

BAY COUNTY RETIREMENT BOARD OF TRUSTEES
 AGENDA
 TUESDAY, AUGUST 9, 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 – 5	A.	JULY 12, 2016
	IV.	PUBLIC INPUT
	V.	PETITIONS & COMMUNICATIONS
	A.	1:30 P.M. SERVICE TIME APPEAL HEARING – HOLLIDAY
	B.	2:00 P.M. THE BOGDAHN GROUP – Q2 REPORT
6 – 8	C.	MONTHLY REPORTS – RES NO. 2016-32
	1.	PORTFOLIO VALUE - 1/1/16 - 7/31/16
	2.	CHANGE IN BOOK AND MARKET VALUE – 6/30/2016
	3.	MONEY MANAGERS ON WATCH - (EFFECTIVE DATE)
	a.	NONE
	4.	MONEY MANAGER REPORTS
	a.	COLUMBIA – ENDING 6/30/16 Q2; 2Q 2016
	b.	CORNERSTONE – ENDING 6/30/16
	c.	EAGLE ASSET MGMT - ENDING 6/30/16
	d.	GENEVA HENDERSON – ENDING 6/30/16 Q2; ECONOMIC OUTLOOK Q3
9 – 107	e.	HOTCHKIS & WILEY – ENDING 5/31/16 & 6/30/16 2Q; 2Q PROXY VOTE REPORT (AVAILABLE UPON REQUEST)
	f.	INTEGRITY – ENDING 6/30/16 2Q AND PERFORMANCE COMMENTARY Q2
	g.	LOOMIS SAYLES – ENDING 6/30/16 Q2
	h.	MFS INVESTMENT – ENDING 6/30/16 Q2 & PROXY VOTE REPORT Q2 (AVAILABLE ON REQUEST)
	i.	MFS HERITAGE TRUST - ENDING 6/30/16 Q2; PROXY VOTE REPORT Q2 (AVAILABLE UPON REQUEST)
	j.	MACKAY SHIELDS - ENDING 6/30/16 Q2
	k.	PGIM – PRISA REPORT ENDING 6/30/16 Q
	l.	SCHRODERS – ENDING 6/30/16 Q2

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BAY CITY, MI 48708

- 108 – 114
 - 5. RECAPTURE SERVICES
 - a. ABEL/NOSER - SUMMARY ENDING 6/30/16
 - b. CAPIS - SUMMARY ENDING 6/30/16

- 115 – 120
 - 6. NORTHERN TRUST
 - a. SUMMARY EARNINGS – ENDING 6/30/16

- 121.....
 - 7. REFUNDS/RETIREMENTS ENDING 7/31/16

- 122-128
 - 8. BCERS YTD BUDGET REPORT – ENDING 7/31/16

- 129.....
 - 9. INVOICES APPROVED – 7/31/16

- 130 – 131
 - D. DISABILITY RETIREMENT APPEAL – CHARBONNEAU
* **MOTION/ACTION NEEDED**

- 132.....
 - E. NON-DUTY DISABILITY APPLICATION RES NO 2016-32
(REFER TO MEDICAL DIRECTOR)
 - 1. DARREN BEYETT – LIBRARY

- 133-136.....
 - F. NATIONAL ASSOCIATION OF PUBLIC PENSION
ATTORNEYS MEMBERSHIP AND LEGAL EDUCATION
CONFERENCE **RES NO 2016-33**

VI. ANNOUNCEMENTS

- A. NEXT REGULAR MEETING – SEPTEMBER 13, 2016 AT 1:30 P.M., COMMISSIONERS CHAMBERS, 515 CENTER AVENUE 4TH FLOOR, BAY CITY, MI 48708

VII. UNFINISHED BUSINESS

VIII. NEW BUSINESS

IX. MISCELLANEOUS BUSINESS

X. ADJOURNMENT

MINUTES BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM BOARD OF TRUSTEES (BCERS)
JULY 12, 2016 - **REGULAR MEETING**

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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 July 12, 2016 at 1:30 p.m. in the Commission Chambers, 4th Floor, Bay County Building, 515 Center Avenue, Bay City, Michigan. Roll call taken.

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

Trustees Absent: None.

Trustees Brzezinski, Pett and Starkweather arrived at the meeting at 1:35 p.m.

Also Present:

Consultant: The Bogdahn Group: Howard Pohl.

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. Chairman Gray stated Trustee Pett had notified him he would be arriving late. He also believed Trustee Brzezinski and Trustee Starkweather were running late.

MOTION 57: Moved, supported and carried to approve the minutes, as printed, from the June 14, 2016 meeting.

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

RES NO. 2016-31

Moved, supported and carried to approve Resolution No 2016-31 to receive the following monthly reports: PORTFOLIO VALUE - 1/1/16 - 6/30/16 (Today's value is \$306,370,000), Change in Book & Market Value- 5/31/16, Money Manager Reports -Cornerstone - Ending 5/31/16, Eagle Asset Management - Ending 5/31/16, Hotchkis & Wiley - Ending 5/31/16, MFS ending 5/31/16, MFS Heritage Trust - Ending 5/31/16, Mackay Shields - Ending 5/31/16, RECAPTURE SERVICES: ABEL/NOSER - Summary Ending 5/31/16, CAPIS - Summary Ending 5/31/16; Northern Trust Summary Earnings - 5/31/16; Refunds & Retirement- Ending 6/30/16, BCERS YTD Budget Report - Ending 6/30/16, and Invoices Approved - 6/30/16.

MOTION 58:

Moved, supported and carried to receive correspondence from PGIM regarding call for capital for PRISA Real Estate Investment.

Mr. Pohl stated that the money was received by PGIM and invested at the end of June.

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

JULY 12, 2016 - REGULAR MEETING

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MOTION 59:

Moved supported and carried to receive correspondence regarding rebalance asset allocation from Columbia, Cornerstone, Mackay Shields, and MFS.

MOTION 60:

Moved, supported and carried to receive correspondence directed to Northern Trust to process the Capital Call.

MOTION 61:

Moved, supported and carried to receive correspondence from PGIM regarding operating cash flow distribution.

MOTION 62:

Moved, supported and carried to receive correspondence from PGIM of Minutes of PRISA Advisory Council meeting.

MOTION 63:

Moved, supported and carried to receive correspondence regarding European Union Referendum BREXIT from PGIM, Schrodgers, and Loomis Sayles.

Trustee asked the consultant, Mr. Pohl, to give a synopsis on BREXIT. Mr. Pohl explained the bottom line was that Great Britain voted to get out of the European Union for various reasons such as immigration, cost, and other factors. As a result of that, everything going forward in terms of trade, immigration, customs, etc. is going to have to be re-negotiated over the next several years as to how all of those items will be resolved. Many people feel this is going to be a detriment to Great Britain. It is all speculation at this point how much of a detriment that might be. Mr. Pohl believes the reaction in the market place was so swift and down because it was so unexpected. It was thought to be a close vote but no chance for the exit to happen. There was a knee-jerk reaction of the markets; however, the markets have come back and are now hitting highs every day.

Trustee asked about recession with the countries involved in the BREXIT. Mr. Pohl stated it will be hard to determine whether they actually go into any recession. Most of those countries now have negative interest rates from the central bank but it is not clear whether that would cause a recession. For example, the earnings here the last couple of days have been much more positive than people anticipated. Whether that gives Great Britain, Germany or wherever better controls of things and potentially leads to less onerous restrictions and other rules that the EU is placing on different manufacturers could lead totally the other way. He stated it is still too early to try to try to figure out how much of a negative, if any, it is going to be.

They discussed the negative interest rates and the markets as well as the long-term bonds having some of the best performance. Domestic markets are up close to another 2% since the end of June. Trustee asked

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

JULY 12, 2016 - **REGULAR MEETING**

PAGE 3

whether or not they should consider moving short-term money and bond money to the equity side due to the lower interest rates. Mr. Pohl did not recommend that. He spoke about duration with regard to the bond market aggregate and total return as well as the stock market and forward price earnings ratio. He stated stocks may be a little over priced but not to the point he would recommend getting out of bonds and purchasing equity.

They also discussed the rate of return of the bond portfolio versus the rate of return of the stock portfolio with regards to interest return and expected total return and risk.

ANNOUNCEMENTS:

- A. Next regularly scheduled meeting will be Tuesday, August 9, 2016 at 1:30 P.M. in Commissioner's Chambers, 515 Center Avenue - 4th Floor, Bay City, MI 48708.
- B. MAPERS Fall Conference is Sunday, September 18, 2016 to Tuesday, September 20, 2016 at the Grand Hotel on Mackinaw Island. If you wish to attend, contact Katie Meeth as soon as possible as rooms could run short. Accommodations would be for two nights. She also addressed the different hotel rates.

UNFINISHED BUSINESS:

NEW BUSINESS:

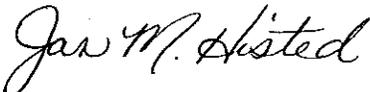
Ms. Meeth spoke to the Board regarding the MAPERS accommodations. The MAPERS fall conference agenda showed there were no agenda items for Saturday. She wanted to make sure that everyone was okay with arriving on Sunday as it looks like events start at 1 p.m. on Sunday. Accommodations would be for two nights.

MISCELLANEOUS BUSINESS None

ADJOURNMENT:

MOTION 64: Moved, supported and carried to adjourn the meeting at 1:50 p.m.

Respectfully submitted,



Jan Histed
Secretary

Transcribed by: Tracy Cederquist

MEETING OF THE BCERS BOARD OF TRUSTEES COMMITTEE
JULY 12, 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.

Trustee arrived late: _____ Trustees Brzezinski, Pett and Starkweather arrived 1:35 p.m.

MOTIONS

TRUSTEE	57	58	59	60	61	62	63	64	
BRZEZINSKI	A	Y	Y	Y	Y	Y	Y	Y	
COONAN	M-Y	Y	M-Y	Y	Y	Y	Y	S-Y	
GOETZ	Y	Y	Y	Y	Y	Y	S-Y	Y	
GRAY	Y	Y	Y	Y	Y	Y	Y	Y	
GROMASKI	Y	M-Y	Y	Y	S-Y	Y	Y	Y	
KRYGIER	S-Y	Y	Y	Y	M-Y	M-Y	Y	M-Y	
MORSE	Y	S-Y	S-Y	M-Y	Y	Y	Y	Y	
PETT	A	Y	Y	S-Y	Y	S-Y	M-Y	Y	
STARKWEATHER	A	Y	Y	Y	Y	Y	Y	Y	

MEETING OF THE **BCERS** BOARD OF TRUSTEES COMMITTEE
JULY 12, 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 1:31 P.M.

Trustees arrived late: Trustees Brzezinski, Pett and Starkweather arrived 1:35 p.m.

RESOLUTIONS

TRUSTEE	31									
BRZEZINSKI	Y									
COONAN	M-Y									
GOETZ	Y									
GRAY	Y									
GROMASKI	Y									
KRYGIER	S-Y									
MORSE	Y									
PETT	Y									
STARKWEATHER	Y									

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

**BAY COUNTY RETIREMENT BOARD
8/09/2016
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 - 7/31/16
2. CHANGE IN BOOK AND MARKET VALUE – 6/30/16
3. MONEY MANAGERS ON WATCH - NONE
4. MONEY MANAGER REPORTS
 - a. COLUMBIA - ENDING 6/30/16; 2Q 2016
 - b. CORNERSTONE - ENDING 6/30/16; 2Q 2016
 - c. EAGLE ASSET MGMT - ENDING 6/30/16; 3Q OUTLOOK REPORT
 - d. GENEVA - ENDING 6/30/16 2Q
 - e. HOTCHKIS & WILEY - ENDING 5/31/16 & 6/30/16 2Q
 - f. INTEGRITY – ENDING 6/30/16 2Q
 - g. LOOMIS SAYLES – ENDING 6/30/16 2Q
 - h. MFS INVESTMENT - ENDING 6/30/16 2Q; PROXY VOTE REPORT 2Q (AVAILABLE UPON REQUEST); HOLDINGS REPORT 2Q
 - i. MFS HERITAGE TRUST - ENDING 6/30/16; 2Q REPORT; PROXY VOTE REPORT 2Q (AVAILABLE UPON REQUEST)
 - j. MACKAY SHIELDS - ENDING 6/30/16 2Q
 - k. PGIM – PRISA ENDING 6/30/16 2Q; PERFORMANCE REPORT 6-30-16
 - l. SCHRODERS - ENDING 6/30/16
5. RECAPTURE SERVICES
 - a. ABEL/NOSER – ENDING 6/30/16
 - b. CAPIS – ENDING 6/30/16
6. NORTHERN TRUST SUMMARY EARNINGS – 6/30/16
7. REFUNDS/RETIREMENTS – ENDING 7/31/16
8. BCERS YTD BUDGET REPORT – ENDING 7/31/16
9. APPROVED EXPENSES – 7/31/16

STEVE GRAY, CHAIR
AND BOARD

MONTHLY REPORTS AUGUST

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 Gonzales				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	1030	464	20624	2960	4200	57687	20127	28627	4923	2883978	88180	18337	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	35,626,684.74	12,045,416.38	31,368,773.03	24,387,024.29	18,703,644.28	25,440,447.89	27,919,505.11	28,982,907.68	10,204,988.00	2,118,803.07	288,213,356.69
FEB	26,478,395.80	9,724.10	7,983,427.70		8,486,632.78	18,426,852.58	7,745,292.81	35,962,113.85	12,118,530.94	30,801,024.66	23,447,311.75	18,310,761.32	25,285,553.05	28,067,691.20	28,943,686.36	10,492,136.00	3,590,989.69	286,130,124.60
MARCH	26,537,197.15	10,149.14	8,760,986.78		9,039,428.01	18,356,054.70	8,553,808.96	37,093,053.76	12,786,517.82	32,525,775.18	23,144,825.39	18,257,453.44	27,153,795.99	29,997,154.52	30,906,457.95	10,492,136.00	5,165,466.43	298,760,061.22
APRIL	26,550,263.68	10,165.72	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	27,388,757.32	30,654,357.79	31,026,396.89	10,693,192.00	3,962,112.72	301,699,473.83
MAY	26,582,210.04	9,828.33	8,789,939.91		9,397,770.03	19,016,525.74	8,536,977.58	37,870,659.73	13,193,476.59	33,351,798.78	25,061,638.69	18,068,924.49	27,721,210.17	31,257,261.87	31,581,730.62	10,693,192.00	2,894,037.53	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	19,043,324.28	26,017,554.50	30,290,411.66	30,649,759.87	15,093,192.00	4,713,860.27	303,353,502.22
JULY	27,045,242.63	9,693.07	7,453,360.39		10,041,915.06	19,333,881.46	8,857,207.77	39,150,633.66	11,523,728.72	33,682,236.12	25,035,920.54	19,761,542.48	27,746,866.88	31,482,915.98	31,777,972.72	15,093,192.00	3,836,958.76	311,633,588.24
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 INTL</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	34,422.36				352,059.65
2ND QTR			10,777.28									39,207.00	51,062.70					101,046.98
3RD QTR																		0.00
4TH QTR																		0.00
2014 YTD	16,585.73	0.00	23,918.76	0.00	18,078.76	31,790.00	20,782.97	28,180.20	14,393.93	45,260.73	41,948.92	77,502.00	100,242.57	34,422.36			0.00	

Portfolio Statement

1 JUN 16 - 30 JUN 16

Account number 8765
Account Name FAMILY CODE FAM8765

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◆ Change in Book and Market Value

	Cost	Market value	For more information
Opening balance	262,383,493.53	304,718,347.95	
Miscellaneous Cash Receipts	17,490.39	17,490.39	See funding & disbursement summary
Participant Contributions	115,178.80	115,178.80	See funding & disbursement summary
Sponsor Contributions	689,308.56	689,308.56	See funding & disbursement summary
Interportfolio Transfers In	7,400,000.00	7,400,000.00	See funding & disbursement summary
Benefit Payment Redeposits	1,720.83	1,720.83	See funding & disbursement summary
Total receipts	8,223,698.58	8,223,698.58	See funding & disbursement summary
Interportfolio Transfers Out	- 7,400,000.00	- 7,400,000.00	See funding & disbursement summary
Benefit Payments / Beneficiary Payments	- 1,405,112.79	- 1,405,112.79	See funding & disbursement summary
Total disbursements	- 8,805,112.79	- 8,805,112.79	See funding & disbursement summary
Income received	588,855.52	588,855.52	See income & expense summary, cash activity detail
Expenses paid	- 422,628.34	- 422,628.34	See income & expense summary
Unrealized gain/loss change	0.00	- 2,784,513.89	See asset summary
Realized gain/loss	1,763,939.19	1,763,939.19	See realized gain/loss summary
Accrued income change	- 36,525.72	- 36,525.72	See income & expense summary
Closing balance	263,695,719.97	303,246,060.50	

Investment Portfolio Summary
Base Currency: USD

Category	Cost	Market Value	Accrued Income	Current Yield	Est. Annual Income	% of Portfolio
CASH AND EQUIVALENTS	223,486	223,486	0	0.00%	0	.74%
EQUITIES	20,873,672	30,035,022	31,599	2.49%	746,526	99.26%
TOTAL	21,097,158	30,258,507	31,599	2.47%	746,526	100.00%
ACCRUED INCOME		31,599				
TOTAL MARKET VALUE		30,290,106				

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Equity Portfolio Diversification
Base Currency: USD

Sector	Cost	Market Value	% of Total Equity	Unrealized Gain/Loss
Equities				
CONSUMER DISCRETIONARY	589,802	1,373,195	4.57%	783,393
CONSUMER STAPLES	1,271,000	4,027,689	13.41%	2,756,689
ENERGY	3,209,881	3,811,516	12.69%	601,635
FINANCIALS	5,451,125	5,774,715	19.23%	323,590
HEALTH CARE	1,567,908	3,144,494	10.47%	1,576,586
INDUSTRIALS	902,914	2,968,410	9.88%	2,065,496
INFORMATION TECHNOLOGY	4,120,300	4,398,314	14.64%	278,014
MATERIALS	713,518	847,473	2.82%	133,955
TELECOMMUNICATION SERVICES	1,268,329	1,474,176	4.91%	205,847
UTILITIES	1,778,895	2,215,040	7.37%	436,145
TOTAL EQUITY	20,873,672	30,035,022	100.00%	9,161,350

Commissions by Broker

Broker	Total Trades	Total Commissions	Client Directed Trades	Client Directed Commissions	Client Directed Trades as % of Total Trades	Client Directed Commissions as % of Total Commissions
Currency: USD						
CREDIT SUISSE FIRST BOSTON	3	66.99	0	0.00	0.00%	0.00%
CREDIT SUISSE FIRST BOSTON CORP	4	186.00	0	0.00	0.00%	0.00%
INSTINET CORP.	2	30.64	0	0.00	0.00%	0.00%
SANFORD C BERNSTEIN & CO. INC	2	180.00	0	0.00	0.00%	0.00%
SG COWEN & CO	3	138.12	0	0.00	0.00%	0.00%
WEEDEN & CO	14	1,115.44	14	1,115.44	45.16%	58.00%
WELLS FARGO BANK	3	206.07	0	0.00	0.00%	0.00%
Account Total	31	1,923.26	14	1,115.44	45.16%	58.00%

Quarterly Investment Review

Bay County Employees Retirement System

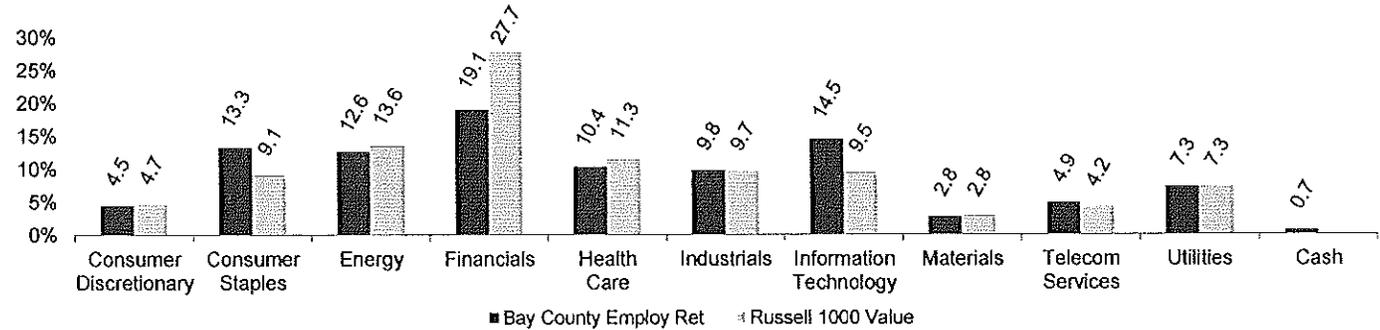
Reconciliation of Assets ¹	
Beginning Market Value 04/01/2016	\$ 29,996,447
Net Contributions/Withdrawals	\$ -1,000,000
Income Earned	\$ 187,657
Change in Market Value	\$ 1,106,002
Ending Market Value 06/30/2016	\$ 30,290,106

Performance



	3 Month (%)	Year-to-Date (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception ² (%)
Bay County Employees Retirement System (Gross)	4.36	4.47	-0.45	10.00	11.70	8.22	6.88
Bay County Employees Retirement System (Net)	4.24	4.22	-0.93	9.47	11.16	7.69	6.35
Russell 1000 Value Index	4.58	6.30	2.86	9.87	11.35	6.13	6.15

Sector Allocation as of 06/30/2016



¹ Asset values can differ slightly due to rounding.

² Inception Date: 01/27/2001

Source: Columbia Management Investment Advisers, LLC, Factset

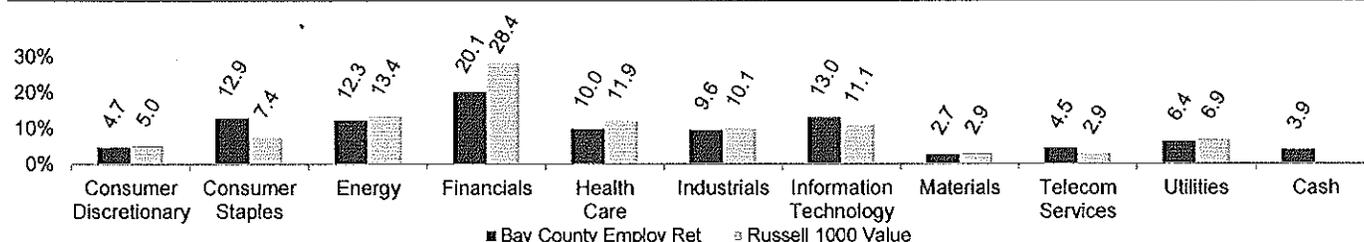
Past performance does not guarantee future results. Please refer to the Disclosures at the end of this presentation for more information.

Quarterly Investment Review

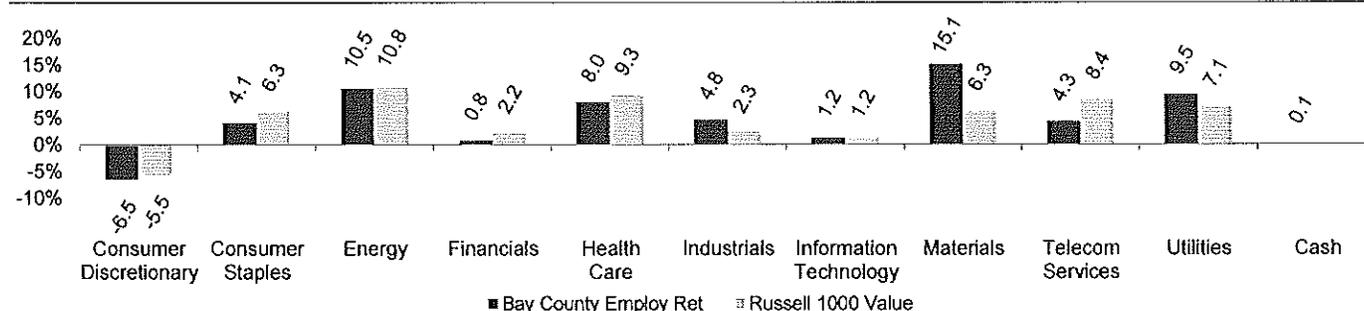
Bay County Employees Retirement System

Characteristics ¹	Bay County Employ Ret	Russell 1000 Value
Number of Holdings	39	692
Weighted Median Market Cap (mil.)	\$60,389.4	\$57,448.6
Weighted Average Market Cap (mil.)	\$77,559.7	\$108,770.3
Return on Equity	8.0%	9.2%
Price/Earnings (forward 12 mo.)	13.7x	14.8x
Dividend Yield	2.5%	2.6%
Price/Book	1.7x	1.7x

Average Quarterly Sector Allocation



Sector Performance



Attribution Analysis	Stock Selection (%)	Sector Weighting (%)	Net Contribution (%)	Top 5 Contributors	Contribution to Return
Consumer Discretionary	-0.07	0.03	-0.04	Halliburton Company	0.60
Consumer Staples	-0.29	0.06	-0.23	Bristol-Myers Squibb Company	0.58
Energy	-0.04	-0.06	-0.10	Applied Materials, Inc.	0.52
Financials	-0.20	0.16	-0.05	NextEra Energy, Inc.	0.43
Health Care	-0.15	-0.08	-0.23	FMC Corporation	0.39
Industrials	0.23	0.02	0.25		
Information Technology	0.07	0.09	0.16	Top 5 Detractors	Contribution to Return
Materials	0.22	-0.02	0.21	Nordstrom, Inc.	-0.54
Telecom Services	-0.19	0.05	-0.14	Valero Energy Corporation	-0.53
Utilities	0.16	0.00	0.17	Juniper Networks, Inc.	-0.31
Cash	0.00	-0.22	-0.22	MetLife, Inc.	-0.14
Total	-0.26	0.04	-0.22	Humana Inc.	-0.12

¹ Weighted Harmonic Average.

Source: Factset

Past performance does not guarantee future results. Factset uses timeweighted returns to measure performance by utilizing the portfolio's beginning of day security weights and end of day security prices, then geometrically links the daily returns across the measurement period. This method for calculating a portfolio's return removes the impact of cash flows on portfolio performance. Factset attribution is intended to provide insight into directional market forces but not intended to provide realized portfolio performance. Please refer to the Disclosures at the end of this presentation for more information.

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Quarterly Investment Review

Economic Market Review and Outlook

During the second quarter diversified investors continued to benefit from owning a wide range of investments. This trend favoring strategies that incorporate a diversified approach to portfolio construction carried over from the first quarter, and, importantly this was a turnaround from calendar year 2015 when many diversification efforts struggled to create value. During both the first and second quarter, interest rate exposures – in the form of global sovereign debt – continued to provide a boost to absolute returns. For example, the long bond U.S. treasury security, as measured by the Barclays Long Term U.S. Treasury Index, posted a total return during the second quarter of 6.4%. For the first half of the year this same index is up an eye popping 15.1%. Much of the affinity for U.S. treasury related debt during the quarter stemmed from the referendum in the United Kingdom (e.g. Brexit) which pushed demand for safe haven government bonds noticeably higher while driving bond yields to new record lows.

The global economy continues to suffer from significant spare capacity, and this is likely to limit the ability of most central banks to engage in a full-blown tightening cycle. This includes the Fed, which runs the risk of pushing up the dollar too high if they raise rates aggressively. Nevertheless, yields in most markets are now most certainly closer to a fair value level, thus arguing for a more cautious stance with respect to interest rate sensitive assets.

Global equity markets were impacted by the situation surrounding the Brexit succession vote in the United Kingdom, however, the lasting impact of that shift in European political and economic trends will take time to clearly interpret from an investing strategy standpoint. The immediate fallout may have been most acutely felt in currency markets where the British Pound currency, only a few days following the referendum, had fallen to below 1.28 Pounds to U.S. Dollars. This level had not been seen in over 30 years and the continued descent has stoked concern that a crash in British commercial property values may unfold and impact the wider economy. Still, while many of these global issues remain at the forefront of investors' minds heading into the third quarter they did not have an overly burdensome impact on U.S. domestic equity market performance during the second quarter. In fact, the Russell 3000 Index, a broad measure for U.S. equities overall, posted gains in the second quarter of 2.6%. U.S. small cap equities, measured by the performance of the Russell 2000 Index, advanced approximately 3.8% over the quarter. Standing in contrast to this performance showing from domestic markets were the results generated by overseas developed market equities. As measured by the MSCI EAFE Index, returns for foreign developed market equities during the quarter fell -1.5%. Emerging market equities did manage to generate a small positive return which registered near 0.7% measured by the MSCI Emerging Market Index.

As discussed prior, long duration fixed income assets within global sovereign debt markets helped lead bond markets higher during the quarter. U.S. bond markets, as measured by the Barclays U.S. Aggregate Bond Index, posted returns of approximately 2.2% in the quarter. Risk premiums within credit markets also improved and helped corporate debt advance at a healthy clip. High yield corporate bonds, as measured by the Barclays U.S. Corporate High Yield Index, generated a return of 5.5% in the quarter. Even with the noticeable drop in yields, U.S. Treasury bond yields remain more attractive on a relative basis versus other major foreign sovereign issues. In fact, some estimates now peg the level of negative yielding global sovereign bonds at some \$11.7 trillion. Further compression of yields across global developed countries into negative territory will put pressure on our yield curve and result in further flattening of the yield curve.

Heading into the third quarter we established a slightly defensive posture directed at equity risk taken within the many of our asset allocation portfolios as many economic indicators are drifting towards recessionary levels. Still, some evidence of oversold conditions within equity markets and extremes in negative sentiment – especially tied to international markets – suggest a bounce in equities. If fundamental conditions deteriorate from here the move in bonds will be validated but risk assets could come under pressure. In this scenario, how much more protection we can realistically expect from bonds is a paramount question investors must consider. Stabilizing portfolios in the second half of the year may require deliberate de-risking rather than simply relying on the natural mechanism of action woven into diversified strategies that worked so well during the first half of the year. On the other hand, should fundamental conditions defy the expectation of bond investors and improve over the second half of the year then safe haven assets, like U.S. government and agency bonds, may be poised to reverse some of their recent gains. Finally, we see a high need for increased diversification in light of what is a somewhat questionable outlook for stocks and as a hedge against the potential for diminished diversification efficacy coming from bonds. Overall, the concept of expanding our diversifying components remains a priority.

The views expressed are as of the date provided and are subject to change at any time based upon market and other factors. There is no guarantee that investment objectives will be achieved or that any particular investment will be profitable. Diversification does not assure a profit or protect against loss. **Past performance does not guarantee future results.**

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Quarterly Investment Review

Columbia Focused Large-Cap Value Strategy

Market overview

U.S. equity markets delivered modest single-digit positive returns for the second quarter despite new and continuing risks that tested investor confidence throughout the period. Among the most publicized was the U.K. vote a week before the end of the quarter to leave the European Union, which created enough uncertainty about future global prosperity to cause record two-day plunges in benchmark indices worldwide. Stocks rallied over the final three trading days, though, with the S&P 500 Index finishing up 2.46% for the quarter. Potential catalysts for the risk-on rebound included speculation about more central bank easing and maybe even a do-over on the U.K. referendum.

In addition to captivating markets for the final week of the quarter, the U.K. vote added to a list of persistent worries that tended to mute the generally positive equity market trend that began midway through February. Key challenges that remained in full force included slow growth, weak corporate profits, declining buybacks and merger and acquisition activity, threats of over-regulation and the spread of negative interest rates and deflation. Escalating terrorism and geopolitical unrest also weighed on investor sentiment. These concerns were balanced by speculation that the price of oil may keep going up and enough positive U.S. economic news to fuel a belief that the Federal Reserve won't raise rates any time soon.

As a result, U.S. equities strongly outperformed European stocks during the quarter. Within the U.S. markets, stocks across all market-cap sizes and investment styles finished the quarter in a fairly narrow range of positive results, with value stocks outperforming growth. From a sector perspective, energy, health care, utilities and telecommunication services stocks were generally the strongest performers, while consumer discretionary stocks tended to lag.

Contributors and detractors

Portfolio holdings in utilities, information technology and energy helped the portfolio's performance in absolute terms as well as relative to the benchmark. Top contributors included:

- Nextera, a hybrid utility we bought late last year based on our belief that the stock had been unfairly punished in concert with the utilities sector in general despite expectations for solid earnings growth. Midway through the quarter, the company reported strong results in both its regulated utility and renewables segments and reaffirmed its 2016 guidance. In addition, investors reacted favorably just before quarter-end to news of a possible acquisition by the company.
- Applied Materials, a leading equipment supplier to the semiconductor industry, which continued to recover from investor disappointment over a failed 2015 merger. The company advanced based on expectations for market share and revenue growth amid an upgrade cycle in the company's key markets. In particular, investors rewarded the company's potential for serving the growing high-definition display market based on OLED technology (organic light emitting diodes).
- Haliburton, an energy equipment and services provider, which we bought earlier this year, given its continuing cost cutting and productivity enhancements during the energy downturn. Investors tend to overlook the longer term discipline and staying power of companies like Haliburton during tough times, and we believe that the company is well-positioned to substantially increase its valuation relative to other service companies as oil prices stabilize or improve. Also boosting positive investor sentiment during the quarter was the cancellation of a proposed merger with Baker Hughes.

Notable individual detractors during the quarter included:

- Corning, a specialty glass manufacturer that was down slightly after reporting earnings and guidance below expectations. We added to our position on the weakness and retain a long-term conviction in the company's ability to deliver increasingly sophisticated products, especially in the display and automotive industries.
- Tyson, a top producer of chicken, beef and pork finished the quarter with a marginally positive return as investor sentiment waned in the face of increasingly high expectations given the company's recent success. (Tyson was the top contributor in the portfolio for the two previous quarters as well as for calendar year 2015.) We retain long-term conviction in the company's ability to grow earnings as it transitions over the next several years to a more highly valued packaged foods provider.
- Met Life, an insurer challenged by low rates and regulatory pressures. We retain long-term conviction in Met Life's ability to make itself a better company based on recent steps like cost-cutting and the spin-off of more volatile businesses.

Transactions during the quarter included the purchase of digital telecommunication services provider Qualcomm, which we initiated based on current low expectations that we believe do not take into account several catalysts, including the potential for higher content in new phones, higher growth and pricing in emerging markets, a technology advantage leading into the buildout of 5G, a strong dividend, a cash-laden balance sheet and an expected resumption of earnings growth next year.

Quarterly Investment Review

Columbia Focused Large-Cap Value Strategy (continued)

Outlook

As mentioned in the second-quarter review, equity markets face a lot of risks. In addition to the likelihood that 2016 will be the second consecutive year of no earnings growth, we think significant influences may include the U.S. election, novel central bank actions, further splintering of the European economy and trends toward protectionism. What's most needed, in our opinion, is incentive for companies to risk capital.

Even with such challenges, we still think stocks can experience modest appreciation in 2016. Indications continue to suggest that the U.S. economy is slowly improving, with first-quarter gross domestic product growth revised to 1.1%. Consumer confidence and incomes are up a little, and oil and other commodity prices appear to have stabilized.

This commentary was prepared by the investment team for the strategy. The team's views are based on market conditions as of the quarter end identified in this commentary and are subject to change without notice at any time based upon market and other factors. This information may contain certain statements that may be deemed forward-looking. Please note that any such statements are not guarantees of any future performance, and actual results or developments may differ materially from those discussed. There is no guarantee that investment objectives will be achieved or that any particular investment will be profitable.

Past performance does not guarantee future results.

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Quarterly Investment Review Disclosures

Past performance does not guarantee future results. Results are for the client's own account and are not composite results. Performance is based on time-weighted, daily calculation using values that are determined in good faith by Columbia Management Investment Advisers, LLC and is calculated based on trade date, net of transaction costs and reflects accrued interest. Gross performance does not reflect the deduction of management fees. The net performance reflects the deduction of management fees as of the most recent quarter end. If you have any questions regarding the above information, or if there are any changes in your investment objectives or guidelines, please contact your client relationship manager.

This performance report is separate from the custodial brokerage statement that is delivered to you identifying the securities and other assets held in your account at the end of the reporting period and setting forth all transactions in the account during that period. Transaction and valuation information reflected in this report may be inconsistent with the information presented in your custodial brokerage statement due to settlement dates and other factors. We urge you to compare the account statements from your custodian with those that you receive from Columbia Management Investment Advisers, LLC.

Any client portfolio holdings information provided is proprietary and confidential. In receiving holdings data, clients and their authorized agents agree that the data is not being obtained in order to effect securities transactions based upon such information or to provide such information to another party. References to specific securities should not be considered a recommendation to purchase or sell a particular security but rather an illustration of investment management strategy. Complete holdings information is available in client statements.

Information provided by third parties is deemed to be reliable but may be derived using methodologies or techniques that are proprietary or unique to the third party source.

Entity Definitions and Disclosures

Columbia Threadneedle Investments is the global brand name of the Columbia and Threadneedle group of companies.

Columbia Management Investment Advisers, LLC ("CMIA") is an investment adviser registered with the U.S. Securities and Exchange Commission.



CORNERSTONE

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

Percent Total Return
Per Period

Time Period	6/30/2016	Portfolio		FTSE/NAREIT
		Gross	Net	Equity REIT Index
1 Month		7.40%	7.35%	6.98%
YTD		13.37%	13.03%	13.38%
1 Year		25.23%	24.49%	24.04%
3 Year		16.12%	15.44%	13.58%
5 Year		13.58%	12.91%	12.60%
Inception (October 21, 2008)		17.09%	16.40%	15.12%

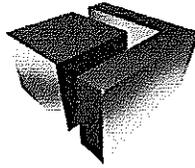
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June 30, 2016

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

Symbol	Description	Property Type	Shares	Cost	Cost Per Share	Closing Price 6/30/2016	Percentage of Portfolio	Market Value 6/30/2016	Dividend Yield
Equity Holdings									
ACC	American Campus Communities Inc	Apartment	4,570	\$195,663	\$42.81	\$52.87	3.4%	\$241,616	3.2%
AVB	AvalonBay Communities Inc	Apartment	1,910	\$331,373	\$173.49	\$180.39	4.8%	\$344,545	3.0%
ESS	Essex Property Trust Inc	Apartment	1,360	\$306,417	\$225.31	\$228.09	4.3%	\$310,202	2.8%
MAA	Mid-America Apartment Communit	Apartment	1,000	\$101,685	\$101.68	\$106.40	1.5%	\$106,400	3.1%
CONE	CyrusOne Inc	Data Center	6,490	\$299,633	\$46.17	\$55.66	5.0%	\$361,233	2.7%
EQIX	Equinix Inc	Data Center	620	\$190,595	\$307.41	\$387.73	3.3%	\$240,393	1.8%
DOC	Physicians Realty Trust	Healthcare	6,460	\$106,326	\$16.46	\$21.01	1.9%	\$135,725	4.3%
HCN	Welltower Inc	Healthcare	4,720	\$304,460	\$64.50	\$76.17	5.0%	\$359,522	4.5%
NHI	National Health Investors Inc	Healthcare	1,087	\$68,185	\$62.73	\$75.09	1.1%	\$81,623	4.8%
VTR	Ventas Inc	Healthcare	3,657	\$228,421	\$62.46	\$72.82	3.7%	\$266,303	4.0%
CHSP	Chesapeake Lodging Trust	Hotels	3,690	\$87,631	\$23.75	\$23.25	1.2%	\$85,793	6.9%
DRH	DiamondRock Hospitality Co	Hotels	5,100	\$68,847	\$13.50	\$9.03	0.6%	\$46,053	5.5%
FCH	FelCor Lodging Trust Inc	Hotels	14,440	\$146,438	\$10.14	\$6.23	1.3%	\$89,961	3.9%
HLT	Hilton Worldwide Holdings Inc	Hotels/Not Indexed	1,560	\$33,964	\$21.77	\$22.53	0.5%	\$35,147	1.2%
DRE	Duke Realty Corp	Industrial	7,500	\$155,153	\$20.69	\$26.66	2.8%	\$199,950	2.7%
FR	First Industrial Realty Trust	Industrial	7,770	\$187,082	\$24.08	\$27.82	3.0%	\$216,161	2.7%
PLD	Prologis Inc	Industrial	4,490	\$214,242	\$47.72	\$49.04	3.1%	\$220,190	3.4%
SUI	Sun Communities Inc	Manufactured Homes	2,170	\$150,767	\$69.48	\$76.64	2.3%	\$166,309	3.4%
BXP	Boston Properties Inc	Office	2,160	\$251,326	\$116.35	\$131.90	4.0%	\$284,904	2.0%
HIW	Highwoods Properties Inc	Office	2,800	\$105,277	\$37.60	\$52.80	2.1%	\$147,840	3.2%
KRC	Kilroy Realty Corp	Office	2,602	\$166,863	\$64.13	\$66.29	2.4%	\$172,487	2.3%
PGRE	Paramount Group Inc	Office	10,810	\$188,429	\$17.43	\$15.94	2.4%	\$172,311	2.4%
SLG	SL Green Realty Corp	Office	1,020	\$98,418	\$96.49	\$106.47	1.5%	\$108,599	2.7%
MAC	Macerich Co/The	Regional Mall	3,610	\$286,560	\$79.38	\$85.39	4.3%	\$308,258	3.2%
SPG	Simon Property Group Inc	Regional Mall	3,438	\$435,391	\$126.64	\$216.90	10.4%	\$745,702	3.0%
TCO	Taubman Centers Inc	Regional Mall	2,150	\$165,673	\$77.06	\$74.20	2.2%	\$159,530	3.2%
CUBE	CubeSmart	Self-Storage	6,350	\$198,858	\$31.32	\$30.88	2.7%	\$196,088	2.7%
EXR	Extra Space Storage Inc	Self-Storage	2,500	\$217,594	\$87.04	\$92.54	3.2%	\$231,350	3.4%
PSA	Public Storage	Self-Storage	870	\$218,658	\$251.33	\$255.59	3.1%	\$222,363	2.8%
AKR	Acadia Realty Trust	Shopping Centers	5,351	\$162,815	\$30.43	\$35.52	2.6%	\$190,068	2.8%
EQY	Equity One Inc	Shopping Centers	5,060	\$141,241	\$27.91	\$32.18	2.3%	\$162,831	2.7%
KIM	Kimco Realty Corp	Shopping Centers	3,690	\$97,170	\$26.33	\$31.38	1.6%	\$115,792	3.3%
REG	Regency Centers Corp	Shopping Centers	2,070	\$134,440	\$64.95	\$83.73	2.4%	\$173,321	2.4%
SKT	Tanger Factory Outlet Centers	Shopping Centers	2,840	\$92,297	\$32.50	\$40.18	1.6%	\$114,111	3.2%
Total Equities							97.6%	\$7,012,681	3.1%
Total Cash & Cash Equivalents							2.4%	\$171,212	
Total Portfolio Value							100.0%	<u>\$7,183,892</u>	

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CORNERSTONE

July 29, 2016

Bay County Employees' Retirement System
Bay County Voluntary Employees' Beneficiary Association
Bay County Building
515 Center Avenue, Suite 706
Bay City, MI 48708-5128

Dear Bay County Employees' Retirement System:

The total return of the Bay County Employees' Retirement System REIT account for the quarter ended June 30, 2016 is as follows:

Total Returns Ending June 30, 2016

Portfolio	Q2 2016	1 Year
Bay County Employees' Gross	7.75%	25.23%
Bay County Employees' Net	7.60%	24.49%
FTSE NAREIT Equity REIT Index	6.96%	24.04%

Portfolio Performance

The Account's second quarter return was 7.75%, outperforming the Index return of 6.96%.

The Account's strongest performance relative to the Index was in the Apartment Sector, benefitting from its underweight position in this underperforming sector, as well as stock selection. Apartment performance was weak in the quarter due to slowing rent growth and concerns about new supply forecasted in key markets. The Account also benefitted from its overweight position in the Data Centers Sector, which outperformed due to strong demand fueled by cloud computing and outsourcing. The Account's overweight position in the Industrial Sector also provided positive attribution. E-commerce has also provided strong demand for industrial space, as retailers adjust their logistics chains to meet consumer demand.

The Strategy's weakest performance relative to the Index was in the Hotel and Office Sectors. Hotels underperformed due to decelerating RevPAR growth and weakness in foreign inbound travel in gateway markets. Office underperformed in the quarter, due to increasing concerns about a global slowdown generally. In addition, investor concerns about a slowdown in venture capital flows and IPOs impacted performance in West Coast office names.

Market Overview

Global financial markets were shaken in June following the June 23rd Brexit vote, but most markets saw at least some recovery by the end of the quarter. U.S. REITs thrived in this environment as investors looked for the safety and yield for REITs in a low-interest rate environment. The FTSE NAREIT Equity REIT Index (“the Index”) outperformed broader equity markets, ending the quarter up 6.96%, as compared to 1.4% Dow Jones and 1.9% in the S&P Index returns.

U.S. REITs proved to be a safe haven during the second quarter, outperforming broader U.S. equity markets and the global listed securities. Most property sectors posted positive returns in the quarter. Data Centers were the strongest performer in the second quarter. This relatively new sector benefited from tremendous growth in e-commerce and cloud computing. E-commerce has also provided strong demand for industrial space, as retailers adjust their logistics chains to meet consumer demand. Healthcare REITs performed well, as the longer lease duration is favored during periods with low interest rates, and benefit from demographic trends of an aging population. Mall performance was bifurcated; “A” mall companies generated positive results while “B” malls underperformed due to weakness among specialty retailers. Strip Centers outperformed due to the defensive quality of necessity based retail.

U.S. hotels underperformed following below expected RevPAR results for the sector due to the slowing economy. Office underperformed in the quarter, due to increasing concerns about a global slowdown generally. In addition, investor concerns about a slowdown in VC capital flows and IPOs impacted performance in companies with west coast concentrations. Apartment supply in core REIT markets and slowing job growth has damped rent growth in this sector. Demand remains solid for the Self-Storage sector, although rent growth is slowing and new supply is expected to come on line in 2016 and 2017.

Market Commentary

Economic expansion is expected to continue in the U.S., with Brexit unlikely to have meaningful impact. Although the pace of growth will be below the pace of past expansions, we expect the recovery to extend and lead the developed world into next year. Our expectations are for about 2.0% GDP growth in 2016 and slightly higher in 2017. U.S. Consumer sentiment remains resilient, oil remains low and housing is slowly improving. U.S. Exports to the UK and Eurozone are about 13.5% of total exports, representing less than 1.4% of GDP. Any risks to the GDP forecasts would be to business confidence if global growth erodes meaningfully. Although the economic expansion continues, heightened global risks including the Brexit have caused the Federal Reserve to delay raising rates though at least September. The U.S. dollar is likely to strengthen as policy remains accommodative in other major markets. The strong dollar could begin to impact exports and inbound tourism over time, but may also attract foreign investment capital.

REIT Outlook

U.S. property stocks should benefit from the uncertainty in broader markets. Interest rates remain low, which is positive for REIT stocks. Property fundamentals are positive, and we expect healthy but decelerating rent growth due to the slowing job market. With the current volatility in financial markets and the expected slowing of the U.S. economy, we will cut back our

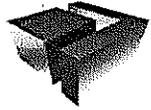
overweight exposure to pro-growth sectors and opportunistically add to our positions in higher yield property types with longer lease durations, based on relative price.

Effective in the third quarter, REITs will be listed as a separate GICs code in the S&P 500, moving from the Finance sector. We believe this will be a positive development as institutional investors will pay more attention to the sector, and this should increase capital flows into the sector.

Sincerely,

A handwritten signature in black ink, appearing to read "David Wharmby". The signature is fluid and cursive, with a large, sweeping flourish at the end.

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



CORNERSTONE

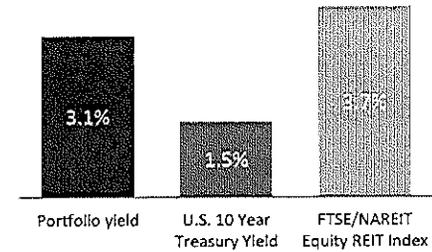
PERFORMANCE HISTORY
 Bay County Employees' Retirement System
 U.S. REIT Strategy

Total Return as of 06/30/2016

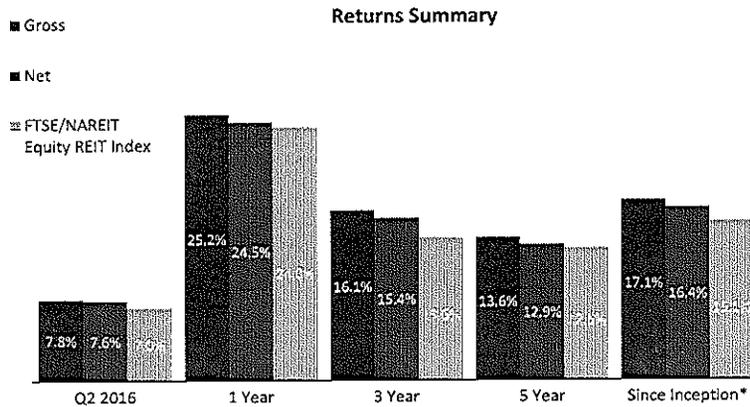
Time Period	Portfolio Returns		FTSE/NAREIT Equity REIT Index
	Gross	Net	
Q2 2016	7.75%	7.60%	6.96%
YTD 2016	13.37%	13.03%	13.38%
1 Year	25.23%	24.49%	24.04%
3 Year	16.12%	15.44%	13.58%
5 Year	13.58%	12.91%	12.60%
Since Inception*	17.09%	16.40%	15.12%

*Inception Date: October 21, 2008

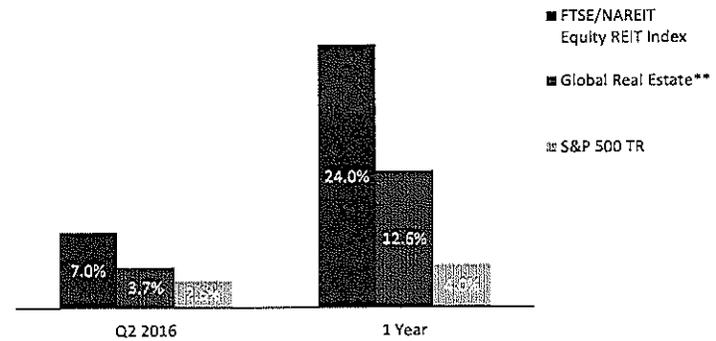
Dividend Yields¹



¹All forward yields



Capital Markets & Real Estate Comparison



Past performance is not a guarantee of future performance.

** FTSE EPRA/NAREIT Developed Index

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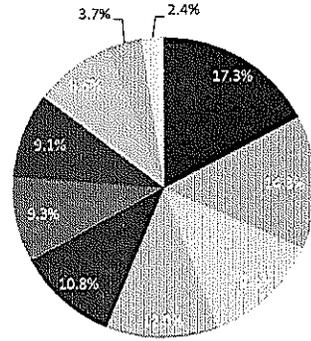
Bay County Employees' Retirement System
U.S. REIT Strategy
June 30, 2016

Top Ten Equity Holdings

Ticker	Security	Total Portfolio Weight	Sector	Quantity	Market Close Price	Portfolio Market Value	Equity Weight*	Dividend Yield	Security Market Return Quarter
SPG	Simon Property Group Inc	10.4%	Regional Mall	3,438	\$216.90	\$745,702	10.6%	3.0%	5.3%
CONE	CyrusOne Inc	5.0%	Data Center	6,490	\$55.66	\$361,233	5.2%	2.7%	22.8%
HCN	Welltower Inc	5.0%	Healthcare	4,720	\$76.17	\$359,522	5.1%	4.5%	11.1%
AVB	AvalonBay Communities Inc	4.8%	Apartment	1,910	\$180.39	\$344,545	4.9%	3.0%	-4.4%
ESS	Essex Property Trust Inc	4.3%	Apartment	1,360	\$228.09	\$310,202	4.4%	2.8%	-1.8%
MAC	Macerich Co/The	4.3%	Regional Mall	3,610	\$85.39	\$308,258	4.4%	3.2%	8.7%
BXP	Boston Properties Inc	4.0%	Office	2,160	\$131.90	\$284,904	4.1%	2.0%	4.3%
VTR	Ventas Inc	3.7%	Healthcare	3,657	\$72.82	\$266,303	3.8%	4.0%	16.9%
ACC	American Campus Communities In	3.4%	Apartment	4,570	\$52.87	\$241,616	3.4%	3.2%	13.3%
EQIX	Equinix Inc	3.3%	Data Center	620	\$387.73	\$240,393	3.4%	1.8%	17.8%
		48.2%				\$3,462,678	49.4%	3.0%	

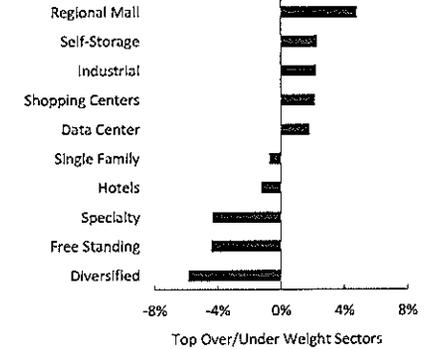
FTSE NAREIT Equity Index vs. Portfolio Sector Weightings

Sector	Equity Weight*	NAREIT Equity Index Weight	Over/Under Weight
Apartment	14.3%	13.4%	0.9%
Single Family	0.0%	0.7%	-0.7%
Diversified	0.0%	5.9%	-5.9%
Healthcare	12.0%	12.3%	-0.3%
Hotels	3.7%	4.9%	-1.2%
Industrial	9.1%	6.8%	2.2%
Manufactured Homes	2.4%	1.3%	1.1%
Office	12.6%	11.2%	1.4%
Regional Mall	17.3%	12.5%	4.8%
Self-Storage	9.3%	7.0%	2.3%
Specialty	0.0%	4.3%	-4.3%
Free Standing	0.0%	4.4%	-4.4%
Shopping Centers	10.8%	8.6%	2.1%
Data Center	8.6%	6.8%	1.8%
		100.0%	100.0%



Sector Weightings excluding cash holdings

- Regional Mall
- ▨ Apartment
- ▩ Office
- ▧ Healthcare
- Shopping Centers
- ▨ Self-Storage
- Industrial
- ▨ Data Center
- ▨ Hotels
- ▨ Manufactured Homes



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

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Bay County Employees' Retirement System - 05231100

Portfolio Style: SmallCap Growth Equity

Portfolio Summary

	Month To Date	Year To Date
Beginning Market Value	9,397,652.08	10,188,378.45
Contributions	0.00	342.61
Withdrawals	0.00	-625,514.62
Dividend and Interest Income	2,397.81	30,642.59
Change in Market Value	1,406.29	-192,392.85
Ending Market Value	9,401,456.18	9,401,456.18

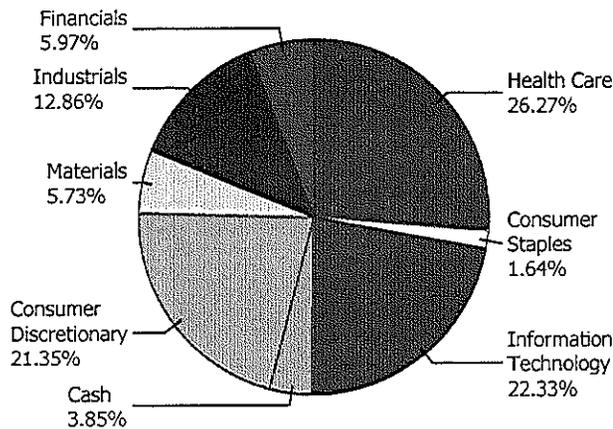
Performance Summary

	MTD	QTD	YTD	1 Year	3 Years	5 Years	Annualized Since Inception
Gross	.04	4.00	-.38	-6.92	7.16	7.88	13.72
Net	.04	3.80	-.81	-7.70	6.25	6.95	12.80
RU20GRTR ¹	-.46	3.24	-1.59	-10.75	7.74	8.51	14.33

¹Russell 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	407,948.32	4.34%
QUAKER CHEMICAL CORP	260,553.20	2.77%
NATUS MEDICAL INC	237,497.40	2.53%
GENESCO INC	229,458.08	2.44%
VAIL RESORTS INC	206,930.31	2.20%
WASTE CONNECTIONS INC	203,253.05	2.16%
IMPERVA INC	182,190.36	1.94%
CENTENE CORP	175,427.46	1.87%
COHERENT INC	175,208.02	1.86%
SYNOVUS FINANCIAL CORP	166,924.42	1.78%

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Overview

Net of Fees | US Dollar
6/30/2016

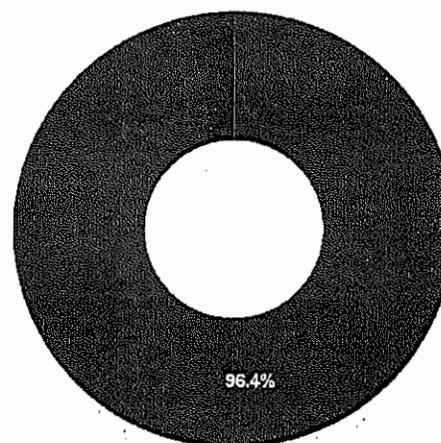
Bay County Employees' Retirement System XXXX9057 (bcers)

Activity Summary

	Month To Date	Quarter To Date	Year To Date
Beginning Market Value	19,016,612.41	18,355,802.81	20,449,771.41
Net Additions	-87.09	-257.49	-1,925,472.25
Gains/Losses (Net of Fees)	-99,548.18	561,431.82	392,677.98
Ending Market Value	18,916,977.14	18,916,977.14	18,916,977.14

Account Objectives & Asset Allocation

Objective	Style	Range		
		Equity	Fixed Income	Cash
Equity	Mid Cap	95-100%	0%	0-5%



Equities 96.4% Cash & Equivalents 3.6%

Performance Overview

Net of Fees | US Dollar
6/30/2016

Bay County Employees' Retirement System XXXX9057 (bcers)

Performance Returns

Asset Class	Month To Date	Quarter To Date	Year To Date	Annualized Latest 1 Year	Annualized Latest 3 Years	Annualized Inception To Date (1/17/2013)
Equities	-0.54	3.17	2.66	-0.27	10.74	11.13
Account	-0.52	2.88	2.05	-1.16	9.64	10.09
Index						
Russell Midcap Growth Index	-0.02	1.56	2.15	-2.14	10.52	12.09

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Performance History - YTD

Net of Fees | US Dollar
12/31/2015 - 6/30/2016

Bay County Employees' Retirement System XXXX9057 (bcers)

Performance History

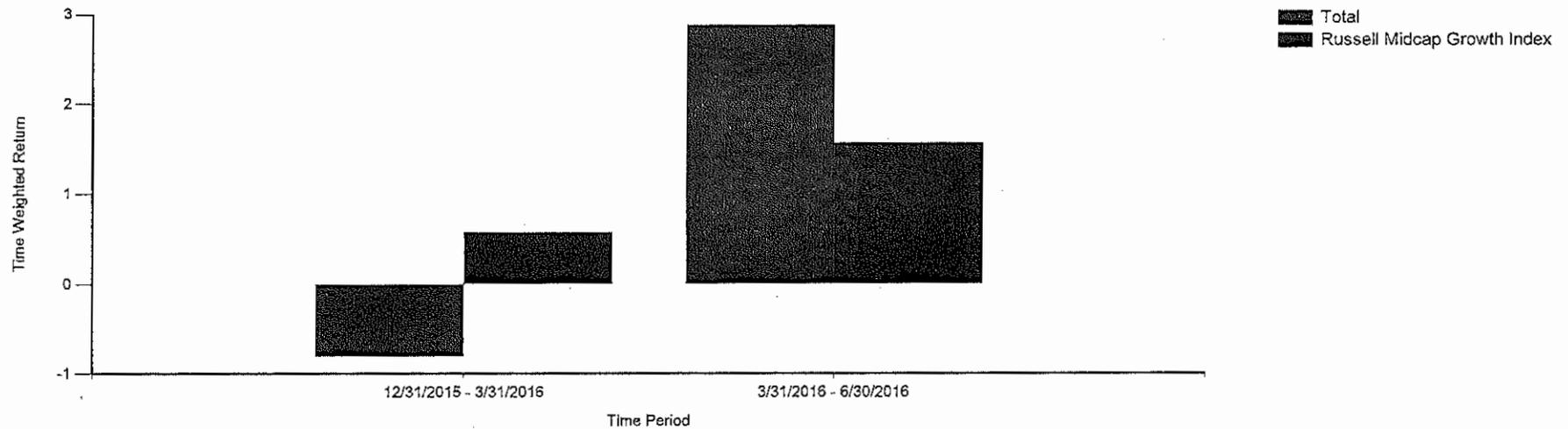
Percent Return Per Period

Time Period		Total	Equities	Russell Midcap Growth Index
12/31/2015	to 03/31/2016	-0.81	-0.50	0.58
03/31/2016	to 06/30/2016	2.88	3.17	1.56

Date to Date

12/31/2015	to 06/30/2016	2.05	2.66	2.15
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Time Weighted Return



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Performance Since Inception

Net of Fees | US Dollar
1/17/2013 - 6/30/2016

Bay County Employees' Retirement System XXXX9057 (bcers)

Performance History

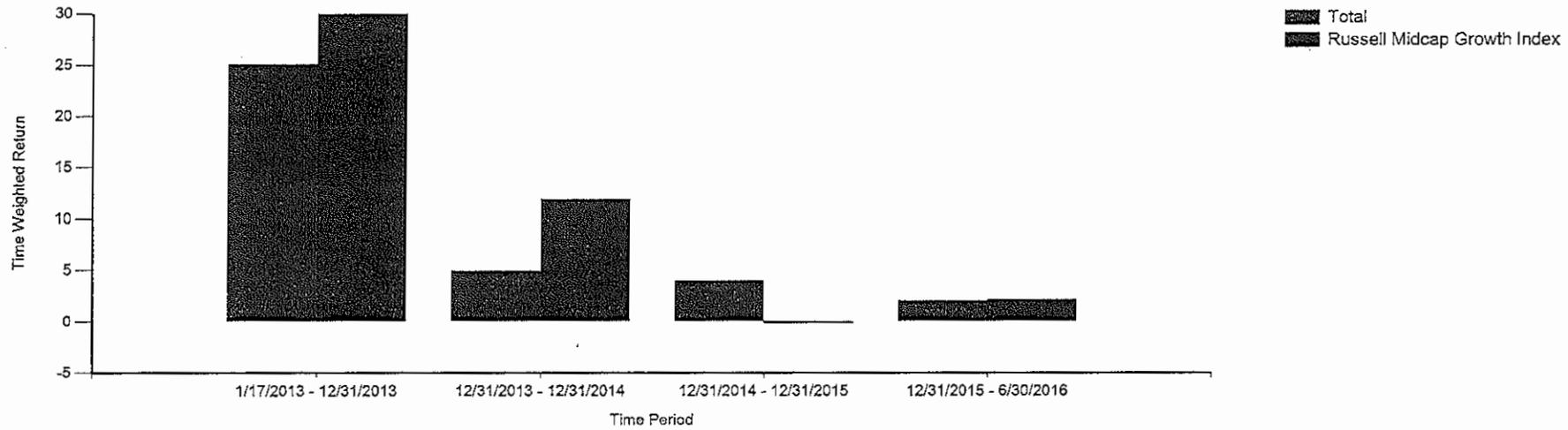
Percent Return Per Period

Time Period			Total	Equities	Russell Midcap Growth Index
01/17/2013	to	12/31/2013	25.11	26.17	29.97
12/31/2013	to	12/31/2014	4.96	6.21	11.90
12/31/2014	to	12/31/2015	3.99	4.61	-0.20
12/31/2015	to	06/30/2016	2.05	2.66	2.15

Inception to Date

01/17/2013	to	06/30/2016	39.35	43.92	48.27
Annualized			10.09	11.13	12.09

Time Weighted Return

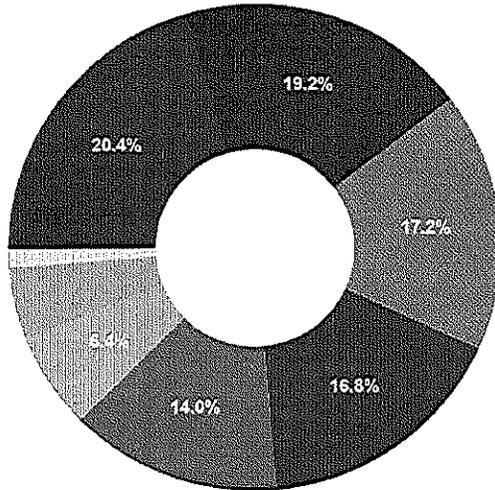


Equity Overview

US Dollar
6/30/2016

Bay County Employees' Retirement System XXXX9057 (bcers)

Portfolio Allocation as of 6/30/2016



Industry Sector	Market Value	% Equity	% Assets
TECHNOLOGY	3,724,115	20.4	19.7
HEALTH CARE	3,500,227	19.2	18.5
CONSUMER DISCRETIONARY	3,144,034	17.2	16.6
PRODUCER DURABLES	3,056,229	16.8	16.2
FINANCIAL SERVICES	2,555,599	14.0	13.5
CONSUMER STAPLES	1,168,797	6.4	6.2
MATERIALS & PROCESSING	879,868	4.8	4.7
UTILITIES	212,125	1.2	1.1
Equity Total	18,240,994	100.0	96.4

Top 10 Holdings

Quantity	Symbol	Security	Cost Basis	Market Value	% Assets
2,064	orly	O REILLY AUTOMOTIVE INC NEW COM	180,985	559,550	3.0
6,038	tsco	TRACTOR SUPPLY CO COM	282,687	550,545	2.9
4,936	fisv	FISERV INC COM	204,302	536,691	2.8
4,926	chd	CHURCH & DWIGHT INC COM	293,276	506,836	2.7
2,888	tyl	TYLER TECHNOLOGIES INC COM	260,006	481,458	2.5
7,491	manh	MANHATTAN ASSOCS INC COM	276,197	480,398	2.5
1,986	bcr	BARD C R INC COM	252,319	467,028	2.5
8,046	aph	AMPHENOL CORP NEW CL A	273,228	461,277	2.4
4,117	intu	INTUIT COM	257,070	459,498	2.4
14,118	lkq	LKQ CORP COM	329,684	447,541	2.4
Top 10 Holdings Total			2,609,754	4,950,823	26.2

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Economic Outlook

Britain's vote to leave the European Union (EU) shocked the markets in late June and left the world clamoring for answers to a seemingly infinite number of questions which arose as a result of this action. The workout period will be long and implications for other European nations considering a euro exit in the midst of a global populous movement will remain the focus. The potential disintegration of the EU, once deemed improbable, now enters the realm of possible. These events certainly complicate our forecasts, but to be sure, they are not supportive of growth in the short term. The UK economy was slowing into the referendum and the resulting devaluation of the pound and potential collateral damage within the Eurozone will create a headwind for European growth. The strength of the dollar and the yen in the midst of the worst decline in the pound in 30 years may force China to devalue the yuan faster than anticipated, which has ramifications for emerging market growth. While we don't think this event marks the end of the current economic cycle it is certainly cause for reducing our global growth, inflation and interest rate expectations.

The US economic outlook for 2016 and 2017 continues to be caliginous with conflicting data suggesting a stagnant, albeit modestly positive overall trend in the US economy. Industrial production fell .4% in May, which was a reversal of the .6% gain in April and the recent dollar surge doesn't bode well for multinational sales. Similarly, both US domestic auto sales and housing starts have stalled at 13.33 million units and 1.172 million starts, respectively. The shockingly poor non-farm y/y payroll change of +38,000 in May (compared to +280,000 in May 2015) should be adjusted upward, not only to take into account the 35,000 striking Verizon workers who since have gone back to work, but typically such deviations from trend often are revised upward in subsequent months. Nevertheless, even if it revised to over 100k, it would represent a marked deceleration from its previous glide path. The .3% decline in durables good orders were led by falling business equipment expenditures signaling a lack of willingness to invest amidst the global uncertainty. May average hourly earnings, however, were up 2.50% y/y compared to 2.30% and 2.10% in May 2015/May 2014. Personal income continues to advance at a consistent pace of 4.40% (identical to May 2015) while consumer spending remains surprisingly strong having accelerated to a 4.30% rate of growth in May (y/y) versus only 3.20% the prior year.

Given the weak 1Q Real GDP (RGDP) growth of 1.1%, 2Q's forecast of 1% and UK's shock to the global economic system, we are lowering our RGDP forecast for 2016 and 2017 to 2%. While this forecast may seem moribund given our usual optimism, we feel it more accurately reflects global economic realities. Uncertainty in the Eurozone will certainly weigh on growth, Japan continues to stagnate, China's growth has slowed precipitously and emerging markets will face currency headwinds, which leads us to conclude a 2% RGDP print for the US represents stellar growth in an otherwise anemic environment.

The US inflation outlook remains benign despite the recent run-up in crude oil prices and accelerating wage pressures. China's precipitous slowdown benefits global consumers in that the inflation they exported during their ascent of the 2000's now reverses, which is reflected in lower commodity costs. Capacity utilization is still hovering around 75%, nowhere near levels indicative of an inflationary environment, and the demand side of the equation will most likely be affected by recent macro events. If inflation is as Milton Friedman contended, a monetary phenomenon, then if velocity picks up we may see the subtle indicators of inflation become more pronounced. But given the lack of GDP growth globally, the US consumer's stubbornly high savings rate, technology's influence on dampening price pressures and global macro forces, our inflation forecast for 2016 and 2017 is a muted 2% for both headline and core.

While the US economy continues to expand modestly (final sales averaged 2.3% over the past four quarters decelerating each quarter to a meager 1% annualized rate in Q2 2016), corporate profit growth gives signs of achieving our projected 7.0% growth rate to \$116 (S&P 500) in 2016. Certainly currencies will weigh on returns, but stock repurchases, inorganic growth and lack of investment supports our initial forecast for 2017 S&P 500 earnings to achieve \$125.

Economic Outlook

We continue to review the yield curve and believe further moves will not shift the curve significantly upward given global political and economic uncertainty. With Brexit, the near-term election and recent economic data, the Federal Open Market Committee (FOMC) will be unlikely to raise rates during 2016. We believe future rate increases ("normalization"), if any, will be at a measured pace and anticipate only a moderate upward movement in the yield curve from current levels, given downtempo US economic data along with global quantitative easing and weakness. Globally, US Treasuries remain attractive from both a yield and credit standpoint given our country's relative economic stability. Our year-end 2016 forecast for the benchmark 10-year and 30-year Treasury has been revised to 1.75% and 2.65%, respectively, from 2.50% and 3.15%, respectively. Our year-end 2017 forecast for the benchmark 10-year and 30-year Treasury is 2.40% and 3.05%, respectively. The revision is reflective of global market conditions and supports our view that rates will be lower for longer.

Despite Abe's most valiant efforts, Japan's economy is stagnating. While corporate profits in the land of the rising sun certainly rose from 2009 to 2014, said growth is in jeopardy of reversing. The strengthening yen and declining sales have conspired to pressure profits, which have in turn pressured wages (the exact opposite intention of Japan's leadership). Wages have now been flat for seven years and equal to those reached at their peak of economic growth in 1989. In an effort to improve margins, many companies continue to move production offshore sterilizing some of the punitive effects of the stronger yen, but weak emerging markets have been little help in supporting Japan's exports. More stimuli are expected but with NIRP displaying negligible effects on economic activity we are skeptical Japan will be a source of global economic growth.

China's economy experienced a welcome bounce in Q1, growing GDP 6.7% thanks to a miraculous March, which placed the quarter square in the middle of Premier Li's guidance of 6.5-7.0% growth. Upon further analysis however, that growth was the direct result of nearly \$1T of new credit issuance and a 20% increase in government spending. In Q2 the Chinese government reined in the excessive lending causing credit growth to slow in April and May which has

begun to affect housing and commodities. Wage growth in China has slowed precipitously illustrated by the number of worker strikes in the country going parabolic. These recent headwinds have forced the government to allow the yuan to decline (2.1% since March) and the UK referendum and resulting uncertainty of the euro may cause the decline to accelerate. This will undoubtedly place pressure on Chinese company earnings, which explains the recent "buy Chinese" movement, stifling sales of American companies such as Apple. We have previously forecasted growth of Chinese GDP to stabilize in the 3-5% range, but would not be surprised if the bottom end of this range is violated. China does not appear to be the source of global economic strength it was the previous decade.

Emerging markets appear to be facing dual headwinds as the dollar appreciation and potential yuan devaluation will place pressure on emerging market currencies and the aforementioned Chinese slowdown will pressure demand for EM exported goods. India, one of the few emerging markets heretofore following a prescription of reforms, experienced a setback with the departure of Reserve Bank of India chief Rajan and leaves many unanswered questions with respect to the economy of the second most populous country on the planet. Brazil, the host of the 2016 summer Olympic Games, should be benefitting economically from a boost in tourism, but sadly is plagued with crime, pollution and uncertainty with respect to the completion of many of the Olympic facilities. Compounding this short term fiscal debacle are the long term challenges facing their energy and mining industries. This supports our notion that emerging markets may not be the panacea of growth purported by many economic prognosticators over the last decade.

Economic Outlook

The EU is facing their most formidable challenge since its formalization in 1999. While the UK referendum was unexpected they never adopted the euro as its currency and thus their departure is comparatively less challenging than any of the other 26 member countries. The angst amongst investors revolves around the question, who is next? Itexit? Gerexit? Spexit? Frexit? We have long contended the viability of a monetary union to remain intact without becoming a fiscal union would be difficult. While such difficulties are axiomatic, there are a myriad of incentives for member countries to remain. The anticipated timeframe for a negotiated separation of the UK and all of its trade agreements is measured in years vs weeks or months. The balancing act the leadership of the Eurozone must perform now is to be punitive enough to avoid additional member departures, but not so much so that the UK is completely isolated. The result in our view will be sub-par growth for the foreseeable future as some business expenditures and spending decisions are deferred.

Longer Term

Following World War II, the US was the source of global growth. In the 1970's and 80's, Japan emerged as the dominant economic force. In the mid 80's and 90's the US and Europe (following the fall of the Berlin wall) once again emerged as economic leaders. The 2000's represented the era of emerging markets and the rise of China. The question which vexes us is who will carry the gauntlet of growth moving forward. Demographics and debt plague many developed nations, and emerging markets (ex-China and India) face a challenge in the law of large numbers. Our sense is the US could potentially be a catalyst for global growth once again. There is bipartisan support for a lower corporate tax rate (although admittedly passing any new legislation in our polarized political system is challenging) which could reverse capital flows and incent companies to build facilities in the US to tap our strong consumer base. Immigration reform is being debated amongst our elected leaders to tap into the massive pool of foreign talent, but election rhetoric certainly doesn't give much hope for productive changes. While US companies continue to defer capex based on a tumultuous global political and economic environment, the US consumer has deleveraged and demographically has

the potential to provide meaningful contributions to productive capital. There have always been major concerns providing an impediment to investment every year, but yet the resilience of the US economy has been undeniable. Our medium term concerns revolve around the accumulation of debt on government and corporate balance sheets whose maturities are disproportionately centered around the 2018-2022 timeframe. There are three primary scenarios for dealing with our leverage issue: 1) inflate the value of the debt away to an amount which is digestible, but avoid hyperinflation. However, inflating away the value of the debt works only if issuers stop spending and hold current debt levels. Otherwise the result is hyper debt accumulation. 2) Pay down the debt with cash flows/tax revenue through economic growth. This requires tremendous fiscal discipline and assumes politicians will change behavior. In addition, during a downturn, fiscal austerity is depressive on economic growth, which may necessitate additional leverage. 3) Debt restructuring; this has been used numerous times in recent and not so recent history. With \$20T of US federal governmental debt and \$3T of state and local debt as well as countries globally facing similar debt challenges, we conclude growth over the long term will be impaired by addressing the seemingly insurmountable obligations we have relied upon to achieve the growth rates we experienced over the past three decades. Essentially, pulling forward demand by utilizing leverage will cause our longer term growth rates to be muted leading us to forecast a long term growth rate of 2% plus or minus for the foreseeable future.

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Economic Outlook

Third quarter 2016

Outlook	2013	2014	2015	2016E	2017E
Real GDP	3.1%	2.4%	1.9%	2.0%	2.0%
Inflation (Headline CPI) Year-to-year change	1.5%	0.8%	0.7%	2.0%	2.0%
Profits (S&P 500*)	5.4%	6.9%	0.0%	7.0%	7.8%
Annual Housing Starts in thousands	920	985	1111	1200	1325
Gross Private Domestic Investment Fixed investment - Non-residential	2.8%	5.5%	1.8%	5.5%	5.0%
US Auto Sales Domestically produced vehicles in millions	12.1	12.8	13.5	14.0	14.5
10-year Treasury (year-end)	3.03%	2.17%	2.27%	1.75%	2.40%
30-year Treasury (year-end)	3.97%	2.75%	3.02%	2.65%	3.05%

*Operating earnings

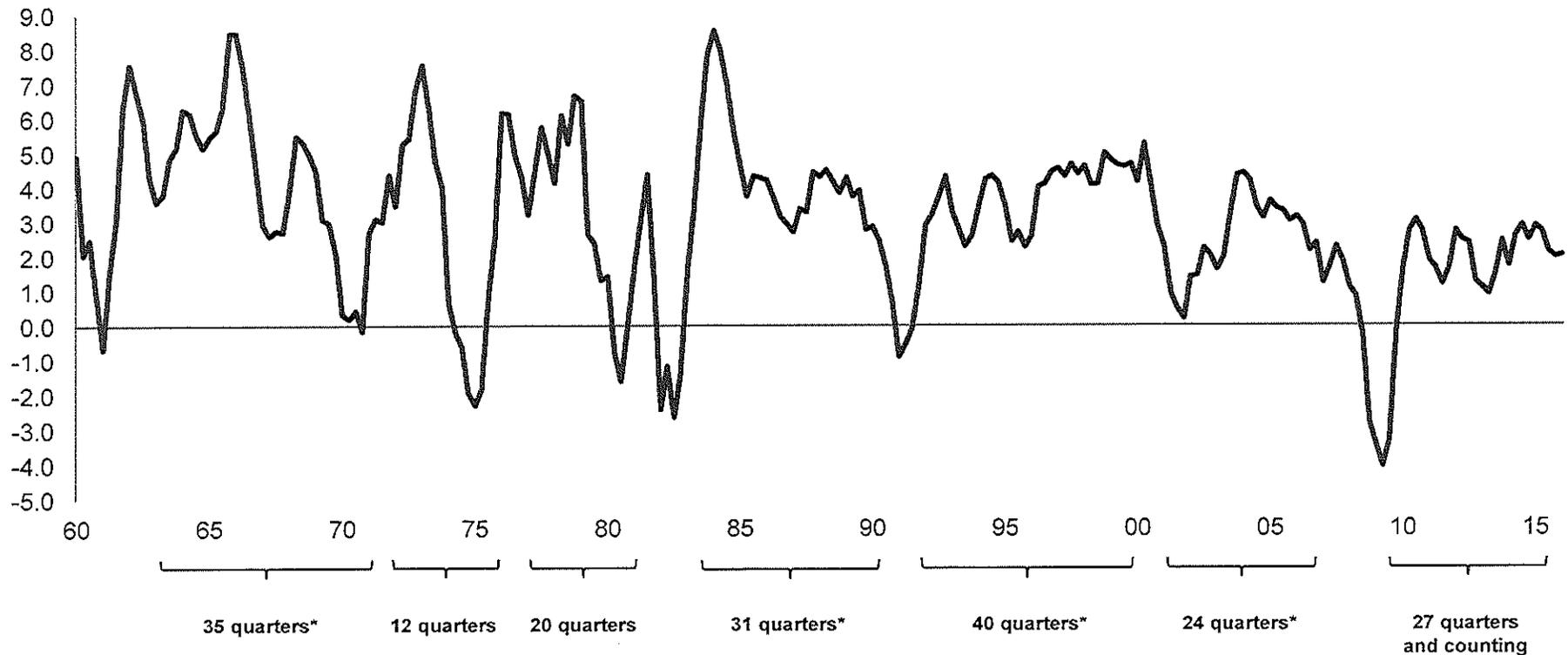
Source: Henderson Geneva Capital Management, Bloomberg, US Federal Reserve, June 2016

Economic Outlook

Low-inflation expansions tend to be long lasting

The current recovery is average in length versus historic recoveries. Expect a longer recovery, but at a lower growth rate due to deleveraging. The long expected period of 3%+ RGDP growth no longer appears attainable.

US RGDP Y/Y% 2016:1Q: 1.9%



*These "low inflation" recoveries averaged 33 quarters

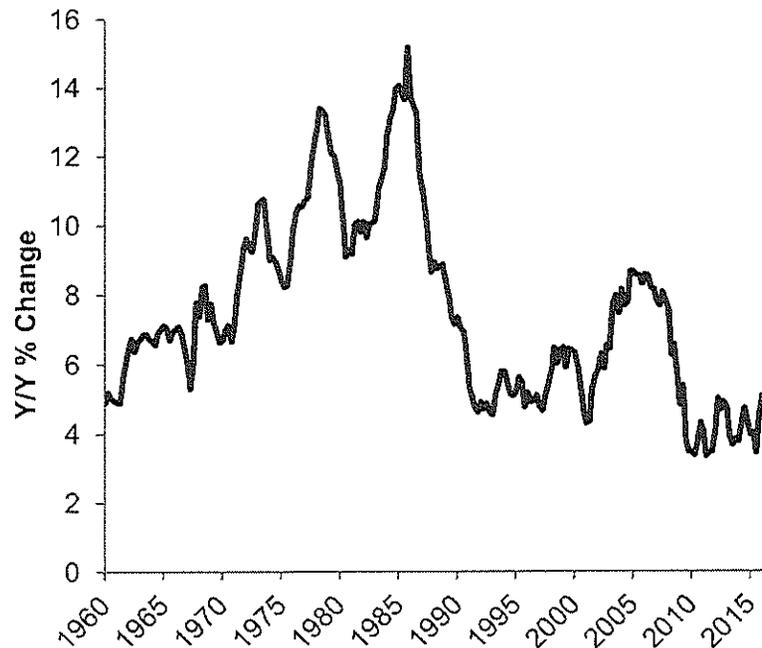
Source: US Federal Reserve, 6/20/16

Economic Outlook

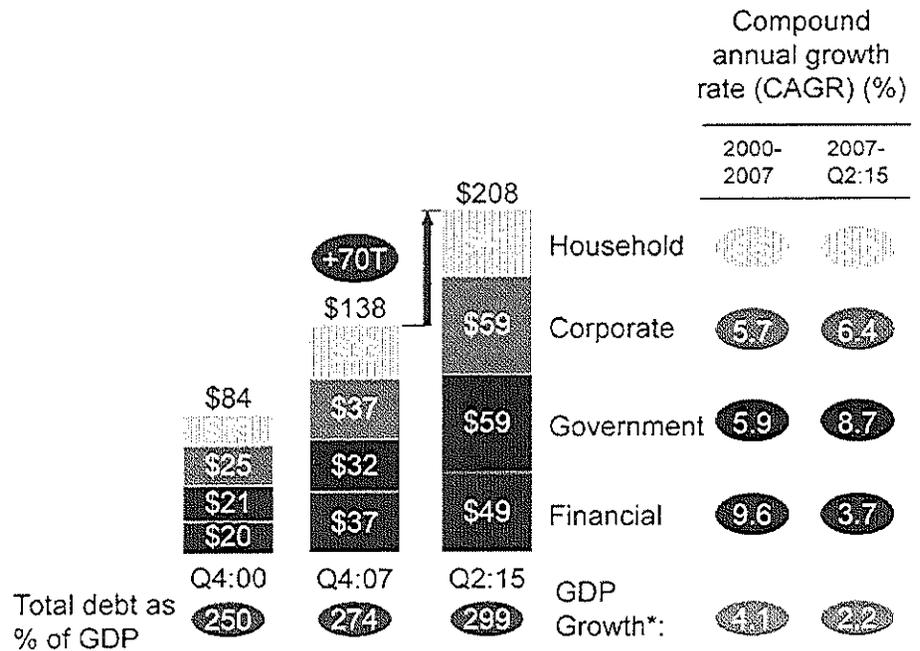
The slow pace of total debt growth helps explain sluggish nominal GDP growth

Total US nonfinancial debt growth remains muted relative to historic levels, helping to explain the continued slow GDP growth environment. Growth in consumer debt, which represents \$12T of US debt, has remained muted. While US corporate debt has trended higher, it is "just" \$8T in total. Similar trends persist on a global level.

Domestic nonfinancial debt



Global debt by type (\$T, constant 2014 FX) Q4:2000 – Q2:2015



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Source: Board of Governors of the Federal Reserve System, KPCB, June 2016
*GDP growth rate based on constant prices and calculated as average of average growth rates across 50 countries from 2000-2007 and 2008-2015.

Henderson Geneva Capital Management
PORTFOLIO APPRAISAL
Bay County Employees' Retirement System XXXX9057 (bcers)
 June 30, 2016

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Yield
COMMON STOCK							
903	ABIOMED INC COM	101.38	91,547	109.29	98,689	0.5	0.0
1,363	ACUITY BRANDS INC COM	196.88	268,341	247.96	337,969	1.8	0.2
1,746	AFFILIATED MANAGERS GRP COM	122.37	213,656	140.77	245,784	1.3	0.0
3,759	ALIGN TECHNOLOGY INC COM	30.60	115,043	80.55	302,787	1.6	0.0
8,046	AMPHENOL CORP NEW CL A	33.96	273,228	57.33	461,277	2.4	1.0
3,730	ANSYS INC COM	72.76	271,396	90.75	338,497	1.8	0.0
1,986	BARD C R INC COM	127.05	252,319	235.16	467,028	2.5	0.4
3,925	BEACON ROOFING SUPPLY INC COM	36.15	141,905	45.47	178,470	0.9	0.0
6,161	BROADRIDGE FINL SOLUTIONS INC COM	54.41	335,195	65.20	401,697	2.1	1.8
4,018	CARTER INC COM	85.78	344,657	106.47	427,796	2.3	1.2
7,100	CERNER CORP COM	43.16	306,444	58.60	416,060	2.2	0.0
4,926	CHURCH & DWIGHT INC COM	59.54	293,276	102.89	506,836	2.7	1.4
6,533	COGNIZANT TECHNOLOGY SOLUTIONS CL A	39.08	255,337	57.24	373,949	2.0	0.0
1,921	COOPER COS INC COM NEW	163.99	315,024	171.57	329,586	1.7	0.0
6,283	COPART INC COM	32.80	206,089	49.01	307,930	1.6	0.0
1,778	COSTAR GROUP INC COM	145.37	258,468	218.66	388,777	2.1	0.0
6,249	DENTSPLY SIRONA INC COM	39.37	246,039	62.04	387,688	2.0	0.5
9,276	EAST WEST BANCORP INC COM	23.16	214,812	34.18	317,054	1.7	2.3
5,677	FASTENAL CO COM	46.02	261,280	44.39	252,002	1.3	2.7
4,936	FISERV INC COM	41.39	204,302	108.73	536,691	2.8	0.0
3,088	FORTUNE BRANDS HOME & SEC INC COM	58.63	181,053	57.97	179,011	0.9	1.1
4,221	GARTNER INC COM	81.35	343,378	97.41	411,168	2.2	0.0
5,987	HAIN CELESTIAL GROUP INC COM	45.49	272,355	49.75	297,853	1.6	0.0
4,153	HUNT J B TRANS SVCS INC COM	74.54	309,563	80.93	336,102	1.8	1.1
3,972	IDEX CORP COM	52.85	209,906	82.10	326,101	1.7	1.7
2,809	IDEXX LABS INC COM	64.91	182,329	92.86	260,844	1.4	0.0
1,544	INTERCONTINENTAL EXCHANGE INC COM	127.72	197,197	255.96	395,202	2.1	1.3
4,117	INTUIT COM	62.44	257,070	111.61	459,498	2.4	1.1
3,358	J2 GLOBAL INC COM	74.57	250,419	63.17	212,125	1.1	2.1
14,118	LKQ CORP COM	23.35	329,684	31.70	447,541	2.4	0.0
7,491	MANHATTAN ASSOCS INC COM	36.87	276,197	64.13	480,398	2.5	0.0
2,873	MAXIMUS INC COM	64.16	184,319	55.37	159,078	0.8	0.3
3,529	MIDDLEBY CORP COM	76.75	270,841	115.25	406,717	2.1	0.0
2,064	O REILLY AUTOMOTIVE INC NEW COM	87.69	180,985	271.10	559,550	3.0	0.0
1,778	PANERA BREAD CO CL A	173.44	308,375	211.94	376,829	2.0	0.0

Henderson Geneva Capital Management
PORTFOLIO APPRAISAL
Bay County Employees' Retirement System XXXX9057 (bcers)
 June 30, 2016

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Yield
4,881	PAREXEL INTL CORP COM	33.14	161,741	62.88	306,917	1.6	0.0
2,291	PERRIGO CO PLC SHS	149.25	341,943	90.67	207,725	1.1	0.6
6,557	RAYMOND JAMES FINANCIAL INC COM	53.44	350,411	49.30	323,260	1.7	1.6
5,016	RED HAT INC COM	57.20	286,937	72.60	364,162	1.9	0.0
1,685	ROPER TECHNOLOGIES INC COM	125.96	212,250	170.56	287,394	1.5	0.7
1,035	SCHEIN HENRY INC COM	179.37	185,653	176.80	182,988	1.0	0.0
2,689	SIGNATURE BK NEW YORK N Y COM	72.85	195,889	124.92	335,910	1.8	0.0
2,389	SMUCKER J M CO COM NEW	93.37	223,065	152.41	364,107	1.9	1.8
1,569	SNAP ON INC COM	161.57	253,509	157.82	247,620	1.3	1.5
3,807	STERIS PLC SHS USD	75.09	285,868	68.75	261,731	1.4	1.5
6,038	TRACTOR SUPPLY CO COM	46.82	282,687	91.18	550,545	2.9	1.1
2,888	TYLER TECHNOLOGIES INC COM	90.03	260,006	166.71	481,458	2.5	0.0
1,682	ULTIMATE SOFTWARE GROUP INC COM	151.72	255,199	210.29	353,708	1.9	0.0
4,890	UNDER ARMOUR INC - CLASS C	16.69	81,627	36.40	177,996	0.9	0.0
4,856	UNDER ARMOUR INC CL A	17.58	85,391	40.13	194,871	1.0	0.0
3,383	VARIAN MED SYS INC COM	74.77	252,952	82.23	278,184	1.5	0.0
5,079	VERISK ANALYTICS INC COM	62.77	318,826	81.08	411,805	2.2	0.0
2,630	WABTEC CORP COM	47.44	124,756	70.23	184,705	1.0	0.6
792	WATSCO INC COM	133.51	105,743	140.69	111,426	0.6	2.4
4,410	WILLIAMS SONOMA INC COM	68.23	300,883	52.13	229,893	1.2	2.8
			13,187,366		18,240,994	96.4	0.6
CASH AND EQUIVALENTS							
	ACCRUED DIVIDENDS		4,770		4,770	0.0	0.0
	CASH ACCOUNT		671,587		671,587	3.6	0.0
			676,358		676,358	3.6	0.0
TOTAL PORTFOLIO			13,863,724		18,917,352	100.0	0.6

Henderson Geneva Capital Management
PORTFOLIO APPRAISAL
Bay County Employees' Retirement System XXXX9057 (bcers)
 June 30, 2016

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Yield
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The enclosed reports include account information such as asset allocation, performance, trade activity, and holdings. Please notify Henderson Geneva Capital Management ("HGCM") immediately at 414-224-6002 or MKEOperations@henderson.com if there have been any material changes related to the financial information presented.

We encourage you to compare these reports with information provided by the independent custodian for your account(s). If you are not receiving periodic statements directly from your custodian, you should notify us immediately. Please note that the market value on HGCM reports may differ from the statement provided by your custodian due to cut-off date, unsupervised assets (if applicable), pricing, or deposits/withdrawals. HGCM has no responsibility to act on any holdings designated as unsupervised holdings until instructions are received from the client. For tax purposes, refer to custodian records and consult with your tax advisor. HGCM reports should not be relied upon for tax purposes. Cost basis and gain/loss detail is provided for informational purposes only and may differ from custodian records. Please reference your custodial statement for the yield on money market fund(s). Sector information is based on data provided by Russell Index Services. Frank Russell Company is the source and owner of the Russell index data contained or reflected in this material and all trademarks and copyrights related thereto. Frank Russell is not responsible for the formatting or configuration of this material or for any inaccuracy in HGCM's presentation thereof. Past performance is not indicative of future results. One cannot invest directly in an index. This is a presentation of HGCM and contains confidential information. Unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. Henderson Geneva Capital Management is the name under which Geneva Capital Management LLC provides investment advisory services.

Henderson Geneva Capital Management
PERFORMANCE HISTORY
NET OF FEES
Bay County Employees' Retirement
System XXXX9057 (bcers)

From 12-31-2015 to 06-30-2016

Time Period	Percent Return Per Period		
	Total Account	Equities	Russell Midcap Growth Index
12-31-2015 to 01-31-2016	-5.72	-5.71	-7.57
01-31-2016 to 02-29-2016	-1.41	-1.47	1.57
02-29-2016 to 03-31-2016	6.71	7.10	7.14
03-31-2016 to 04-30-2016	0.25	0.43	-0.06
04-30-2016 to 05-31-2016	3.17	3.29	1.64
05-31-2016 to 06-30-2016	-0.52	-0.54	-0.02
Date to Date			
12-31-2015 to 06-30-2016	2.05	2.66	2.15

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Henderson Geneva Capital Management
PERFORMANCE HISTORY
NET OF FEES
Bay County Employees' Retirement
System XXXX9057 (bcers)

From 01-17-2013 to 06-30-2016

Time Period	Percent Return Per Period		
	Total Account	Equities	Russell Midcap Growth Index
01-17-2013 to 12-31-2013	25.11	26.17	29.97
12-31-2013 to 12-31-2014	4.96	6.21	11.90
12-31-2014 to 12-31-2015	3.99	4.61	-0.20
12-31-2015 to 06-30-2016	2.05	2.66	2.15
Date to Date			
01-17-2013 to 06-30-2016	39.35	43.92	48.27
Annualized	10.09	11.13	12.09

The enclosed reports include account information such as asset allocation, performance, trade activity, and holdings. Please notify Henderson Geneva Capital Management ("HGCM") immediately at 414-224-6002 or MKEOperations@henderson.com if there have been any material changes related to the financial information presented.

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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					Top Ten Industries - Total Portfolio				
	Portfolio		Russell 2000 Value		Allocation			End Wgt	
	Avg Wgt	Equ. Ret.	Avg Wgt	Equ. Ret.	Sector	Stock	Total		
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.

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

Small Cap Value

Total Market Value: \$8,294,882 (1.9% Cash)

Quarter Ended June 30, 2016

Performance Returns - Gross of Fees					Weighted Average Portfolio Characteristics			
	MTD	QTD	YTD	Since Incept.		Portfolio	Rus 2000 V	Rus 2000
Portfolio - Total Return	-2.84 %	-3.03 %	-5.66 %	8.58 %	Projected P/E (FY2)	11.5x	13.9x	15.3x
					Price / Normal Earnings	8.1x	12.7x	15.7x
Russell 2000 Value Index	0.30	4.31	6.08	7.28	Price / Cash Flow	6.4x	7.3x	9.0x
Russell 2000 Index	-0.06	3.79	2.22	7.53	Price / Book	1.1x	1.3x	1.9x
S&P 500 Index	0.26	2.45	3.84	7.80	Dividend Yield	1.4%	2.4%	1.6%
					Market Capitalization (mm)	\$1,942	\$1,607	\$1,718
					# of Holdings / 1-Yr Turnover	57 / 34%		

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.	2.78 %	51.54 %	1.16 %	Office Depot Inc.		1.6%	Horace Mann Educ. Corp.	5.1 %
Rush Enterprises Inc.	4.17	18.15	0.68	Pebblebrook Hotel Trust		1.6% *	Rush Enterprises Inc.	4.6
Xura Inc.	1.36	24.20	0.38	KBR Inc.		1.4%	ARRIS Int'l PLC	4.0
Horace Mann Educ. Corp.	4.81	7.46	0.35	Matson Inc.		1.4%	Matson Inc.	4.0
First BanCorp/Puerto Rico.	1.09	35.96	0.30	ARRIS Int'l PLC		1.2%	First Niagara Fin'l Grp Inc.	3.6
KBR Inc.	2.45 %	-13.99 %	-0.44 %	(Masonite Int'l Corp.)		-0.6%	Geo Grp Inc.	3.5
Great Plains Energy Inc.	4.83	-4.93	-0.46	(Xura Inc.)		-0.9%	Masonite Int'l Corp.	3.3
Matson Inc.	3.32	-19.17	-0.62	(Circor Int'l Inc.)		-0.9% *	Tutor Perini Corp.	3.3
Enpro Inds. Inc.	3.24	-22.72	-0.79	(WellCare Health Plans Inc.)		-1.7% *	LifePoint Hospitals Inc.	3.2
Office Depot Inc.	3.46	-53.38	-2.54	(Great Plains Energy Inc.)		-3.2%	KBR Inc.	3.1

Performance Attribution					Allocation			Top Ten Industries - Total Portfolio	
	Portfolio		Russell 2000 Value						End Wgt
	Avg Wgt	Equ. Ret.	Avg Wgt	Equ. Ret.	Sector	Stock	Total		
Information Technology	11.92 %	0.86 %	10.40 %	0.14 %	-0.06	0.08	0.02	Banks	11.2 %
Telecommunication Services	0.00	0.00	0.87	11.35	-0.06	0.00	-0.06	Insurance	10.5
Consumer Staples	0.00	0.00	3.61	9.05	-0.15	0.00	-0.15	Real Estate Inv. Trusts	6.7
Health Care	7.65	0.18	4.19	2.48	-0.01	-0.24	-0.25	Construction & Engineering	6.4
Energy	2.65	-12.28	4.48	6.50	0.00	-0.51	-0.52	Machinery	5.6
Financials	30.81	2.52	43.19	4.49	-0.04	-0.63	-0.67	Specialty Retail	5.3
Utilities	8.09	-0.41	7.87	10.73	-0.20	-0.74	-0.94	Communications Equip.	5.2
Materials	3.64	-8.24	3.77	19.04	0.00	-0.98	-0.98	Health Care Prov. & Svcs	4.9
Industrials	25.29	-0.49	12.03	3.36	-0.14	-0.98	-1.12	Trading Cos & Distributors	4.6
Consumer Discretionary	9.95	-26.07	9.58	-2.66	-0.04	-2.72	-2.76	Electric Utilities	4.5
					-0.70	-6.72	-7.42		

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

June 30, 2016

<u>Assets</u>		<u>Transactions Summary</u>	
Total Market Value:	\$8,294,882	Total Purchases:	\$698,001
Total Equity Value:	\$8,128,895	Total Sales:	\$671,648
Total Cash Value:	\$155,813	Total Commissions:	\$925
Total Accrued Value:	\$10,174	Average Transaction Cost/Share:	\$0.013
% Cash of Portfolio:	1.9%		

Performance Returns

Commencement of Portfolio
December 1, 2003

	<u>MTD</u>	<u>QTD</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>10 Yrs</u>	<u>Since Inception</u>
Portfolio - Total Return	-2.84 %	-3.03 %	-5.66 %	-14.96 %	6.92 %	9.80 %	6.88 %	8.58 %
Russell 2000 Value Index	0.30	4.31	6.08	-2.59	6.35	8.15	5.15	7.28
Russell 2000 Index	-0.06	3.79	2.22	-6.73	7.09	8.35	6.20	7.53
S&P 500 Index	0.26	2.45	3.84	3.99	11.66	12.10	7.42	7.80

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

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BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

June 30, 2016

MARKET REVIEW AND OUTLOOK

Market Commentary

The Russell 2000 Index returned +3.8% during the second quarter of 2016. There was wide performance dispersion across sectors, with the best-performing sector (materials) outperforming the worst-performing sector (consumer discretionary) by more than 14 percentage points. Despite the partial rebound in energy this quarter, over the last 12 months we have observed a massive flight away from small cap cyclical market segments in favor of non-cyclicals. Pundits have described this trend as "risk off", "flight to safety", "low volatility", "bond proxy" etc., but the reality is that non-cyclical businesses now appear to trade at an unusually high premium to cyclical businesses. Accordingly, our overweight allocation to cyclicals reflects the risk-adjusted valuation opportunities available and not a macroeconomic outlook. We do not know when value dislocations will revert, nor are we certain that these dislocations will not widen further before reverting. We have learned from past experience, however, that these cycles inevitably do normalize and we believe that our portfolio is well-positioned to benefit.

Financials remain the portfolio's largest sector, though we are underweight relative to the Russell 2000 Value Index primarily because we are underexposed to REITs. Interest rates declined during the quarter, largely influenced by investors' flight to US Treasuries in the aftermath of Brexit. The low rate environment has been a stubbornly persistent macroeconomic headwind for most financials, with banks disproportionately affected because their net interest margins are pressured. From a bottom-up fundamental perspective, however, the strengthening posture of many small cap US banks has been quite encouraging. Profitability has been solid and capital ratios are at/near all-time highs. Buying back shares at/below book value can be highly accretive and this group's payout yield (dividends + share repurchases) currently stands at 8%¹. Our bank holdings are positioned accordingly.

Recent trends have been challenging for our short-term performance but this environment has presented value investors with opportunities. The valuation discrepancy between our portfolio and the benchmark(s) is rather striking: the portfolio trades at 8.1x normal earnings compared to 12.7x for the Russell 2000 Value and 15.7x for the Russell 2000. Valuation will continue to be our guiding beacon, and we believe prudent investors should be increasing allocations to value given the attractive prospects.

¹Source: Empirical Research

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

June 30, 2016

Attribution: 2Q 2016

The Hotchkis & Wiley Small Cap Value portfolio underperformed the Russell 2000 Value Index in the second quarter of 2016. Stock selection in consumer discretionary, materials, and energy detracted from relative performance in the quarter. The largest individual detractors to relative performance in the quarter were Office Depot, Enpro Industries, and Matson; the largest positive contributors to relative performance in the quarter were Tutor Perini, Rush Enterprises, and Xura.

Portfolio Activity: 2Q 2016

We decreased the weight in utilities by trimming a large position that made an acquisition, which we viewed skeptically. We also reduced the weight in healthcare by exiting the position in managed care company that had outperformed. We increased positions in consumer discretionary, financials, and industrials. At quarter end, 57 positions comprised the portfolio.

Performance comparison is based on gross of management fee returns. Portfolio attribution is based on a representative Small Cap Value portfolio. Certain client portfolio(s) may or may not hold the securities discussed due to the account's guideline restrictions, cash flow, tax and other relevant considerations. Equity performance attribution is an analysis of the portfolio's return relative to a selected benchmark, is calculated using daily holdings information and does not reflect management fees and other transaction costs and expenses. Returns calculated using this buy-and-hold methodology can differ from actual portfolio returns due to intraday trades, cash flows, corporate actions, accrued/miscellaneous income, and trade price and closing price difference of any given security. Specific securities identified are the largest contributors (or detractors) on a relative basis to the Russell 2000 Value Index. Securities' absolute performance may reflect different results. Securities identified do not represent all of the securities purchased, sold, or recommended for advisory clients, and are not indicative of current or future holdings or trading activity. H&W has no obligation to disclose purchases or sales of these securities. No assurance is made that any securities identified, or all investment decisions by H&W were, or will be profitable.

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BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

June 30, 2016

Weighted Average Portfolio Characteristics

	<u>Portfolio</u>	<u>Russell 2000 Val</u>	<u>Russell 2000</u>
Projected P/E (FY2)	11.5x	13.9x	15.3x
Price / Normal Earnings	8.1x	12.7x	15.7x
Price / Cash Flow	6.4x	7.3x	9.0x
Price / Book	1.1x	1.3x	1.9x
Price / Sales	0.5x	1.0x	1.2x
Earnings Yield	8.7%	7.2%	6.5%
Dividend Yield	1.4%	2.4%	1.6%
Market Capitalization (mm)	\$1,942	\$1,607	\$1,718
Median Market Cap (mm)	\$1,397	\$586	\$682

Top 10 Holdings - Total Portfolio

<u>Company Name</u>	<u>Sector</u>	<u>Industry</u>	<u>Weight (%)</u>
Horace Mann Educ. Corp.	Financials	Insurance	5.1
Rush Enterprises Inc.	Industrials	Trading Cos & Distributors	4.6
ARRIS Int'l PLC	Information Technology	Communications Equipment	4.0
Matson Inc.	Industrials	Marine	4.0
First Niagara Fin'l Grp Inc.	Financials	Banks	3.6
Geo Grp Inc.	Financials	Real Estate Investment Trusts	3.5
Masonite Int'l Corp.	Industrials	Building Products	3.3
Tutor Perini Corp.	Industrials	Construction & Engineering	3.3
LifePoint Hospitals Inc.	Health Care	Health Care Providers & Srvc	3.2
KBR Inc.	Industrials	Construction & Engineering	3.1

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

June 30, 2016

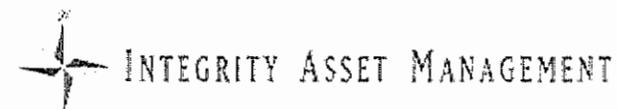
Quarter-End Equity Attribution

	Portfolio		Russell 2000 Value		Attribution Analysis		
	<u>Average Weight</u>	<u>Equity Return</u>	<u>Average Weight</u>	<u>Equity Return</u>	<u>Sector Allocation</u>	<u>Stock Selection</u>	<u>Total Effect</u>
Information Technology	11.92 %	0.86 %	10.40 %	0.14 %	-0.06	0.08	0.02
Telecommunication Services	0.00	0.00	0.87	11.35	-0.06	0.00	-0.06
Consumer Staples	0.00	0.00	3.61	9.05	-0.15	0.00	-0.15
Health Care	7.65	0.18	4.19	2.48	-0.01	-0.24	-0.25
Energy	2.65	-12.28	4.48	6.50	0.00	-0.51	-0.52
Financials	30.81	2.52	43.19	4.49	-0.04	-0.63	-0.67
Utilities	8.09	-0.41	7.87	10.73	-0.20	-0.74	-0.94
Materials	3.64	-8.24	3.77	19.04	0.00	-0.98	-0.98
Industrials	25.29	-0.49	12.03	3.36	-0.14	-0.98	-1.12
Consumer Discretionary	9.95	-26.07	9.58	-2.66	-0.04	-2.72	-2.76
					<u>-0.70</u>	<u>-6.72</u>	<u>-7.42</u>

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Performance Summary



Bay County Employees' Retirement System

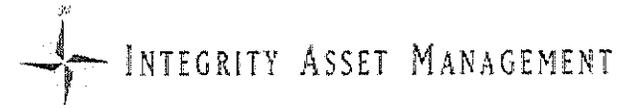
Quarter Ending June 2016

As of 06/30/16	Market Value (\$)	% of Total
Equity	18,447,070.79	96.87
	<u>18,447,070.79</u>	<u>96.87</u>
Cash	583,927.56	3.07
Receivables	227,399.89	1.19
Payables	(245,360.28)	(1.29)
	<u>565,967.17</u>	<u>2.97</u>
Accrued Income/Dividends	29,221.33	0.15
Total	19,042,259.29	100.00

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Gross Rate of Return as of 06/30/16 Inception Date 01/03/07	Month-to-Date (%)	Quarter-to-Date (%)	Year-to-Date (%)	1 Year (%)	3 Years (%)	5 Years (%)	Since Inception (%)
Total Portfolio	-0.14	4.30	8.21	1.82	10.68	11.94	7.72
Russell Midcap® Value Index	0.91	4.77	8.87	3.25	10.96	11.69	6.89
Relative Performance	-1.05	-0.47	-0.66	-1.43	-0.28	0.25	0.83

Sector Allocation



Bay County Employees' Retirement System

Quarter Ending June 2016

Sector	Portfolio (%)	Russell Midcap® Value Index (%)	Relative Weight (%)
Consumer Discretionary	9.3	8.4	0.9
Consumer Staples	4.0	3.5	0.5
Energy	10.2	10.1	0.1
Financials	27.3	32.8	-5.5
Health Care	6.4	4.8	1.6
Industrials	11.6	11.1	0.5
Information Technology	11.0	8.2	2.8
Materials	5.9	6.1	-0.2
Telecommunication Services	1.0	1.5	-0.5
Utilities	10.3	13.6	-3.3
Cash	3.0	--	3.0
Investment Funds	--	--	0.0

51

Source: Factset

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

Characteristics and Top 10 Holdings



Bay County Employees' Retirement System

Quarter Ending June 2016

Characteristics	Portfolio	Russell Midcap [®] Value Index
Price/Earnings - Forward 12 Months (x)	17.7	18.0
Price/Book (x)	1.9	1.8
Price/Cash Flow (x)	9.2	9.3
Price/Sales (x)	1.5	1.5
Dividend Yield (%)	1.8	2.4
Weighted Average Market Cap (\$ Mil)	10,151.4	11,859.4

Top 10 Holdings	(%)
ZBH Zimmer Biomet Holdings Inc	1.77
DRE Duke Realty Corp	1.70
HCN Welltower Inc	1.64
PNW Pinnacle West Capital Corp	1.57
PPL PPL Corp	1.34
LLL L-3 Communications Holdings	1.30
HRC Hill-Rom Holdings Inc	1.30
HIG Hartford Financial Services	1.23
WOOF VCA Inc	1.18
ACGL Arch Capital Group Ltd	1.17
Total	14.20

52

Characteristics Source: Factset



Integrity Asset Management
Second Quarter 2016 Performance Summary

Second Quarter

Integrity Midcap Value Composite:	+4.28%
Russell Midcap [®] Value Index:	<u>+4.77%</u>
Difference	-0.49%

Year to Date

Integrity Midcap Value Composite:	+8.18%
Russell Midcap [®] Value Index:	<u>+8.87%</u>
Difference	-0.69%

Top 5 Holdings:

3/31/2016			6/30/2016		
Ticker	Name	Weight	Ticker	Name	Weight
PLD	Prologis, Inc.	1.67	ZBH	Zimmer Biomet Holdings, Inc.	1.77
ZBH	Zimmer Biomet Holdings, Inc.	1.64	DRE	Duke Realty Corporation	1.71
BSX	Boston Scientific Corporation	1.60	HCN	Welltower, Inc.	1.64
HCN	Welltower, Inc.	1.56	PNW	Pinnacle West Capital Corporation	1.57
PNW	Pinnacle West Capital Corporation	1.52	PPL	PPL Corporation	1.35

Comments:

Prologis (PLD) and Boston Scientific (BSX) were trimmed to take gains and are no longer top five holdings. Duke Realty (DRE) outperformed to become the second largest position. PPL (PPL) was already a large holding that finished as a top five weight.

Sector Weights:

	3/31/2016	O/U	6/30/2016	O/U
Consumer Discretionary	8.95	0.56	9.32	0.95
Consumer Staples	4.61	0.18	3.99	0.52
Energy	8.44	0.13	10.24	0.09
Financials	27.05	-5.92	27.33	-5.48
Health Care	7.06	1.42	6.41	1.64
Industrials	12.76	3.01	11.58	0.48
Information Technology	10.90	1.38	10.98	2.77
Materials	6.30	0.21	5.93	-0.15
Telecommunication Services	1.12	-0.56	0.98	-0.54
Utilities	10.35	-2.88	10.28	-3.27

Comments:

The weight in consumer discretionary and energy increased while the weight to industrials and consumer staples decreased. Although our energy weight went up, the relative weight is about neutral due to the annual Russell rebalance which led to a higher energy benchmark weight.



Royal Caribbean Cruises (RCL), Live Nation Entertainment (LVY) and G-III Apparel (GIII) were new additions in consumer discretionary. North American cruise demand and pricing remain positive which should bode well for Royal Caribbean Cruises (RCL). Increased fuel hedging to take advantage of low oil prices and seasonality are also tailwinds. Live Nation Entertainment (LVY) is seeing positive leading indicators for concerts (number of shows, number of days on tour, and average ticket price). It is also focused on further capturing sponsorship, advertising, and on site spending at events. G-III Apparel (GIII) has a good management team, continues to operate well despite the tough retail environment. New Tommy Hilfiger licenses in women's categories provide growth opportunities. We did trim Goodyear Tire & Rubber (GT).

Within energy, we sold our refiners PBF Energy (PBF) and Tesoro (TSO) due to expectations for lower margins and profitability. Our catalyst, gasoline crack spreads improving faster than oil prices, has not played out. Some of this weight was redeployed into PDC Energy (PDCE), Rice Energy (RICE) and Continental Resources (CLR). We also boosted our services weight by adding to Nabors Industries (NBR) and initiating a position in Baker Hughes (BHI).

Some underperformance and trims of Rite Aid (RAD) and Tyson Foods (TSN) led to the lower consumer staples weight. Profit taking in Huntington Ingalls (HII) and the sale of Spirit AeroSystems (SPR) resulted in a lower industrials weighting.

In technology, semiconductor exposure was pared down with the sale of NVIDIA (NVDA) and a trim of Applied Materials (AMAT). The impetus was to take profits and redeploy elsewhere. New holdings that we find attractive include Corning (GLW), HP (HPQ) and Western Digital (WDC).

New additions within banks included BankUnited (BKU) and PacWest Bancorp (PACW) which have solid fundamentals and favorable valuations. KeyCorp (KEY) was sold over execution concerns for the pending merger. We purchased Raymond James (RJF) early in the quarter due to discounted valuation and low expectations for capital markets activity. Within REITs, we sold NorthStar Realty Finance (NRF) and trimmed Prologis (PLD) after recent advances. Forest City Realty Trust (FCE/A) and STORE Capital (STOR) are new REIT positions. Forest City Realty Trust (FCE/A) is in the midst of simplifying its business through asset sales and also reducing leverage. STORE Capital (STOR) is a triple net lease with opportunities to acquire and grow its dividend.

Top Contributors/Detractors (Quarter ended 6/30/2016):

Best			Worst		
Security	Name	Effect	Security	Name	Effect
RICE	Rice Energy Inc.	+0.22	IVZ	Invesco Ltd.	-0.19
CLR	Continental Resources, Inc.	+0.21	NEM	Newmont Mining Corporation	-0.19
HII	Huntington Ingalls Industries, Inc.	+0.20	HRL	Hormel Foods Corporation	-0.16
SPN	Superior Energy Services, Inc.	+0.18	GT	Goodyear Tire & Rubber	-0.16
BSX	Boston Scientific Corporation	+0.17	ATI	Allegheny Technologies Inc.	-0.15

Comments:

Invesco (IVZ) declined 16% over fears that Brexit uncertainty will dampen the solid and broad based flow story. Hormel Foods (HRL) underperformed as investors sold strong recent performers. The company beat and raised guidance but by less than estimates. Goodyear Tire & Rubber (GT) underperformed as investors were concerned about rising oil prices and other raw materials compressing margins. Allegheny Technologies (ATI) did a convertible offering with an eye towards shoring up the company's balance sheet. However, the offering pressured near-term performance. Not owning Newmont Mining (NEM) detracted as it was a strong performer.

**Attribution:**

Stock selection in materials and consumer staples led to modest underperformance. Stock selection in healthcare, industrials and technology were the main positives. Selection was a small positive in consumer discretionary and technology. Sector weights were a slight detractor. An underweight to utilities and REITs hurt as both groups outperformed. A lower market capitalization and higher exposure to stocks with more volatility were headwinds.

Within materials, Allegheny Technologies (ATI), and not owning some of the better performing metal and mining stocks detracted. Allegheny Technologies (ATI) did a convertible offering with an eye towards shoring up the company's balance sheet. However, the offering pressured near-term performance. The average metal and mining stock was up 15%, and we missed owning some of the best performing names.

Hormel Foods (HRL) and Rite Aid (RAD) were the main detractors in consumer staples. Hormel Foods (HRL) underperformed as investors sold a strong Q1 performer. The company beat and raised guidance but by less than estimates. Rite Aid (RAD) underperformed due to continued reimbursement pressures and the protracted FTC review of its sale to Walgreens. We trimmed the position but still own the stock.

Boston Scientific (BSX) and VCA (WOOF) were the biggest contributors in health care. Boston Scientific (BSX) continues to show strong top line growth from new products as well as margin improvement. VCA (WOOF) outperformed on accelerating growth in their animal hospitals and increases in lab testing. Specialty and generic pharmaceutical stocks continued to be weak performers and having no exposure helped performance.

Aerospace and defense holdings drove positive results in industrials. Huntington Ingalls (HII) and L-3 Communications (LLL) advanced 23% and 24% respectively. Huntington Ingalls (HII) benefited from improving defense budgets that will yield better visibility and management continues to execute well. The recent addition of a well-respected operating executive is starting to bear fruit through improved execution at L-3 Communications (LLL). Some of this was offset by ManpowerGroup (MAN) and Old Dominion (ODFL). Fears that Brexit uncertainty will threaten the ongoing recovery in Europe weighed on ManpowerGroup (MAN), which has a majority of revenues coming from there. Old Dominion Freight Line (ODFL) underperformed as its monthly tonnage volume was below estimates and reflected the still slow industrial economy.

Technology and energy were minor contributors. Cypress Semiconductor (CY) and PTC (PTC) were the largest contributors in technology. Cypress Semiconductor (CY) outperformed as the company announced that their long time CEO would be stepping down. PTC (PTC) advanced as the company's transition to a subscription model is tracking ahead of expectations. Rice Energy (RICE) and Continental Resources (CLR) were amongst the biggest winners in energy as both stocks benefitted from rising natural gas and oil prices. A healthy balance sheet, being an efficient operator and discounted valuation aided Rice Energy (RICE). Continental Resources (CLR) increased 49% as additional momentum around its newer SCOOP/STACK acreage took effect.

Consumer discretionary was neutral to performance. Goodyear Tire & Rubber (GT) underperformed as investors were concerned about rising oil prices and other raw materials compressing margins. This was offset by not owning any department stores, which suffered from weak trends, and office superstores, which were blocked from merging with each other.

Overall performance in financials was neutral. Duke Realty (DRE) advanced 19% as strong industrial demand has surprised to the upside with supply growth fairly rational leading to improved pricing power. Invesco (IVZ) declined 16% over fears that Brexit uncertainty will dampen the solid and broad based flow story.

Outlook:

Should I stay or should I go now?

If I go there will be trouble. The Clash

The S&P 500[®] was sitting near all-time highs after shrugging off June's weak employment report prior to the United Kingdom's unexpected vote to leave the European Union (Brexit). As the Clash song goes, going proved to be



trouble with the global markets posting sharp declines following the vote and shifting to risk-off mode. The UK vote follows a global populist shift that began with Arab Spring back in 2011. The movement has landed on U.S. shores with an unconventional Donald Trump leading the Republican ticket, raising concerns about the impact of the upcoming presidential election. What does this mean for markets? Uncertainty reigns.

Despite the heightened uncertainty, we maintain our belief that the US economy is not headed for a recession. With a consumer driven economy, indicators for the consumer remain positive: strong housing, auto sales are solid, credit is easing, interest rates remain historically low, employment continues to improve, and wages are beginning to rise. Additionally, governments around the world are taking unprecedented monetary steps to stimulate their economies. However, there are also signs that give us pause: ISI company surveys have weakened recently, state tax revenues are slowing, durable goods orders remain weak, consumer spending has been volatile, Brexit will likely lower global GDP growth, and the yield curve, while still upward sloping, has flattened. With a US economy running near stall speed of around two percent GDP growth, this provides little cushion when growth concerns arise. Combine this with valuations (P/E, P/S, P/CF) that are not particularly cheap, the end result is heightened volatility and a market that shifts from risk-on to risk-off.

Given this market backdrop, we continue to pare our rising interest rate bias in the portfolio. However, the portfolio will remain tilted towards rising interest rates, but to a lesser extent. With uncertainty returning to the market, a Fed moving slower on raising rates post Brexit, a strong dollar and valuations that are not cheap, we feel the risk reward in the market near-term is balanced. We expect the market to be quite volatile this summer. The portfolios are positioned for an up market, but with a little less reliance on rising rates. As always, we will be looking for opportunities to put money to work to capitalize on the increased market volatility and uncertainty.

Russell completed their annual rebalance, and the new index is more cyclical with a higher beta versus the prior index. Energy and consumer discretionary sectors increased in weight, while the weights in consumer staples and utilities declined.



MIDCAP VALUE

TOP 10 ACTIVE OVERWEIGHTS

Ticker	Company Name	Active Weight
ZBH	Zimmer Biomet Holdings, Inc.	1.44
DRE	Duke Realty Corporation	1.42
HRC	Hill-Rom Holdings, Inc.	1.29
PNW	Pinnacle West Capital Corporation	1.29
WOOF	VCA Inc.	1.18
ZION	Zions Bancorporation	1.00
CY	Cypress Semiconductor Corporation	0.99
HII	Huntington Ingalls Industries, Inc.	0.98
AIZ	Assurant, Inc.	0.96
FLEX	Flextronics International Ltd.	0.95

TOP 10 ACTIVE UNDERWEIGHTS

Ticker	Company Name	Active Weight
SRE	Sempra Energy	-0.90
AVB	AvalonBay Communities, Inc.	-0.78
ED	Consolidated Edison, Inc.	-0.77
PEG	Public Service Enterprise Group Incorporated	-0.74
XEL	Xcel Energy Inc.	-0.72
WY	Weyerhaeuser Company	-0.70
SYF	Synchrony Financial	-0.67
NEM	Newmont Mining Corporation	-0.66
WEC	WEC Energy Group Inc	-0.65
MPC	Marathon Petroleum Corporation	-0.63



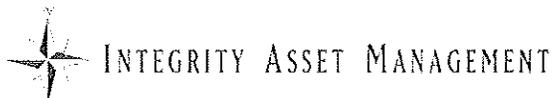
MIDCAP VALUE

NEW POSITIONS

Ticker	Company Name
BHI	Baker Hughes Incorporated
BKU	BankUnited, Inc.
CC	Chemours Co.
CPN	Calpine Corporation
FCE.A	Forest City Realty Trust Inc Class A
FCX	Freeport-McMoRan, Inc.
GIII	G-III Apparel Group, Ltd.
GLW	Corning Incorporated
HPQ	HP Inc.
JBHT	J.B. Hunt Transport Services, Inc.
KEX	Kirby Corporation
LYV	Live Nation Entertainment, Inc.
MOH	Molina Healthcare, Inc.
NUE	Nucor Corporation
PACW	PacWest Bancorp
PDCE	PDC Energy Inc
RCL	Royal Caribbean Cruises Ltd.
RJF	Raymond James Financial, Inc.
STOR	STORE Capital Corporation
WDC	Western Digital Corporation

CLOSED POSITIONS

Ticker	Company Name
ALK	Alaska Air Group, Inc.
AXS	Axis Capital Holdings Limited
BERY	Berry Plastics Group, Inc.
BRKR	Bruker Corporation
GPX	Graphic Packaging Holding Company
KEY	KeyCorp
MTW	Manitowoc Company, Inc.
NRF	NorthStar Realty Finance Corp.
NVDA	NVIDIA Corporation
PBF	PBF Energy, Inc. Class A
SPR	Spirit AeroSystems Holdings, Inc. Class A
TSO	Tesoro Corporation
WPX	WPX Energy, Inc. Class A
WRK	WestRock Co.



Past performance does not guarantee future results.

This update is available to investment professionals who have a relationship with Victory Capital Management and have expressed an interest in Victory's products. Investing involves risk and there is no guarantee any investment will be profitable specifically in extreme market conditions. Past performance should not be considered indicative of future results. Gross and Net returns were calculated on a total return basis, including all dividends and other earnings and are net of non-reclaimable taxes, if any, and transaction costs. Net of fees performance results are calculated using a model fee set to the highest fee on the schedule for that product and deducted from the composite's gross return on a monthly basis. Gross of fees performance reflects the deduction of trading expenses and for some accounts within the composite, custodian fees.

Victory Capital Management Inc. claims compliance with the Global Investment Performance Standards (GIPS[®]) and has prepared and presented this report in compliance with the GIPS standards. Prior to their acquisition by Victory Capital on October 31, 2014, Munder Capital Management and its wholly owned subsidiary, Integrity Asset Management has been independently verified for the periods from July 1, 2003 through December 31, 2013. The verification report is available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Victory Capital Management Inc. is a multi-boutique asset manager comprised of multiple investment teams, referred to as investment franchises, each of which utilizes an independent approach to investing. Victory Capital's investment franchises are: Compass EMP, Diversified Equity Management, Expedition Investment Partners, INCORE Capital Management, Integrity Asset Management, Munder Capital Management, NewBridge Asset Management, Sycamore Capital and Trivalent Investments. Each investment franchise utilizes an independent approach to investing and offers one or more investment strategies that specializes in a specific asset class intended primarily for institutional clients.

The information in this article is based on data obtained from recognized services and sources and is believed to be reliable. Any opinions, projections or recommendations in this report are subject to change without notice and are not intended as individual investment advice. The securities highlighted, if any, were not intended as individual investment advice. A complete list of all recommendations of security selection is available by request for the previous 12 months. Furthermore, Victory Capital Management Inc., and its affiliates, as agents for their clients, and any of its officers or employees, may have a beneficial interest or position in any of the securities mentioned, which may be contrary to any opinion or projection expressed in this report.

For periods ending on or before 12/31/2013, the firm was treated as a separate entity for GIPS[®] compliance purposes.

Target metrics and risk attributes reflect our stated goals and are not absolute limits as these are affected by various factors like market fluctuations.

Contributors and Detractors Source: FactSet. The top contributors and detractors are presented to illustrate examples of the portfolio's investments and may not be representative of the portfolio's current or future investments. The percent displayed is contribution to return. Holdings are as of quarter end and may change at any time.

FOR SEPARATE ACCOUNT INVESTOR AND PROFESSIONAL ADVISOR USE ONLY

Integrity Mid Cap Value Equity Strategy



Year Ending	Gross Return	Net Return	Benchmark	3yr Annualized Standard Deviation (%) Composite	3yr Annualized Standard Deviation (%) Benchmark	Number of Portfolios	Internal Dispersion	Composite Assets (mm)	Total Franchise Assets (mm)
12/31/2015	-4.97%	-5.78%	-4.78%	12.35%	10.71%	11	0.06%	\$248	\$5,182
12/31/2014	11.94%	11.00%	14.75%	11.43%	9.81%	13	0.23%	\$338	\$5,164
12/31/2013	39.60%	38.45%	33.46%	15.46%	13.69%	12	0.26%	\$325	\$4,816
12/31/2012	18.08%	17.10%	18.51%	18.56%	16.76%	12	0.12%	\$227	\$3,283
12/31/2011	-1.37%	-2.21%	-1.38%	23.71%	22.78%	13	0.08%	\$222	\$3,099
12/31/2010	27.67%	26.62%	24.75%	26.51%	27.11%	20	0.29%	\$302	\$3,269
12/31/2009	31.82%	30.73%	34.21%	23.92%	26.01%	21	0.22%	\$202	\$2,364
12/31/2008	-37.99%	-38.53%	-38.44%	17.77%	18.74%	23	0.58%	\$153	\$1,641
12/31/2007	2.96%	2.10%	-1.42%	9.54%	9.13%	20	0.45%	\$212	\$2,499
12/31/2006	18.42%	17.43%	20.22%	8.67%	8.65%	11	N/A	\$141	\$2,497

* Franchise assets are described below

- Victory Capital Management Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Victory Capital Management has been independently verified for the period from January 1, 2001 through December 31, 2013. Prior to their acquisition by Victory Capital on October 31, 2014, Munder Capital Management, and its wholly owned subsidiary, Integrity Asset Management has been independently verified for the periods from July 1, 2003 through October 31, 2014. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Integrity Mid Cap Value Equity Strategy Composite has been examined for the periods January 1, 2014 through October 31, 2014. The verification and performance examination reports are available upon request.
- Victory Capital Management Inc. is a independent multi-boutique investment advisor registered under the Investment Advisers Act of 1940 and comprised of multiple investment teams, referred to as investment franchises. Each franchise utilizes an independent approach to investing. Victory Capital's investment franchises are: Diversified Equity Management, Expedition Investment Partners, INCORE Capital Management, Integrity Asset Management, Munder Capital Management, NewBridge Asset Management, Sycamore Capital and Trivalent Investments. Each investment franchise utilizes an independent approach to investing and offers one or more investment strategies that specialize in a specific asset class intended primarily for institutional clients. Prior to their acquisition by Victory Capital on October 31, 2014, Munder Capital Management and its wholly owned subsidiary, Integrity Asset Management, were treated as separate entities for GIPS compliance purposes. Prior to August 2013, Victory Capital Management was a wholly-owned subsidiary of KeyBank National Association. Registration with the SEC does not imply a certain level of skill or training. A list of composite descriptions and policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
- The Mid Cap Value Equity composite was created in July 2003, and includes all fee-paying, discretionary portfolios that are managed according to the Mid Cap Value Equity strategy. The strategy focuses on mid-cap companies that are currently trading below our estimate of intrinsic value and are characterized by improving investor sentiment. Please Note: The performance data for the period from July 2, 2002 through June 20, 2003, reflects the performance of a registered investment company managed by the portfolio management team members while at a prior employer. During that period, the portfolio management team members primarily responsible for the Integrity Mid Cap Value Equity strategy were primarily responsible for the management of the registered investment company. This performance history is gross of all fees charged to investors in the registered investment company, with the exception of transaction costs, and is derived by compounding the monthly returns as reported by Morningstar. The registered investment company represents the only account managed by the team in the Mid Cap Value Equity strategy while at their prior employer. For continuity, the Fund's performance has been linked, for the remainder of June 2003, to the performance of the one portfolio managed in the same strategy during this time period by the portfolio managers while at Integrity Asset Management. The Mid Cap Value strategy is managed by Integrity Asset Management, a Victory Capital investment franchise.
- Dispersion within the composite is calculated using the asset-weighted standard deviation of annual gross-of-fees returns of those portfolios that were included in the composite for the full year. If less than six portfolios are included in the composite for the full year, no dispersion measure is presented, as it is not considered meaningful. The three-year annualized ex-post standard deviation measures the volatility of the composite and the benchmark returns over the preceding 36-month time period. The notation "n.a." (not available) will appear for periods where 36 monthly returns are not available for the composite. Integrity Asset Management's policies for valuing portfolios, calculating performance, and preparing compliant presentations, as well as a complete list of composite descriptions, are available upon request. Please contact Victory Capital at 877-660-4400.
- The benchmark: Russell Midcap® Value Index measures the performance of those Russell Midcap® companies (approximately 800 of the smallest securities in the Russell 1000® Index, which includes the 1,000 largest stocks by market capitalization in the Russell 3000® Index, an index of the top 3,000 U.S. stocks by market capitalization covering 98% of the U.S. equity investable universe) with higher composite value scores. Index performance information was furnished by sources deemed reliable and is believed to be accurate; however, no warranty or representation is made as to the accuracy thereof and the information is subject to correction. You cannot invest directly in an index, securities in the Composite may not match those in the index and performance of the Composite will differ. Although reinvestment of dividend and interest payments is assumed, no expenses are netted against an index's return. The benchmark returns are not covered by the report of the independent verifiers.
- Victory Capital Management Inc. firm assets under management as of December 31, 2014 and December 31, 2015 were \$33,679 million and \$30,889 million, respectively. Prior to 10/31/2014, Integrity assets were not included in Victory's firm AUM and are thus Not Applicable. Franchise assets for periods prior to 2014 represent the firm assets of Integrity Asset Management when it was a separate firm for GIPS compliance purposes prior to the acquisition by Victory Capital. Beginning with 2014 and for prospective periods, franchise assets represent all assets managed by the Integrity Asset Management franchise within Victory Capital. All returns reflect the reinvestment of investment income (dividends and/or interest) and capital gains, and are net of non-reclaimable withholding taxes, if any. Valuations and returns are stated in U.S. dollars. The gross returns shown are based on time-weighted rates of return less transaction costs. The net returns reflect gross performance less model investment management fees, which were derived using the maximum fixed fee rate in effect for the strategy for the respective time period. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size.

Market Value	Annual Fee
First \$15,000,000	0.85% (Min. Annual Fee: \$42,500)
Next \$35,000,000	0.75%
Next \$50,000,000	0.65%
Thereafter	0.60%

- Past performance is no guarantee of future results.

60

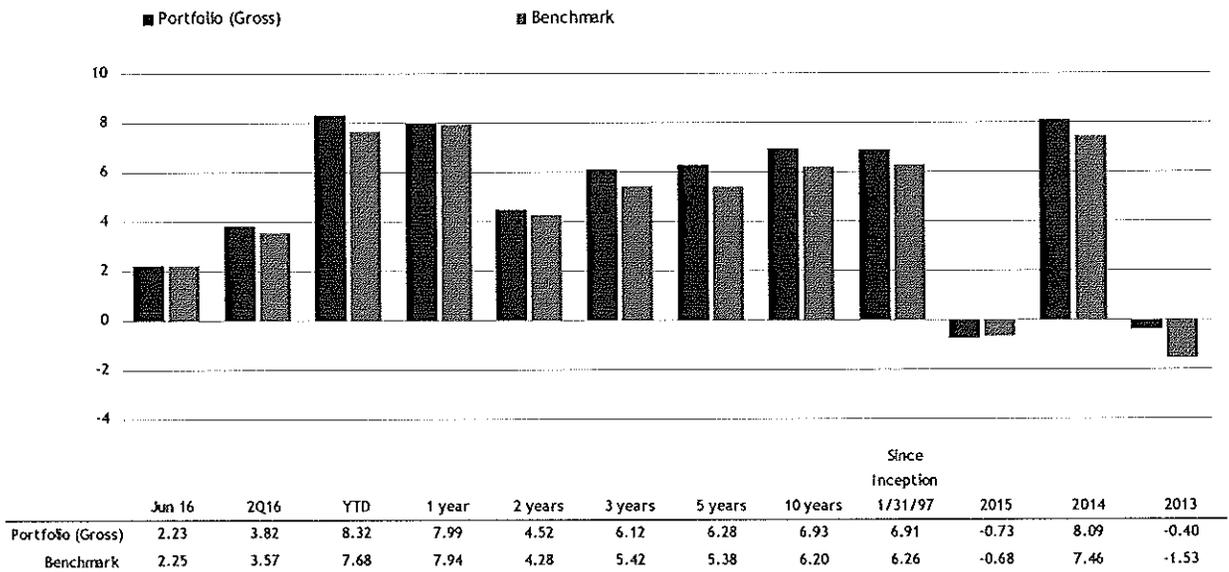
performance review

april-june 2016

MARKET VALUE

TOTAL PRINCIPAL	ACCRUED INCOME	TOTAL PORTFOLIO
\$38,134,449	\$371,118	\$38,505,567

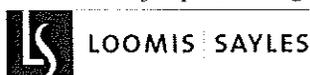
RETURNS (%)



MARKET OVERVIEW

- Declining long-term yields supported the US and Sterling Investment Grade Indices. As interest rates fell, duration impact on total return benefited investment grade corporates more than high yield, where index duration is significantly shorter. The US corporate option-adjusted spread (OAS) tightened by 7 basis points, while the Sterling Aggregate OAS jumped higher immediately after Brexit vote results were announced. At 5.3 years, the duration of the European Investment Grade Index is materially less than the US index at 7.4 years and the Sterling index at 8.2 years. An additional impediment for the European index this quarter was the index weight of financials at 43%. The sector posted a positive total return, but financial companies are facing operating headwinds from negative interest rate monetary policy. One positive is the incremental bid for European investment grade corporates now that European Central Bank (ECB) has initiated the corporate sector purchase program (CSPP).

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 6/30/2016. Returns over one year are annualized. Information is reported on a trade date basis. Data Source: Barclays Capital, Bloomberg



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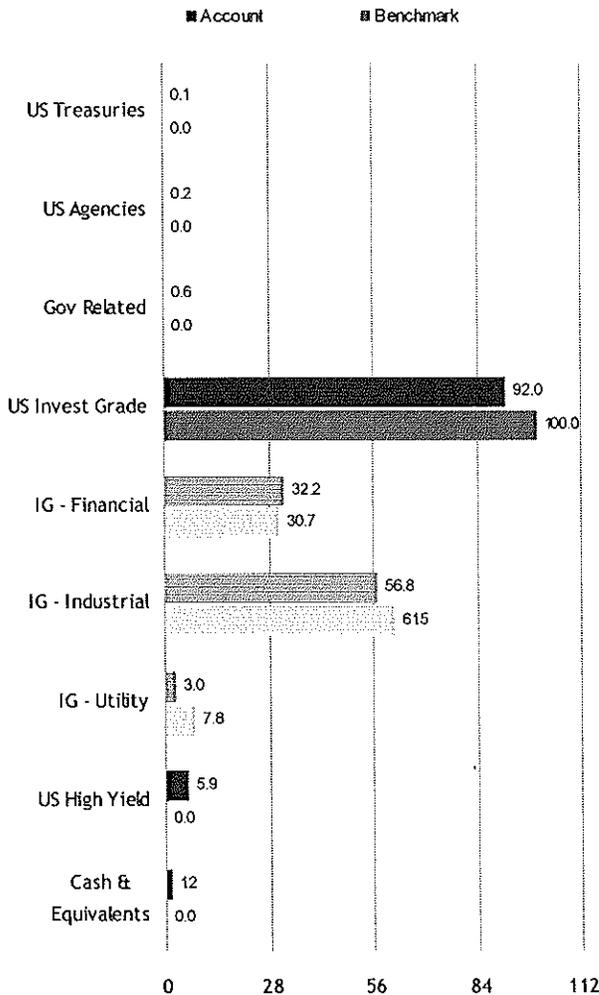
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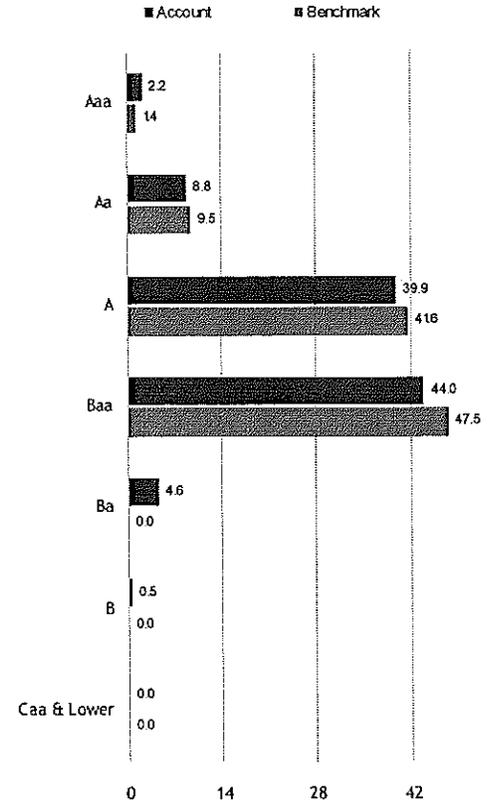
CHARACTERISTICS

	PORTFOLIO	BENCHMARK
Effective Duration	7.58 years	7.40 years
Average Maturity	10.94 years	10.64 years
Yield	3.16%	2.85%
Average Coupon	4.17%	4.18%
Average Quality	Baa1	Baa1

SECTOR ANALYSIS AT JUNE 30, 2016 (%)



QUALITY ANALYSIS AT JUNE 30, 2016 (%)



The current benchmark is Barclays U.S. Corporate Investment Grade. For split rated securities in the quality distribution, the higher of Moody and S&P is used. The account's split rating treatment is based on client guidelines. The benchmark follows the vendor's methodology. Equity securities are deemed to have a duration and maturity value of zero. Yield is Yield to Effective Maturity Data Source: Barclays Capital

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performance review

april-june 2016

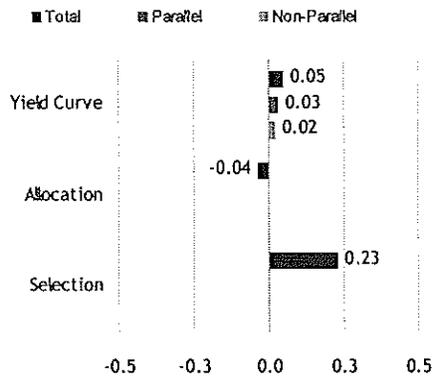
CURRENT QUARTER TOTAL RETURNS (%)

Account Return	3.82
Benchmark Return	3.57
Excess Return	0.25

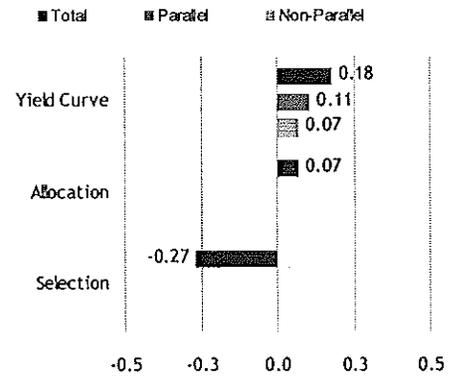
TRAILING YEAR TOTAL RETURNS (%)

Account Return	7.99
Benchmark Return	7.94
Excess Return	0.05

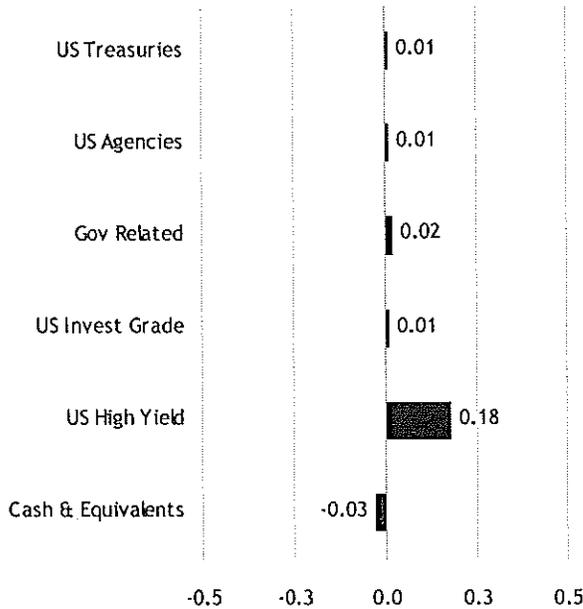
CURRENT QUARTER EXCESS RETURN ATTRIBUTION (%)



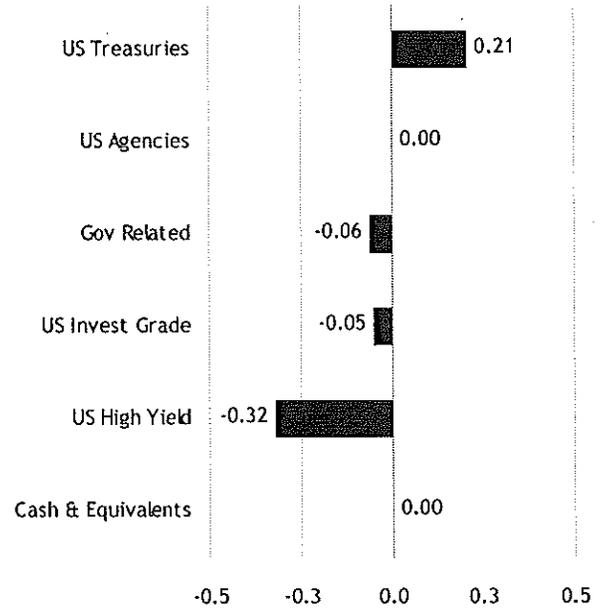
TRAILING YEAR EXCESS RETURN ATTRIBUTION (%)



EXCESS RETURN ATTRIBUTION BY SECTOR (%)



EXCESS RETURN ATTRIBUTION BY SECTOR (%)



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

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corporate bond strategy

april-june 2016

- The investment grade (IG) sector generated positive results. In general, security selection across all sectors boosted excess return, with industrials contributing the most. Selected companies within communications, consumer products and energy positively impacted performance. Financials also bolstered excess return, supported by specific domestic banks and REITs.
- The small out-of-Benchmark weighting to high yield (HY) benefited relative return overall. Exposure to HY industrials had the greatest positive impact on a relative and absolute basis. Selected energy names drove the outperformance as they continued to recover, along with oil prices, from the lows of the first quarter.
- An overweight position in the government-related sector contributed to absolute and relative return. Security selection within the sector drove the outperformance. Exposure to oil-related names and Mexican and Colombian sovereigns had the greatest positive impact. Additionally, our government-related positions generally outperformed duration-matched Treasuries throughout the period.
- A modest out-of-benchmark allocation to US Treasuries which ultimately weighed on relative return. US Treasuries continued to experience yield curve flattening throughout the period, supporting longer-duration securities. Our longer US Treasury holdings contributed the most to excess return.

Sector	Investment Themes	Investment Strategies
US Credit	Corporate fundamentals continue to indicate we are in late stage expansion, with slowing margin growth, increased M&A and leverage that is beginning to rise. M&A activity is adding to a record level of new supply, but demand remains strong as both domestic and foreign buyers seek higher yields. We expect IG corporate bond supply to remain a major theme for 2016, with issuance expected to be in excess of \$1 trillion again. We view valuations as being attractive and expect modest IG corporate spread compression over the next 6-12 months.	Overall credit risk moderately higher than that of the Index.
Industry Selection	We are in the late stages of the expansion cycle and expect corporate bonds to outperform US Treasuries given healthy fundamentals and strong technicals.	Top overweights include banking, transportation, and communications. Top underweights include electric utilities and pharmaceuticals. We have reduced our overweight to the banking sector as the sector has outperformed and the trend toward deleveraging is slowing. We are overweight energy and are opportunistic with our energy buys.
Issue Selection	Our industry selection remains cautious on companies where yield advantage does not compensate for credit risk, especially balance sheet leveraging and M&A activity. For this reason we are overweight financials and underweight several industrial sectors.	Continue to favor new issues but also look for opportunities to purchase older seasoned securities at wider spreads. Avoid companies prone to re-leveraging. Issue selection is key.
Duration and Yield Curve	We have revised our view for Fed tightening but believe 1 Fed hike in the next 12 months is still probable. We expect yields will be anchored by global QE and easing monetary policy.	Neutral versus the Index.

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bond market review & outlook

SECOND QUARTER REVIEW APRIL-JUNE 2016

By Craig Burrelle, VP, Macro Analyst

The uncertainty that Brexit introduces to global markets is unlikely to abate in the near term. A complete resolution, whether leave, remain or limbo, could take up to five years or longer. Immediately after the referendum, global market volatility spiked but has since eased as investors digest new developments and implications.

Brexit headline risk will remain a source of bond market volatility, but volatility can create opportunities for long-term investors. The decision to leave or remain sounds binary, but a result somewhere in between is possible. While this process runs its course, market volatility will create disconnects between bond prices and fundamental value that provide buying opportunities. Ebbs and flows are to be expected, but volatility may remain elevated going forward.

SEEKING A BORROWER OF LAST RESORT

The Brexit vote caused quite a disturbance during the final days of June, but the familiar theme of yield curve flattening predominately characterized the quarter. Demand for long-duration developed market government bonds pushed US Treasury yields lower and sent 10-year Japan and Germany yields into negative territory. Inflationary forces are limited in most developed countries, which offers investors the prospect of higher real returns. Global growth expectations have been cut significantly, even in the United States where 2016 real growth consensus estimates fell to 1.9% from 2.8% a year ago. The fallout from Brexit is a factor pushing global growth estimates lower, but at present, those reductions are very modest. We remain in a demand-deficient world looking for the next sector, country or region with decent balance sheets willing to borrow and spend surplus savings. Without a borrower of last resort, we expect demand to continue to fall short, and economies to muddle along with slow growth and low inflation.

A FAVORABLE BACKDROP FOR FIXED INCOME

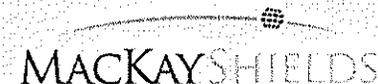
This complex set of global economic conditions is likely to provide a favorable backdrop for fixed income markets. A combination of mediocre economic data, financial market conditions and Brexit should remove the risk of Federal Reserve (Fed) over-tightening. Throughout the past six months, the Fed has walked back hiking expectations, and federal funds futures markets have pushed the next 25 basis point hike further out. A slightly dovish tilt by the Fed, paired with European Central Bank (ECB) and Bank of Japan (BOJ) easing activity, should prevent long-term developed market interest rates from rising rapidly, suggesting fixed income investors can continue to earn positive returns. Slow growth and low inflation have been a headwind for corporate profits over the past two years, but a modest rebound is expected moving into the latter half of 2016. In the US, energy companies should begin to regain profitability in 2017, while the financial sector stands to benefit from any pickup in capital markets activity. The current mix of expansionary policy and mediocre economic data could be a catalyst supporting credit outperformance relative to equities in the months ahead.

KEY TAKEAWAYS

- Brexit increases financial market uncertainty, which is unlikely to abate in the near term.
- We expect global economies to muddle along with low growth and inflation.
- The current mix of expansionary policy and mediocre economic data could be a catalyst supporting credit outperformance relative to equities in the months ahead.

SECOND QUARTER 2016

OVERVIEW OF QUARTERLY PERFORMANCE



MARKET OVERVIEW

The U.S. convertible market, as measured by the BofA Merrill Lynch All Convertible Index, rose 3.63% during the second quarter, 2016, while underlying equities climbed 2.76%. During the period, investment-grade convertibles, as measured by the BofA Merrill Lynch Investment Grade Convertible Index, were up 2.78%, underperforming speculative-grade convertibles, which increased 4.23%.

The second quarter showed a sharp change from the beginning of the year when the convertible market posted its worst two-month start in decades. The market's rally more closely aligns financial markets with economic fundamentals and corporate earnings, in our view. 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. Furthermore, the sharp selloff at the end of June, following Britain's decision to leave the European Union, is testimony to the value of an equity-linked product that offers equity upside participation and downside protection, as convertibles outperformed equities for the month of June and the entire second quarter.

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.

With the exception of Transportation and Consumer Discretionary (down 8.4% and 4.7%, respectively), each benchmark sector posted positive returns during the period. The Energy sector generated outsized gains over the quarter, up 16.2%. Materials, Telecomm, Consumer Staples and Utilities each rose over 5% as well. Despite positive overall returns, the Industrials, Healthcare Media and Tech sectors each underperformed the broader benchmark.

Despite a lackluster start to the quarter, in total 26 new issues totaling \$12.9 billion came to the U.S. convertible market, while approximately \$15.7 billion was redeemed through redemptions and maturities, according to BofA Merrill Lynch Research. It is noteworthy that within the US market, June produced the largest amount of issuance in dollar terms (\$11.3 billion across 18 issuers) since the beginning of 2012, and the largest globally since June 2014. 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 (~86%) 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 Whiting Petroleum, Teleflex and Nvidia were among the top contributors during the quarter. Whiting Petroleum was the best performer in the portfolio for the period. The convertible bonds rose in April and May as oil prices rose and investor fears about the company's financial health abated. In June, the company entered into an exchange transaction with a portion of the company's convertible bond holders, whereby the company exchanged a new convertible security to holders of the existing convertible debt. The new security offered was perceived by investors as more valuable than the old security. Upon receiving the new security from the company, we immediately sold it for a price significantly higher than where the older convertible notes were trading the day before. Teleflex, Inc. also performed well as the company continued to execute on its strategy of improving operating margins through the introduction of new medical products and cutting costs. The company continues to beat quarterly earnings expectations and should be able to continue this trend through further cost reductions and possibly through accretive acquisitions. Nvidia rose sharply in the second quarter after the company reported first quarter earnings that were well ahead of investor expectations. Unlike other chipmakers which are experiencing pricing pressure due to a combination of excess inventory and weak end markets, Nvidia's graphic chips continue to see strong demand from video games and newer end markets such as virtual reality devices and self-driving automobile systems.

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SECOND QUARTER 2016

OVERVIEW OF QUARTERLY PERFORMANCE



Conversely, exposure to Delta Airlines, XPO Logistics and Air Lease weighed on performance during the period. The common shares of Delta Airlines declined during the second quarter. Investors had several concerns about the company's operations. Fuel prices have nearly doubled from February's low and investors worry that higher fuel prices will inhibit profitability. In addition, given the industry's record profitability, investors are concerned that airline employees will seek higher wages during upcoming contract negotiations as employees incurred decades of wages concessions during the industry's challenged past. Lastly, fears of terrorism and economic issues in Europe increased worries that transatlantic travel may weaken. The convertible bonds of XPO Logistics declined after the company reported first quarter earnings that were largely in line with expectations, but showed virtually no free cash flow generation. Given the company's history of acquisitions, investors want to see a successful integration of these various businesses and the generation of earnings and free cash flow. Lastly, following Great Britain's decision to exit the European Union, investors took a dimmer view of the company, as XPO generates approximately one-third of its revenue from Europe following the company's 2015 acquisition of French trucking and logistics firm, Norbert Detressangle. Last, the convertible bonds of Air Lease declined on two conflicting concerns. An analyst expressed concern that with airlines on much more solid financial footing, some may no longer need to lease aircraft and instead may choose to own them outright. (We believe that this is unlikely to occur.) Investors were also concerned that higher fuel prices and the risk of reduced transatlantic travel due to fears of terrorism and slow economic growth in Europe, will hurt Air Lease's customers, the airlines, resulting in fewer leased aircraft.

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.

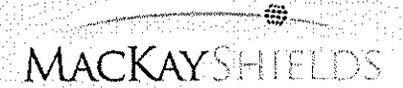
We remain convinced that convertible bonds and equities are attractively valued in the current slow growth environment. Given the slowly improving macro economy and the relatively low rates of interest and inflation, stocks appear inexpensive based on various measures such as price to earnings, price 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.

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SECOND QUARTER 2016 OVERVIEW OF QUARTERLY PERFORMANCE



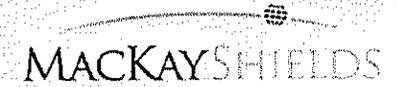
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Past performance is not indicative of future results.

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BAY COUNTY EMPLOYEES RETIREMENT SYSTEM



Portfolio Composition and Performance – Account 1256

June 30, 2016

Composition	Market Value	Percent of Total
Fixed Income	8,413,546	75.99
Equity	2,198,748	19.86
Cash & Equivalents	459,982	4.15
Total Portfolio	\$11,072,276	100.00%

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Performance	Latest Month	Latest 3 Months	Year To Date	Latest 12 Months	3 Years Annualized	5 Years Annualized	Since 10/1/2003	Annualized Since 10/1/2003
Total Fund (Gross of fees)	0.38%	3.73%	3.88%	1.34%	7.97%	6.73%	118.47%	6.32%
CUSTOM BENCHMARK I	0.43%	3.63%	2.01%	-4.02%	8.35%	7.62%	84.00%	4.90%
CUSTOM BENCHMARK II	0.43%	3.63%	2.01%	-4.35%	7.39%	N/A	N/A	N/A

Expressed in USD

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

June 30, 2016

	Total Cost	Percent at Cost	Yield at Cost	Market Value	Percent of Assets	Yield at Market	Annual Income
Bonds	7,957,532	80.53	1.54	8,385,819	75.74	1.46	122,369
Stocks	1,924,365	19.47	0.56	2,193,484	19.81	0.49	10,820
Cash & Equivalents	0	0.00		459,982	4.15	0.00	0
Accrued Income				32,990	0.30		
	<u>\$9,881,897</u>	<u>100.00%</u>	<u>1.35</u>	<u>\$11,072,276</u>	<u>100.00%</u>	<u>1.21</u>	<u>\$133,189</u>

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Bay County Employees' Retirement System

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



Performance results (%) class 1 shares net of expenses (USD)	Portfolio	Benchmark ^A	Excess returns
2Q 2016	0.84	0.46	0.38
2016 YTD	2.66	0.13	2.53
1 year	-2.10	-6.20	4.10
Since client inception (06-Aug-14)	-0.42	-2.82	2.40

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 31-Mar-16	24,828,193
Contributions	0
Withdrawals	0
Change in market value	+207,726
Ending value as of 30-Jun-16	25,035,919

Characteristics	Portfolio	Benchmark ^{AA}
IBES long-term EPS growth - weighted median ¹	8.2%	9.4%
Price/earnings (12 months forward ex-negative earnings) - weighted median	18.5x	19.0x
Return on invested capital - weighted median	12.7%	11.8%
Market capitalization (USD) ²	36.1 bn	25.4 bn
Number of holdings	85	1,060
Traffing 1 year turnover ³	22%	-
Barra predicted tracking error ⁴	3.07%	-

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 SA	Consumer Staples
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	Technology
NOVARTIS AG	Health Care
AIA GROUP LTD	Financial Services
ACCENTURE PLC	Special Products & Services
PERNOD-RICARD	Consumer Staples
RECKITT BENCKISER GROUP PLC	Consumer Staples
COMPASS GROUP EQUITY	Special Products & Services

Sectors (%)	Portfolio	Benchmark ^{AA}
Consumer Staples	19.7	17.4
Health Care	15.9	13.0
Technology	13.3	12.6
Financial Services	11.4	11.3
Special Products & Services	8.5	4.8
Industrial Goods & Services	8.1	5.2
Basic Materials	6.8	6.0
Retailing	5.6	7.4
Leisure	3.9	4.6
Transportation	2.5	4.4
Autos & Housing	1.2	4.2
Energy	1.1	1.4
Utilities & Communications	0.8	7.6

Regions (%)	Portfolio	Benchmark ^{AA}
Europe ex-U.K.	47.1	33.9
United Kingdom	16.5	11.3
Emerging Markets	12.2	22.4
Japan	8.8	16.6
North America	7.4	6.6
Asia/Pacific ex-Japan	5.2	8.6
Developed - Middle East/Africa	1.5	0.6
1.3% 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

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Email: khyland@mfs.com

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



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

MFS HERITAGE TRUST COMPANY

Account Statement
 06/01/2016 - 06/30/2016
 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.

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

MFS HERITAGE TRUST COMPANY

Account Statement
 06/01/2016 - 06/30/2016
 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	06/30/2016 NAV	Beginning Market Value	Period Purchases	Period Redemptions	Ending Units	Ending Market Value
MFS INTERNATIONAL GROWTH FUND CL 1	\$126.55	\$25,172,424.88	\$0.00	(\$0.00)	197,834.210	\$25,035,919.28
Account Total		\$25,172,424.88				\$25,035,919.28

Account Summary - YTD

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

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Bay County Employees' Retirement System
MFS® Heritage Trust Company CIT - MFS International Growth Fund
Class 1 Shares
Report as of 30 June 2016

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

Period	Portfolio net	Benchmark [^]	Excess ^{^^}
June	-0.54	-0.39	-0.15
May	0.44	-0.65	1.09
April	0.94	1.52	-0.58
2Q 2016	0.84	0.46	0.37
1Q 2016	1.81	-0.34	2.14
2016 YTD	2.66	0.13	2.53
1 year	-2.10	-6.20	4.10
Since client inception (06-Aug-14)	-0.42	-2.82	2.40

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

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

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

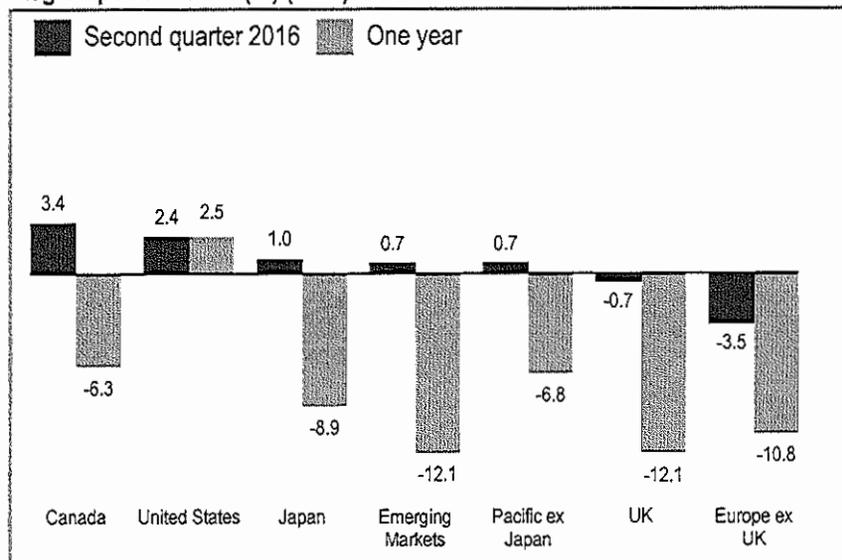
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MFS Heritage Trust Company

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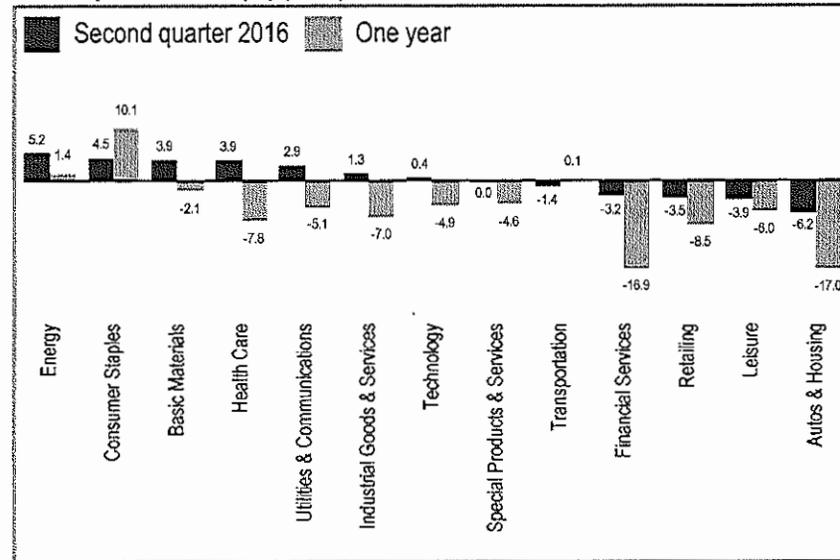
Market overview

Region performance (%) (USD) as of 30-Jun-16



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

Sector performance (%) (USD) as of 30-Jun-16



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

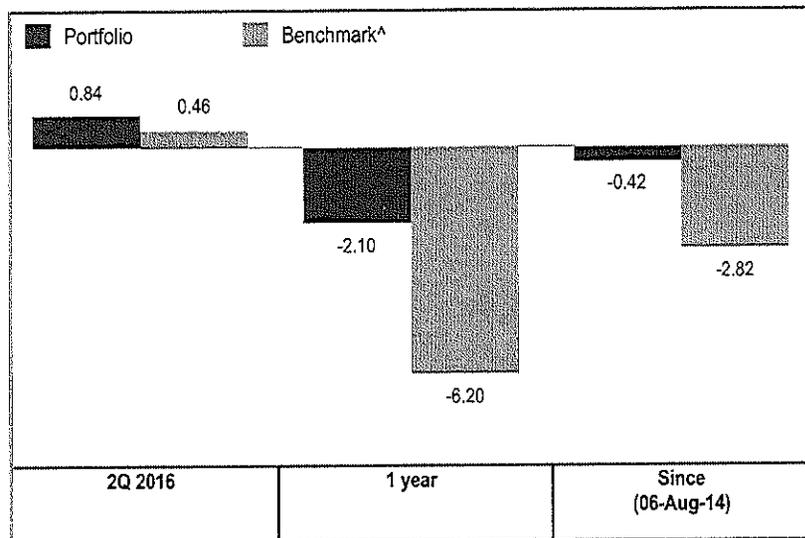
Market review as of 30-Jun-2016

- UK referendum result to leave the European Union has increased political and economic uncertainty and is likely to bring downward earnings pressure in UK and Europe in the near term, particularly for domestically-focused companies. Developed market valuations look full overall following the volatilities year-to-date.
- Recent global economic and political developments in a continued low-growth environment are likely to push out the timing of the next Federal Reserve interest rate hike. While growth and the labor market in the US remain relatively strong and an economic recession does not appear imminent, a broadening of the earnings recession and slowing capital expenditures by large companies are causes for concern. Policymakers outside the US continue to implement accommodative policies, including increased adoption of negative interest rates, to stimulate their sluggish economies.
- Rebounding commodities prices and a likely delay in the Fed tightening cycle are tailwinds for Emerging Markets, but lack of visibility on EM growth calls the sustainability of the rebound into question. We believe making generalizations on the Emerging Markets is increasingly difficult due to their varying stages of development, financial conditions and unique political challenges.



Executive summary

Performance results (%) class 1 shares net of expenses (USD) as of 30-Jun-16



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

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Contributions	0
Withdrawals	0
Change in market value	+207,726
Ending value as of 30-Jun-16	25,035,919

Sector weights (%) as of 30-Jun-16

	Portfolio	Benchmark^^
Top overweights		
Special Products & Services	8.5	4.8
Health Care	15.9	13.0
Industrial Goods & Services	8.1	5.2
Top underweights		
Utilities & Communications	0.8	7.6
Autos & Housing	1.2	4.2
Transportation	2.5	4.4

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

The MFS Heritage Trust Company CIT - MFS International Growth Fund outperformed the MSCI All Country World (ex-US) Growth Index in the second quarter of 2016.

Contributors

- Autos & Housing – Stock selection and an underweight position
- Financial Services – Stock selection
- Individual stocks:
 - Sundrug
 - Terumo Corp
 - Weir Group
 - Novartis AG

Detractors

- Leisure – Stock selection
- Technology – Stock selection
- Currency
- Individual stocks:
 - UBS AG
 - LVMH Moet Hennessy Louis Vuitton SE
 - Burberry Group Plc



Performance results

Performance results (%) class 1 shares net of expenses (USD) as of 30-Jun-16

Period	Portfolio (%)	Benchmark [^] (%)	Excess return vs benchmark (%)
2Q 2016	0.84	0.46	0.38
1Q 2016	1.81	-0.34	2.15
4Q 2015	4.03	5.00	-0.97
3Q 2015	-8.32	-10.77	2.45
2016 YTD	2.66	0.13	2.53
2015	1.30	-1.25	2.55
1 year	-2.10	-6.20	4.10
Since client inception (06-Aug-14)	-0.42	-2.82	2.40

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

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

Past performance is no guarantee of future results.

Net of expenses performance does not include management fees.

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

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Portfolio outlook and positioning

MARKET REVIEW

The fall-out from the historic Brexit Referendum, concerns about weak economic growth, declining or negative interest rates around the world and political uncertainty continue to weigh on markets in 2016.

The most significant event of the quarter occurred just five business days before it ended, when the results of the UK Referendum to leave the EU were announced. To the surprise of many, a 52% majority of UK voters chose to leave the EU. The political repercussions of Brexit were immediate. The Prime minister, David Cameron, resigned and more than 80% of opposition Labour MPs supported a no confidence vote against party leader, Jeremy Corbyn. Whilst there was pressure from European leaders for Prime Minister Cameron to invoke 'Article 50' of the Lisbon Treaty, starting the 2 year exit negotiation clock, his resignation meant that this decision will now fall to the next Prime Minister. In addition to questions about timing, there is also significant uncertainty around the negotiating stance the EU will strike when approaching these important discussions. With the surprising success of this anti-establishment campaign, populist politicians in Europe and beyond are presumably encouraged that their own prospects for success have increased moving forward. With major elections in Europe next year, not to mention the US Presidential race, we believe the potential for political upsets has increased.

The economic repercussions of 'Brexit' are less clear, as they'll depend on government and central bank actions and will be influenced by market responses. The initial reactions in the UK have been highly negative, with the Pound falling around 10% versus the US Dollar and the rating agencies downgrading UK Gilts. Equity markets fell immediately following the results announcement – most steeply in 1) domestic UK businesses, 2) European and UK cyclicals, and 3) European and UK banks – but started to bounce back several days later, virtually recovering all of the losses in local currency terms by the time the quarter had ended. The yen, on the other hand, despite central bank actions over recent months, has appreciated versus other currencies. While it may appear that the yen has now been designated as a safe haven, its appreciation is more likely due to risk aversion and unwinding of various yen-based carry-trades. From an investment perspective, in the short term, FX moves can impact share prices and reported profits, in the long term, the bigger impact may be on the competitive position of global businesses versus those based in other regions. As ever, the best companies seem to be able to withstand even unpredicted recessionary headwinds and any share price volatility tends to be a good opportunity for longer-term oriented investors.

PORTFOLIO POSITIONING

As of March 31, 2016, 47% of the portfolio assets were domiciled in Europe ex UK (compared to 35% for the MSCI AC World ex US Growth Index) and 18% of the portfolio assets were domiciled in the United Kingdom (compared to 12% for the MSCI AC World ex US Growth Index). While the portfolio appeared significantly overweight these regions based on country of domicile, the portfolio derived less than 19% of its revenues from Europe ex UK (compared to 16% for the MSCI AC World ex US Growth Index) and less than 6% of its revenues from the United Kingdom (compared to 6% for the MSCI AC World ex US Growth Index). Given the



Portfolio outlook and positioning

significant weakness in the pound during the quarter, the overweight to this region negatively impacted the relative performance during this period. However, since most of the companies we own in the United Kingdom are significant exporters, any prolonged weakness from the pound depreciating would have a positive impact on earnings from a translational effect.

Not surprisingly, given our philosophy and long-term approach, we did not make any trades during the quarter in anticipation of, or immediately following, the results of the BREXIT vote. As is the case whenever a macroeconomic event creates downward pressure on stocks in the short-term, we look closely at the portfolio holdings to see if there are opportunities to add to existing names or start positions in new investment ideas. We are continuing to assess the portfolio holdings as the third quarter begins.

With risk-aversion increasing heading into the BREXIT vote, we felt well-positioned with the overweight position in consumer staples companies, which generally have more durable businesses models, greater geographical diversification, and less earnings volatility than the overall market. Not surprisingly, the consumer staples sector performed better than the overall market in this market environment, which modestly benefited relative performance.

Following the United Kingdom's decision to leave the European Union, investors became increasingly concerned that this decision could have a negative impact on near-term economic growth in the United Kingdom, the Eurozone, and potentially other regions of the world. Aware of these concerns, central banks are now more likely to remain accommodative in the near- to medium-term, which is likely to put further pressure on banks' profitability. We were already underweight financial services, since we do not believe most developed market commercial banks can grow faster than global GDP through a full economic cycle. Given the likelihood that interest rates remain lower for longer following the BREXIT vote, we would expect continued pressure on financial services companies in the near-term. During the quarter, positive stock selection from emerging markets banks HDFC Bank (India) and Credicorp (Peru), which, unlike many European banks, have strong secular loan growth, benefited the portfolio's relative performance.

While oil prices rebounded to nearly \$50 per barrel during the quarter, we remain underweight the energy sector. In general, we believe that many exploration and production companies do not generate above-average growth, or significant returns on capital and free cash flow over a full market cycle. We also believe that, despite this oil price rebound, many energy companies have cost structures that require oil prices to be in the \$70-\$80 range in order to earn an adequate return on investment. If oil prices remain at or near current levels, we would anticipate capital expenditure cuts, asset write-downs and dividend reductions in the quarters ahead. With concerns of economic growth increasing following the BREXIT vote, we would expect oil demand to be muted in the near- to medium-term, barring an unexpected supply shock.

As part of the continuous process of searching for new investment ideas for the portfolio, the portfolio management team travelled to Latin America during the quarter. Travelling with locally based MFS equity research analysts, and our Emerging Market Equity portfolio management team, they met with company management teams

Portfolio outlook and positioning

in Sao Paulo, Santiago, and Mexico City. Although it's too early to comment on any specific investment ideas that resulted from those meetings, the team was generally impressed by the strength of several of the management teams and improvements in corporate governance, while acknowledging the challenging near-term economic conditions in certain countries.

Following are some of the key trades during the quarter:

- We trimmed WPP Plc and bought Publicis Groupe, which had a meaningfully cheaper valuation for what we believed to be a similar business focused on advertising and marketing services. Publicis' recent reorganization, based on eliminating separate agencies in favor of aggregating all services on a country by country basis, may make it a more efficient company in the long term.
- We initiated a position in Element Financial Corporation, a Canadian financial services company that provides asset-based financings in Canada and the United States with a focus on the transportation sector. We believed their vehicle fleet leasing business has the potential for a long runway of growth at attractive returns. Element is the largest operator in its markets, and we believe their scale in vehicle purchasing and maintenance combined with their vast network of depots creates robust barriers to entry.
- We added to the portfolio's position in GEA Group, one of the largest suppliers of technology for the food and energy processing industries, following a recent meeting with management that firmed up our conviction that the long term margin expansion opportunity is significant.
- We eliminated Loblaw from the portfolio because we believed the stock valuation fully reflected the company's underlying fundamentals following strong share price performance.

MARKET OUTLOOK

Looking at valuations around the world, Europe was trading around 14.0x forward earnings at quarter end, two multiple points above its 10-yr average of 12.0x forward earnings. However, many European companies are under-earning currently, so we believe European valuations aren't as expensive as they appear optically. If European economic growth is more muted in the near-term due to uncertainty around the BREXIT vote, this may be offset, in part, by a potentially weaker euro benefiting multinational exporters. In Japan, companies were trading around 12.6x forward earnings at quarter end, more than two multiple points below the 10-yr average of 15.0x forward earnings. Though valuations looks reasonable overall, it's worth noting that many Japanese multinationals have been overearning from a weaker yen over the past few years. If the yen continues to be a safe haven given the BREXIT uncertainty, a stronger yen would have the opposite effect, lowering earnings for Japanese exporters (thus increasing P/E multiples). Given our strategy's emphasis on above-average growth, we are generally underweight Japan,



Portfolio outlook and positioning

where growth is typically more subdued than in other regions. Finally, in emerging markets, companies were trading around 11.6x forward earnings at quarter end, almost in line with the 10-yr average of 11.0x forward earnings. Similar to the yen, if the US dollar continues to be a safe haven given the BREXIT uncertainty, this may put near-term pressure on companies domiciled in emerging markets.

From a more micro perspective, we believe the heightened uncertainty following the BREXIT vote is likely to create higher volatility and risk aversion in the markets. Typically in such market environments, investors place a premium on the highest quality, most durable business models. Since these are the types of businesses we try to identify for your portfolio, we feel well positioned in the current market environment.

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The commentary included in this report was based on a representative fully discretionary portfolio for this product style; as such the commentary may include securities not held in your portfolio due to account, fund, or other limits.



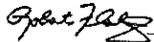
MFS HERITAGE TRUST COMPANY

CERTIFICATE OF PORTFOLIO COMPLIANCE

MFS INTERNATIONAL GROWTH FUND

To the best of my knowledge, for the quarter ending June 30, 2016, MFS Heritage Trust Company ("MHTC") – MFS International Growth Fund complied in all material respects with the investment restrictions contained in the Information Memorandum dated October 1, 2015 for the MHTC MFS International Growth Fund. Such certification is subject to the following conditions: (i) MHTC's compliance testing is performed using portfolio valuation reports derived from its internal security inventory system and not the books and records of the Portfolio; and (ii) MHTC is responsible for compliance with the investment restrictions as stated in the Information Memorandum.

MFS HERITAGE TRUST COMPANY

BY: 
Robert R. Flaherty

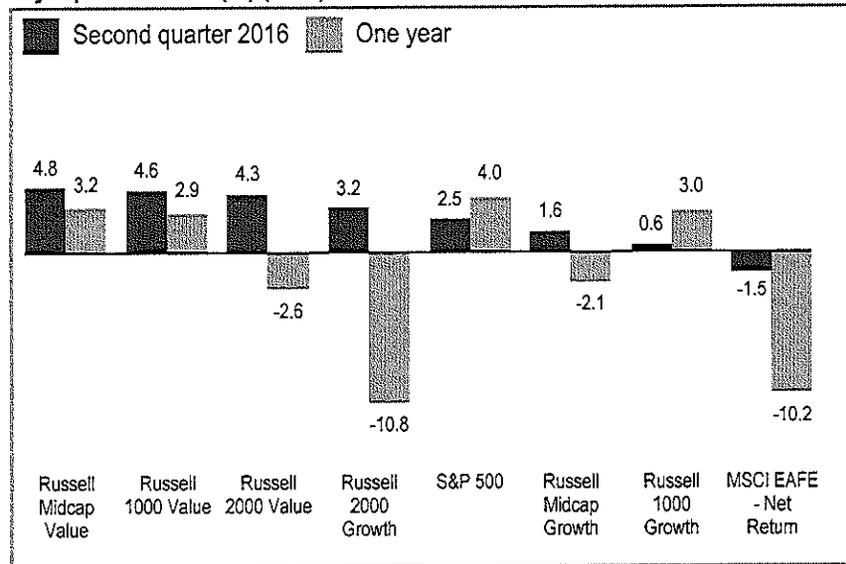
Digitally signed by Robert R. Flaherty, DN: cn=Robert R. Flaherty, o=MFS SOLUTIONS, ou=COMPLIANCE, email=rob.flaherty@mfs.com, c=US

Title: Compliance Officer – Vice President

Dated: July 13, 2016

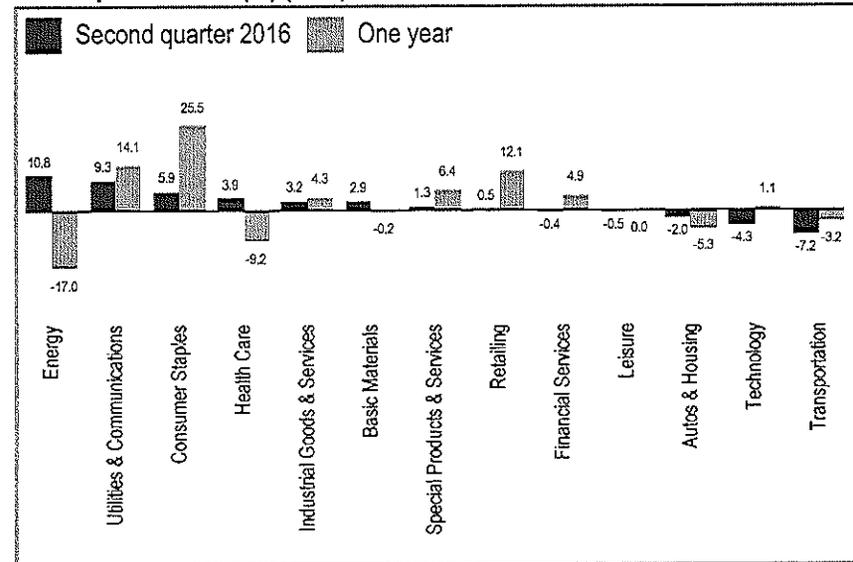
Market overview

Style performance (%) (USD) as of 30-Jun-16



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

Sector performance (%) (USD) as of 30-Jun-16



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

Market review as of 30-Jun-2016

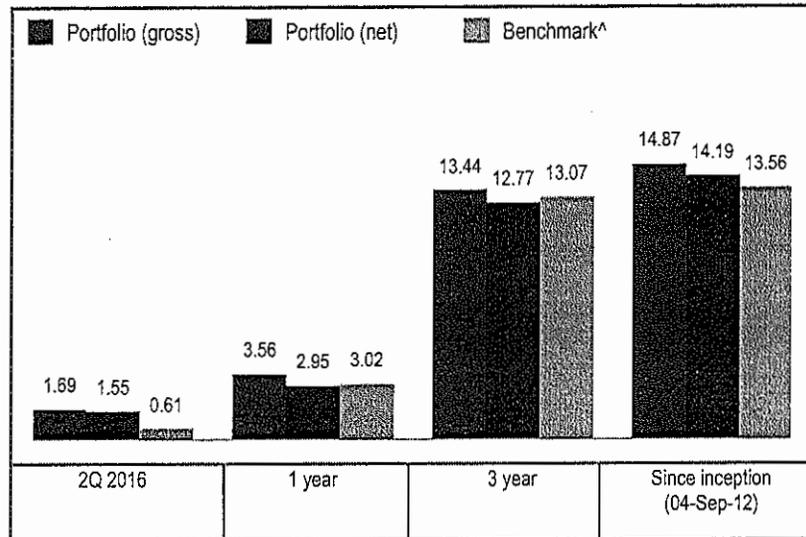
- The U.S. market, as measured by the S&P 500 Index, continued its upward momentum from the back half of the first quarter to end Q2 with a small gain. However, market uncertainty increased at the end of the period as the UK voted to leave the European Union.
- U.S. economic growth slowed during the first quarter with GDP coming in at 1.1%. Growth was constrained by a strong U.S. Dollar and sluggish global demand. While the labor market continued to improve, it had done so at a slower pace during April and May. As a result, the Federal Reserve did not raise interest rates during their June meeting and indicated that future rate increases would likely be gradual. Other central banks (i.e. ECB, BOJ and People's Bank of China) have maintained their "super easy" monetary conditions.
- The value style of investing continued to outperform the growth style of investing during Q2. This outperformance was helped by the energy and utilities sectors, which are more represented in value benchmarks than growth benchmarks.

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Executive summary

Performance results (%) gross and net of fees (USD) as of 30-Jun-16



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

Past performance is no guarantee of future results.

[^] Russell 1000® Growth Index

Asset summary (USD)

Beginning value as of 31-Mar-16	32,526,061
Contributions	0
Withdrawals	-1,000,000
Change in market value	+542,803
Ending value as of 30-Jun-16	32,068,864

Sector weights (%) as of 30-Jun-16

	Portfolio	Benchmark ^{^^}
Top overweights		
Retailing	15.6	11.5
Financial Services	9.5	6.5
Special Products & Services	7.3	5.5
Top underweights		
Leisure	6.5	10.6
Basic Materials	1.4	4.0
Health Care	14.8	16.9

^{^^} Russell 1000® Growth Index

The Growth Equity portfolio outperformed the Russell 1000® Growth Index in the second quarter of 2016.

Contributors

- Technology – Stock selection
- Retailing – Stock selection
- Individual stocks:
 - Medtronic Inc
 - Vulcan Materials Co

Detractors

- Individual stocks:
 - Alphabet Inc
 - Allergan Plc
 - MasterCard Inc
 - Alexion Pharmaceuticals Inc
 - Altria Group Inc (not held)



Performance results

Performance results (%) gross and net of fees (USD) as of 30-Jun-16

Period	Portfolio gross (%)	Portfolio net (%)	Benchmark ^A (%)	Excess return net vs benchmark (%)
2Q 2016	1.69	1.55	0.61	0.94
1Q 2016	-1.59	-1.73	0.74	-2.47
4Q 2015	8.35	8.19	7.32	0.87
3Q 2015	-4.50	-4.64	-5.29	0.65
2016 YTD	0.07	-0.21	1.36	-1.57
2015	7.81	7.17	5.67	1.50
2014	9.60	8.95	13.05	-4.10
2013	38.34	37.51	33.48	4.03
1 year	3.56	2.95	3.02	-0.07
3 year	13.44	12.77	13.07	-0.30
Since client inception (04-Sep-12)	14.87	14.19	13.56	0.63

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.

^A Russell 1000® Growth Index

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Sector weights

As of 30-Jun-16	Portfolio (%)	Benchmark^ (%)	Underweight/overweight (%)	Top holdings
Retailing	15.6	11.5	4.1	Amazon.com Inc, Dollar Tree Inc, Ross Stores Inc
Financial Services	9.5	6.5	3.0	Visa Inc, MasterCard Inc, Intercontinental Exchange Inc
Special Products & Services	7.3	5.5	1.8	Fiserv Inc, Priceline Group Inc, Cognizant Technology Solutions Corp
Autos & Housing	3.2	2.3	0.9	Sherwin-Williams Co, Vulcan Materials Co
Energy	0.9	0.4	0.5	Concho Resources Inc
Technology	22.8	22.8	0.0	Facebook Inc, Alphabet Inc, Alphabet Inc
Utilities & Communications	2.3	2.3	0.0	SBA Communications Corp
Transportation	1.2	2.0	-0.8	Canadian Pacific Railway Ltd
Consumer Staples	7.0	8.4	-1.4	Constellation Brands Inc, Estee Lauder Cos Inc
Industrial Goods & Services	5.3	6.7	-1.4	Danaher Corp
Health Care	14.8	16.9	-2.1	Thermo Fisher Scientific Inc, Medtronic PLC, Bristol-Myers Squibb Co
Basic Materials	1.4	4.0	-2.6	Monsanto Co
Leisure	6.5	10.6	-4.1	Comcast Corp, Aramark, Starbucks Corp

^ Russell 1000® Growth Index
2.3% Cash & cash equivalents

Quarterly Client Portfolio Flows Report
30-Jun-16
Contributions and Withdrawals

Type of Flow	Trade Date	Amount of Flow Local	Amount of Flow Base (USD)
USD			
WITHDRAWALS			
	29-Jun-16	(1,000,000.00)	(1,000,000.00)
	Total WITHDRAWALS	(1,000,000.00)	(1,000,000.00)
	Total Net (Currency)	(1,000,000.00)	(1,000,000.00)
		Total Base	(1,000,000.00)

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Bay County Employees' Retirement System - Growth Equity
BCS

Valuation Summary	30-Jun-16		Portfolio Currency: USD		
	Cost	Market Value	Accrued Income	Total Value	Total Value
CASH	713,004.55	713,004.55	0.00	713,004.55	2.22 %
COMMON STOCK	23,295,022.91	31,050,053.33	12,496.19	31,062,549.52	96.86 %
ADR	295,499.20	293,310.24	0.00	293,310.24	.91 %
	24,303,526.66	32,056,368.12	12,496.19	32,068,864.31	100.00 %
	Accrued Income:	12,496.19			
	Total Value:	32,068,864.31			

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

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Bay County Employees' Retirement System - Growth Equity

BCS

Valuation Summary by Country

30-Jun-16

Portfolio Currency: USD

Issuer Country	Cost	Market Value	Accrued Income	Total Value	Total Value
CASH					
United States	713,004.55	713,004.55	0.00	713,004.55	2.22%
	713,004.55	713,004.55	0.00	713,004.55	2.22%
COMMON STOCK					
Canada	290,049.44	222,549.12	584.32	223,133.44	0.70%
United States	23,004,973.47	30,827,504.21	11,911.87	30,839,416.08	96.17%
	23,295,022.91	31,050,053.33	12,496.19	31,062,549.52	96.86%
ADR					
France	295,499.20	293,310.24	0.00	293,310.24	0.91%
	295,499.20	293,310.24	0.00	293,310.24	0.91%
Portfolio Totals:	24,303,526.66	32,056,368.12	12,496.19	32,068,864.31	100.00%
Accrued Income:		12,496.19			
Total Value:		32,068,864.31			

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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.

Bay County Employees' Retirement System
 Growth Equity
 Report as of 30 June 2016

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

Period	Portfolio gross	Portfolio net	Benchmark [^]	Excess ^{^^}
June	-0.83	-0.87	-0.39	-0.48
May	2.97	2.92	1.94	0.98
April	-0.42	-0.47	-0.91	0.44
2Q 2016	1.69	1.55	0.61	0.93
1Q 2016	-1.59	-1.73	0.74	-2.47
2016 YTD	0.07	-0.21	1.36	-1.57
1 year	3.56	2.95	3.02	-0.07
3 year	13.44	12.77	13.07	-0.30
Since client inception (04-Sep-12)	14.87	14.19	13.56	0.63

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 (%)

The Growth Equity portfolio outperformed Russell 1000® Growth Index in the second quarter of 2016.

Contributors

Technology – Stock selection

Retailing – Stock selection

Individual stocks - Contributors

Medtronic Inc

Vulcan Materials Co

Individual stocks - Detractors

Alphabet Inc

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Allergan Plc
MasterCard Inc
Alexion Pharmaceuticals Inc
Altria Group Inc (not held)

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Economic & Market Commentary

2nd Quarter, 2016

The Economy

Confounding the odds and opinion of experts when voting began, UK voters opted for Britain to leave the European Union by a 52% to 48% margin. This was a massive repudiation of the status quo and led to British Prime Minister David Cameron's decision to step down by October. As of now, Cameron has decided not to trigger Article 50, which would set the clock ticking on the two-year negotiation period that Britain would have to negotiate an exit from the European Union. Strong negative reactions were felt across global markets, but many of the initial moves rebounded in the days that followed. The full outcome is still uncertain, with many possible avenues that range from positive to very negative. Direct effects on US are muted, as only a small proportion of US exports and corporate revenue are derived from the UK, but indirect effects will no doubt be felt. In the meantime, economic data in the US continued to slowly improve. US GDP for Q1 saw its final estimate revised to 1.1% from an initial 0.5%. Job growth saw a slight hiccup as May data showed a sharp drop in job generation, but this was partly explained by a large strike at Verizon Communications. Other job indicators, such as jobless claims and the unemployment rate, remained much more robust. US manufacturing continued to lumber along, staying in the growth territory as measured by the ISM Manufacturing Index. Consumer confidence remains high alongside low gas prices, although they have risen since the start of this year. The Federal Reserve refrained from hiking rates this quarter, and continue to focus on incoming data. Following the Brexit vote, market expectations for a rate hike revised drastically lower, even remotely flirting with the possibility of a rate cut. The Bank of Japan also refrained from action, although analysts had expected some form of easing largely due to a continuously strengthening Yen which has placed pressure on the export-oriented country. The rebound in oil prices this quarter was a boon to emerging market economies who depend on its export. Despite a modest improvement in their outlook, the International Monetary Fund downgraded 2016 global growth expectations to 3.2%, in line with what was seen in 2015. In the US, consensus mean forecasts for 2016 and 2017 call for 1.8% and 2.3% real GDP growth and 1.2% and 2.3% CPI inflation, respectively.

U.S. Stocks

US Stocks had a relatively uneventful quarter, characterized by slightly negative earnings growth, and mild, but steady, price appreciation. Despite a large drawdown following the Brexit announcement, stocks quickly bounced back to end the quarter positive. The rebound in the price of oil throughout this quarter was a dominant driver of returns, helping the Energy sector pull ahead to make up for 2015 losses, and improving the corporate earnings outlook for the rest of the year. Defensive sectors dominated performance in the latter half of the quarter, as excess volatility caused by Brexit and falling interest rate hike expectations helped drive investors into higher yielding equities. In large caps, for the quarter, the S&P 500 (2.5%) and Russell 1000® (2.5%) underperformed small caps (Russell 2000®: 3.8%) and midcaps (Russell MidCap®: 3.2%). In terms of style, growth stocks (Russell 1000® Growth: 0.6%) were behind value stocks (Russell 1000® Value: 4.6%) for the quarter. The best-performing sectors in the S&P 500 were Energy (11.6%) and Telecommunications (7.1%). The worst performers were Technology (-2.8%) and Consumer Discretionary (-0.9%).

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Economic & Market Commentary

2nd Quarter, 2016

International Stock Markets

The impact of the Brexit vote was most concentrated in international markets. Both Europe and Japan experienced single day drawdowns similar to those seen during the financial crisis. However, a quick bounce back left most international developed equity markets intact. Currencies also reacted strongly to the Brexit vote, with safe havens like the Yen experiencing further strengthening, while the Sterling dropped to 30-year lows against the Dollar. A weak Sterling bodes well for the nation's exports, which helped mitigate some of the equity market drawdown in the UK. A recovery in the price of oil was a large help to emerging markets, which outpaced their developed counterparts. In US dollar terms, the MSCI EAFE and MSCI Emerging Markets Indices returned -1.5% and 0.7%, respectively.

U.S. Bonds

Interest rates in the US fell for the quarter, driven primarily by a flight to safety in the latter part of May. Long duration treasuries were the best performers, as the 10 year yield dropped from 1.784% at the end of Q1 to 1.492% to close out the quarter. This is only slightly above the record low of 1.404% set in 2012. Spreads for credit rose slightly, but not materially, letting credit follow the performance of treasuries. The majority of the movement in rates occurred at the end of the quarter as investors searched for safe assets in the face of Brexit volatility. The increasingly low yields found in global sovereign bonds has been another factor, as US yields still offer attractive absolute returns. For the quarter, on a total-return basis, the Barclays US Aggregate Index returned 2.2%. As measured by Barclays, Treasuries returned 2.0%, behind both Corporate High Yield (5.5%) and Investment Grade Corporates (3.6%). The Barclays US TIPS Index was among the laggards, returning 1.7%.

International Bond Markets

Hedged international bonds were positive for the quarter, but failed to keep pace with emerging market debt which saw a healthy rally as oil prices benefitted exporting countries. Global 10 year bond yields have begun dipping into negative territory in multiple areas, including Germany, Switzerland, the Netherlands, and Japan. This is partly due to monetary easing by central banks, but has been increasingly driven by investor preference for safety. For the quarter, the Barclays Unhedged Global Aggregate Index returned 2.9%, outperforming the Barclays Hedged Global Aggregate Index which posted a total return of 2.5%.

Real Estate

Real estate fundamentals continued to improve for most property types in the second quarter of 2016. Economic and employment growth has slowed this year but has continued to support positive net absorption. There are indications that commercial real estate sales activity picked up in 2Q16 from the previous quarter but remained weaker year-to-date from the first half of 2015. NCREIF Property Index (NPI) total returns decelerated further in 1Q16 to 2.2% from 2.9% in the previous quarter. Retail and industrial sector returns (3.0%) led within the NPI, owing to stronger appreciation growth. The U.S. REIT market outperformed the broader equity market in the second quarter of 2016 with a total return of 7.0% for the FTSE NAREIT Equity REITs Index, well above the 2.5% of the S&P 500 Index.

Asset Summary

2nd Quarter, 2016

	Total	PRISA LP***
Market Value 03/31/2016	\$10,693,192.07	\$10,693,192.07
Receipts	4,472,580.03	4,472,580.03
Transfers	0.00	0.00
Disbursements	0.00	0.00
Net Investment Income	123,866.49	123,866.49
Realized Gains/Losses	0.00	0.00
Change in Unrealized Gains/Losses	76,421.88	76,421.88
Manager Compensation****	(29,154.40)	(29,154.40)
Gross Operating Cash Flow Distribution****	(72,580.03)	(72,580.03)
Market Value 06/30/2016	\$15,264,326.04	\$15,264,326.04

*** In PRISA LP, Net Investment Income is net of partnership level expenses & PRISA LHC preferred shareholder distributions. Gross Operating Cash Flow special and common distributions are prior to reinvestments.

**** Manager Compensation and Gross Operating Cash Flow Distribution apply to PRISA LP only.

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Transaction Detail Statement

*Bay County Employees' Retirement System
PRISA LP
2nd Quarter, 2016*

Transaction Description	Transaction Date	Book Value	Market Value	Unit Value*	Units
Balance	03/31/16	\$10,407,513.63	\$10,693,192.07	1,358.76360	7,869.79580
Receipts					
Deposits					
Cash	06/30/16	4,400,000.00	4,400,000.00	1,371.28666	3,208.66536
Reinvest Common OCF Distrib.	06/30/16	72,557.16	72,557.16	1,371.28666	52.91174
Reinvest Special OCF Distrib.	06/30/16	22.87	22.87	1,371.28666	0.01668
Total Deposits		4,472,580.03	4,472,580.03		3,261.59378
Total Receipts		4,472,580.03	4,472,580.03		3,261.59378
Transfers		0.00	0.00		0.00000
Disbursements		0.00	0.00		0.00000
Net Investment Income**		123,866.49	123,866.49		
Realized Gains/Losses			0.00		
Change in Unrealized Gains/Losses			76,421.88		
Manager Compensation		(29,154.40)	(29,154.40)		
Gross Operating Cash Flow Distribution***			(72,580.03)		
Balance	06/30/16	\$14,974,805.75	\$15,264,326.04	1,371.28666	11,131.38958

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*PRISA LP unit value is adjusted for the impact of operating cash flow reinvestment/distribution. PRISA LP investors are issued new units for operating cash flow reinvestment.

**Net Investment Income is net of partnership level expenses & PRISA LHC preferred shareholder distributions.

Transaction Detail Statement

Bay County Employees' Retirement System
PRISA LP
2nd Quarter, 2016

Transaction Description	Transaction Date	Book Value	Market Value	Unit Value*	Units
-------------------------	------------------	------------	--------------	-------------	-------

***Includes client's share of special & common distribution from PRISA LP. Gross operating cash flow distributions are prior to reinvestments.

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Investment Results

Gross Time Weighted

For Periods Ending June 30, 2016

	Inception Date	Quarter	Year-to- Date	1 Year	Inception- to-Date
Real Estate		1.87%	4.11%	12.41%	12.66%
PRISA LP	03/31/2015	1.87%	4.11%	12.41%	12.66%
Total Gross Return		1.87%	4.11%	12.41%	12.66%

For investments in PRISA LP, gross time weighted returns are based on realized & unrealized gains/losses and net investment income. Net investment income used for return purposes is gross of operating cash flow distributions, and manager compensation.

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Portfolio Summary - PRISA LP

June 30, 2016

Objective: To produce a total return, each year, that outperforms the NCREIF Fund Index Open End Diversified Core Equity (NFI-ODCE) on a total return basis each year (before fees and profit's interest), while maintaining the benefits of a broadly diversified, core portfolio. Further, we anticipate that achieving these annual performance goals will result in an annualized (after inflation) rate of return (before fees and profit's interest) between 7.5% and 9.5% over a complete market cycle.

Annual Performance Returns by Income and Appreciation (Before Compensation)

<u>Calendar Year</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Income	9.13%	7.45%	6.67%	5.94%	5.27%	7.16%	7.26%	5.56%	5.36%	5.30%	5.22%	5.01%
Appreciation	6.15%	15.82%	9.48%	11.58%	-18.25%	-41.40%	11.16%	13.52%	4.31%	9.22%	7.80%	9.71%
Total	15.28%	23.27%	16.15%	17.52%	-12.98%	-34.24%	18.42%	19.08%	9.67%	14.88%	13.32%	15.08%

Annualized Performance Returns by Income and Appreciation (Before Compensation) Period Ended June 30, 2016

<u>Period</u>	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>	<u>Inception</u> <u>(07/31/70)</u>
Income	1.16%	4.78%	5.07%	5.19%	5.76%	7.77%
Appreciation	0.71%	7.37%	8.08%	7.47%	-0.06%	1.20%
Total	1.87%	12.41%	13.45%	12.95%	5.71%	9.05%

Annual Performance returns are gross time weighted returns for each period.

Past performance is not a guarantee of future results. Performance information related to periods prior to January 1, 2013 relates to the performance of the PRISA Separate Account ("PRISA SA") and not PRISA LP. Information related to periods after January 1, 2013 relates to PRISA LP returns.

Detailed holdings of the underlying investments for the investment strategy shown on this page are available quarterly, 45 business days after quarter end. Please contact your account representative if you would like to request a copy of these holdings. There is no guarantee that the portfolio objective will be achieved.

Effective January 1, 2013, the method for calculating income and appreciation returns has changed to one which uses separate geometric linking, which is consistent with recent changes in Global Investment Performance Standards. As a result, when linking multiple periods' returns, the cumulative effect of cross compounding may cause the sum of income and appreciation returns to not equal the total return.

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Management compensation information shown below provides a breakdown of the compensation earned by quarter and the current year.

PRISA LP Manager Compensation

	Effective Base Management Fee	Cash Flow Profit Distributions	Cash Management Profit Distributions	Total Quarterly Compensation	Effective Annualized Rate
First Quarter 2016	\$26,082.21	\$2,729.49	\$13.31	\$28,825.01	110bp
Second Quarter 2016	26,033.74	3,053.02	67.64	29,154.40	109bp
Total Year-To-Date 2016	\$52,115.95	\$5,782.51	\$80.95	\$57,979.41	109bp

The calculation of the effective annualized rate is determined on a quarterly basis by using the sum of Effective Base Management Fee, Cash Flow Profit Distributions and Cash Management Profit Distributions and dividing by the Market Value for the respective period.

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PRISA LP Compensation Schedule

Effective Base Management Fee

Effective Base Management Fee is determined quarterly by applying the following quarterly scaled percentage charge based on Invested Capital to your portion of the Net Asset Value of PRISA LP as determined by your percentage interest in PRISA LP.

<u>Rate</u>	<u>Invested Capital by Tier</u>
0.2500%	First \$10 Million
0.2375%	Over \$10 up to \$25 Million
0.2250%	Over \$25 up to \$50 Million
0.2125%	Over \$50 up to \$100 Million
0.1625%	Over \$100 Million

The Effective Base Management Fee rates above are derived by allocating to Limited Partners in respect of their invested capital a mix of fee-bearing Class A Units, and non-fee-bearing Class B units. The allocation of Class A and Class B Units to you is as follows:

Class A/B Unit Allocations

100% Class A Units	First \$10 Million
95.00% Class A Units / 5.00% Class B Units	Over \$10 up to \$25 Million
90.00% Class A Units / 10.00% Class B Units	Over \$25 up to \$50 Million
85.00% Class A Units / 15.00% Class B Units	Over \$50 up to \$100 Million
65.00% Class A Units / 35.00% Class B Units	Over \$100 Million

Cash Flow Profit Distribution

Cash Flow Profit Distribution is determined quarterly as a percentage of PRISA LP's Net Operating Cash Flow, as contractually defined. This operating cash flow is split into tiers and is charged quarterly in the following way to your portion, as determined by your percentage interest in PRISA LP.

3.0% of Tier 1 Operating Cash Flow	Applies to the amount of Operating Cash Flow allocable to the portion of your NAV under and up to \$100 Million.
2.5% of Tier 2 Operating Cash Flow	Applies to the amount of Operating Cash Flow allocable to the portion of your NAV over \$100 Million.

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PRISA LP Compensation Schedule

Cash Management Profit Distribution

Cash Management Profit Distribution is determined quarterly by applying the following quarterly percentage charge to your portion of PRISA LP's cash and cash equivalents, determined by your percentage interest in PRISA LP.

0.025%On all

Effective Compensation Cap

Effective Compensation Cap is determined annually each December 31 by applying the maximum compensation percentage to your average outstanding market value.

1.20% onOver \$0 up to \$25 Million
1.15% onOver \$25 up to \$50 Million
1.10% onOver \$50 up to \$100 Million
1.05% onOver \$100 up to \$200 Million
1.00% onOver \$200 Million

* The Effective Compensation Cap is applied to the sum of your Effective Base Management Fee, Cash Flow Profit Distributions, and Cash Management Profit Distributions.

In the event of any conflict between the description of the method of calculation of the fees, profits interest and annual compensation caps with respect to PRISA LP and its subsidiaries in this document, on the one hand, and the terms of the limited partnership agreements, on the other hand, the terms of such partnership agreement shall prevail.

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Total Expense Summary

*Year-To-Date
Through June 30, 2016*

PRISA LP Manager Compensation	\$57,979.41
Total Expenses	\$57,979.41

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PRISA

Performance Report¹ | Second Quarter 2016

Performance ^{2,5}	PRISA Composite		PRISA SA		PRISA LP		NFI-ODCE ³		2016 Projections ⁴
	2Q16	YTD	2Q16	YTD	2Q16	YTD	2Q16	YTD	
Income	1.15%	2.29%	1.15%	2.28%	1.16%	2.30%	1.12%	2.24%	4.50% to 5.00%
Appreciation	0.77%	1.86%	0.78%	1.87%	0.71%	1.79%	1.01%	2.09%	4.00% to 6.00%
Total Return	1.92%	4.16%	1.93%	4.17%	1.87%	4.11%	2.13%	4.36%	8.50% to 11.00%

Highlights

PRISA (“PRISA Composite” or “The Fund”) delivered a total gross return for the quarter of 1.92%, with 1.15% derived from income. The Fund’s performance was reflective of value increases across the portfolio, with outsized appreciation in the storage and industrial sectors. As expected, overall appreciation continues to moderate, and is now primarily driven by income growth. Additionally, the consequences of Brexit negatively impacted the Fund’s return by 10 bps through the debt mark to market process. While PRISA’s income return exceeded its NFI-ODCE benchmark in the current quarter by 3 bps, the total return underperformed NFI-ODCE by 21 bps. However, PRISA’s one-year return outperformed NFI-ODCE by 89 bps and its longer-term relative performance also compares favorably, exceeding the benchmark’s in the three, five and since NFI-ODCE inception time periods.

The storage sector continues to generate outsized appreciation for PRISA, reporting the strongest value growth of 3.8%, largely as a result of higher income and a favorable restructure of the existing joint venture agreement with Extra Space Storage that occurred during the quarter. The second strongest performance came from the industrial portfolio, which increased in value by 1.4% and contributed 27% of the appreciation compared to its allocation of 14%. Appreciation in the industrial portfolio was led by assets in Los Angeles and Seattle, representing 77% of the sector’s appreciation. Strength in these markets drove increases to occupancy and rental rates at our properties. Industrial assets that delivered outsized appreciation this quarter included: Perris Valley Logistics Center (7.5% increase, \$8.4M); Dominguez Hills (2.8% increase, \$3.3M) and Buena Park (3.6% increase, \$3.2M).

During the quarter, PRISA funded three new transactions for a total gross investment of \$178 million.⁵ The most notable activity was the acquisition of a newly constructed storage asset for \$48M, plus a commitment to acquire four additional properties upon construction completion for a combined gross purchase price of \$262M. The program will add 10,450 units of storage in

the New York City Metro area and expand on the existing joint venture relationship with Extra Space Storage. This acquisition executes on PRISA’s strategy to acquire newer storage assets in in-fill locations while leveraging the operational expertise of its best-in-class partner. In addition, PRISA formed a joint venture to develop Related Stratford, a build-to-core apartment in Atlanta, Georgia. Upon completion, the 36-story tower will consist of 362 units in the heart of the Buckhead Commercial District, which boasts a high concentration of high-end retail, luxury residential, and trophy office property.

The Fund sold three investments and executed three partial sales during the quarter for total gross proceeds of \$67 million.⁵ The most notable disposition was an older, two-property 200K sf office complex in Irvine, CA for \$45 million. The investment generated an 8.5% IRR over the average 11-year hold period. The sale is consistent with the Fund’s strategy to reduce exposure to non-strategic assets and capitalizes on the strong demand for redevelopment opportunities in the submarket.

Outlook

After six years of outsized returns driven largely by cap rate compression, appreciation has begun to moderate, with income growth as the primary driver for value gains. PRISA’s high-quality portfolio is well positioned to generate healthy NOI growth and performance through active asset management and leasing activities, targeted new acquisitions and strategic sales. Overall, we anticipate same-property income growth of approximately 4.5% during 2016, and actual year-to-date income growth through second quarter is 6.1%. We also project additional upside to income and appreciation from our office lease-up and build-to-core apartment and industrial strategies. Based on a year-to-date total return of 4.16%, we are expecting a total return in the lower end of our original 2016 target of 8.5% to 11.0%.

PRISA Composite⁶

Key Account Measures	Transaction Activity	2Q16	YTD	Client Activity	2Q16	YTD
Gross Assets	\$22.9B	Acquisitions (gross)	\$177.9M	\$360.4M	Deposits	\$807.4M \$1,007.4M
Net Assets	\$18.0B	Dispositions (gross)	\$67.2M	\$188.7M	Reinvestments	\$67.7M \$151.3M
Cash	\$828.3M				Withdrawals	\$464.7M \$695.3M
Leverage Ratio	19.8%				Cash Flow Distributions	\$75.3M \$158.6M
					Entry Queue	\$592.5M

Disclosures

- ¹ "PRISA", or "PRISA Composite" or the "Fund", represents aggregate or composite of PRISA LP and PRISA Separate Account ("PRISA SA"). Although this is not an actual fund in which any client is invested or can invest, it is indicative of the overall performance of the PRISA investment strategy.
- ² Quarterly and year-to-date returns are not annualized.
- ³ NFI-ODCE returns are based on the preliminary snapshot report published by NCREIF on July 14, 2016.
- ⁴ Past performance is not a guarantee or a reliable indicator of future results. This is a projection based upon management expectations of future events, which are subject to change and not guaranteed.
- ⁵ Based on Fund's share of gross activity.
- ⁶ PRISA Composite information is based on the aggregate composite portfolio and activity of PRISA LP and PRISA SA. The portfolio of PRISA LP, which co-invests in substantially all of the assets of PRISA SA through a REIT ("PRISA REIT"), differs somewhat from the portfolio of PRISA SA. Additionally, PRISA LP's and PRISA SA's interests in PRISA REIT are approximately 18.8% and 81.2%, respectively as of June 30, 2016. Accordingly, certain of the information presented in the prior page (e.g., Gross Assets, Net Assets and Leverage Ratio) may differ if it was presented only with respect to PRISA LP or PRISA SA. It is expected that performance and composition will be substantially the same.

Note: All returns are shown prior to deduction of manager compensation/fees. Please refer to the PRISA Fund Review for additional details or for discussion of investment considerations. All data is preliminary and subject to modification.

Schroder Investment Management North America Inc.
 C/O US Bancorp Fund Services, LLC
 PO Box 701
 Milwaukee, WI 53201-0701

Investor Statement Page 1 of 1
 for the period of: January 1, 2016 - June 30, 2016



BAY COUNTY EMPLOYEES' RETIREMENT SY
 ATTN REBECCA MARSTERS
 515 CENTER AVE
 BAY CITY MI 48708-5941
 000018

Please note, as of February 2016 we have enhanced the monthly statement to reflect YTD activity.
 If you have any questions or comments regarding this statement, please contact your Client Service team at Schroders, New York at clientservicenyc@schroders.com.

Positions Held

	Fund Number	Account Number	Total Shares	Share Price	Fund Value	% of Holdings
SCHRODER INTERNATIONAL SMALL CO'S FUND	3179	50306	2,682.509	\$9,698.9590	\$26,017,544.81	100.00%
TOTAL VALUE					\$26,017,544.81	100.00%

Account Year-to-Date Summary

	Fund Number	Account Number	Investments	Redemptions	Dividends	Capital Gains
SCHRODER INTERNATIONAL SMALL CO'S FUND	3179	50306	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL VALUE			\$0.00	\$0.00	\$0.00	\$0.00

Year-to-Date Transaction Detail

Trade Date	Transaction	Dollar Amount	Price	Shares	Total Shares
------------	-------------	---------------	-------	--------	--------------

SCHRODER INTERNATIONAL SMALL CO'S FUND FUND/ACCOUNT NUMBER: 3179-50306

BALANCE FORWARD				2,682.509
ENDING BALANCE	\$26,017,544.81	\$9,698.9590		2,682.509



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 One Battery Park Plaza,
 New York, NY 10004-1405
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 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 7/13/2016
 Page 1 of 2

Commission Program Review
 Rep: MARY DAVIDSON

Month Summary: BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

Period: June 1, 2016 To June 30, 2016

	<u>June 2016</u>	<u>Year To Date</u>
Opening Balance:	\$0.00	\$0.00*
Commission:	\$25.00	\$170.17
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>June 2016 Commission</u>	<u>June 2016 Credit</u>	<u>Year to Date Commission</u>	<u>Year to Date Credit</u>
HOTCHKIS & WILEY	\$25.00	\$0.00	\$170.17	\$0.00
Total:	\$25.00	\$0.00	\$170.17	\$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.



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Date 7/13/2016
 Page 2 of 2

Commission Program Review
 Rep: MARY DAVIDSON

Trade Details: BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

Period: June 1, 2016 To June 30, 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>
06/01/16	B	PEB	PEBBLEBROOK HOTEL TR COM	600	\$6.00	\$0.00	\$0.00
06/02/16	B	PEB	PEBBLEBROOK HOTEL TR COM	200	\$2.00	\$0.00	\$0.00
06/03/16	S	GXP	GREAT PLAINS ENERGY INC COM	1,100	\$11.00	\$0.00	\$0.00
06/03/16	B	KBR	KBR INC COM	600	\$6.00	\$0.00	\$0.00
Account Total:				2,500	\$25.00	\$0.00	
Grand Total:				2,500	\$25.00	\$0.00	

Bay County Employees' Ret. Sys.

CAPIS Account: 10263

Settlement Month Ending: 6/30/2016

TOTAL COMMISSION

COMMISSION ALLOCATION

	TOTAL COMMISSION		COMMISSION ALLOCATION			
	June	YTD	Execution		Recapture	
			June	YTD	June	YTD
Beginning Balance					\$484.79	\$177.01
U.S. Equity	544.88	1,754.70	136.22	446.76	408.66	1,307.94
International Equity	-	-	-	-	-	-
Fixed Income	-	-	-	-	-	-
International Fixed Income	-	-	-	-	-	-
New Issues	-	-	-	-	-	-
Options	-	-	-	-	-	-
Futures	-	-	-	-	-	-
Foreign Currency	-	-	-	-	-	-
Syndicates	-	-	-	-	-	-
U.S. Correspondent Equity	259.93	3,123.78	126.63	1,465.21	133.30	1,658.57
Recapture Subtotals	\$ 804.81	\$ 4,878.48	\$ 262.85	\$ 1,911.97	\$ 541.96	\$ 2,966.51
Execution	\$ 0.00	\$ 0.00				
Directed	\$ 0.00	\$ 0.00				
Correspondent Broker/Dealer	\$ 0.00	\$ 0.00				
Total	\$ 804.81	\$ 4,878.48				

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Total Earned \$ 541.96 \$ 2,966.51

Total Redeemed \$ 484.79 \$ 2,601.56

Balance as of 6/30/2016 \$ 541.96 \$ 541.96



Bay County Employees' Ret. Sys.

CAPIS Account: 10263

Settlement Month Ending: 6/30/2016

Summary of Segregated Account Detail

	June	YTD
Payment from Segregated Account	\$ 484.79	\$ 2,601.56
	<u>\$ 484.79</u>	<u>\$ 2,601.56</u>

Voucher Amount

Segregated Account Detail

Service Period	Comments/Notes	Vendor Invoice #	Date Paid	June	Prior Months	YTD	Mixed Use %
Payment from Segregated Account							
December 2015	Commission Recapture	305624Bay Count	01/15/2016		\$ 177.01		
January 2016	Commission Recapture	306237Bay Count	02/12/2016		\$ 381.33		
February 2016	Commission Recapture	306725Bay Count	03/15/2016		\$ 556.20		
March 2016	Commission Recapture	307305Bay Count	04/15/2016		\$ 884.63		
April 2016	Commission Recapture	307776Bay Count	05/16/2016		\$ 117.60		
May 2016	Commission Recapture	308237Bay Count	06/15/2016	\$ 484.79			
		Payment from Segregated Account Total		<u>\$ 484.79</u>	<u>\$ 2,116.77</u>	<u>\$ 2,601.56</u>	
		Grand Total		<u>\$ 484.79</u>	<u>\$ 2,116.77</u>	<u>\$ 2,601.56</u>	

Bay County Employees' Ret. Sys.

CAPIS Account: 10263

Settlement Month Ending: 6/30/2016

Summary of Directed Commission by Manager

	Shares	Commission		Recapture Allocation	
		June	YTD	June	YTD
Columbia Threadneedle Investments	9,331	\$259.93	\$3,123.78	\$133.30	\$1,658.57
Henderson Geneva	13,622	544.88	1,678.56	408.66	1,252.95
MFS Investment Management	0	0.00	76.14	0.00	54.99
	22,953	\$ 804.81	\$ 4,878.48	\$ 541.96	\$ 2,966.51

Recapture Commission Activity

Trade Date	Stlmt Date	Post Date	Side	Shares	Ticker	Security Description	Brokerage Account Number	Brokerage Account Name	Ex Brkr	Price	Commission	Recapture Allocation
Columbia Threadneedle Investments												
05/04/2016	05/09/2016	06/23/2016	B	4,200	QCOM	QUALCOMM INC	3MB01C57	E53D BAY COUNTY	WEEDEN	50.6793	126.00	67.20
05/13/2016	05/18/2016	06/23/2016	B	3,131	GLW	CORNING INC	3MB01C57	E53D BAY COUNTY	WEEDEN	18.7450	93.93	50.10
05/20/2016	05/25/2016	06/23/2016	B	2,000	BAX	BAXTER INTERNTL INC	3MB01C57	E53D BAY COUNTY	WEEDEN	42.9958	40.00	16.00
Total for Columbia Threadneedle Investments				9,331							\$ 259.93	\$ 133.30
Henderson Geneva												
06/07/2016	06/10/2016	06/10/2016	B	811	JBHT	HUNT J B TRANS SVCS	3PF07V33	244 BAY COUNTY	CAPIS	83.2743	32.44	24.33
06/07/2016	06/10/2016	06/10/2016	S	2,140	SRCL	STERICYCLE INC CO	3PF07V33	244 BAY COUNTY	CAPIS	101.0942	85.60	64.20
06/07/2016	06/10/2016	06/10/2016	B	1,609	WSM	WILLIAMS SONOMA INC	3PF07V33	244 BAY COUNTY	CAPIS	54.7052	64.36	48.27
06/09/2016	06/14/2016	06/10/2016	S	1,181	ALGN	ALIGN TECH INC DEL	3PF07V33	244 BAY COUNTY	CAPIS	79.5284	47.24	35.43
06/09/2016	06/14/2016	06/10/2016	B	3,088	FBHS	FORTUNE BRANDS HOME	3PF07V33	244 BAY COUNTY	CAPIS	58.5910	123.52	92.64
06/09/2016	06/14/2016	06/10/2016	S	2,966	TIF	TIFFANY & CO NEW	3PF07V33	244 BAY COUNTY	CAPIS	62.4154	118.64	88.98
06/10/2016	06/15/2016	06/11/2016	B	1,035	HSIC	SCHEIN (HENRY) INC	3PF07V33	244 BAY COUNTY	CAPIS	179.3345	41.40	31.05
06/13/2016	06/16/2016	06/14/2016	B	792	WSO	WATSCO INC	3PF07V33	244 BAY COUNTY	CAPIS	133.4743	31.68	23.76
Total for Henderson Geneva				13,622							\$ 544.88	\$ 408.66
Recapture Trade Total				22,953							\$ 804.81	\$ 541.96

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Bay County Employees' Ret. Sys.

CAPIS Account: 10263

Settlement Month Ending: 6/30/2016

	Commission		Recapture Allocation		Redeemed Recapture		Balance
	Month	YTD	Month	YTD	Month	YTD	
Beginning Balance							\$ 177.01
January	\$703.44	\$703.44	\$381.33	\$381.33	\$177.01	\$177.01	\$381.33
February	925.93	1,629.37	556.20	937.53	381.33	558.34	556.20
March	1,380.48	3,009.85	884.63	1,822.16	556.20	1,114.54	884.63
April	168.82	3,178.67	117.60	1,939.76	884.63	1,999.17	117.60
May	895.00	4,073.67	484.79	2,424.55	117.60	2,116.77	484.79
June	804.81	4,878.48	541.96	2,966.51	484.79	2,601.56	541.96

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Bay County Employees' Ret. Sys.

CAPIS Account: 10263

Settlement Month Ending: 6/30/2016

Explanation of Your Statement

Total Commission is a summary of brokerage transactions by security type. The Commission Allocation is the amount applicable to Execution and Research/Recapture for both the month and the year-to-date.

Research Payment Detail recaps by vendor the payments made from the Commission Allocation for Research, including service period covered, any comments or notes, vendor invoice number, date paid, and the percentage allocated for mixed-use payments during the current month.

Payment from Segregated Account summarizes the year-to-date disbursements made based on the Commission Allocation for Recapture.

Trade Blotter shows the monthly detail of all brokerage transactions based on trade or settlement date and the corresponding Commission and Research/Recapture Allocation.

Execution Only Trade Blotter shows the monthly detail of all brokerage transactions based on trade or settlement date.

Directed Commission Reports show all trades executed for or by CAPIS at the direction of a plan sponsor. The manager's statement is a listing by each plan sponsor providing direction. The plan sponsor's statement provides a listing for each manager who has directed trades for the period.

Transition Statement will only be included if a change is made in reporting from Trade Date to Settlement Date or the reverse. This report is a summary of any transactions that fall into the transition period between the Trade Date and Settlement Date and vice versa.

Research Commission Allocation

The Commission Allocation for Research is not a contractual liability of CAPIS and is not redeemable in cash. CAPIS provides third-party research and brokerage services to clients for commission generated through transactions. CAPIS reserves the right to refuse payment of any invoice.

The Commission Allocation for Research and Recapture is calculated on settlement date. If your statement is based on trade date detail, your Commission Allocation balance could be higher or lower depending upon account activity between month end and final settlement date.

Statement Online

This statement may be viewed online by logging into the Concourse portal at www.capis.com. If you do not have a login ID or password, one can be obtained from your CAPIS Account Executive.

Our current financial statement is available online at www.capis.com. Additionally, this statement is available for your personal inspection at our offices or a copy will be mailed upon your written request.

Also available online or upon written request are our policies regarding the following programs: Customer Identification Program, Privacy Policy, Reg NMS 806 Report, SIPC Notification, Payment for Order Flow Practices, and Extended Hours Trading.

Please advise CAPIS promptly of any inaccuracies or discrepancies in your account statement. In order to protect your rights, including those under the Securities Investors Protection Act (SIPA), all oral communications regarding discrepancies must be re-confirmed in writing to the following address:

Capital Institutional Services, Inc.
Attention: Compliance
1700 Pacific Avenue, Suite 1100
Dallas, TX 75201

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Securities Lending
Summary Earnings Report for MR
FAMILY CODE FAM8765
From Jun 1, 2016 To Jun 30, 2016

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUMBER : 2608694					
ACCOUNT NAME : *BAYCO - COLUMBIA MANAGEMENT					
CURRENCY : USD					
OPEN CASH	0.00	4,109.60	0.00	0.00	4,109.60
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	26.64	0.00	0.00	26.64
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	4,136.24	0.00	0.00	4,136.24
TOTAL REBATES	0.00	1,574.82	0.00	0.00	1,574.82
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,561.42	0.00	0.00	2,561.42
BANK FEES	0.00	767.60	0.00	0.00	767.60
NET INCOME	0.00	1,793.82	0.00	0.00	1,793.82
ACCOUNT NUMBER : 2618668					
ACCOUNT NAME : *BAYCO - BAIRD -SL					
CURRENCY : USD					
OPEN CASH	1,191.94	0.00	0.00	0.00	1,191.94
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	26.33	0.00	0.00	0.00	26.33
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	1,218.27	0.00	0.00	0.00	1,218.27
TOTAL REBATES	797.96	0.00	0.00	0.00	797.96
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	420.31	0.00	0.00	0.00	420.31
BANK FEES	125.99	0.00	0.00	0.00	125.99
NET INCOME	294.32	0.00	0.00	0.00	294.32

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Securities Lending
Summary Earnings Report for MR
FAMILY CODE FAM8765

From Jun 1, 2016 To Jun 30, 2016

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUMBER : 2622490					
ACCOUNT NAME : *BAYCO - MACKAY SHIELDS -SL					
CURRENCY : USD					
OPEN CASH	1,414.49	473.20	186.96	176.31	2,250.96
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	281.44	0.00	0.00	0.00	281.44
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	1,695.93	473.20	186.96	176.31	2,532.40
TOTAL REBATES	-39.32	194.03	109.71	72.42	336.84
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	1,735.25	279.17	77.25	103.89	2,195.56
BANK FEES	520.20	83.54	23.16	31.14	658.04
NET INCOME	1,215.05	195.63	54.09	72.75	1,537.52
ACCOUNT NUMBER : 2622536					
ACCOUNT NAME : *BAYCO - HOTCHKIS & WILEY -SL					
CURRENCY : USD					
OPEN CASH	0.00	2,369.46	0.00	723.07	3,092.53
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	2.50	0.00	0.00	2.50
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	2,371.96	0.00	723.07	3,095.03
TOTAL REBATES	0.00	918.53	0.00	292.93	1,211.46
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,453.43	0.00	430.14	1,883.57
BANK FEES	0.00	432.13	0.00	128.39	560.52
NET INCOME	0.00	1,021.30	0.00	301.75	1,323.05

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Securities Lending

Summary Earnings Report for MR

FAMILY CODE FAM8765

From Jun 1, 2016 To Jun 30, 2016

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
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ACCOUNT NUMBER : 2641401

ACCOUNT NAME : *BAYCO - LOOMIS SAYLES -SL

CURRENCY : USD

OPEN CASH	2,312.84	0.00	568.77	0.00	2,881.61
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	47.86	0.00	0.15	0.00	48.01
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	2,360.70	0.00	568.92	0.00	2,929.62
TOTAL REBATES	797.58	0.00	192.58	0.00	990.16
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	1,563.12	0.00	376.34	0.00	1,939.46
BANK FEES	467.54	0.00	112.64	0.00	580.18
NET INCOME	1,095.58	0.00	263.70	0.00	1,359.28

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ACCOUNT NUMBER : 2649057

ACCOUNT NAME : *BAYCO GENEVA CAPITAL MGMT -SL

CURRENCY : USD

OPEN CASH	0.00	4,608.63	0.00	140.14	4,748.77
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	2.11	0.00	0.00	2.11
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	4,610.74	0.00	140.14	4,750.88
TOTAL REBATES	0.00	1,763.36	0.00	57.91	1,821.27
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,847.38	0.00	82.23	2,929.61
BANK FEES	0.00	852.95	0.00	24.56	877.51
NET INCOME	0.00	1,994.43	0.00	57.67	2,052.10

Securities Lending
Summary Earnings Report for MR
FAMILY CODE FAM8765

From Jun 1, 2016 To Jun 30, 2016

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUMBER : 2653308					
ACCOUNT NAME : *BAYCO - INTEGRITY -SL					
CURRENCY : USD					
OPEN CASH	0.00	4,231.22	0.00	352.58	4,583.80
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	24.54	0.00	0.00	24.54
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	4,255.76	0.00	352.58	4,608.34
TOTAL REBATES	0.00	1,615.18	0.00	145.71	1,760.89
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,640.58	0.00	206.87	2,847.45
BANK FEES	0.00	790.09	0.00	61.93	852.02
NET INCOME	0.00	1,850.49	0.00	144.94	1,995.43
ACCOUNT NUMBER : 2663296					
ACCOUNT NAME : *BAYCO - CORNERSTONE REALES-SL					
CURRENCY : USD					
OPEN CASH	0.00	2,702.45	0.00	0.00	2,702.45
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	2,702.45	0.00	0.00	2,702.45
TOTAL REBATES	0.00	1,111.65	0.00	0.00	1,111.65
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,590.80	0.00	0.00	1,590.80
BANK FEES	0.00	475.93	0.00	0.00	475.93
NET INCOME	0.00	1,114.87	0.00	0.00	1,114.87

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Securities Lending

Summary Earnings Report for MR

FAMILY CODE FAM8765

From Jun 1, 2016 To Jun 30, 2016

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
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ACCOUNT NUMBER : 2683854

ACCOUNT NAME : *BAYCO - MFS INVESTMENTS -SL

CURRENCY : USD

OPEN CASH	0.00	4,124.26	0.00	406.96	4,531.22
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	97.55	0.00	2.08	99.63
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	4,221.81	0.00	409.04	4,630.85
TOTAL REBATES	0.00	1,655.53	0.00	30.94	1,686.47
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,566.28	0.00	378.10	2,944.38
BANK FEES	0.00	768.70	0.00	113.24	881.94
NET INCOME	0.00	1,797.58	0.00	264.86	2,062.44

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ACCOUNT NUMBER : 2695063

ACCOUNT NAME : *BAYCO - EAGLE ASSET -SL

CURRENCY : USD

OPEN CASH	0.00	3,613.32	0.00	182.52	3,795.84
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	38.70	0.00	0.00	38.70
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
EXCLUSIVES	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	3,652.02	0.00	182.52	3,834.54
TOTAL REBATES	0.00	224.39	0.00	75.18	299.57
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	3,427.63	0.00	107.34	3,534.97
BANK FEES	0.00	1,024.47	0.00	31.96	1,056.43
NET INCOME	0.00	2,403.16	0.00	75.38	2,478.54

Securities Lending
Summary Earnings Report for MR
FAMILY CODE FAM8765

From Jun 1, 2016 To Jun 30, 2016

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
GRAND TOTAL					
CURRENCY : USD					
OPEN CASH	4,919.27	26,232.14	755.73	1,981.58	33,888.72
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	355.63	192.04	0.15	2.08	549.90
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	5,274.90	26,424.18	755.88	1,983.66	34,438.62
TOTAL REBATES	1,556.22	9,057.49	302.29	675.09	11,591.09
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	3,718.68	17,366.69	453.59	1,308.57	22,847.53
BANK FEES	1,113.73	5,195.41	135.80	391.22	6,836.16
NET INCOME	2,604.95	12,171.28	317.79	917.35	16,011.37

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

REFUNDS: FOR THE MONTH ENDED:

July 31, 2016

EMPLOYEE/BENEFICIARY	CONTRIBUTIONS	PROCESSED	DEPARTMENT	TERMINATION
Mehlhose, Carol	1,090.58	7/25/2016	BABH	6/13/2016

TOTAL REFUNDS: 1,090.58

NEW RETIREE	CONTRIBUTIONS TRANSFERRED	RETIREMENT GROUP/ COUNTY DEPT	EFFECTIVE DATE
Keller, Mary	28,486.32	BMCF	7/6/2016
Tammie Schmidt	42,939.88	BMCF	7/1/2016

DECEASED EMPLOYEE/ RETIREE	BENEFICIARY	REFUND/ PENSION	DATE OF DEATH	DIVISION/ DEPARTMENT
Wolverton, Sally	NA	218.76	7/1/2106	BMCF
Niedzinski, Natalie	NA	499.15	7/1/2016	Sheriff
Schroer, Genevieve	NA	837.29	7/14/2016	Sheriff

NO REFUNDS EMPLOYEE NAME	ACCUMULATED CONTRIBUTIONS	UNION GROUP	DATE TERMINATED
RATHHEN, ALLYSON	4,130.86	BMCF USW	6/22/2016
RIEGLE, ARINA	560.02	BMC GEN UNIT	6/26/2016
MEHTA, POONAM	2,227.99	GEN NON-UNION	6/24/2016
LONGUSKI, ELENA	1,714.26	BMCF	6/30/2016

8,633.13

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Bay County, Michigan

08/03/2016 11:49
KMeeth

BAY COUNTY, MI
YEAR-TO-DATE BUDGET REPORT

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FOR 2016 08

ACCOUNTS FOR:	ORIGINAL	TRANFRS/	REVISED	YTD ACTUAL	ENCUMBRANCES	AVAILABLE	PCT
7310 RETIREMENT SYSTEM FUND	APPROP	ADJSTMTS	BUDGET			BUDGET	USED
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	-5,484.16	.00	-7,515.84	42.2%*
73127400 59403 ER CONTR-HEALTH FUN	-60,000	.00	-60,000.00	-26,619.27	.00	-33,380.73	44.4%*
73127400 59404 ER CONTR-ROAD COMMI	-550,000	.00	-550,000.00	-46,034.98	.00	-503,965.02	8.4%*
73127400 59406 ER CONTR-LIBRARY	-180,000	.00	-180,000.00	-9,908.95	.00	-170,091.05	5.5%*
73127400 59407 ER CONTR-GOLF COURS	-5,000	.00	-5,000.00	-1,667.79	.00	-3,332.21	33.4%*
73127400 59408 ER CONTR-GENERAL FU	-375,000	.00	-375,000.00	-171,450.37	.00	-203,549.63	45.7%*
73127400 59409 ER CONTR-DWS	-375,000	.00	-375,000.00	-68,491.98	.00	-306,508.02	18.3%*
73127400 59410 ER CONTR-911 SERVIC	-45,000	.00	-45,000.00	-18,578.06	.00	-26,421.94	41.3%*
73127400 59411 ER CONTR-CHILDR CARE	-40,000	.00	-40,000.00	-16,963.66	.00	-23,036.34	42.4%*
73127400 59412 ER CONTR-DIV ON AGI	-43,000	.00	-43,000.00	-20,249.83	.00	-22,750.17	47.1%*
73127400 59413 ER CONTR-RETIRE SYS	-1,900	.00	-1,900.00	-710.31	.00	-1,189.69	37.4%*
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	-938.92	.00	-1,061.08	46.9%*
73127400 59416 ER CONTR-HOME REHAB	-180	.00	-180.00	-42.40	.00	-137.60	23.6%*
73127400 59418 ER CONTR-100% TAX P	-3,300	.00	-3,300.00	-1,463.17	.00	-1,836.83	44.3%*
73127400 59419 ER CONTR-MED CARE F	-600,000	.00	-600,000.00	-23,208.69	.00	-576,791.31	3.9%*
73127400 59424 ER CONTR-SELF INSUR	-600	.00	-600.00	-216.60	.00	-383.40	36.1%*
73127400 59427 ER CONTR-COMM CORRE	-2,100	.00	-2,100.00	-729.55	.00	-1,370.45	34.7%*
73127400 59429 ER CONTR-F.O.C. FUN	-2,500	.00	-2,500.00	-1,363.15	.00	-1,136.85	54.5%*
73127400 59430 ER CONTR-HOUSING FU	-6,000	.00	-6,000.00	-2,604.43	.00	-3,395.57	43.4%*
73127400 59434 ER CONTR-LOCAL CFO	-300	.00	-300.00	-43.01	.00	-256.99	14.3%*
73127400 59435 ER CONTRIB-CONC PIS	0	.00	.00	-193.96	.00	193.96	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	-5,484.16	.00	-7,265.84	43.0%*
73127400 59503 EE CONTR-HEALTH FUN	-60,000	.00	-60,000.00	-26,619.26	.00	-33,380.74	44.4%*

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Bay County, Michigan

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KMeeth

BAY COUNTY, MI
YEAR-TO-DATE BUDGET REPORT

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FOR 2016 08

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	-11,890.38	.00	-118,109.62	9.1%*
73127400 59506 EE CONTR-LIBRARY	-75,000	.00	-75,000.00	-9,908.97	.00	-65,091.03	13.2%*
73127400 59507 EE CONTR-GOLF COURSE	-4,200	.00	-4,200.00	-1,667.79	.00	-2,532.21	39.7%*
73127400 59508 EE CONTR-GENERAL FU	-450,000	.00	-450,000.00	-175,088.05	.00	-274,911.95	38.9%*
73127400 59509 EE CONTR-DWS	-85,000	.00	-85,000.00	-47,636.49	.00	-37,363.51	56.0%*
73127400 59510 EE CONTR-911 SERVIC	-60,000	.00	-60,000.00	-25,657.36	.00	-34,342.64	42.8%*
73127400 59511 EE CONTR-CHILD CARE	-40,000	.00	-40,000.00	-16,963.66	.00	-23,036.34	42.4%*
73127400 59512 EE CONTR-DIV ON AGI	-43,000	.00	-43,000.00	-20,249.83	.00	-22,750.17	47.1%*
73127400 59513 EE CONTR-RETIRE SYS	-2,200	.00	-2,200.00	-710.32	.00	-1,489.68	32.3%*
73127400 59514 EE CONTR-HOMELAND S	0	.00	.00	.00	.00	.00	.0%
73127400 59515 EE CONTR-GYPSY MOTH	-1,900	.00	-1,900.00	-938.92	.00	-961.08	49.4%*
73127400 59516 EE CONTR-HOME REHAB	-200	.00	-200.00	-42.40	.00	-157.60	21.2%*
73127400 59518 EE CONTR-100% TAX P	-3,100	.00	-3,100.00	-1,463.17	.00	-1,636.83	47.2%*
73127400 59519 EE CONTR-MED CARE P	-400,000	.00	-400,000.00	-32,346.64	.00	-367,653.36	8.1%*
73127400 59524 EE CONTR-SELF INSUR	-450	.00	-450.00	-216.61	.00	-233.39	48.1%*
73127400 59527 EE CONTR-COMM. CORRE	-1,500	.00	-1,500.00	-729.55	.00	-770.45	48.6%*
73127400 59529 EE CONTR-P.O.C. FUN	-2,500	.00	-2,500.00	-1,363.15	.00	-1,136.85	54.5%*
73127400 59530 EE CONTR-HOUSING FU	-5,800	.00	-5,800.00	-2,604.43	.00	-3,195.57	44.9%*
73127400 59534 EE CONTR-LOCAL CEO	-300	.00	-300.00	-43.01	.00	-256.99	14.3%*
73127400 59535 EE CONTRIB-CONC PIS	0	.00	.00	-193.96	.00	193.96	100.0%
73127400 59599 EE CONTR-SHERIFF DE	-230,000	.00	-230,000.00	-100,371.85	.00	-129,628.15	43.6%*
TOTAL LOCAL UNIT CONTRIBUT	-5,520,780	.00	-5,520,780.00	-899,153.20	.00	-4,621,626.80	16.3%
RP INTEREST & RENTALS							
73127400 66400 INVESTMENT INTEREST	-5,000,000	.00	-5,000,000.00	-1,280.89	.00	-4,998,719.11	.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	-27,482.34	.00	-152,517.66	15.3%*
TOTAL INTEREST & RENTALS	-28,220,000	.00	-28,220,000.00	-28,763.23	.00	-28,191,236.77	.1%
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%

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Bay County Michigan

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KMeeth

BAY COUNTY, MI
YEAR-TO-DATE BUDGET REPORT

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FOR 2016 08

ACCOUNTS FOR: 7310 RETIREMENT SYSTEM FUND	ORIGINAL APPROP	TRANFRS/ ADJSTMTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73127400 69000 COMMISSION RECAPTUR	-15,000	.00	-15,000.00	-558.34	.00	-14,441.66	3.7%*
73127400 69200 CLAIMS/SETTLEMENTS/	-100,000	.00	-100,000.00	-180.10	.00	-99,819.90	.2%*
TOTAL OTHER REVENUE	-115,000	.00	-115,000.00	-738.44	.00	-114,261.56	.6%
 XE WAGES & SALARIES							
73127400 70300 SALARIES-ELECTED OR	51,012	.00	51,012.00	16,796.73	.00	34,215.27	32.9%
73127400 70400 WAGES-CLERICAL-OTHE	10,566	.00	10,566.00	5,581.18	.00	4,984.82	52.8%
73127400 70401 PAY IN LIEU OF HEAL	0	.00	.00	464.13	.00	-464.13	100.0%*
73127400 70500 TEMPORARY HELP	9,000	.00	9,000.00	.00	.00	9,000.00	.0%
73127400 70501 PART TIME WAGES	0	.00	.00	.00	.00	.00	.0%
73127400 70600 OVERTIME	2,809	.00	2,809.00	.00	.00	2,809.00	.0%
73127400 70800 HOLIDAY PAY	0	.00	.00	950.64	.00	-950.64	100.0%*
73127400 71000 PER DIEM	3,420	.00	3,420.00	1,350.00	.00	2,070.00	39.5%
73127400 71200 VACATION PAY	0	.00	.00	429.40	.00	-429.40	100.0%*
73127400 71202 SICK PAY	0	.00	.00	58.19	.00	-58.19	100.0%*
73127400 71203 TERMINATION SICK PA	0	.00	.00	.00	.00	.00	.0%
73127400 71204 TERMINATION VACTION	0	.00	.00	.00	.00	.00	.0%
TOTAL WAGES & SALARIES	76,807	.00	76,807.00	25,630.27	.00	51,176.73	33.4%
 XF FRINGES							
73127400 71500 SOCIAL SECURITY	4,713	.00	4,713.00	1,790.99	.00	2,922.01	38.0%
73127400 71600 HEALTH INSURANCE	17,435	.00	17,435.00	3,589.65	.00	13,845.35	20.6%
73127400 71603 RETIREE HEALTH CARE	0	.00	.00	.00	.00	.00	.0%
73127400 71632 EMPLOYEE INCENTIVE	177	.00	177.00	.00	.00	177.00	.0%
73127400 71700 LIFE INSURANCE	131	.00	131.00	52.20	.00	78.80	39.8%
73127400 71800 RETIREMENT	4,928	.00	4,928.00	1,942.40	.00	2,985.60	39.4%
73127400 71900 OTHER FRINGE BENEFIT	0	.00	.00	.00	.00	.00	.0%
73127400 72001 SIF ADMINISTRATION	0	.00	.00	.00	.00	.00	.0%
73127400 72100 WORKERS' COMPENSATI	93	.00	93.00	36.44	.00	56.56	39.2%
73127400 72200 SICK AND ACCIDENT I	709	.00	709.00	211.62	.00	497.38	29.8%
73127400 72500 UNEMPLOYMENT COMPEN	93	.00	93.00	36.44	.00	56.56	39.2%
TOTAL FRINGES	28,279	.00	28,279.00	7,659.74	.00	20,619.26	27.1%
 XI SUPPLIES							
73127400 72700 OFFICE SUPPLIES	2,000	.00	2,000.00	131.06	.00	1,868.94	6.6%

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BAY COUNTY, MI
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ACCOUNTS FOR: 7310 RETIREMENT SYSTEM FUND	ORIGINAL APPROP	TRANFRS/ ADJSTMTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73127400 72702 BOOK SUPPLIES	0	.00	.00	.00	.00	.00	.0%
73127400 72800 PRINTING AND BINDIN	1,000	.00	1,000.00	34.94	.00	965.06	3.5%
73127400 72900 POSTAGE	500	.00	500.00	213.46	.00	286.54	42.7%
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	133.45	.00	1,366.55	8.9%
TOTAL SUPPLIES	6,050	.00	6,050.00	512.91	.00	5,537.09	8.5%
 XL OTHER SERVICES AND C							
73127400 80100 PROFESSIONAL SERVIC	1,750,000	.00	1,750,000.00	445,175.35	.00	1,304,824.65	25.4%
73127400 80101 ACTUARIAL SERVICES	70,000	.00	70,000.00	17,850.00	.00	52,150.00	25.5%
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	698.97	.00	249,301.03	.3%
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	77,000.00	.00	98,000.00	44.0%
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	58.48	.00	341.52	14.6%
73127400 86100 CONFERENCE FEES & E	15,000	.00	15,000.00	6,991.80	7,890.92	117.28	99.2%*
73127400 86500 STATE TRAVEL MILEAG	2,700	.00	2,700.00	408.14	.00	2,291.86	15.1%
73127400 86600 LOCAL TRAVEL MILEAG	300	.00	300.00	145.22	.00	154.78	48.4%
73127400 87500 PENSION PAYMENTS	16,250,000	.00	16,250,000.00	2,775,693.00	.00	13,474,307.00	17.1%
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	291.03	.00	4,708.97	5.8%
73127400 95500 MISCELLANEOUS	500	.00	500.00	.00	.00	500.00	.0%
73127400 95600 INDIRECT COST EXPEN	259,947	.00	259,947.00	129,973.50	.00	129,973.50	50.0%
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%

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YEAR-TO-DATE BUDGET REPORT

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ACCOUNTS FOR:	ORIGINAL	TRANFRS/	REVISED	YTD ACTUAL	ENCUMBRANCES	AVAILABLE	PCT
7310 RETIREMENT SYSTEM FUND	APPROP	ADJSTMTS	BUDGET			BUDGET	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	48.09	.00	39,951.91	.1%
73127400 96405 CONTRIB REFUND-B.A.	100,000	.00	100,000.00	2,245.36	.00	97,754.64	2.2%
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	3,456,928.94	7,890.92	25,678,377.14	11.9%
 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	2,562,076.99	7,890.92	-2,569,967.91	100.0%
TOTAL RETIREMENT SYSTEM FUND	0	.00	.00	2,562,076.99	7,890.92	-2,569,967.91	100.0%
TOTAL REVENUES	-29,254,333	.00	-29,254,333.00	-928,654.87	.00	-28,325,678.13	
TOTAL EXPENSES	29,254,333	.00	29,254,333.00	3,490,731.86	7,890.92	25,755,710.22	

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Bay County Michigan

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BAY COUNTY, MI
YEAR-TO-DATE BUDGET REPORT

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FOR 2016 08

	ORIGINAL APPROP	TRANFRS/ ADJSTMTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
GRAND TOTAL	0	.00	.00	2,562,076.99	7,890.92	-2,569,967.91	100.0%

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

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BAY COUNTY, MI
YEAR-TO-DATE BUDGET REPORT

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REPORT OPTIONS

Sequence	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/ 8

Print MTD Version: N

Roll projects to object: N

Carry forward code: 1

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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	

BCERS

Invoices Approved:

Jul-16

Invoice Date	Vendor	Amount
7/12/2016	OFFICE MAX	\$ 69.01

THE MASTROMARCO FIRM

A LIMITED LIABILITY COMPANY
ATTORNEYS AT LAW
1024 N. MICHIGAN AVENUE
SAGINAW, MI 48602

MICHIGAN
VICTOR J. MASTROMARCO, JR.**
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STEPHEN T. BALL

MARYLAND
DAN R. MASTROMARCO

TELEPHONE (989) 752-1414

FACSIMILE (989) 752-6202

E-MAIL: VMASTROMAR@AOL.COM

**ALSO ADMITTED IN IOWA

RECEIVED

JUL 12 2016

PERSONNEL DEPARTMENT
JUL 12, 2016

RECEIVED

JUL 12 2016

PERSONNEL DEPARTMENT

Bay County Employees' Retirement System
Attn: Board of Trustees
Bay County Building
515 Center Avenue
Bay City, MI 48708-5128

RE: Appeal of Denial of Duty Disability Retirement

To Whom It May Concern:

Please consider this letter an appeal on behalf of James Charbonneau of the Bay County Employees' Retirement System Board of Trustees' decision to deny his duty disability retirement benefits on April 13, 2016. Mr. James Charbonneau has retained my office to assist in the appeal process. Please review and consider the contents of this letter and all information enclosed in making your decision regarding his appeal. Additionally, please forward all correspondence regarding this matter to my office.

Mr. Charbonneau previously applied for duty disability retirement benefits through the Bay County Employees' Retirement System on April 7, 2016. Said application was brought before the Board of Trustees' on April 12, 2016. During said meeting, it was determined that Mr. Charbonneau did not meet the conditions for duty disability as set out in the Bay County Employees' Retirement System Ordinance Section 4.041(a)(iv)(A) due to the medical director Dr. Kirk Herrick's lack of certification of a mental or physical incapacitation for continued employment by the County. We believe that this decision was in error.

Dr. Herrick detrimentally stated incorrect facts on the Bay County Employees' Retirement System Physician Form for Duty Disability which he submitted to the County and the Board. Said findings were inconsistent with the determinations of Mr. Charbonneau's treating physicians and wrongfully minimized the medical complications he is currently experiencing and will continue to experience.

Contrary to Dr. Herrick and the Board's determination, objective medical evidence does support a finding of continued disability. On April 22, 2015, while working as a correctional facility

officer for the Bay County Sheriff's Department - Jail Division, Mr. Charbonneau was involved in an altercation with an inmate where he sustained a debilitating injury. He was diagnosed with both an anterior and posterior labral tears in his left shoulder. Necessary treatment included surgery which was performed. Post-surgery, an additional related labral tear was found which will require ongoing treatment and potentially another surgical procedure. It is unquestioned that Mr. Charbonneau has an ongoing physical incapacitation for which he is unable to perform his duties as a correctional facility officer for Bay County.

Based on the foregoing, we seek to appeal the initial determination which stated that Mr. Charbonneau did not meet the conditions for duty disability as set out in the Bay County Employees' Retirement System Ordinance Section 4.041(a)(iv)(A) due to the medical director's lack of certification of a mental or physical incapacitation for continued employment by the County. Mr. Charbonneau has undergone and continues to undergo significant medical treatment for his injuries sustained in the above noted incident and is considered mentally or physically incapacitated. We seek the reversal of the initial determination. We further seek the duty disability retirement benefits for both past and future which Mr. Charbonneau is entitled to.

We are electing the standard method of appeal as listed in section 4.055(b) of the Bay County Employees' Retirement System Ordinance. Per the same ordinance, we are also requesting an oral and written argument before the board regarding this matter as this said appeal is in writing, submitted within ninety (90) days of the date of notification of denial, and has stated the reasons for appeal.

Please also consider this letter a formal request for copies of all documents, records, and other information relevant to Mr. Charbonneau's claim for benefits, including a copy of the claims file, Plan documents, and other relevant rules or guidelines.

Sincerely,


STEPHEN T. BALL

**BAY COUNTY RETIREMENT BOARD
8/9/16
RESOLUTION**

BY: BAY COUNTY RETIREMENT BOARD (8/09/16)

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

STEVE GRAY, CHAIR
AND BOARD

RESOLUTION NON-DUTY DISABILITY APPLICATION - BEYETT

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 Gonzales				Ernie Krygier				Thomas Starkweather			

Vote Totals:

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

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



NAPPA
National Association of
Public Pension Attorneys

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About Us

The National Association of Public Pension Attorneys, NAPPA, is a professional legal and educational organization. Created in 1987, its membership consists exclusively of attorneys who represent public pension funds. Its purpose is to provide educational opportunities and informational resources for its member attorneys.

NAPPA organizes and conducts two educational events a year. Specific information about upcoming NAPPA events can be found under the events Tab. If you are a public pension attorney or currently represent a public pension system as outside counsel, you should consider joining NAPPA and connecting with your peers in the pension industry. NAPPA is considered the leading educational association for attorneys in the public pension arena.

The NAPPA Board, the standing Section Steering Committees, and the Executive Director are tasked with providing an educational product that is relevant to all segments of the membership (Governmental, Non-Governmental, and Retired).

Utilizing input from the membership via an annual survey, the Executive Board selects topics in the general areas of investments, fiduciary and plan governance, benefits, tax, and ethics. Historically the sessions have included an update on current pension litigation, Federal legislative activities, and industry hot topics. The June event also offers a half-day session for attorneys new to the public pension field or members looking for a refresher course on public pension basics. An added benefit of attending the June event is the ability to earn approved continuing legal education credits.

NAPPA membership and events represent a good value for your system or firm's educational dollars. Other NAPPA membership benefits include: access to a membership e-list and forum which provides members the ability to easily connect for inquiry or networking; semi-annual newsletters with informative articles written by the NAPPA membership; and a member's only portal which includes committee membership information and a membership directory with contact information for all NAPPA members.

[The NAPPA Report](#)

[Job Opportunities](#)

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Mark your calendar

[2017 Winter Seminar](#)

Wed Feb 22, 2017 8:00 AM - Fri Feb 24, 2017 12:00 PM

[All Events](#)

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National Association of
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Winter Seminar

Each February, NAPPA hosts the Winter Seminar in a location determined by the Executive Board. During the Winter Seminar, each of the four Section Steering Committees put together a half-day of instruction. The four committees are: Benefit, Fiduciary & Plan Governance, Investment, and Tax. The Section Steering Committees determine the topics based on current trends and issues. The Section Meetings are designed to allow members to participate in more extensive discussions on these four specialized areas of pension law. On the last half-day of the Winter Seminar, a session is held for Senior Counsel only. You must be a NAPPA member to attend the Winter Seminar.

Legal Education Conference

Each year in June, NAPPA hosts its premier event the "Legal Education Conference." The educational conference is designed to provide members an opportunity to meet with peers in the public pension field, discuss current issues facing the industry, and to share practical solutions to common legal problems. The conference begins on Tuesday afternoon with a session for attorneys new to the public pension field and concludes at noon on Friday. You must be a NAPPA member to attend this conference.

The NAPPA Board is tasked with providing an educational conference that is relevant to all segments of the membership. Utilizing input from the membership via an annual survey, the Executive Board selects topics in the general areas of investments, fiduciary and plan governance, benefits, tax and ethics. In addition, historically the sessions have included an update on current litigation, Federal legislative activities, and industry hot topics.

The NAPPA staff pre-certifies continuing legal education (CLE) credits for this conference. This pre-certification eliminates the need for members to individually file with their respective states to obtain the credit. CLEs usually run from 15 to 18 hours, including 2 hours of ethics.

The location of the Legal Education Conference alternates between locations east and west of the Mississippi. Locations are nominated by the membership during the annual business meeting.

The NAPPA Report

Job Opportunities

Announcements

Mark your calendar

2017 Winter Seminar

Wed Feb 22, 2017 8:00 AM - Fri Feb 24, 2017 12:00 PM



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CORPORATION COUNSEL



BAY COUNTY

Amber Davis-Johnson, Corporation Counsel
johnsona@baycounty.net

THOMAS L. HICKNER
County Executive

Shawna S. Walraven, Assistant Corporation Counsel
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Tel: (989) 895-4131
Fax: (989) 895-7658
TDD: (989) 895-4049

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

FROM: SHAWNA S. WALRAVEN, ASSISTANT CORPORATION COUNSEL

RE: NATIONAL ASSOCIATION OF PUBLIC PENSION ATTORNEYS ANNUAL MEMBERSHIP AND LEGAL EDUCATION CONFERENCE

DATE: JULY 25, 2016

Background:

The National Association of Public Pension Attorneys ("NAPPA") is an organization devoted to providing resources and education to public pension attorneys. NAPPA membership allows an attorney access to a membership e-list, forum, articles and many other resources. In addition they host two events a year. The legal education conference offers an opportunity to learn practical solutions to common legal problems facing public pension systems, it also offers a half-day session for attorneys new to the public pension field. The location of the legal education conference which is held in June is unknown, the winter conference is being held in Tempe, AZ, but the information on their website says that they alternate between locations east and west of the Mississippi.

As the budget for the Retirement System for 2017 is prepared, I would like to ask that a membership to NAPPA be included so that I may have access to the voluminous resources they have to offer. I would also ask that the Board approve my attendance at, and related expenses for, the legal education conference of NAPPA in June 2017.

Financial Information:

A membership to the National Association of Public Pension Attorneys is \$450/year. The conference fee to the Legal Education Conference is \$895. Because it is a public pension conference, and they are aware of the limited budgets of public funds, they try to negotiate a reasonable rate for hotels usually around \$200/night. Although the location is unknown, it is likely that air travel would be required.

RECOMMENDATION: THAT THIS BOARD APPROVE AN ANNUAL MEMBERSHIP TO THE NATIONAL ASSOCIATION OF PUBLIC PENSION ATTORNEYS AND INCLUDE AN ESTIMATION IN THE 2017 BUDGET FOR THE LEGAL EDUCATION CONFERENCE FOR ASSISTANT CORPORATION COUNSEL.

**BAY COUNTY RETIREMENT BOARD
8/09/16
RESOLUTION**

BY: ASSISTANT CORPORATION COUNSEL (8/09/16)

WHEREAS, The National Association of Public Pension Attorneys ("NAPPA") is an organization devoted to providing resources and education to the public pension attorneys. NAPPA membership allows an attorney access to a membership e-list, forum, articles, and many other resources; and

WHEREAS, In addition, they host two events a year. The legal education conference offers an opportunity to learn practical solutions to common legal problems facing public pension systems; and

WHEREAS, It also offers a half-day session for attorneys new to the public pension field; and

WHEREAS, The location of the legal education conference which is held in June is unknown. The winter conference is being held in Tempe, AZ, but the information on their website says they alternate between locations east and west of the Mississippi; and

WHEREAS, A membership to the NAPPA is \$450/year; and

WHEREAS, The conference fee to the Legal Education Conference is \$895. Because it is a public pension conference, and they are aware of the limited budgets of public funds, they try to negotiate a reasonable rate for hotels usually around \$200/night. Although the location is unknown, it is likely that air travel would be required; and

WHEREAS, As the budget for the Retirement System for 2017 is prepared, it is requested that membership to NAPPA be included to allow Assistant Corporation Counsel access to the voluminous resources they have to offer; as well as seeking Board approval for attendance at, and related expenses for, the legal education conference of NAPPA in June 2017; Therefore, Be It

RESOLVED That the Bay County Employees' Retirement System Board approve an annual membership to the National Association of Public Pension Attorneys; Be It Further

RESOLVED That the Bay County Employees' Retirement System Board approve Assistant Corporation Counsel's attendance and related expenses to the NAPPA legal education conference in June 2017. Finally, Be It

RESOLVED That any and all budget adjustments required are approved.

STEVE GRAY, CHAIR
AND BOARD

RESOLUTION NAPPA ANNUAL MEMBERSHIP & LEGAL EDUCATION CONFERENCE

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 Gonzales				Ernie Krygier				Thomas Starkweather			

Vote Totals:

Roll Call: Yeas _____ Nays _____ Excused _____

Voice: Yeas _____ Nays _____ Excused _____

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