3,215	\$ 26,596,570	\$ (52,488)	-0.20%	\$ (25,612)	-0.10%	\$ (431)	\$ (78,531)	-0.30%				



37



2016 Directed Commission Summary
Bay County Employees' Retirement Pension Plan
 As of March 31, 2016

Investment Manager	Beginning Balance	Commission		Recapture Allocation		Redeemed Recapture		Balance
		March	YTD	March	YTD	March	YTD	
Columbia Threadneedle Investments	\$ 318.86	\$ 694.56	\$ 1,971.41	\$ 370.44	\$ 1,049.30	\$ 318.86	\$ 855.87	\$ 370.44
Henderson Geneva	\$ 237.34	\$ 685.92	\$ 1,038.44	\$ 514.19	\$ 772.86	\$ 237.34	\$ 258.67	\$ 514.19
	\$ 556.20	\$ 1,380.48	\$ 3,009.85	\$ 884.63	\$ 1,822.16	\$ 556.20	\$ 1,114.54	\$ 884.63

This is not your official statement from CAPIS. For detailed transaction information, please see your monthly CAPIS statement for each individual fund.

38

2016 Brokerage Allocation Summary

Manager Level

Bay County Employees' Retirement Pension Plan

As of March 31, 2016

Investment Manager	Total Commission*	Net Commission Rates & Percent of Total						Plan Sponsor Benefit				Estimated Research/Soft	
		Domestic (CPS)		Developed (BPS)		Emerging (BPS)		Discount		Commission Recapture			
Columbia Management Investment Advisors	\$ 2,787	\$ 0.018	100%	-	0%	-	0%	\$ 32	1%	\$ 1,971	71%	\$ 784	28%
Cornerstone Capital	\$ 1,951	\$ 0.031	100%	-	0%	-	0%	\$ 5	0%	\$ -	0%	\$ 1,946	100%
Eagle Asset Management	\$ 1,208	\$ 0.016	100%	-	0%	-	0%	\$ 374	31%	\$ -	0%	\$ 834	69%
Geneva Capital Management	\$ 1,517	\$ 0.019	100%	-	0%	-	0%	\$ 4	0%	\$ 1,038	68%	\$ 475	31%
Hotchkis & Wiley	\$ 3,005	\$ 0.017	100%	-	0%	-	0%	\$ 619	21%	\$ -	0%	\$ 2,386	79%
Integrity	\$ 13,824	\$ 0.035	100%	-	0%	-	0%	\$ -	0%	\$ -	0%	\$ 13,824	100%
MacKay Shield	\$ 49	\$ 0.030	100%	-	0%	-	0%	\$ -	0%	\$ -	0%	\$ 49	100%
MFS Investment Management	\$ 1,271	\$ 0.022	100%	-	0%	-	0%	\$ 331	26%	\$ -	0%	\$ 940	74%
	\$ 25,612	\$ 0.026	100%	-	0%	-	0%	\$ 1,364	5%	\$ 3,010	12%	\$ 21,239	83%

CAPIS Universe

Net Commission Rates

Discount

Recapture

Research/Soft

Domestic	\$ 0.019			27%	9%	64%
Developed		8.8		28%	4%	68%
Emerging			14.3	21%	2%	77%

This information is based upon transactional data provided to CAPIS by the custodian of the fund. CAPIS is not responsible for the accuracy of the data.

Securities Lending

Summary Earnings Report for MR

FAMILY CODE FAM8765

From May 1, 2016 To May 31, 2016

Page 1 of 6

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

ACCOUNT NUMBER : 2608694

ACCOUNT NAME : *BAYCO - COLUMBIA MANAGEMENT

CURRENCY : USD

OPEN CASH	0.00	3,564.22	0.00	0.00	3,564.22
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	28.89	0.00	0.00	28.89
DEAL STOCKS	0.00	1,080.00	0.00	0.00	1,080.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	4,673.11	0.00	0.00	4,673.11
TOTAL REBATES	0.00	1,328.69	0.00	0.00	1,328.69
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	3,344.42	0.00	0.00	3,344.42
BANK FEES	0.00	1,002.43	0.00	0.00	1,002.43
NET INCOME	0.00	2,341.99	0.00	0.00	2,341.99

ACCOUNT NUMBER : 2618668

ACCOUNT NAME : *BAYCO - BAIRD -SL

CURRENCY : USD

OPEN CASH	1,779.21	0.00	0.00	0.00	1,779.21
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	23.56	0.00	0.00	0.00	23.56
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	1,802.77	0.00	0.00	0.00	1,802.77
TOTAL REBATES	997.76	0.00	0.00	0.00	997.76
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	805.01	0.00	0.00	0.00	805.01
BANK FEES	241.41	0.00	0.00	0.00	241.41
NET INCOME	563.60	0.00	0.00	0.00	563.60

40

Securities Lending

Summary Earnings Report for MR

FAMILY CODE FAM8765

From May 1, 2016 To May 31, 2016

Page 2 of 6

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUMBER : 2622490					
ACCOUNT NAME : *BAYCO - MACKAY SHIELDS -SL					
CURRENCY : USD					
OPEN CASH	1,410.98	443.39	191.22	95.52	2,141.11
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	312.53	0.00	0.00	0.00	312.53
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	1,723.51	443.39	191.22	95.52	2,453.64
TOTAL REBATES	-100.61	123.79	117.13	39.96	180.27
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	1,824.12	319.60	74.09	55.56	2,273.37
BANK FEES	546.92	95.73	22.21	16.65	681.51
NET INCOME	1,277.20	223.87	51.88	38.91	1,591.86
ACCOUNT NUMBER : 2622536					
ACCOUNT NAME : *BAYCO - HOTCHKIS & WILEY -SL					
CURRENCY : USD					
OPEN CASH	0.00	2,108.32	0.00	515.11	2,623.43
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	2.52	0.00	0.00	2.52
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	2,110.84	0.00	515.11	2,625.95
TOTAL REBATES	0.00	822.37	0.00	210.26	1,032.63
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,288.47	0.00	304.85	1,593.32
BANK FEES	0.00	383.03	0.00	90.72	473.75
NET INCOME	0.00	905.44	0.00	214.13	1,119.57

Securities Lending
Summary Earnings Report for MR

FAMILY CODE FAM8765

From May 1, 2016 To May 31, 2016

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

ACCOUNT NUMBER : 2641401

ACCOUNT NAME : *BAYCO - LOOMIS SAYLES -SL

CURRENCY : USD

OPEN CASH	2,198.06	0.00	437.11	0.00	2,635.17
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	54.02	0.00	0.31	0.00	54.33
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	2,252.08	0.00	437.42	0.00	2,689.50
TOTAL REBATES	708.75	0.00	147.19	0.00	855.94
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	1,543.33	0.00	290.23	0.00	1,833.56
BANK FEES	461.54	0.00	86.78	0.00	548.32
NET INCOME	1,081.79	0.00	203.45	0.00	1,285.24

ACCOUNT NUMBER : 2649057

ACCOUNT NAME : *BAYCO GENEVA CAPITAL MGMT -SL

CURRENCY : USD

OPEN CASH	0.00	4,162.33	0.00	121.06	4,283.39
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
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	4,162.33	0.00	121.06	4,283.39
TOTAL REBATES	0.00	1,616.93	0.00	49.49	1,666.42
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,545.40	0.00	71.57	2,616.97
BANK FEES	0.00	762.71	0.00	21.34	784.05
NET INCOME	0.00	1,782.69	0.00	50.23	1,832.92

Securities Lending
Summary Earnings Report for MR
FAMILY CODE FAM8765

From May 1, 2016 To May 31, 2016

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

ACCOUNT NUMBER : 2653308

ACCOUNT NAME : *BAYCO - INTEGRITY -SL

CURRENCY : USD

OPEN CASH	0.00	3,706.11	0.00	258.61	3,964.72
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	12.13	0.00	0.00	12.13
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	3,718.24	0.00	258.61	3,976.85
TOTAL REBATES	0.00	1,396.18	0.00	107.13	1,503.31
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,322.06	0.00	151.48	2,473.54
BANK FEES	0.00	695.10	0.00	45.38	740.48
NET INCOME	0.00	1,626.96	0.00	106.10	1,733.06

ACCOUNT NUMBER : 2663296

ACCOUNT NAME : *BAYCO - CORNERSTONE REALES-SL

CURRENCY : USD

OPEN CASH	0.00	2,206.79	0.00	0.00	2,206.79
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	2,206.79	0.00	0.00	2,206.79
TOTAL REBATES	0.00	893.07	0.00	0.00	893.07
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,313.72	0.00	0.00	1,313.72
BANK FEES	0.00	392.77	0.00	0.00	392.77
NET INCOME	0.00	920.95	0.00	0.00	920.95

Securities Lending

Summary Earnings Report for MR

FAMILY CODE FAM8765

From May 1, 2016 To May 31, 2016

Page 5 of 6

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUMBER : 2683854					
ACCOUNT NAME : *BAYCO - MFS INVESTMENTS -SL					
CURRENCY : USD					
OPEN CASH	0.00	3,662.71	0.00	183.53	3,846.24
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	63.45	0.00	8.06	71.51
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	3,726.16	0.00	191.59	3,917.75
TOTAL REBATES	0.00	1,396.57	0.00	-43.46	1,353.11
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,329.59	0.00	235.05	2,564.64
BANK FEES	0.00	697.93	0.00	70.34	768.27
NET INCOME	0.00	1,631.66	0.00	164.71	1,796.37
ACCOUNT NUMBER : 2695063					
ACCOUNT NAME : *BAYCO - EAGLE ASSET -SL					
CURRENCY : USD					
OPEN CASH	0.00	3,280.77	0.00	72.75	3,353.52
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	13.12	0.00	0.00	13.12
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	3,293.89	0.00	72.75	3,366.64
TOTAL REBATES	0.00	373.11	0.00	30.26	403.37
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,920.78	0.00	42.49	2,963.27
BANK FEES	0.00	872.55	0.00	12.58	885.13
NET INCOME	0.00	2,048.23	0.00	29.91	2,078.14

HT

Securities Lending
Summary Earnings Report for MR
FAMILY CODE FAM8765
From May 1, 2016 To May 31, 2016

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
GRAND TOTAL					
CURRENCY : USD					
OPEN CASH	5,388.25	23,134.64	628.33	1,246.58	30,397.80
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	390.11	120.11	0.31	8.06	518.59
DEAL STOCKS	0.00	1,080.00	0.00	0.00	1,080.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	5,778.36	24,334.75	628.64	1,254.64	31,996.39
TOTAL REBATES	1,605.90	7,950.71	264.32	393.64	10,214.57
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	4,172.46	16,384.04	364.32	861.00	21,781.82
BANK FEES	1,249.87	4,902.25	108.99	257.01	6,518.12
NET INCOME	2,922.59	11,481.79	255.33	603.99	15,263.70

45

Although this report has been prepared using information believed to be reliable, it may contain information provided by third parties or derived from third party information, and/or information that may have been obtained from, categorized or otherwise reported based upon client direction. The Northern Trust Company does not guarantee the accuracy, timeliness or completeness of any such information. The information included in this report is intended to assist clients with their financial reporting needs, but you must consult with your accountants, auditors and/or legal counsel to ensure your accounting and financial reporting complies with applicable laws, regulations and accounting guidance. The Northern Trust Company and its affiliates shall have no responsibility for the consequences of investment decisions made in reliance on information contained in this report.

REFUNDS: FOR THE MONTH ENDED:

June 30, 2015

EMPLOYEE/BENEFICIARY	CONTRIBUTIONS	PROCESSED	DEPARTMENT	TERMINATION
David Friday	6,402.00	6/29/2016	BABH	6/7/2016

TOTAL REFUNDS: 6,402.00

NEW RETIREE	CONTRIBUTIONS TRANSFERRED	RETIREMENT GROUP/ COUNTY DEPT	EFFECTIVE DATE
Robert Blackford	\$87,800.23	BABH	6/16/2016
Ann Schiattone	\$30,096.35	BABH	6/4/2016
Denece Taylor	\$25,489.20	BMCF	6/1/16
Paul Brissette	\$52,756.13	Road	6/17/16
Albert LaFond	\$71,188.72	Road	6/16/2016
Judy Condon	\$19,412.29	General	6/17/2016

DECEASED EMPLOYEE/ RETIREE	BENEFICIARY	REFUND/ PENSION	DATE OF DEATH	DIVISION/ DEPARTMENT
William Dambro	N/A	823.02	2/15/2016	Sheriff

NO REFUNDS EMPLOYEE NAME	ACCUMULATED CONTRIBUTIONS	UNION GROUP	DATE TERMINATED
MCBAIN, MICHAEL	1,783.11	BCAMPS	5/2/2016
CROSS, STEVEN	450.39	BMCF GENERAL	5/20/2016
ELKOWITZ, VICKIE	21,334.16	BMCF RN LPN	5/27/2016
GUIGAR, MICHELE	13,730.61	BMCF RN LPN	5/20/2016
HANOVER, TYLER	867.33	BMCF USW	5/25/2016
LUDY, STORMI	2,447.19	BMCF	6/6/2016
ACOSTA, MIKO	1,313.93	BMCF GENERAL	6/10/2016

41,926.72

4/6

Bay County, Michigan

07/06/2016 09:06
KMeeth

BAY COUNTY, MI
YEAR-TO-DATE BUDGET REPORT

P 1
glytdbud

FOR 2016 03

ACCOUNTS FOR:	ORIGINAL APPROP	TRANFRS/ ADJSTMTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
7310 RETIREMENT SYSTEM FUND							
73127400 RETIREMENT BOARD							
RA FUND BALANCE, NET AS							
73127400 40001 FUND BALANCE	0	.00	.00	.00	.00	.00	.0%
73127400 40003 FUND BALANCE-RESRVS	0	.00	.00	.00	.00	.00	.0%
73127400 40004 NET ASSETS - RESERV	4,601,447	.00	4,601,447.00	.00	.00	4,601,447.00	.0%
TOTAL FUND BALANCE, NET AS	4,601,447	.00	4,601,447.00	.00	.00	4,601,447.00	.0%
RJ LOCAL UNIT CONTRIBUT							
73127400 59401 ER CONTR-BEHAVE HEA	-1,100,000	.00	-1,100,000.00	.00	.00	-1,100,000.00	.0%*
73127400 59402 ER CONTR-MOSQUITO C	-13,000	.00	-13,000.00	-2,677.16	.00	-10,322.84	20.6%*
73127400 59403 ER CONTR-HEALTH FUN	-60,000	.00	-60,000.00	-13,505.21	.00	-46,494.79	22.5%*
73127400 59404 ER CONTR-ROAD COMMI	-550,000	.00	-550,000.00	.00	.00	-550,000.00	.0%*
73127400 59406 ER CONTR-LIBRARY	-180,000	.00	-180,000.00	-5,371.29	.00	-174,628.71	3.0%*
73127400 59407 ER CONTR-GOLF COURS	-5,000	.00	-5,000.00	-961.52	.00	-4,038.48	19.2%*
73127400 59408 ER CONTR-GENERAL FU	-375,000	.00	-375,000.00	-90,612.05	.00	-284,387.95	24.2%*
73127400 59409 ER CONTR-DWS	-375,000	.00	-375,000.00	-34,888.85	.00	-340,111.15	9.3%*
73127400 59410 ER CONTR-911 SERVIC	-45,000	.00	-45,000.00	-9,551.96	.00	-35,448.04	21.2%*
73127400 59411 ER CONTR-CHILD CARE	-40,000	.00	-40,000.00	-9,105.02	.00	-30,894.98	22.8%*
73127400 59412 ER CONTR-DIV ON AGI	-43,000	.00	-43,000.00	-10,445.29	.00	-32,554.71	24.3%*
73127400 59413 ER CONTR-RETIRE SYS	-1,900	.00	-1,900.00	-226.95	.00	-1,673.05	11.9%*
73127400 59414 ER CONTR-HOMELAND S	-3,000	.00	-3,000.00	.00	.00	-3,000.00	.0%*
73127400 59415 ER CONTR-GYPSY MOTH	-2,000	.00	-2,000.00	-488.37	.00	-1,511.63	24.4%*
73127400 59416 ER CONTR-HOME REHAB	-180	.00	-180.00	-8.57	.00	-171.43	4.8%*
73127400 59418 ER CONTR-100% TAX P	-3,300	.00	-3,300.00	-778.36	.00	-2,521.64	23.6%*
73127400 59419 ER CONTR-MED CARE F	-600,000	.00	-600,000.00	.00	.00	-600,000.00	.0%*
73127400 59424 ER CONTR-SELF INSUR	-600	.00	-600.00	-132.67	.00	-467.33	22.1%*
73127400 59427 ER CONTR-COMM CORRE	-2,100	.00	-2,100.00	-385.32	.00	-1,714.68	18.3%*
73127400 59429 ER CONTR-F.O.C. FUN	-2,500	.00	-2,500.00	-612.83	.00	-1,887.17	24.5%*
73127400 59430 ER CONTR-HOUSING FU	-6,000	.00	-6,000.00	-1,349.80	.00	-4,650.20	22.5%*
73127400 59434 ER CONTR-LOCAL CFO	-300	.00	-300.00	-2.93	.00	-297.07	1.0%*
73127400 59435 ER CONTRIB-CONC PIS	0	.00	.00	-90.56	.00	90.56	100.0%
73127400 59499 ER CONTR-SHERIFF DE	-5,000	.00	-5,000.00	.00	.00	-5,000.00	.0%*
73127400 59501 EE CONTR-BEHAVE HEA	-500,000	.00	-500,000.00	.00	.00	-500,000.00	.0%*
73127400 59502 EE CONTR-MOSQUITO C	-12,750	.00	-12,750.00	-2,677.16	.00	-10,072.84	21.0%*
73127400 59503 EE CONTR-HEALTH FUN	-60,000	.00	-60,000.00	-13,505.21	.00	-46,494.79	22.5%*

47

Bay County, Michigan

07/06/2016 09:06
KMeeth

BAY COUNTY, MI
YEAR-TO-DATE BUDGET REPORT

P 2
glytdbud

FOR 2016 03

ACCOUNTS FOR:	ORIGINAL APPROP	TRANFRS/ ADJSTMTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
7310 RETIREMENT SYSTEM FUND							
73127400 59504 EE CONTR-ROAD COMMI	-130,000	.00	-130,000.00	.00	.00	-130,000.00	.0%*
73127400 59506 EE CONTR-LIBRARY	-75,000	.00	-75,000.00	-5,371.31	.00	-69,628.69	7.2%*
73127400 59507 EE CONTR-GOLF COURS	-4,200	.00	-4,200.00	-961.52	.00	-3,238.48	22.9%*
73127400 59508 EE CONTR-GENERAL FU	-450,000	.00	-450,000.00	-92,432.29	.00	-357,567.71	20.5%*
73127400 59509 EE CONTR-DWS	-85,000	.00	-85,000.00	-37,544.08	.00	-47,455.92	44.2%*
73127400 59510 EE CONTR-911 SERVIC	-60,000	.00	-60,000.00	-13,083.05	.00	-46,916.95	21.8%*
73127400 59511 EE CONTR-CHILD CARE	-40,000	.00	-40,000.00	-9,105.02	.00	-30,894.98	22.8%*
73127400 59512 EE CONTR-DIV ON AGI	-43,000	.00	-43,000.00	-10,445.29	.00	-32,554.71	24.3%*
73127400 59513 EE CONTR-RETIRE SYS	-2,200	.00	-2,200.00	-226.95	.00	-1,973.05	10.3%*
73127400 59514 EE CONTR-HOMELAND S	0	.00	.00	.00	.00	.00	.0%
73127400 59515 EE CONTR-GYRSY MOTH	-1,900	.00	-1,900.00	-488.37	.00	-1,411.63	25.7%
73127400 59516 EE CONTR-HOME REHAB	-200	.00	-200.00	-8.57	.00	-191.43	4.3%*
73127400 59518 EE CONTR-100% TAX P	-3,100	.00	-3,100.00	-778.36	.00	-2,321.64	25.1%
73127400 59519 EE CONTR-MED CARE F	-400,000	.00	-400,000.00	.00	.00	-400,000.00	.0%*
73127400 59524 EE CONTR-SELF INSUR	-450	.00	-450.00	-132.67	.00	-317.33	29.5%
73127400 59527 EE CONTR-COMM CORRE	-1,500	.00	-1,500.00	-385.32	.00	-1,114.68	25.7%
73127400 59529 EE CONTR-F.O.C. FUN	-2,500	.00	-2,500.00	-612.83	.00	-1,887.17	24.5%*
73127400 59530 EE CONTR-HOUSING FU	-5,800	.00	-5,800.00	-1,349.80	.00	-4,450.20	23.3%*
73127400 59534 EE CONTR.LOCAL CFO	-300	.00	-300.00	-2.93	.00	-297.07	1.0%*
73127400 59535 EE CONTRIB-CONC PIS	0	.00	.00	-90.56	.00	90.56	100.0%
73127400 59599 EE CONTR-SHERIFF DE	-230,000	.00	-230,000.00	-52,372.97	.00	-177,627.03	22.8%*
TOTAL LOCAL UNIT CONTRIBUT	-5,520,780	.00	-5,520,780.00	-422,768.97	.00	-5,098,011.03	7.7%
RP INTEREST & RENTALS							
73127400 66400 INVESTMENT INTEREST	-5,000,000	.00	-5,000,000.00	-404.16	.00	-4,999,595.84	.0%*
73127400 66500 GAIN ON SALE OF INV	-20,000,000	.00	-20,000,000.00	.00	.00	-20,000,000.00	.0%*
73127400 66501 UNREALIZED GAIN ON	-3,000,000	.00	-3,000,000.00	.00	.00	-3,000,000.00	.0%*
73127400 66502 GAIN ON FOREIGN CUR	-40,000	.00	-40,000.00	.00	.00	-40,000.00	.0%*
73127400 66600 SECURITIES LENDING	-180,000	.00	-180,000.00	-13,282.75	.00	-166,717.25	7.4%*
TOTAL INTEREST & RENTALS	-28,220,000	.00	-28,220,000.00	-13,686.91	.00	-28,206,313.09	.0%
RR OTHER REVENUE							
73127400 67104 MISCELLANEOUS REVENU	0	.00	.00	.00	.00	.00	.0%
73127400 67600 REIMBURSEMENTS	0	.00	.00	.00	.00	.00	.0%
73127400 67601 REIMBURSEMENT - IND	0	.00	.00	.00	.00	.00	.0%
73127400 68900 TRADE-IN ALLOWANCE	0	.00	.00	.00	.00	.00	.0%

87

Bay County, Michigan

07/06/2016 09:06
KMeeth

BAY COUNTY, MI
YEAR-TO-DATE BUDGET REPORT

P 3
glytbdud

FOR 2016 03

ACCOUNTS FOR:	ORIGINAL APPROP	TRANFRS/ADJSTMTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
7310 RETIREMENT SYSTEM FUND							
<u>73127400 69000 COMMISSION RECAPTUR</u>	-15,000	.00	-15,000.00	-177.01	.00	-14,822.99	1.2%*
<u>73127400 69200 CLAIMS/SETTLEMENTS/</u>	-100,000	.00	-100,000.00	-157.74	.00	-99,842.26	.2%*
TOTAL OTHER REVENUE	-115,000	.00	-115,000.00	-334.75	.00	-114,665.25	.3%
XE WAGES & SALARIES							
<u>73127400 70300 SALARIES-ELECTED OR</u>	51,012	.00	51,012.00	2,812.33	.00	48,199.67	5.5%
<u>73127400 70400 WAGES-CLERICAL-OTHE</u>	10,566	.00	10,566.00	2,226.40	.00	8,339.60	21.1%
<u>73127400 70401 PAY IN LIEU OF HEAL</u>	0	.00	.00	.00	.00	.00	.0%
<u>73127400 70500 TEMPORARY HELP</u>	9,000	.00	9,000.00	.00	.00	9,000.00	.0%
<u>73127400 70501 PART TIME WAGES</u>	0	.00	.00	.00	.00	.00	.0%
<u>73127400 70600 OVERTIME</u>	2,809	.00	2,809.00	.00	.00	2,809.00	.0%
<u>73127400 70800 HOLIDAY PAY</u>	0	.00	.00	546.88	.00	-546.88	100.0%*
<u>73127400 71000 PER DIEM</u>	3,420	.00	3,420.00	450.00	.00	2,970.00	13.2%
<u>73127400 71200 VACATION PAY</u>	0	.00	.00	40.48	.00	-40.48	100.0%*
<u>73127400 71202 SICK PAY</u>	0	.00	.00	48.12	.00	-48.12	100.0%*
<u>73127400 71203 TERMINATION SICK PA</u>	0	.00	.00	.00	.00	.00	.0%
<u>73127400 71204 TERMINATION VACTION</u>	0	.00	.00	.00	.00	.00	.0%
TOTAL WAGES & SALARIES	76,807	.00	76,807.00	6,124.21	.00	70,682.79	8.0%
XF FRINGES							
<u>73127400 71500 SOCIAL SECURITY</u>	4,713	.00	4,713.00	396.73	.00	4,316.27	8.4%
<u>73127400 71600 HEALTH INSURANCE</u>	17,435	.00	17,435.00	1,666.93	.00	15,768.07	9.6%
<u>73127400 71603 RETIREE HEALTH CARE</u>	0	.00	.00	.00	.00	.00	.0%
<u>73127400 71632 EMPLOYEE INCENTIVE</u>	177	.00	177.00	.00	.00	177.00	.0%
<u>73127400 71700 LIFE INSURANCE</u>	131	.00	131.00	16.45	.00	114.55	12.6%
<u>73127400 71800 RETIREMENT</u>	4,928	.00	4,928.00	453.90	.00	4,474.10	9.2%
<u>73127400 71900 OTHER FRINGE BENEFIT</u>	0	.00	.00	.00	.00	.00	.0%
<u>73127400 72001 SIF ADMINISTRATION</u>	0	.00	.00	.00	.00	.00	.0%
<u>73127400 72100 WORKERS' COMPENSATI</u>	93	.00	93.00	8.53	.00	84.47	9.2%
<u>73127400 72200 SICK AND ACCIDENT I</u>	709	.00	709.00	37.32	.00	671.68	5.3%
<u>73127400 72500 UNEMPLOYMENT COMPEN</u>	93	.00	93.00	8.53	.00	84.47	9.2%
TOTAL FRINGES	28,279	.00	28,279.00	2,588.39	.00	25,690.61	9.2%
XI SUPPLIES							
<u>73127400 72700 OFFICE SUPPLIES</u>	2,000	.00	2,000.00	48.78	.00	1,951.22	2.4%

64

Bay County Michigan

07/06/2016 09:06
KMeeth

BAY COUNTY, MI
YEAR-TO-DATE BUDGET REPORT

P 4
glytbdud

FOR 2016 03

ACCOUNTS FOR:	ORIGINAL APPROP	TRANFRS/ADJSTMTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
7310 RETIREMENT SYSTEM FUND							
73127400 72702 BOOK SUPPLIES	0	.00	.00	.00	.00	.00	.0%
73127400 72800 PRINTING AND BINDIN	1,000	.00	1,000.00	.00	.00	1,000.00	.0%
73127400 72900 POSTAGE	500	.00	500.00	137.30	.00	362.70	27.5%*
73127400 73000 MAGAZINES AND PERIO	400	.00	400.00	.00	.00	400.00	.0%
73127400 73301 COPIER / FAX SUPPLI	500	.00	500.00	.00	.00	500.00	.0%
73127400 74200 FOOD SUPPLIES	150	.00	150.00	.00	.00	150.00	.0%
73127400 74700 PHOTO & MICROFILM/F	0	.00	.00	.00	.00	.00	.0%
73127400 75000 GAS, OIL AND GREASE	0	.00	.00	.00	.00	.00	.0%
73127400 75100 COMPUTER SUPPLIES	1,500	.00	1,500.00	.00	.00	1,500.00	.0%
TOTAL SUPPLIES	6,050	.00	6,050.00	186.08	.00	5,863.92	3.1%
XL OTHER SERVICES AND C							
73127400 80100 PROFESSIONAL SERVIC	1,750,000	.00	1,750,000.00	201,774.92	.00	1,548,225.08	11.5%
73127400 80101 ACTUARIAL SERVICES	70,000	.00	70,000.00	-1,400.00	.00	71,400.00	-2.0%
73127400 80200 CONTRACTUAL SERVICE	0	.00	.00	.00	.00	.00	.0%
73127400 81200 MEDICAL SERVICES	1,000	.00	1,000.00	.00	.00	1,000.00	.0%
73127400 81400 INVESTMENT/BANK SER	250,000	.00	250,000.00	414.16	.00	249,585.84	.2%
73127400 81700 LEGAL FEES	7,500	.00	7,500.00	.00	.00	7,500.00	.0%
73127400 81900 CONSULTANTS	175,000	.00	175,000.00	38,500.00	.00	136,500.00	22.0%
73127400 82000 MEMBERSHIPS AND DUE	550	.00	550.00	350.00	.00	200.00	63.6%*
73127400 82900 FILING FEES	200	.00	200.00	.00	.00	200.00	.0%
73127400 83500 HEALTH SERVICES	0	.00	.00	.00	.00	.00	.0%
73127400 85200 TELEPHONE	400	.00	400.00	13.90	.00	386.10	3.5%
73127400 86100 CONFERENCE FEES & E	15,000	.00	15,000.00	.00	.00	15,000.00	.0%
73127400 86500 STATE TRAVEL MILEAG	2,700	.00	2,700.00	.00	.00	2,700.00	.0%
73127400 86600 LOCAL TRAVEL MILEAG	300	.00	300.00	23.36	.00	276.64	7.8%
73127400 87500 PENSION PAYMENTS	16,250,000	.00	16,250,000.00	1,386,054.14	.00	14,863,945.86	8.5%
73127400 90000 PRINTING/PUBLISHING	500	.00	500.00	.00	.00	500.00	.0%
73127400 90100 LEGAL NOTICES	1,000	.00	1,000.00	.00	.00	1,000.00	.0%
73127400 93100 EQUIPMENT REPAIR &	500	.00	500.00	.00	.00	500.00	.0%
73127400 93700 HARD/SOFTWARE REPAI	4,100	.00	4,100.00	.00	.00	4,100.00	.0%
73127400 94601 EQUIPMENT RENTAL-CO	5,000	.00	5,000.00	122.52	.00	4,877.48	2.5%
73127400 95500 MISCELLANEOUS	500	.00	500.00	.00	.00	500.00	.0%
73127400 95600 INDIRECT COST EXPEN	259,947	.00	259,947.00	64,986.75	.00	194,960.25	25.0%
73127400 96000 EDUCATION AND TRAIN	1,500	.00	1,500.00	.00	.00	1,500.00	.0%
73127400 96200 LOSS ON DISPOSAL OF	9,000,000	.00	9,000,000.00	.00	.00	9,000,000.00	.0%
73127400 96201 UNREALIZED LOSS ON	1,000,000	.00	1,000,000.00	.00	.00	1,000,000.00	.0%
73127400 96203 LOSS ON FOREIGN CUR	100,000	.00	100,000.00	.00	.00	100,000.00	.0%
73127400 96401 CONTRIB REFUND-GENE	60,000	.00	60,000.00	.00	.00	60,000.00	.0%
73127400 96402 CONTRIB REFUND-SHER	5,000	.00	5,000.00	.00	.00	5,000.00	.0%

50

Bay County, Michigan

07/06/2016 09:06
KMeeth

BAY COUNTY, MI
YEAR-TO-DATE BUDGET REPORT

P 5
glytdbud

FOR 2016 03

ACCOUNTS FOR: 7310 RETIREMENT SYSTEM FUND	ORIGINAL APPROP	TRANFRS/ ADJSTMTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73127400 96403 CONTRIB REFUND-ROAD	5,000	.00	5,000.00	.00	.00	5,000.00	.0%
73127400 96404 CONTRIB REFUND-MED	40,000	.00	40,000.00	.00	.00	40,000.00	.0%
73127400 96405 CONTRIB REFUND-B.A.	100,000	.00	100,000.00	.00	.00	100,000.00	.0%
73127400 96406 CONTRIB REFUND-D.W.	5,000	.00	5,000.00	.00	.00	5,000.00	.0%
73127400 96407 CONTRIB REFUND-LIBR	5,000	.00	5,000.00	.00	.00	5,000.00	.0%
73127400 96500 INSURANCE AND BONDS	22,000	.00	22,000.00	.00	.00	22,000.00	.0%
73127400 96730 MACHINERY & EQUIPME	3,400	.00	3,400.00	.00	.00	3,400.00	.0%
73127400 96740 OFFICE EQUIP. & FURN	2,100	.00	2,100.00	.00	.00	2,100.00	.0%
73127400 96741 COMPUTER HARDWARE E	0	.00	.00	.00	.00	.00	.0%
73127400 96742 COMPUTER SOFTWARE E	0	.00	.00	.00	.00	.00	.0%
73127400 96770 BOOK EXPENSE	0	.00	.00	.00	.00	.00	.0%
73127400 96999 BUDGET REDUCTION TA	0	.00	.00	.00	.00	.00	.0%
TOTAL OTHER SERVICES AND C	29,143,197	.00	29,143,197.00	1,690,839.75	.00	27,452,357.25	5.8%
XQ CAPITAL OUTLAY							
73127400 98001 COMPUTER SOFTWARE	0	.00	.00	.00	.00	.00	.0%
TOTAL CAPITAL OUTLAY	0	.00	.00	.00	.00	.00	.0%
TOTAL RETIREMENT BOARD	0	.00	.00	1,262,947.80	.00	-1,262,947.80	100.0%
TOTAL RETIREMENT SYSTEM FUND	0	.00	.00	1,262,947.80	.00	-1,262,947.80	100.0%
TOTAL REVENUES	-29,254,333	.00	-29,254,333.00	-436,790.63	.00	-28,817,542.37	
TOTAL EXPENSES	29,254,333	.00	29,254,333.00	1,699,738.43	.00	27,554,594.57	

15

Bay County, Michigan

07/06/2016 09:06
KMeeth

BAY COUNTY, MI
YEAR-TO-DATE BUDGET REPORT

P 6
glytdbud

FOR 2016 03

	ORIGINAL APPROP	TRANFRS/ ADJSTMTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
GRAND TOTAL	0	.00	.00	1,262,947.80	.00	-1,262,947.80	100.0%

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

Bay County, Michigan

07/06/2016 09:06
KMeeth

BAY COUNTY, MI
YEAR-TO-DATE BUDGET REPORT

P 7
glytdbud

REPORT OPTIONS

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

Report title:
YEAR-TO-DATE BUDGET REPORT

Includes accounts exceeding 0% of budget.
Print totals only: N
Print Full or Short description: F
Print full GL account: N
Format type: 2
Double space: N
Suppress zero bal accts: N
Include requisition amount: N
Print Revenues-Version headings: N
Print revenue as credit: Y
Print revenue budgets as zero: N
Include Fund Balance: N
Print journal detail: N
 From Yr/Per: 2015/ 1
 To Yr/Per: 2015/13
Include budget entries: Y
Incl encumb/liq entries: Y
Sort by JE # or PO #: J
Detail format option: 1
Include additional JE comments: N
Multiyear view: D
Amounts/totals exceed 999 million dollars: N

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

Find Criteria
Field Name Field Value
Fund 7310
FUNCTION
ACTIVITY
SPECIAL CODE
SPECIAL COD2
Character Code
Org
Object
Project
Account type
Account status
Rollup Code

53

BCERS

Invoices Approved:

Jun-16

Invoice Date	Vendor	Amount	Description
6/1/2016	GABRIEL ROEDER SMITH	\$ 8,750.00	GRS Q1 2016 ACTUARIAL SERVICES
6/6/2016	BANK OF AMERICA CREDIT CARD	\$2,249.96	MAPERS REGISTRATION FEES AND LODGING
6/9/2016	MACKAY SHIELDS	\$ 14,414.06	MACKAY SHIELDS Q2 2016 MONEY MANAGER FEE
5/9/2016	SCHRODERS	\$ 49,179.87	SCHRODERS Q1 2016 MONEY MANAGER FEE

54



PGIM

Frank Garcia
Managing Director

4 Embarcadero Center, Suite 2700
San Francisco, CA 94111
Tel 415 486-3802 Fax 415 398-1025
frank.e.garcia@pgim.com

June 17, 2016

Peter Brown
The Bogdahn Group
614 W. Superior Ave Suite 1211
Cleveland, OH 44113

RE: PRISA LP Capital Call for Bay County Employees' Retirement System

Dear Peter:

PRISA LP's portfolio management team has elected to call capital for deposit and investment into the Fund on Thursday, June 30, 2016. Pursuant to your commitment, this notice requests for you to arrange for the deposit of your share of the capital call as follows:

- **Thursday, June 30, 2016 capital call amount: \$4,400,000**

The wire transfer instructions to be used for making this deposit are attached. Please have the wire received by our bank by 4:00 p.m. EST on Thursday, June 30, 2016 to ensure that the deposit can be booked on time.

We sincerely appreciate your commitment to PRISA LP and thank you for your support. If you have any questions, please contact your Marketing Representative or the Client Services team at 973-683-1666 or pgimrealestateclientservices@pgim.com. Please confirm receipt of this capital call notice within 72-hours by sending an email to pgimrealestateclientservices@pgim.com.

Sincerely,

cc: corpLP@ntrs.com, Grace Niebrzydowski, Howard Pohl, Jerry Aversano, Kathleen Meeth, Kim Priessnitz, Lawrence Fumarolo, Tiffany Jerry, Tracy Cederquist

PRISA LP is a fund managed by PGIM Real Estate, a division of PGIM. PGIM is the Global Investment Management Business of Prudential Financial, Inc (PFI) and is a wholly owned subsidiary of PFI. PFI is not affiliated with Prudential plc, a company incorporated in the United Kingdom.

PRISA LP

BANKWIRE INSTRUCTIONS

To deposit money into PRISA LP, please wire funds using the following instructions:

Bank: J.P. Morgan Chase & Co.
Location: NY 1-K157 270 Park Avenue
New York, NY 10017-2070
ABA Routing Number: 021000021
Account Name: PRISA LP
Bank Account Number: 802979195
Originator to Beneficiary Info: For Deposit to **PRISA LP Account**

PGIM Contract # 900203
Bay County Employees' Retirement System

Funds to be deposited into PRISA LP must be wired on or before Thursday, June 30, 2016.

If possible, please have the wire sent by 4 PM EST to ensure that the deposit can be booked on time.
Thanks for your consideration in this matter.



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

Thomas L. Hickner
Bay County Executive

Jan Histed
Finance Officer/Secretary

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

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

June 20, 2016

Mr. Patrick T. Olk, CFA
Columbia Management
759 Ameriprise Financial Center
Routing H17/759
Minneapolis, MN 55474

Dear Mr. Olk:

There is a need for the Bay County Employee's Retirement System to rebalance its asset allocation therefore, I am requesting that Columbia Management divest themselves of \$1,000,000.00 (one million dollars) and make funds available for the Northern Trust Company on Wednesday, June 29, 2016.

If you have any questions regarding this matter feel free to contact me at (989) 895-4030.

Sincerely,

A handwritten signature in cursive script that reads "Jan Histed".

Jan Histed

Bay County Finance Officer/Secretary

c: Bay County Employees' Retirement System Board of Trustees
Howard Pohl, The Bogdahn Group
Peter Brown, The Bogdahn Group
Larry Fumarolo, The Northern Trust Company
Kathleen Meeth, Retirement Administrator



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

Thomas L. Hickner
Bay County Executive

Jan Histed
Finance Officer/Secretary

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

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

June 20, 2016

Mr. Kevin Ryan, CFA
Cornerstone Real Estate Advisers, LLC
One Financial Plaza
Hartford, CT 06103-2604

Dear Mr. Ryan:

There is a need for the Bay County Employee's Retirement System to rebalance its asset allocation; therefore, I am requesting that Cornerstone Real Estate Advisers, LLC divest themselves of \$2,200,000.00 (two million two hundred thousand dollars) and make funds available for the Northern Trust Company on Wednesday, June 29, 2016.

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

Sincerely,

A handwritten signature in cursive script that reads "Jan Histed".

Jan Histed
Bay County Finance Officer/Secretary

VIA E-MAIL - ORIGINAL TO BE SENT SURFACE MAIL

c: Bay County Employees' Retirement System Board of Trustees
Howard Pohl, The Bogdahn Group
Peter Brown, The Bogdahn Group
Larry Fumarolo, The Northern Trust Company
Kathleen Meeth, Retirement Administrator



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

Thomas L. Hickner
 Bay County Executive

Jan Histed
 Finance Officer/Secretary

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

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

June 20, 2016

Ms. Beth Griper
 MacKay Shields
 1345 Avenue of the Americas -- 43rd Floor
 New York, NY 10105

Dear Ms. Griper:

There is a need for the Bay County Employee's Retirement System to rebalance its asset allocation; therefore, I am requesting that MacKay Shields divest themselves of \$2,200,000.00 (two million two hundred thousand dollars) and make funds available for the Northern Trust Company on Wednesday, June 29, 2016.

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

Sincerely,

Jan Histed
 Bay County Finance Officer/Secretary

VIA E-MAIL - ORIGINAL TO BE SENT SURFACE MAIL

- c: Bay County Employees' Retirement System Board of Trustees
- Howard Pohl, The Bogdahn Group
- Peter Brown, The Bogdahn Group
- Larry Fumarolo, The Northern Trust Company
- Kathleen Meeth, Retirement Administrator



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

Thomas L. Hickner
Bay County Executive

Jan Histed
Finance Officer/Secretary

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

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

June 20, 2016

Ms. Kimberly Hyland
MFS Investment Management
111 Huntington Avenue
Boston, MA 02199-7618

Dear Ms. Hyland:

There is a need for the Bay County Employee's Retirement System to rebalance its asset allocation therefore, I am requesting that MFS Investment Management divest themselves of \$1,000,000.00 (one million dollars) and make funds available for the Northern Trust Company on Wednesday, June 29, 2016.

If you have any questions regarding this matter feel free to contact me at (989) 895-4030.

Sincerely,

Jan Histed

Bay County Finance Officer/Secretary

c: Bay County Employees' Retirement System Board of Trustees
Howard Pohl, The Bogdahn Group
Peter Brown, The Bogdahn Group
Larry Fumarolo, The Northern Trust Company
Kathleen Meeth, Retirement Administrator



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

Thomas L. Hickner
Bay County Executive

Jan Hsted
Finance Officer/Secretary

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

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

June 21, 2016

Larry Fumarolo
Vice President
The Northern Trust Company
50 S. LaSalle Street B-8
Chicago, IL 60603

RE: Bay County Employees' Retirement System – PRISA Capital Call

Dear Larry:

You are hereby notified and directed as follows:

1) Process a Capital Call:

Account: 26-55261 *BAYCO – PRISA
Fund: PRISA
CUSIP: 991WK5990
Transaction: Capital Call
Amount: \$4,400,000.00
Wire Date: June 30, 2016

Contact: Prudential Client Services team at 973-683-1666 or clientservices@prei.com.

Wire Instructions:

Bank: J.P. Morgan Chase & Co.
Location: NY 1-K157 270 Park Avenue
New York, NY 10017-2070
ABA Routing Number: 021000021
Account Name: PRISA LP
Bank Account Number: 802979195
Originator to Beneficiary Info: For Deposit to PRISA LP Account
PGIM Contract # 900203
Bay County Employees' Retirement System

2) Process a Trust-to-Trust Transfer on: June 30, 2015

Sponsor: BAYCO
Profile: TRANSFER

From:

Acct. No.	Account Name	Amount
26-22490	BAYCO- MacKay Shields	\$2,200,000.00
26-63296	BAYCO- Cornerstone	\$2,200,000.00
	Total:	\$4,400,000.00

To:

Acct. No.	Account Name	Amount
26-55261	BAYCO - PRISA	\$4,400,000.00

Narrative: PRISA capital call funding for June 30, 2016.

3) Initiate a Mutual Fund Redemption:

Account: 26-49840 *BAYCO - Vanguard LG CAP
Fund: MFO VANGUARD INSTL INDEX FD SH BEN INT
CUSIP: 922040100
Ticker: VINIX
Transaction: Redemption (Northern Initiated)
Amount: \$1,000,000.00
Trade Date: June 29, 2016
Settl. Date: June 30, 2016

4) Process a Trust-to-Trust Transfer on: June 29, 2015

Sponsor: BAYCO
Profile: TRANSFER

From:

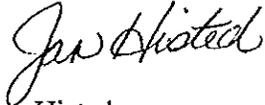
<u>Acct. No.</u>	<u>Account Name</u>	<u>Amount</u>
26-49840	BAYCO - Vanguard Lg Cap	\$1,000,000.00
26-08694	BAYCO - Columbia Mgmt.	\$1,000,000.00
26-83854	BAYCO - MFS Investments	\$1,000,000.00
	Total:	\$3,000,000.00

To:

<u>Acct. No.</u>	<u>Account Name</u>	<u>Amount</u>
26-39953	BAYCO - Cash	\$3,000,000.00

Narrative: Funding of \$3 million to the Cash Account.

Sincerely,



Jan Histed

Bay County Finance Officer/Secretary

cc: Jeanette Bateman
Kathleen Meeth



Frank Garcia
Managing Director

PGIM Real Estate
T: 415-486-3802 F: 415-398-1025
E: frank.e.garcia@pgim.com
4 Embarcadero Center, Suite 2700, San Francisco, CA 94111
pgimrealestate.com

June 21, 2016

Peter Brown
The Bogdahn Group
614 W. Superior Ave., Suite 1211
Cleveland, OH 44113

**RE: Bay County Employees' Retirement System
PRISA LP Cash Flow Distribution**

Dear Peter:

We are pleased to announce that PRISA LP has declared an operating cash flow distribution (Special & Common) to be made on June 30, 2016. Your share of this distribution, and the method of payment you have elected, is shown below:

Special Distribution Amount:	\$22.87
Common Distribution Amount:	\$72,557.16
Total Reinvested Amount:	\$72,580.03
Payment Election:	REINVEST*

If you have any questions, please contact your Marketing Representative or the Client Services team at 973-683-1666 or pgimrealestateclientservices@pgim.com.

Sincerely,

cc: corpLP@ntrs.com, Grace Niebrzydowski, Howard Pohl, Jerry Aversano, Kathleen Meeth, Kim Priessnitz, Lawrence Fumarolo, Tiffany Jerry, Tracy Cederquist

**The components that make up Operating Cash Flow are included in the current quarter's Net Investment Income which is used to calculate the reported Unit Value. These components are used to determine the Operating Cash Flow available for distribution in the next quarter. As a result, if you choose not to withdraw your determined portion of the Fund's Operating Cash Flow, you retain your Investment Income and will see no change to your Unit position in the Fund. Retention of Operating Cash Flow is not analogous to dividend distributions, and reinvestments in mutual funds and other securities, which result in a drop to the NAV and additional share purchases.*

64

Tracy Cederquist

From: pgimrealestateclientservices@pgim.com
Sent: Tuesday, June 28, 2016 7:08 PM
To: Tracy Cederquist
Subject: PRISA Advisory Council Meeting Minutes
Attachments: PRISA_May 2016 Advisory Council Meeting Minutes_Final.pdf

To our PRISA clients and their consultants:

As you know, we hosted our annual Client Conference last month in New York City. We were very pleased to have a large number of our clients and consultants attend the event, and we would like to thank everyone who joined us. For those who were unable to participate, we hope to see you at our conference next year.

In conjunction with the conference, we hosted a PRISA annual investor meeting, followed by a meeting of the Fund's Advisory Council. Meeting agenda items for the Advisory Council session included a review of portfolio and investment activity and risk positioning of the Fund. We also provided an update on the fee restructure. In keeping with our established practice, meeting minutes from the Advisory Council meeting are appended to this message.

Additionally, copies of the materials covered at the Advisory Council meeting can be viewed by visiting www.pgimrealestate.com and logging in to the client portal. As an existing investor in the Fund, you already have access to this site. As a reminder, your username is your email address. If you do not recall the password, please click on "Forgot Password" and a new temporary password will be sent to you.

Please don't hesitate to contact your marketing representative with any questions. We appreciate your continued commitment to PGIM Real Estate and the opportunity to manage PRISA on your behalf.

Sincerely,
Frank Garcia
Sr. Portfolio Manager, PRISA

PRISA Advisory Council Meeting Minutes

New York, NY | May 17, 2016

A meeting of the PRISA Advisory Council (the “Council”) was held on May 17, 2016. Council Members that participated in the meeting were:

Richard Brown	The Townsend Group
Sara Bullock-Geiger	State Board of Florida (<i>via teleconference</i>)
Susan Carson	Consolidated Edison
Steve Dyer	Colorado Public Employees Retirement Assoc.
Kirloes Gerges	Aon Hewitt
Jeremy Goldberg	Courtland Partners, LTD
Kevin Higgins	New Jersey Division of Investment
Ali Houshmand	Texas Permanent School Fund
David Kozlicki	UBS Global Asset Management
James Laufenberg	State of Wisconsin Investment Board
John Litchfield	CenturyLink
Jared Morris	Teacher Retirement System of Texas
Colin Murfit	Alan D. Biller & Associates, Inc.
Yvonne Nelson	New York City Retirement System
Avery Robinson	Callan Associates, Inc.
Srikrishna Sreedhara	M&G Real Estate (<i>via teleconference</i>)
Laurann Stepp	Pennsylvania Public School Employees Retirement System
Michael Thompson	California State Teachers Retirement System
Jan Verba	New York State Teachers’ Retirement System
Allison Yager	Mercer Investment Consulting

The individuals representing Prudential Real Estate Investors (PGIM Real Estate) at the meeting were:

Eric Adler	Chief Executive Officer
Kevin R. Smith	Head of the Americas
Frank Garcia	Senior Portfolio Manager, PRISA
Joanna Mulford	Portfolio Manager and CFO, PRISA
James Glen	Portfolio Manager, PRISA
Jeremy Keenan	Asst. Portfolio Manager, PRISA
Alfonso Munk	Chief Investment Officer of the Americas

Dennis Martin	Head of US Business Development
Lee Meniffee	Head of Research of the Americas
Mark Oczkus	Advisory Council Liaison, Business Development
Jerry Aversano	Advisory Council Liaison, Business Development

The following is a compilation of the material issues discussed at the meeting and is not a precise transcript. References to “PRISA”, the “Fund”, or the “portfolio” represent the aggregate or composite of PRISA Limited Partnership (PRISA LP) and PRISA Separate Account (PRISA SA). Please refer to the referenced materials for additional detail. This confidential memorandum is proprietary to PGIM® and PRISA investors (and their consultants) only. It may not be reproduced or distributed without PGIM’s written consent. Past performance is not a guarantee or reliable indicator of future results. Any projections of future performance contained herein are not guaranteed.

The Advisory Council met during PGIM Real Estate’s 2016 global client conference and followed a PRISA general session that was open to all clients and consultants in attendance as well as participants via WebEx. During the general session the portfolio management team referred to the materials in Section I of the presentation booklet (located on the client portal) to provide an update and overview of the PRISA portfolio.

Fee Restructure Update

Kevin Smith began the Advisory Council meeting with an update on the restructuring of PRISA’s fees. He discussed the firm’s efforts to satisfy the two remaining requirements before the new fee structure can be made effective. First, PGIM Real Estate has received more than the necessary 50% approval from PRISA LP B shareholders to change the current A/B share structure and eliminate the B share classification. Second, approvals to implement the change have been granted by the state insurance departments of 46 of 51 required states (includes District of Columbia). Kevin expects the new fees to commence on July 1, 2016 with the initial invoice at the end of the third quarter.

Portfolio Update and Investment Strategy

Following Kevin’s presentation, Frank Garcia referred to Section II of the presentation to provide additional detail regarding the fund. Generally, PRISA has been outperforming the benchmark with conservative risk metrics, including a leverage ratio that is approximately 200 bps lower than the benchmark and modest non-core activity at 6.4%. He solicited feedback regarding the general session and any follow up questions. Feedback on the client conference was positive.

James Glen then reviewed the fund’s performance, including a discussion of the drivers of the one-year period ending March 31, 2016. Returns have broadened out among the property types generally, with the strongest returns in the one-year period coming from self-storage, industrial and office.

James continued the discussion about performance with some observations from the IPD reports. For both the one- and three-year periods, PRISA’s real estate is a driver of PRISA’s outperformance versus the benchmark, and warehouse, office and storage have been the strongest contributors. Strategic markets generally provided positive contributions, although DC has been a detractor and NY appears to be slowing in the one- year period. Core assets and hotel sales contributed to positive real estate performance while income-oriented retail purchases contributed negatively. A larger

portion of the portfolio contribute to outperformance as top-10 assets contributed 28% of performance versus 39% a year ago.

James continued to review PRISA's valuation metrics as of March 31, 2016. The direct cap rate of the portfolio is 5.02% versus 5.29% as of March 31, 2015. Discount rates also compressed over the last year and stand at 6.76% versus 7.10% one year ago. The team does not expect further cap rate compression in 2016 and expects valuation increases in 2016 to be driven by net operating income growth.

Joanna Mulford next reviewed recent transaction activity for the Fund, including acquisitions, dispositions and fund-level financings. She highlighted PRISA's recent commitment to The Modern – Phase II. The Modern is a high-rise luxury apartment community near New York City across the Hudson River in Fort Lee, NJ. PRISA committed to develop the second of two luxury apartment towers. The Modern - Phase I reached 80% occupancy in the first quarter and rotated out of PRISA's non-core allocation. In response to questions from Advisory Council members, Joanna addressed the costs of Phase II, which have increased since Phase I and decreased the development yield for Phase II. She added that spreads on multifamily development deals have decreased from earlier in the cycle and that PRISA expects a return premium of 100+ bps on a deal like Phase II. She confirmed that PRISA's intention to hold both Phase I and Phase II long term.

Joanna reviewed PRISA's acquisition pipeline as of March 31, 2016. She described two multifamily developments: Related Stratford, a 388-unit development in the Buckhead submarket of Atlanta, GA and Redwood City Diller, a 315-unit project in Redwood City, CA. Both projects benefit from walkable, in-fill locations with access to transportation. Joanna also highlighted the Fund's pursuit of EmeryStation West, a nine-story 256,000 square-foot office asset that complements PRISA's existing 96% occupied life sciences campus in Emeryville, CA. Finally, in the storage sector, PRISA is partnering with Extra Space Storage to acquire five individual assets in the New York City area on a pre-sale basis. The deal structure allows PRISA and its partner to avoid development risk and acquire newly constructed, purpose-built assets upon completion of construction. The deal includes one asset in Manhattan, three in Brooklyn and one in Queens and is expected to close on a rolling basis through the third quarter of 2017. PRISA's non-core allocation is expected to rise from the current 6.4% of the portfolio to closer to 10% as the fund pursues attractive build-to-core apartment and industrial opportunities.

Joanna continued with a review of PRISA's disposition activity for the year ending March 31, 2016. Over the past year, PRISA has effectively reduced its exposure to the hotel sector and Joanna highlighted the successful dispositions of The Atrium Portfolio, the Four Seasons (Austin, TX), and the Hotel Sofitel (Redwood City, CA).

Finally, Joanna reviewed PRISA's portfolio level financing. In the second quarter of 2014, PRISA issued two tranches of privately placed bonds, totaling \$300 million. These bonds provide flexibility at the property level and an opportunity to lock in historically low interest rates for long terms. In the first quarter of 2016, PRISA priced two additional tranches for \$200M each, with 10 and 12 year maturities. Demand for these bonds was oversubscribed, which allowed PRISA to lock in long-term rates at favorable pricing. These bonds will fund in the second quarter of 2016 and extend the average weighted maturity of the Fund's debt. PRISA's debt-to-income multiple is 4.6x, with the potential to increase and/or temporarily exceed its investment guideline of 5% based upon its pipeline of investments.

As of March 31, 2016, PRISA's deposit queue totaled \$1.2 billion. PRISA expects to pay out approximately \$500 million of redemptions on June 30, 2016. To fund these redemptions as well as new acquisitions, PRISA intends to make a sizeable capital call on June 30, 2016, which should reduce the size of the entry queue significantly.

Risk Positioning of the Fund

Frank continued the discussion by referring to Section III of the presentation booklet to describe how PRISA is positioned in the event of a market downturn. In general, the team is satisfied with the present positioning of the Fund. Jeremy Keenan described an important portfolio management methodology in which each asset is ranked as A, B, or C according to whether it is a long-term hold, a tactical investment or a priority for disposition. Factors analyzed to determine rankings include location, existing and expected future occupancy, and expected NOI growth. Other characteristics include the financing or partnership risk, asset specific risks, or specific market risks (e.g., geographic, asset class or cyclical considerations). At present, 79% of portfolio assets are ranked as A, 20% as B and 1% as C.

Jeremy continued with a description of PRISA's lease exposure to high tech and venture capital backed firms, which is especially relevant in the San Francisco, Austin and Seattle markets. The analysis included the review of all of PRISA's office assets located in each of these other "Tech Clusters", as well as a review of the largest twenty office assets in the portfolio. As best as can be determined by limited data, PRISA's exposure to venture capital funded firms is small, amounting to less than 6% of reviewed assets' revenue and only 1.4% of overall revenue.

James Glen described PRISA's Retailer Watchlist, which includes those retailers with announced national store closings. Tenants that appear on the list are occupants in 56 store locations and 19 shadow-anchors in PRISA owned properties. However, as of May 2016, no PRISA properties are referenced on the preliminary closing lists of any Watchlist tenants and the portfolio team's concern is minimal. Nonetheless, asset managers continue to identify possible tenants to backfill potential vacant space.

Plan Sponsor Only Session

The PGIM Real Estate representatives left the room to allow time for the Council to discuss matters privately. After the PGIM Real Estate representatives returned, the Council described their discussion and made the following comments and requests:

The Council was complimentary of the format and content of the client conference including the PRISA general session held just prior to the formal Advisory Council meeting. Members also complimented the team for their transparency and fund performance and made the following requests for the next meeting:

- Provide additional research background on the office portfolio including target weighting vs. ODCE and the expected timing to achieve the target.
- Provide additional details on Tower 46, an office building located in Manhattan.
- Describe whether the core and non-core components of the portfolio are accretive to the Fund and relative to the benchmark.
- Blend the "Positioning for a Downturn" scenarios to include both potential value and income declines.
- Engage in a more comprehensive discussion about the pros, cons, and considerations of using NVC rather than ALTUS as PGIM Real Estate's national appraisal oversight firm.
- Describe the underwriting assumptions behind the non-core pipeline.

The next Advisory Council meeting is scheduled in Austin, TX, on December 7-8, 2016.

From: Mark Chamieh [<mailto:mark.chamieh@pgim.com>]
Sent: Friday, June 24, 2016 9:41 AM
To: Mark Chamieh
Subject: PGIM Real Estate - EU Referendum

In light of the EU referendum result this morning in which Britain voted to leave the European Union, we wanted to share with you our Investment Research team's initial reaction to the events. Please see the attached commentary.

Over the coming week we will be setting up a series of conference calls for the investors in each of our European funds to discuss the potential impact to European real estate markets, our portfolios, and our course of action going forward.

We will also host a more general European conference call for our global clients in which we will offer our perspective on the possible impact on European real estate markets as a whole.

We are confident that PGIM Real Estate's disciplined investment approach and rigorous risk management will enable us to carefully navigate the implications of the referendum as they become clearer.

In the meantime, if you do wish to discuss the events, please do not hesitate to contact your relationship manager or me.

Mark Chamieh
Managing Director
Global Head of Business Development

PGIM Real Estate
Grand Buildings, 1-3 Strand
Trafalgar Square, London, WC2N 5HR
Office: +44 (0)20 7766 2432 | Mobile: +44 (0) 7801 621 803
mark.chamieh@pgim.com
pgimrealestate.com

Assistant:
Lucy Pellerin: lucy.pellerin@pgim.com | Tel: +44 (0) 20 7766 2441



This email and any files transmitted with it are CONFIDENTIAL and are intended solely for the use of the individual(s) or entity to whom they are addressed. Any unauthorised copying, disclosure or distribution of the material within this email is strictly forbidden. Any views or opinions presented within this email are solely those of the author and do not necessarily represent those of PGIM Limited, PGIM Fund Management Limited or their affiliates unless otherwise specifically stated. An electronic message is not binding on its sender. Any message referring to a binding agreement must be confirmed in writing and duly signed. If you have received this email in error, please notify the sender immediately and delete the original. PGIM Limited and PGIM Fund Management Limited are authorised and regulated by the Financial Conduct Authority. PGIM Limited (registered in England No. 3809039) and PGIM Fund Management Limited (registered in England No. 3205768) both have their registered office as Grand Buildings, 1-3 Strand, Trafalgar Square, London WC2N 5HR.

European Union Referendum

Investment Research | June 24, 2016

With the UK voting to leave the European Union, we are in a period of uncertainty, for what might be several months, which will impact occupier and investment markets. As it stands, the result is a shock to global financial markets which have seen share values hit and currencies, notably the pound, down sharply. The notion of a major sovereign country leaving the EU is unprecedented in the EU's history. So while markets are clearly worried about what this means for UK and EU growth, there are also worries about what this means politically for both.

It is challenging to understand what this means for real estate markets. The sooner there is a road map for how and when the UK and the EU separate, the better. For now it's not clear when or if the UK will trigger Article 50, which begins the two-year transition period for it to leave the EU. The UK is already expected to wait until a new Prime Minister takes office in October. Delays will only add to uncertainty. Even then, if the UK triggers Article 50, it is a long road in terms of replacing 80,000 pages of EU Directives, setting up new trade agreements and establishing new rules on EU migration and so on.

Several weeks, if not months, of pronounced uncertainty as the outlook remains clouded points to sluggish take up and a retreat to the bigger, more liquid markets. Economic forecasts of a Brexit have UK growth prospects affected by faltering sentiment in the second half of this year. The negative economic impact still looks more likely a near term challenge to the UK than the rest of the EU, who may now see a rotation out of the UK in terms of occupier and investment demand. Nonetheless we expect central banks across Europe to inject liquidity or cut rates if necessary to try and stimulate growth.

What does all of this mean for real estate markets?

- Until there is a clearer picture for the future of the UK and EU we will continue to see nervous and hesitant occupiers and investors resulting in reduced market liquidity, at least in the short term.
- For the UK we see transactions volumes taking a hit as investors digest the news and price in what is set to be a weaker near-term growth outlook.
- Pricing will come under pressure, more so for UK markets most exposed to the EU and to the finance sectors. Demand, however, for core assets in the best locations are well positioned to maintain value.
- There is a lot of capital that will continue to value the strong entrepreneurial spirit, pro-free market and favourable language and geography of the UK. That said weaker locations and poorer assets could see some re-pricing over the coming months.

Across the rest of Europe, a retreat to core in what will remain a slow growth, low supply, low interest rate environment will continue to see values hold up in the major markets. We believe that investors will keep to a defensive mind set and focus on high quality income producing assets in line with the ongoing slow recovery in occupier markets. Opportunities around value-add and debt investing should also open up as investors react to fears over the cohesion of the broader EU, and banks exposed to EU financial services are likely to have a reduced risk appetite.

Without doubt the UK's decision to leave the EU is a significant market event. It has generated huge uncertainty that could last for some time. We expect policy makers to do all they can to ease market fears. Nonetheless, as we remain aware of the risks that uncertainty brings, it is likely to also give rise to many new investment opportunities.

From: Bribitzer, Lori
Sent: Friday, June 24, 2016 10:20 AM
To: 'meethk@baycounty.org'
Cc: howardp@bogdahngroup.com; Mazza, Cathie
Subject: Schroders' Comments on the Brexit Vote

Hi Katie,

I hope that you are doing well. I'm passing on some comments below from Matthew Dobbs and the Schroders team in light of the BREXIT vote. Please do reach out if you have any questions for us, if you would like additional information, or if you have interest in a call with the team.

"We appreciate that clients will have an excess of information in their inboxes concerning the potential implications of the BREXIT vote and the consequent turmoil in markets that has seen a flight to perceived safe havens (the yen, Swiss Franc, US Dollar, quality sovereigns, gold) and vicious sell offs in any perceived as highly at risk. This obviously includes UK domestic stocks and particularly banks, real estate and housing related (one well run and managed but small UK housebuilder's stock opened 70% down this morning; it is now 15% down as at time of writing). The reaction in Europe has been dramatic with peripheral markets such as Italy and Spain down around 10% - indeed in common currency terms down more than the UK market.

Viewing the likely influences on equities (and smaller companies) over the next few months, we have contrasting forces likely to weigh on markets. Sources of support could be a more dovish course for US interest rates, strong action from the ECB to help support the periphery, concerted political will by core EU countries to complement this (Italy and Spain clearly have leverage), and perhaps a realisation among investors that business must go on, and that there are some cheap assets out there. The risks, however, are more obvious to investors right now, including US dollar strength compounding underlying challenges facing Emerging Markets (weaker EM currencies have seen substantial moves this morning), higher savings propensity in the private sector generally, the EU overtly turning on the UK as "punishment" and to discourage other national "exit" campaigns, and fundamental divisions in the Western world that Russia/ISIL etc would be happy to exploit. More parochially for the UK is likely paralysis of government in view of both the leadership contest in the ruling Conservative party, and the fact that there is no clear mandate for the precise meaning of BREXIT. Some more detailed thoughts on the implications for the United Kingdom can be found in the attached note from our chief European economist Azad Zangana.

Although it has been a painful day for long only equity funds such as the International Smallcap portfolios (compounded by the extent to which the result has come as a complete surprise to the markets) we must be cautious letting sentiment and emotion dictate our perceptions of value. Clearly, there are many uncertainties, but the underlying fundamentals of many companies have not changed to the extent their share prices suggest. However, we believe that a focus upon companies with strong management, robust balance sheets, and an ability to grow despite continued low macro-economic growth remains appropriate.

In terms of specific possible action in our portfolios, for the UK weaker sterling is part of the adjustment process, and while the FTSE 100 companies have 70% of earnings from abroad, the FTSE 250 of midcap stocks has a still significant 60% exposure. Our own portfolios are slightly overweight foreign sales. We believe that some attractive buying opportunities are emerging across both domestic and export sectors in the United Kingdom. To a lesser extent, this is also true of continental Europe, where there was clearly a high level of pre-vote positioning by investors who had been divesting European assets actively in the lead up to it. As bottom up stock opportunities emerge, we would be prepared to add to our currently broadly neutral stance. This includes peripheral markets, partly because we believe that core countries (more specifically Germany) will have no choice but to help alleviate the pressures still inherent to the euro construct. BREXIT may turn out to do more good than bad to the cause of a true and

sustainable currency union. Our main peripheral market exposures are Ireland and Italy, although we are underweight Spain.

In Asia, we observe that the usual strong yen beneficiaries in Japan have been resilient. In the short-term, this is not usually helpful to our relative performance, but to the extent we have some of these domestic defensives, they may become a funding source for additions in Europe. Smaller Asian markets have generally been fairly orderly despite having had latter hours trading in which to react the currency volatility surrounding the vote. Some of our export oriented names have euro exposure, but not in aggregate material. We will be vigilant for oversold opportunities, but do not expect a high level of activity in this region."

Best,
Lori

Lori Bribitzer
Institutional Manager



Tel: (646) 524-1745
Email: lori.bribitzer@schroders.com
www.schroders.com

Past performance is not a guide to future performance. The value of investments and the income from them can go down as well as up and investors may not get back the amounts originally invested. Exchange rate changes may cause the value of overseas investments to rise or fall.

 Please consider the environment before printing this e-mail

Confidentiality Notice This message may contain privileged and confidential information. If you think, for any reason, that this message may have been addressed to you in error, you must not disseminate, copy or take any action in reliance on it, and we would ask you to notify us immediately by return email to "Postmaster@us.schroders.com"

Schroders Quickview: Stagflation looms after UK's EU referendum

The UK choosing to leave the EU comes as a major shock for investors and uncertainty will remain high for some time. In the near-term, the UK is likely to experience a stagflationary period of lower growth but higher inflation.

24/06/2016

Azad Zangana

Senior European Economist and Strategist

Unstructured Learning Time

After months of uncertainty and market volatility, the UK is projected to have voted to leave the EU by 52% against 48% to remain (78% turnout). The Prime Minister David Cameron who campaigned vigorously for the UK to remain in the EU has announced that he will step down in October after a contest to elect a new Conservative party leader.

The formal request from the UK to leave the EU, Article 50, will not be triggered until a new prime minister is in place. The focus for investors will now turn to the reaction of markets, and the short and long-term macro implications.

At the time of writing, sterling has fallen sharply against its major trading currencies, down 7.5% against the US dollar, and 5.2% against the euro. In equity markets, Asian markets have reacted negatively to the news, with the Japanese Nikkei 225 down 7.9%.

The FTSE 100 has opened down 7%. US 10-year Treasuries have seen huge safe haven flows, pushing the yield on the 10-year Treasury by 25 basis points to just 1.45%. We expect volatility to remain high.

UK macro implications

In the near-term, the shock of the result and the uncertainty that will follow during the negotiation period are likely to prompt corporates to postpone or even cancel investment and hiring plans. Multinational companies that have chosen to locate in the UK to access the single market could start to make plans to re-locate, although ultimately, these decisions will not be taken until after the UK's exit terms are settled on.

In the meantime, the fall in investment and hiring is likely to be felt by households as employment growth slows and possibly falls. Meanwhile, sterling is expected to depreciate significantly, which could boost the competitiveness of UK exporters, but uncertainty over trade arrangements, especially with Europe, would dampen the otherwise positive impact on overseas demand.

For households, the depreciation in sterling is likely to raise imported prices and therefore overall inflation, causing demand for goods and services to fall as the purchasing power of households is eroded. Moreover, the worsening outlook for the labour market is likely to lead to an increase in precautionary savings, exacerbating the fall in demand in the economy.

Overall, we expect GDP growth to be considerably lower in the near-term, and inflation to rise sharply. Our Brexit scenario estimated a fall of 0.9% in GDP by the end of 2017 compared to our baseline forecast, and a rise in the level of CPI (consumer price index) inflation by 0.6%.

Our next forecast update is due at the end of August, which will give us enough time to consider more accurately the extent of the changes to the forecast. Some of the key inputs will be the performance of financial markets, along with sterling, and so it makes sense to wait until the near-term volatility settles. However, we have recently published forecast scenarios of this very situation in our large study [UK referendum on EU membership: The risks of Brexit](#).

Bank of England may loosen monetary policy

Policy makers will surely respond to try to calm fears over the economy. Beyond the provision of market liquidity by central banks, the Bank of England will probably cut interest rates, and the option of more quantitative easing is available. Given HM Treasury's forecast of a recession in a Brexit scenario, the Chancellor (current or new) will be able to abandon the current fiscal targets and run a larger fiscal deficit. Part of the increased deficit will be caused by lower growth, but there could be some tax cuts to support confidence.

The medium to long-term impact of Brexit is currently highly uncertain due to the many aspects of the upcoming exit negotiations. Modelling a 'most likely' single scenario would be impossible, but as more details emerge over the negotiations, the closer we will be to a view on long-term developments.

In our view, the long-term impact on the UK economy will be determined by how much access to the single market the UK manages to retain, how migration flows are impacted by government policy, and how much the UK government manages to save in subscription costs. Most studies offer a range of scenarios concluding that the most likely outcome would be lower long-term potential growth compared to remaining in the EU.

Restrictions on EU migration could cause the UK labour market to become less flexible to demand, raising the likelihood of more pronounced wage, inflation and interest rate cycles. A more cyclical economy would not only make recessions more frequent, but international investors could demand a discount on UK assets given the higher volatility of expected returns.

UK political implications

Despite vowing to stay on and carry out the will of the people and lead the UK out of the EU, Prime Minister David Cameron has announced he will step down in October. His strong avocation for remaining in the EU meant his position was untenable and the Conservative party is expected to elect a new pro-Brexit Prime Minister. Chancellor George Osborne is in a similar situation, and may also be forced to resign.

During the leadership campaign there is a risk that the Conservative party fragments along pro and anti-EU lines. The new Prime Minister would be expected to trigger article 50 to begin exit negotiations. However given the small working majority of the government they may well be forced to call a general election. This may further delay the UK's exit process.

Wider implications

Beyond the UK, the biggest concern amongst investors is the potential spread of contagion to mainland Europe. The UK's exit could galvanise anti-EU support across Europe, starting with Spanish elections this weekend, but also French and German elections next year. Geert Wilders (leader of the Dutch Party for Freedom), Marine Le Pen (leader of the French Front National) and Beppe Grillo (leader of the Italian Five Star Movement) are all currently calling for referendums in their own countries. In an effort to head-off losses in upcoming elections, mainstream parties could yield to pressure and offer EU membership referendums of their own, risking the future of the EU and eurozone. This is a risk scenario rather than a central view, as we feel there is still strong support for the European project.

Elsewhere, the question over Scotland's membership of the UK is likely to return. The Scottish National Party has said that Brexit would be a sufficient condition to call for another referendum. This could indeed

happen in time, but given the collapse in global oil prices, Scottish public finances would struggle without help from Westminster. Moreover, a requirement to join the euro for new entrants raises serious risks for a Scotland in transition. It would need to establish a new currency, and then peg it to the euro for at least two years successfully (along with meet fiscal conditions). We suspect that Scotland would vote to remain in the UK once again were a referendum held in the near-future.

Finally and further afield, the shock to financial markets is likely to keep interest rates lower for longer across the world, and may prompt further stimulus. The US Federal Reserve, which has already postponed a hike from June partly due to Brexit fears, could now keep interest rates on hold for the rest of this year.

Conclusions

The UK choosing to leave the EU comes as a major shock for investors, and risk assets have sold-off in reaction. Uncertainty will remain high for some time, and the full extent of the damage done to the economy will not be visible for many years. In the near-term, the UK is likely to experience a stagflationary period of lower growth but higher inflation. As mentioned earlier, we will update our forecasts once markets settle down, allowing us to get a more accurate reading of developments.

Issued by Schroder Investment Management Limited, 31 Gresham Street, London EC2V 7QA. Registered No: 1893220 England.

Authorised and regulated by the Financial Conduct Authority

For more information on Schrodgers' products and services visit Schrodgers' global website. (<http://www.schrodgers.com/global/home>)

Kathleen Meeth

From: Carrie Gabel <CGabel@loomissayles.com> on behalf of
Todd_Needham/CLSVC/Boston/LoomisSayles
<Todd_Needham/CLSVC/Boston/LoomisSayles@loomissayles.com>
Sent: Friday, June 24, 2016 4:28 PM
To: Kathleen Meeth
Subject: Loomis Sayles Perspective: Our Initial Thoughts on Brexit



Our Initial Thoughts on Brexit

|| by Laura Sarlo, CFA, VP, Senior Sovereign Analyst and Aimee Kaye, Sovereign Analyst

We are hosting a conference call about Brexit implications on Tuesday, June 28, at 8:45 am ET, please watch for details.

Key Takeaways

- By a narrow margin, the UK has voted to leave the EU.
- We expect the UK and EU economies to slow as a result.
- Currency and market volatility will likely remain elevated.
- Central banks stand ready to provide liquidity.
- We encourage patience as the implications become clear.

Regards,
Todd A. Needham, CFA
Vice President, Client Portfolio Manager
(617) 960-2092 ||
tneedham@loomissayles.com



[Read the full paper »](#)



MAPERS 2016 FALL CONFERENCE

PRELIMINARY AGENDA

Speakers and presentations subject to change

Sunday, September 18, 2016

11:30 AM – 5:30 PM Registration/Information Open

12:30 – 1:00 PM First Time Attendee/New Member Session

1:00 PM – 1:30 PM EventsXD Mobile Workshop

1:30 – 4:30 PM Trustee Development Seminar: Series VI:
"Fundamentals of Retirement System Administration"

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

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

6:00 – 7:00 PM Welcome Reception on the Front Porch
(all conference attendees and guests)

7:00 – 8:45 PM Dinner in the Main Dining Room
(included in room rate for Grand Hotel Guests, members staying at alternate hotels may purchase a dinner voucher for \$75 from the hotel host stand)

Monday, September 19, 2016

7:30 AM – 4:00 PM Registration/Information Open

7:30 – 9:00 AM

Group Breakfast

Legislative Workshop Breakfast

Administrator's Workshop Breakfast

(breakfast is included in the hotel room rate for Grand Hotel Guests, members staying at alternate hotels may purchase a breakfast voucher for \$30 from the host stand)

9:00 – 10:00 AM GENERAL SESSION ONE

David Sowerby, Loomis Sayles & Company

10:15 – 11:15 AM GENERAL SESSION TWO

Legislative Update

11:15 – 11:45 AM

MAPERS Business Meeting

11:45 am – 1:00 pm

Luncheon (all conference attendees)

1:00 – 1:45 PM CONCURRENT SESSIONS

Session A: "Plan Design: A Two-Sided Coin...The Plan and the Participant" Speaker: Heath Merlak and Nick Meggos, Nyhart

Session B: "The Crash Model: How to Avoid Torpedoes in Emerging Markets" Speaker: Mike Reynal, RS Investments

Session C: New Trustee Workshop

Speakers: Thomas Michaud, VanOverbeke, Michaud & Timmony and Lauri Siskind, MAPERS Secretary/Treasurer

2:00 – 2:45 PM CONCURRENT SESSIONS

Session D: "Understanding Negative Cash Flow in Your Retirement Plan" Speakers: Judith Kermans and James D. Anderson, Gabriel Roeder, Smith & Company

Session E: "Everything you wanted to know about the bond market, but were afraid to ask" Speaker: Greg Prost, CFA, Robinson Capital

Session F: "Planning for a Secure and Certain Future – More than Just Retirement Planning" Speaker: Eric J. Gould

3:00 – 3:45 PM CONCURRENT SESSIONS

Session F: "Setting Up a Plan Website for the Electronic World"

Session G: "The Case for Micro-Cap Investing"

Speaker: Thomas Lettenberger, CFA, CPA, BMO Global Asset Management

4:00 – 5:00 PM

Corporate Advisory Meeting

MAP Test: Levels 1, 2, 3

6:00 – 7:00 PM Roaring '20s Reception on the Front Porch
(all conference attendees and guests)

7:00 – 8:45 PM Dinner in the Main Dining Room

(included in room rate for Grand Hotel Guests, members staying at alternate hotels may purchase a dinner voucher for \$75 from the hotel host stand)

9:00 – 11:00 PM

The MAPERS Speakeasy (hospitality event)

(all conference attendees and guests)

Tuesday, September 20 2016

7:30 – 11:30 AM Registration/Information Open

7:30 – 9:00 AM

Group Breakfast

(breakfast is included in the hotel room rate for Grand Hotel Guests, members staying at alternate hotels may purchase a breakfast voucher for \$30 from the host stand)

9:00 – 10:00 AM GENERAL SESSION THREE

Defined Contribution Plans

10:15 – 11:15 AM GENERAL SESSION FOUR

MAPERS Plan Member Survey Results

Speakers: Brian Green, The Bogdahn Group and Larry Langer, Buck Consultants