BAY COUNTY RETIREMENT BOARD OF TRUSTEES AGENDA
TUESDAY, AUGUST 12, 2014 @ 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 - 11	A.	JULY 8, 2014 REGULAR MEETING
	IV.	PUBLIC INPUT
12 - 14	V.	PETITIONS & COMMUNICATIONS
	A.	BOGDAHN GROUP - HOWARD POHL
	1.	SALE OF GENEVA TO HENDERSON GLOBAL
15 - 16	B.	PORTFOLIO VALUE - 1/1/14 - 7/31/2014
	C.	MONEY MANAGERS ON WATCH - **(EFFECTIVE DATE)**
	1.	BARINGS - **(6/6/13)** NO REPORT
	D.	MONEY MANAGER REPORTS
	1.	CORNERSTONE - ENDING 6/30/2014
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17 - 43	3.	HOTCHKIS & WILEY - ENDING 6/30/2014
	5.	MFS INVESTMENT - ENDING 6/30/2014
	6.	MACKAY SHIELDS - ENDING 6/30/2014
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	E.	RECAPTURE SERVICES
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	F.	NORTHERN TRUST
	1.	SUMMARY EARNINGS - REPORT UNAVAILABLE
48	G.	REFUNDS/RETIREMENTS ENDING 7/31/2014
49 - 53	H.	BCERS YTD BUDGET REPORT - ENDING 8/4/2014
54 - 55	I.	CORRESPONDENCE - INTEGRITY ASSET AND HOTCHKIS & WILEY
	1.	REBALANCE ASSET ALLOCATION

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TUESDAY, AUGUST 12, 2014 @ 1:30 P.M.
COMMISSIONERS CHAMBERS
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56 - 62 . . . . . J. CORRESPONDENCE - COMMISSION RECAPTURE TERMINATION AGREEMENT WITH CONVERGEX

1. COLUMBIA MGMT
2. EAGLE ASSET
3. GENEVA
4. HOTCHKIS & WILEY
5. INTEGRITY
6. MFS
7. SCHRODER

K. CORPORATION COUNSEL

1. MFS CIT AGREEMENT

L. OUTSIDE LEGAL COUNSEL - THOMAS MICHAUD

1. POLICIES

A. CODE OF CONDUCT

B. EDUCATION/TRAVEL/DUE DILIGENCE

C. SERVICE PROVIDER AGREEMENT

63 - 69 . . . . . L. BUDGET PROPOSAL 2015 - UPDATE

VI. ANNOUNCEMENTS

A. NEXT REGULAR MEETING - SEPTEMBER 9, 2014 AT 1:30 P.M., COMMISSIONERS CHAMBERS, 515 CENTER AVENUE 4TH FLOOR, BAY CITY, MI 48708

VII. UNFINISHED BUSINESS

VIII. NEW BUSINESS

IX. MISCELLANEOUS BUSINESS

X. ADJOURNMENT

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

A meeting of the Board of Trustees was held on July 8, 2014 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: Mr. Brzezinski, Mr. Coonan Mr. Gromaski, Mr. Herek, Mr. Morse, Mr. Pett, Mr. Starkweather, and Ms. Goetz.

Trustees Absent: Chairman Gray.

Also Present:
Consultant: The Bogdahn Group: Howard Pohl and Peter Brown.
Finance Officer: Crystal Hebert
Corporation Counsel/Personnel Director: Timothy Quinn
Corporation Counsel: Amber Davis-Johnson, Shawna Walraven.
Attorney: Thomas Michaud.
Clerk: Melanie Holihan.
Members of the Public: Yes

The meeting was called to order by Vice Chairman, Richard Brzezinski at 1:30 p.m.

1. Moved, supported and carried to excuse Chairman Gray.

2. Moved, supported and carried to accept the minutes of June 10, 2014.

Mr. Brzezinski called for public input.

Tom Hickner, County Executive was present to speak to the Board today. Mr. Hickner stated that under the current ordinance, he is actually part of the Retirement Board System. Since 1993, he has delegated that responsibility to the Finance Director. Crystal Hebert serves as his representative. He presented before the Retirement Board today for the first time in 22 years to talk about where the Board has been, where they are today and where they are going. Mr. Hickner stated first that the Retirement System is in excellent financial shape as a direct result of the decisions the Retirement Boards have made over the past 30 plus years, the professional expertise that they have brought in to help invest the funds, and the staff support provided through administration and that preceded 1993. Secondly, he stated there has always been a good working relationship between the Board of Commissioners, the administration and the Retirement Board. He has every expectation and confidence that can continue. Thirdly, he recognizes that there are some legitimate concerns that Board members have expressed with respect to administration's support to the Retirement Board and the system. They recognize that Mr. Gray's concern about imaging is very important. Mr. Hickner thinks it is a concern everyone in the building recognizes because if there were a problem with any kind of a natural disaster, they could not afford to have a problem with the records. The process of doing the imaging is about to get underway with some new software. They also recognize there have been some

issues with respect to the timing of some of the legal work that needed to be done for the Retirement System. That, he believes, has also been corrected in part because of staffing. He stated the issue and reason why he is present today is because the Retirement Board has a legal opinion that was provided by Mr. Michaud that suggests that Corporation Counsel does not have a role in the affairs of the Retirement Board and, furthermore, that the Retirement Board is an independent entity separate from control of the Board of Commissioners and their policies and procedures. They received a copy of that second hand and never received a copy directly. He hopes that kind of a communication process will not be a problem in the future. Mr. Hickner stated he is not a lawyer. He stated he has spent enough time over the years, when he was in legislature, to have some sense of how the law reads. The opinion did not mention Act 139, which clearly states that the Department of Corporation Counsel shall do all of the legal work for the County. The opinion did not address the issue of Act 157 of 1851, specifically, section 36.12A, which is the basis of how the Retirement Board exists today. That is the law that authorized the Board of Commissioners to establish a retirement system. That is the law that allows the Board of Commissioners to establish an ordinance and that is the law that outlines all of the duties that not only the Board has, but what the Board of Commissioners, through the ordinance process, allows to happen. A decision in Bay County today, and over the years, dealing with major retirement matters could not have been done without the direct involvement of the Board of Commissioners. He stated that is an issue between the Board of Commissioners and the Retirement Board. They do not set policy in the Administration. They implement policy. He stated that coming from a legislative background, he understands the role of the County Commissioners in setting policy and they are part of that.

Mr. Hickner stated he believes today they are in a good position with key staff and just last week they had a very highly-qualified individual accept the position for the Retirement Coordinator. He also stated he has had various meetings with the Chairman of the Retirement Board and Vice Chair. There were many discussions on the topics he discussed today. They have said they recognize that under the law and good fiduciary decision making, that the Retirement Board needs access to capable legal counsel who have specialized understanding of retirement systems and decisions and investments. Mr. Quinn, Ms. Walraven and Ms. Davis-Johnson have agreed they do not have a problem with that as they have talked with representatives of the Retirement Board. The question is coordination and recognizing what Act 139 says. They cannot afford to have legal work being done that involves the County going in different directions than Corporation Counsel in terms of routine work, keeping track of what is going on and contracts that are signed and filed with the County Clerk. That has happened already where they have not had communication. Mr. Hickner has no doubt that Corporation Counsel staff can work very closely. They have done that over the years in the building of numerous cases and routinely do it with other component units and county entities like the Road Commission and the Medical Care Facility, that are separate, clearly organized under a different law and have far more autonomy on the part of those various entities. The last time they met on this issue, Mr. Hickner thought they had come to an agreement that they would agree to disagree. What they agreed was that we would go to a

third party and that could be either the Attorney General as was suggested by, he believed, a trustee. He stated a more expeditious way would be some type of arbitration where two briefs are submitted and they will agree to agree to that. Mr. Hickner spoke about previous court cases with the office of Corporation Counsel and the first County Executive. He spoke about a contentious relationship in the past with the Board of Commissioners and the County Executive stating that is no longer the way things are today and they have never had that with the Retirement Board. He stated none of this was personal. It is a question of making sure that things are done right and that if anything were to go sideways with the Retirement System, it would not be just the Retirement Board as fiduciaries that would be effected by it. It is the Board of Commissioners that adopts the budget, allocates resources and provides and decides tax levels. They are currently putting in a significant amount of money of the general fund into the pension system and they will continue to do that; however, to the extent that there are any issues, it has to be a cooperative approach and a team approach so that everyone who will be collecting a pension will have it not only today but in the future. Mr. Hickner gave examples of the Detroit Police and Fire and their general pension system. He stated they operate under a different law then Bay County does. There are only two counties in Michigan that have Act 139 and have the section within 139.

Mr. Hickner stated he felt it was appropriate to address the Retirement Board on a formal basis. He sincerely believes and hopes that they can work this out. There are a lot of other avenues that they can pursue, but he did not believe they would be in anybody's best interest.

As there was no further input from the public, Mr. Brzezinski moved on to petitions and communications.

3. Moved, supported and carried to receive Portfolio Value from January 1, 2014 to June 30, 2014. The value today is $306.5 million.

4. Moved, supported and carried to receive portfolio reports from Cornerstone, Geneva, Hotchkis & Wiley, Integrity Asset, MFS Investment, MacKay Shields, and Schroder all ending 05/31/2014.

5. Moved, supported and carried to receive the report from ConvergEx ending 05/31/2014.

6. Moved, supported and carried to receive Refunds/Retirements for the month ending 06/30/2014.

Trustee questioned the accuracy of the YTD Budget as there was no payment information listed for pension payments on the YTD Budget report page 42 of the Agenda. Ms. Hebert, Finance Officer, stated due to staffing changes they are in the process of recording the first two quarters. Trustee asked the chair if they could have administration update this on a monthly basis for the monthly reports. Chair stated this was so noted. Ms. Hebert stated they would like to get to that point. It was being done quarterly due to so many money managers and activity. Monthly reports are a direction they would like to see the

reporting going. Trustee Starkweather stated that was perfectly acceptable and that was a goal they would like to strive to.

Trustee inquired about year-end and having the information from the previous year available as well. Ms. Hebert stated that was correct and records were available in the financial statements.

7. Moved, supported and carried to receive BCERS Year-To-Date Budget report ending 06/26/2014.

8. Moved, supported and carried to receive service buy back calculations - Joseph Rivet.

9. Moved, supported and carried to approve non-duty disability retirement for Karen Prich effective July 8, 2014.

Trustee questioned correspondence from Integrity. Ms. Hebert clarified the correspondence was about the acquisition. Mr. Pohl clarified the letter was to inform the Retirement System that they utilize Citi Global for transactions.

10. Moved, supported and carried to receive correspondence from Integrity regarding Victory Capital utilizing Citi Global for their transactions.

11. Moved, supported and carried to approve the draft of the Direct Deposit letter.

Mr. Quinn, Corporation Counsel, was present today to talk about the buying of service retirement time. There were two separate requests from the Retirement Board. First request was to see the details of Joseph Rivet's service time. The second request was generic on how buying of service time was calculated and what law/laws applied. Mr. Quinn spoke to the Board and gave a written example provided on page 51 of the agenda regarding the calculations and also Michigan Law that applied to buying of service time as shown on page 50 of the agenda. He answered questions from trustees on this process.

12. Moved, supported and carried to receive information on how buying of service retirement time is calculated.

Mr. Quinn also presented information on the 2015 Budget Package. He stated the Board requested a presentation on how the budget worked. Mr. Quinn gave a Power Point presentation and talked about how the process has worked over the years. He stated the budget package is what they are looking at to present to the County Executive, who will present it to the Board of Commissioners at the end of September. They will make whatever changes they think are appropriate and the budget has to be complete by the end of the year. He explained this is in a state of constant change and flux through that time. The Bay County Board of Commissioners does have a final say on this budget.

Mr. Quinn explained the Executive recommended budget is due by approval between now and then. Departments would be giving input as to what they recommend and what changes, if any, in the budget for 2015. The Board could also give input into that. The Board of Commissioners considers the budget, thereafter. He

explained that changes are made through the normal course of business. He explained who can give input. He also explained variables not known now that will be known later on as the year progresses. He explained revenues and expenditures and some revenue items were there just as place holders. Some of the fees paid to money managers are based on a percentage as well and those are sort of flexible and hard to predict. He explained expenditures and revenues are part of any budget. Also, they look at what happened for the last year and the actual for 2013. They look at the 2014 budget and use that along with whatever factors they know to make projections for the 2015 budget. He went over Retirement fund contribution, interest, rentals, wages, fringes, supplies and professional services. Mr. Quinn believed indirect expense would be up in 2015 because they seem to be putting a lot of time into the Board.

Mr. Quinn and Ms. Hebert answered questions from the trustees on the proposed 2015 budget regarding figures, recommendations, deadlines for changes to the budget, labor costs, indirect costs, and projected labor costs involved with the scanning project related to the new software. Mr. Quinn talked about consultants, pension payouts, labor fees, attorney fees and how time is charged.

Trustee asked if Mr. Quinn could expand a little bit of why the 2015 indirect costs were going up.

Mr. Quinn explained they have been putting a lot more labor into it. He hoped at some point this would taper off. He stated this was an active Board that asked a lot of questions. They (Corporate Counsel) go out and research it and time is charged indirectly back. For example, the last agenda Mr. Quinn had three items he spent a couple of hours a piece on putting together. Those things all get charged back. He does not believe they have had this level of activity before. He stated there would be a little spike in that.

Trustee asked if Ms. Hebert was able to provide exactly what the costs were previous. Ms. Hebert responded they actually figured out what the actual costs were two years ago and do a projection on the costs for next year. Trustee stated what the Retirement System paid for is fine, just so they have some idea where the money went.

Trustee asked about page 67 of the agenda and the $140,000 actual costs for consultants and budgeting for $125,000. They know it is going to be $140,000 and want that changed.

Mr. Michaud commented that a requirement of Act 314 is for the Pension Board to adopt their budget. It is a legal requirement. It needs to be a formal budget adopted and it specifically needs to include allocations to education and travel expenses. Ms. Hebert asked Mr. Michaud about the timing of when the Retirement Board needed to adopt the budget, before or after the Board of Commissioners adopted the budget. Mr. Michaud responded it could be done at any point, but the Retirement Board needs to adopt it.

Trustee wanted to know when Finance wanted a response after the Board had an opportunity to look at the Budget. Ms. Hebert responded that it is normally submitted by July 15th. It is a working document and they could extend that

until the next meeting. Trustee asked if it could be brought back to the next meeting with the one change they know of for sure. Trustee asked question on indirect costs on a live period so in 2014 they were actually putting 2012 numbers in there. Ms. Hebert stated that was correct. Trustee asked if it was possible to bring this back next month and show the Board what 2012 was for the breakdown. They would like a better idea of what areas they are actually expensing in there. Ms. Hebert responded that they could have a information for the Board and maybe even have the 2013 numbers for 2015 by that time too.

Trustee clarified if anybody had any changes to give them to Ms. Hebert between now and August 12th so they can have a budget ready to approve by the Board.

13. Moved, supported and carried to receive information presented on the 2015 Budget Package.

Ms. Walraven of Corporation Counsel presented information on policies. Ms. Walraven stated there were 21 policies the Board asked her to look at that were on the handout from Mr. Michaud at the MAPERS conference. Ms. Walraven determined there are ten outstanding policies. Eight policies they currently have. Two policies that need clarification. One of those policies is not applicable to the Board. The two that need to be clarified were in the packet - Education/Travel/Due Diligence and Service Provider Disclosure policies. She stated they had previously adopted those. Ms. Walraven had asked the Retirement Administrator and grouped any files she could find and could copy. She did find the copy that was in the Board meeting packet and changes from Marty. A couple of changes needed to be made anyway so Ms. Walraven is proposing these for adoption because they are clarified and the most recent version of what was adopted. On the Education/Travel/Due Diligence, the major change made was to reflect the cost of the meals to be what the State uses, which is what the County uses. In the Service Provider Disclosures, Ms. Walraven talked to the secretary before about the best time of the year and it was determined to be March so that is the major change in that policy. Ms. Walraven stated those are her recommendations.

Trustee compared the policy to the minutes to what was approved and the copy that was attached and noticed the requirement of coach airfare was removed. Ms. Walraven stated she removed that because it has to come before the Board. The previous version said that airfare had to be coach unless certain things applied. Ms. Walraven stated it is currently removed from the draft that she gave the Board because it has to be on a case-by-case basis in front of the Board.

Trustee asked Ms. Walraven to run that past again asking if it was a recommendation that you travel by coach. Ms. Walraven stated it is currently removed from the draft that she gave the Board because it has to be on a case-by-case basis in front of the Board. That would be something that could be coach unless there was only one airport in Tahiti that only takes first class planes or something, as an example. Ms. Walraven stated she was joking, of course. That was the recommendation.

Trustee wanted to know what changes Ms. Walraven made. Ms. Walraven stated she did not give a redline version from the last version she had because it was

unclear which version had been approved. She had talked to Mr. Brzezinski about this because there was not a clear copy of changes that had been made to the previous version in any of the files. She was working on the last version she had and going forward with the changes she made. At the time that she made the changes, she was unaware that the policy had been passed because it was not on the website and was not provided to her by the Retirement Administrator. This was an issue where she started in the middle working from someone else's file. In an effort to clarify what they have, she is asking the Board to adopt the ones that are in the packet today so it is clear that is what they are adopting and it will go immediately on the website. Trustee stated he was used to seeing yellow highlighting of what has changed from previous. Ms. Walraven responded she would be more than happy to prepare that and bring it to the next meeting. Trustee asked if it was three different policies all written together. Ms. Walraven stated yes that it was from an example of Mr. Michaud's that Marty had made changes to and then Ms. Walraven made additional changes to the policy. She stated she could prepare a redline version if that is what the Board wished for the next meeting.

Trustee asked for a copy of what they had and what is recommended so they can study it and get back with her the next meeting.

14. Moved, supported and carried to table approving any policy changes until the Board can review the changes for the next meeting.

The next item Corporate Counsel presented was the MFS CIT agreement. Going back through the minutes, there was no motion to terminate Barings as a money manager and to enter into a new money Manager agreement with MFS for an international Growth CIT account. Ms. Walraven stated they are at the point of wanting to enter into this agreement and need authorization to do so. It was her recommendation to move to terminate Barings as a money manager and to enter into the new money manager agreement with MFS International Growth.

15. Moved, supported and carried to terminate Barings as a money manager and to enter into a new money manager agreement with MFS International Growth.

The third item from Corporate Counsel was Gabriel Roeder regarding the software calculator for the new Retirement Administrator. The contract just came back from Gabriel Roeder yesterday and it will be ready to sign when Mr. Gray returns from vacation.

The fourth item Corporate Counsel had was the RFI results. Ms. Walraven provided the Board with the RFI and the three proposals that were submitted in response to the RFI. Ms. Walraven's hope was that this provided the trustees with enough information to make a decision about whether or not they would like to go out for a bid.

Trustee was trying to decipher fees. Ms. Walraven stated one is not supposed to ask for fees at all in an RFI and somehow it got in. Trustee asked how the RFI worked. Ms. Walraven stated the RFI was just a request for information to determine the different characteristics. She discussed the differences between RFI, RFQ and RFP. Ms. Walraven stated the RFI provided a lot of useful information about the services they are getting currently from Gabriel Roeder

Smith and the other competitors who responded. It was worth viewing that and seeing the areas that might be different with the different providers and whether or not they want to go out for an RFP or an RFQ. She discussed a time line with a total of about 10 weeks.

Trustee asked what the difference was between the information received and what the information would be if it was an RFP or an RFQ. Ms. Walraven responded one thing on the RFI is they asked for fees even though they were not supposed to. Some people responded and did an hourly breakdown, but it is hard to say because we don't know what we are going to be sending out to the actuaries. Mr. Quinn stated they really didn't know the scope of work because Gabriel Roeder had been with them for so long. The reason they went out for an RFI in the first place was to find out how to put their scope of work together and see what services were offered.

Mr. Quinn and Ms. Walraven answered questions from trustees regarding the RFI.

16. Moved, supported and carried to receive report of information regarding RFI.

ANNOUNCEMENTS:

A. Next regularly scheduled meeting will be Tuesday, August 12, 2014 at 1:30 P.M. in Commissioner's Chambers, 515 Center Avenue - 4th Floor, Bay City, MI 48708.

UNFINISHED BUSINESS:

Mr. Howard of The Bogdahn Group stated they should end June with some good numbers for the year-to-date and 12 months. Nothing specific. Mr. Brown of the Bogdahn Group stated they continue to work with Counsel on finalizing some agreements and some policies.

Mr. Michaud of VanOverbeke, Michaud & Timmony P.C., commented there are still a couple of policies next on the radar. Discussing Code of Conduct that was discussed earlier this year. He stated Corporate Counsel had a draft and will make sure that stays on the top of the list.

There was discussion between Mr. Michaud and trustees regarding Mr. Michaud's presence at the Board meetings, his fees and billing, the work he is providing and updates. Mr. Michaud answered questions from the trustees.

There was discussion on whether or not Mr. Michaud should continue to attend routine Board meetings. Trustee made a motion that they end his attending routine Board meetings and maintain him as their attorney whenever they need him. The motion was not seconded. There was no vote by the Board.

NEW BUSINESS:

It was brought up by a trustee that the Bay County Board of Commissioners has a resolution recommending the Retirement Board go to arbitration on this question of legal counsel. Discussion took place regarding this issue. They gave their

views on the State law regarding their ability to hire outside legal counsel, the County Commissioners passing a resolution, and whether or not they would agree to go to arbitration.

Motion on the floor Trustee made that this Board not agree to go to Arbitration, which is what the Board of Commissioners was going to be proposing later today.

17. Motion that this Board not agree to go to Arbitration.

Roll Call vote:
Brzezinski: No
Coonan: No
Gromaski: No
Herek: No
Morse: No
Pett: No
Starkweather: Yes
Goetz: No.

The motion was voted down.

A discussion then took place regarding funding levels. Trustee stated there was an agenda item on the Board of Commissioners to reduce funding levels from 125% to 115%. Trustee gave his view on what would happen if the funding level was reduced to 115% and putting money into the VEBA. There was discussion on weakening the pension fund, Medicare and health care in the future.

Mr. Michaud explained restrictions on which way to address the use of pension funds for any other purposes such as health care or other. He advised the Board to make sure that they stay within those restrictions; otherwise, they could potentially jeopardize the qualified status of the pension plan. Ms. Hebert stated, for the record, that was not what they were proposing doing. It was not ever to move money out of one trust fund to another. They (the Board of Commissioners) are proposing that we change it to 115% because we are not seeing funding levels of 125% anymore. Years and years ago they did. Some groups are able to meet their obligation for the long term. It was not ever to move money out of one trust into another.

Trustee stated he felt they should give their input to whoever is voting at the Board of Commissioners to leave it(the funding level)where it is at 125%.

NEW BUSINESS: None
MISCELLANEOUS BUSINESS None

ADJOURNMENT:

19. Moved, supported and carried to adjourn the meeting at 3:08 p.m.

Respectfully submitted,

Crystal Hebert

Crystal Hebert
Finance Officer/Secretary

Transcribed by: Tracy Cederquist

MEETING OF THE **BCERS** BOARD OF TRUSTEES COMMITTEE
July 8, 2014

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

MEETING CALLED TO ORDER BY: VICE-CHAIRPERSON RICHARD BRZEZINSKI AT 1:30 P.M.

TRUSTEE	1	2	3	4	5	6	7	8	9	10
BRZEZINSKI (Vice Chairperson)	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
COONAN	Y	Y	Y	Y	M-Y	Y	Y	M-Y	M-Y	Y
MGRAY	E	E	E	E	E	E	E	E	E	E
GROMASKI	M-Y	M-Y	Y	Y	Y	Y	S-Y	Y	Y	Y
HEREK	Y	Y	S-Y	Y	Y	Y	Y	Y	Y	Y
MORSE	Y	Y	Y	S-Y	Y	Y	Y	Y	Y	Y
PETT	S-Y	Y	M-Y	M-Y	Y	M-Y	Y	S-Y	Y	S-Y
STARKWEATHER	Y	S-Y	Y	Y	Y	S-Y	M-Y	Y	Y	M-Y
GOETZ	Y	Y	Y	Y	S-Y	Y	Y	Y	S-Y	Y

TRUSTEE	11	12	13	14	15	16	17	18	19	20
BRZEZINSKI (Vice Chairperson)	Y	Y	Y	Y	Y	Y	N	Y		
COONAN	M-Y	Y	Y	Y	M-Y	S-Y	N	Y		
GRAY	E	E	E	E	E	E	E	E		
GROMASKI	S-Y	Y	M-Y	Y	Y	Y	N	S-Y		
HEREK	Y	Y	Y	M-Y	S-Y	M-Y	S-N	Y		
MORSE	Y	Y	Y	Y	Y	Y	N	Y		
PETT	Y	S-Y	S-Y	Y	Y	Y	N	M-Y		
STARKWEATHER	Y	M-Y	Y	S-Y	Y	Y	M-Y	Y		
GOETZ	Y	Y	Y	Y	Y	Y	N	Y		

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

Geneva Capital Management Ltd.
100 E. Wisconsin Avenue, Suite 2550, Milwaukee, WI 53202
(t) 414-224-6002 (f) 414-224-9503 invest@gcmltd.com

RECEIVED
JUL 14 2014

July 7, 2014

Ms. Crystal Hebert
Bay County Corporation
515 Center Avenue, Ste 402
Bay City, MI 48708-5128

Dear Ms. Hebert:

It is our pleasure to inform you that Geneva Capital Management Ltd. ("Geneva") is entering into a transaction with Henderson Global Investors (North America) Inc. ("Henderson") whereby Henderson will acquire 100% of the equity interests of Geneva. In connection with the transaction, each of our Managing Principals (Bill Priebe, Amy Croen, Michelle Picard and Scott Priebe), as well as our Director-Consultant Relations (Nick Bauer), will enter into a long-term employment agreement with Henderson and will continue to serve you following the acquisition. We are excited about becoming members of the Henderson family and the opportunities this transaction brings to our clients and employees. In addition, we will have the expanded resources of Henderson to meet your investment management needs.

Henderson is an indirect wholly-owned subsidiary of Henderson Group plc, the UK-based parent holding company of the global asset management business of Henderson Global Investors. Henderson Global Investors is a leading global asset manager, based in London, servicing institutional and retail clients worldwide and has over $130 billion of assets under management at March 31, 2014. The transaction is scheduled to be completed during the third quarter of 2014. The closing of the transaction is subject to customary conditions.

Let us highlight important points regarding this transaction:

- Geneva's entire investment and operations teams will remain the same.
- Geneva will continue to employ the same investment philosophy and process that has been in place since 1987.
- We will continue to serve you after the acquisition through our existing office in Milwaukee, Wisconsin.
- Your relationship will continue to be managed by the same portfolio managers as it is today. The fees and services under your investment advisory agreement are not changing as a result of this transaction.
- As a global asset manager, Henderson offers Geneva the tools required to manage client assets effectively in an ever changing and complex environment including compliance, operations, client service, distribution and risk management.

Geneva Capital Management Ltd.
100 E. Wisconsin Avenue, Suite 2550, Milwaukee, WI 53202
(t) 414-224-6002 (f) 414-224-9503 invest@gcmltd.com

In sum, we believe that our new relationship with Henderson will provide us with access to greater resources without altering the fundamental nature of our relationship with you and our other valued clients. We also believe that Henderson's corporate culture mirrors our own.

Under applicable securities laws, the sale of Geneva's investment management business to Henderson will result in the "assignment" of your investment advisory agreement from Geneva to Henderson. Under the terms of your investment advisory agreement, we are required to obtain your consent prior to such an assignment. We have included the Consent to Assignment below. If you consent to the assignment of your investment advisory agreement from Geneva to Henderson, please sign the Consent to Assignment and return a copy to Geneva via facsimile at 414-224-9503 or via email at consent@gcmltd.com no later than August 1, 2014. You may also sign both copies of this letter and return one signed copy in the enclosed, self-addressed, postage-paid envelope.

Please note that the electronic transmission of your Consent to Assignment to Geneva reflects your authorization and approval that such method of delivery will satisfy any requirements relating to notices and other communications under your investment advisory agreement.

We at Geneva thank you, and look forward to continuing our relationship and serving your investment management needs. If you have any questions regarding the proposed transaction with Henderson, please call one of us at (414) 224-6002, and we will be happy to meet with you.

Best regards,

Geneva Capital Management Ltd.

William A. Priebe Amy S. Croen Michelle J. Picard W. Scott Priebe

Geneva Capital Management Ltd.
100 E. Wisconsin Avenue, Suite 2500, Milwaukee, WI 53202
(t) 414-224-8002 (f) 414-224-9503 invest@gcmltd.com

Consent to Assignment

The undersigned, duly authorized, hereby consents to the assignment of the investment advisory agreement by Geneva to Henderson and acknowledges receipt of a letter dated July 7, 2014 detailing the related transaction.

Client or Authorized Representative Signature: _____

Print Name (and Title if applicable): _____

Date: _____

Client Account Name(s):

- Bay County Employees' Retirement System XXXX9057 (bcers)

RET. 2014	BAIRD	BARINGS	CORNERSTONE	DENVER	EAGLE (RJFN)	GENEVA	HOTCHKIS & WILEY	LOOMIS SAYLES	MACKAY SHIELDS	MFS	INTEGRITY	SCHRODER	COLUMBIA	VANGUARD	WENTWORTH (WHV)	CASH	TOTAL
VENDOR #	63541	1239	464	29624	2980	4299	37497	36127	35957	4925	66159	55357	44907		68141		
JAN	24,463,170.06	15,810,418.52	10,882,785.36	15,636.55	10,845,477.76	23,655,580.91	11,093,089.76	33,704,722.73	17,312,317.81	42,185,660.33	25,341,799.15	17,897,691.90	42,025,846.40	12,827,293.37	1,556.12	2,315,529.80	290,378,576.53
FEB	24,551,115.13	16,435,350.37	11,477,164.97	15,637.07	11,334,966.12	23,126,136.62	11,626,222.96	34,155,815.39	17,896,798.78	44,594,775.30	25,791,007.32	19,007,323.01	43,808,067.15	13,413,634.59	1,556.12	4,106,385.47	301,343,958.57
MARCH	24,451,455.29	16,112,044.93	11,576,093.43	15,637.73	10,990,678.81	22,732,376.59	11,880,593.12	34,155,505.52	17,889,095.57	43,121,006.00	26,219,742.92	19,196,246.07	44,725,223.10	13,525,599.60	1,556.12	2,678,706.83	299,471,561.63
APRIL	24,633,365.70	16,163,335.27	11,969,953.90	15,638.20	10,525,312.54	22,013,618.56	11,824,986.92	34,626,936.79	17,928,509.41	42,446,609.11	25,950,858.13	19,081,951.23	44,652,815.17	13,824,971.35	1,556.12	1,904,660.39	297,365,106.79
MAY	24,915,612.38	16,285,658.70	12,255,489.81	66.90	10,420,967.19	22,036,229.29	11,145,295.86	35,135,493.30	18,321,580.97	43,994,227.36	24,495,435.08	19,283,222.79	45,859,847.45	13,944,380.56	0.00	4,112,797.10	302,207,316.74
JUNE	24,931,343.86	16,684,004.48	12,423,450.65	66.55	11,211,134.08	22,793,475.98	11,587,020.17	35,265,278.33	18,656,218.19	44,496,394.79	25,309,477.75	19,531,835.83	46,766,622.63	14,232,341.81	0.00	2,827,143.13	306,715,810.23
JULY	24,839,118.41	16,367,025.77	12,427,115.99	0.00	10,702,518.89	22,342,644.27	10,102,456.71	35,165,719.09	18,439,015.63	44,224,655.02	22,450,686.87	18,977,929.77	46,273,989.13	14,035,880.67	0.00	4,732,900.57	301,081,336.79
AUG																	0.00
SEPT																	0.00
OCT																	0.00
NOV																	0.00
DEC																	0.00

	BAIRD	BARINGS	CORNERSTONE	DENVER	EAGLE	GENEVA	HOTCHKIS & WILEY	LOOMIS SAYLES	MACKAY SHIELDS	MFS	INTEGRITY	SCHRODER	COLUMBIA	VANGUARD	WENTWORTH	CASH	TOTAL
2014																	
1ST QTR	24,451,455.29	16,112,044.93	11,576,093.43		10,990,678.81	22,732,376.59	11,880,593.12	34,155,505.52	17,889,095.57	43,121,006.00	26,219,742.92	19,196,246.07	44,725,223.10	13,525,599.60		2,895,900.66	299,471,561.63
2ND QTR	24,931,343.86	16,684,004.48	12,423,450.65		11,211,134.08	22,793,475.98	11,587,020.17	35,265,278.33	18,656,218.19	44,496,394.79	25,309,477.75	19,531,835.83	46,766,622.63	14,232,341.81		2,827,211.88	306,715,810.23
3RD QTR																	0.00
4TH QTR																	0.00
2014 YTD	49,382,799.15	32,796,049.41	23,999,544.08	0.00	22,201,812.89		23,467,613.29	69,420,783.85	36,545,313.76	87,617,400.79	51,529,220.67	38,728,081.90	91,491,845.73		0.00	5,723,112.54	606,187,371.86

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

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

INVESTMENT MANAGER FEE SCHEDULES

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

CORNERSTONE

PERFORMANCE HISTORY
Bay County Employees' Retirement System

Time Period	6/30/2014	Percent Return Per Period Portfolio Gross	Net	FTSE/NAREIT Equity REIT Index
1 Month		1.37%	1.32%	1.11%
YTD		17.96%	17.62%	17.66%
1 Year		17.31%	16.61%	13.21%
3 Year		12.29%	11.62%	11.84%
5 Year		24.51%	23.78%	23.52%
Inception (October 21, 2008)		17.65%	16.96%	15.62%

CORNERSTONE

June 30, 2014

Bay County Employees' Retirement System

Symbol	Description	Property Type	Shares	Cost	Cost Per Share	Closing Price 6/30/2014	Percentage of Portfolio	Market Value 6/30/2014	Dividend Yield
Equity Holdings									
ACC	American Campus Communities In	Apartment	11,500	$416,249	$36.20	$38.24	3.54%	$439,760	3.8%
AVB	AvalonBay Communities Inc	Apartment	1,749	$245,071	$140.12	$142.19	2.00%	$248,690	3.1%
EDR	Education Realty Trust Inc	Apartment	31,020	$299,349	$9.65	$10.74	2.68%	$333,155	4.1%
EQR	Equity Residential	Apartment	4,850	$255,322	$52.64	$63.00	2.46%	$305,550	3.3%
ESS	Essex Property Trust Inc	Apartment	2,770	$472,890	$170.72	$184.91	4.12%	$512,201	2.7%
UDR	UDR Inc	Apartment	8,995	$245,600	$27.30	$28.63	2.07%	$257,527	3.4%
VNO	Vornado Realty Trust	Diversified	4,434	$332,620	$75.02	$106.73	3.81%	$473,241	2.7%
DOC	Physicians Realty Trust	Healthcare	6,370	$75,225	$11.81	$14.39	0.74%	$91,664	4.4%
HCP	HCP Inc	Healthcare	4,030	$156,580	$38.85	$41.38	1.34%	$166,761	5.2%
HCN	Health Care REIT Inc	Healthcare	4,990	$282,566	$56.63	$62.67	2.52%	$312,723	5.0%
NHI	National Health Investors Inc	Healthcare	1,517	$87,426	$57.63	$62.56	0.76%	$94,904	4.8%
OHI	Omega Healthcare Investors Inc	Healthcare	2,390	$84,257	$35.25	$36.86	0.71%	$88,095	5.3%
SBRA	Sabra Health Care REIT Inc	Healthcare	4,300	$122,189	$28.42	$28.71	0.99%	$123,453	4.9%
VTR	Ventas Inc	Healthcare	2,677	$143,084	$53.45	$64.10	1.38%	$171,596	4.4%
CSU	Capital Senior Living Corp	Healthcare/Not Indexed	5,940	$140,658	$23.68	$23.84	1.14%	$141,610	0.0%
AHT	Ashford Hospitality Trust Inc	Hotels	7,210	$90,519	$12.55	$11.54	0.67%	$83,203	4.2%
CHSP	Chesapeake Lodging Trust	Hotels	9,060	$194,705	$21.49	$30.23	2.20%	$273,884	3.7%
DRH	DiamondRock Hospitality Co	Hotels	11,670	$136,279	$11.68	$12.82	1.20%	$149,609	2.9%
FCH	FelCor Lodging Trust Inc	Hotels	19,200	$131,777	$6.86	$10.51	1.62%	$201,792	0.4%
HT	Hersha Hospitality Trust	Hotels	18,950	$107,653	$5.68	$6.71	1.02%	$127,155	3.6%
HST	Host Hotels & Resorts Inc	Hotels	19,985	$338,282	$16.93	$22.01	3.54%	$439,870	2.5%
LHO	LaSalle Hotel Properties	Hotels	5,040	$134,164	$26.62	$35.29	1.43%	$177,862	3.4%
FR	First Industrial Realty Trust	Industrial	9,581	$157,876	$16.48	$18.84	1.45%	$180,506	2.0%
PLD	Prologis Inc	Industrial	5,950	$226,064	$37.99	$41.09	1.97%	$244,486	3.0%
STAG	STAG Industrial Inc	Industrial	7,285	$160,253	$22.00	$24.01	1.41%	$174,913	5.2%
ARE	Alexandria Real Estate Equitie	Office	1,860	$123,363	$66.32	$77.64	1.16%	$144,410	3.6%
BXP	Boston Properties Inc	Office	3,370	$278,346	$82.60	$118.18	3.21%	$398,267	4.1%
BDN	Brandywine Realty Trust	Office	5,590	$80,936	$14.48	$15.60	0.70%	$87,204	3.8%
CUZ	Cousins Properties Inc	Office	18,640	$206,377	$11.07	$12.45	1.87%	$232,068	1.9%
DEI	Douglas Emmett Inc	Office	10,137	$226,180	$22.31	$28.22	2.30%	$286,066	2.8%
HIW	Highwoods Properties Inc	Office	9,690	$349,816	$36.10	$41.95	3.27%	$406,496	4.1%
HPP	Hudson Pacific Properties Inc	Office	11,810	$274,908	$23.28	$25.34	2.41%	$299,265	2.0%
KRC	Kilroy Realty Corp	Office	3,852	$195,677	$50.80	$62.28	1.93%	$239,903	2.2%
GGP	General Growth Properties Inc	Regional Mall	14,521	$305,304	$21.02	$23.56	2.75%	$342,115	2.3%
GRT	Glimcher Realty Trust	Regional Mall	14,050	$139,513	$9.93	$10.83	1.22%	$152,162	3.7%
SPG	Simon Property Group Inc	Regional Mall	8,448	$820,390	$97.11	$166.28	11.31%	$1,404,733	2.9%
WPG	Washington Prime Group Inc	Regional Mall	4,059	$47,620	$11.73	$18.74	0.61%	$76,066	0.0%
CUBE	CubeSmart	Self-Storage	20,240	$332,504	$16.43	$18.32	2.98%	$370,797	2.7%
EXR	Extra Space Storage Inc	Self-Storage	8,350	$381,943	$45.74	$53.25	3.58%	$444,638	3.1%
AKR	Acadia Realty Trust	Shopping Centers	12,251	$313,990	$25.63	$28.09	2.77%	$344,131	3.2%
KIM	Kimco Realty Corp	Shopping Centers	5,340	$113,963	$21.34	$22.98	0.99%	$122,713	3.9%
KRG	Kite Realty Group Trust	Shopping Centers	34,290	$214,017	$6.24	$6.14	1.69%	$210,541	4.1%
REG	Regency Centers Corp	Shopping Centers	6,080	$306,702	$50.44	$55.68	2.72%	$338,534	3.3%
RPT	Ramco-Gershenson Properties Tr	Shopping Centers	11,650	$183,218	$15.73	$16.62	1.56%	$193,623	4.5%
SKT	Tanger Factory Outlet Centers	Shopping Centers	7,620	$274,533	$36.03	$34.97	2.14%	$266,471	2.6%
				Total Equities			98.0%	$ 12,174,410	3.2%
				Accrued Income			0.3%	$ 42,199	
				Total Cash & Cash Equivalents			1.7%	$ 206,682	
				Total Portfolio Value			100.0%	$ 12,423,291	

Geneva Capital Management Ltd.

PORTFOLIO APPRAISAL

Bay County Employees' Retirement System XXXX9057 (bcers)

June 30, 2014

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Yield
COMMON STOCK							
2,407	AFFILIATED MANAGERS GRP COM	122.37	294,542	205.40	494,398	2.2	0.0
6,809	ALIGN TECHNOLOGY INC COM	30.60	208,387	56.04	381,576	1.7	0.0
6,024	AMETEK INC NEW COM	40.34	243,022	52.28	314,935	1.4	0.7
5,545	AMPHENOL CORP NEW CL A	67.92	376,597	96.34	534,205	2.3	0.8
5,141	ANSYS INC COM	72.76	374,061	75.82	389,791	1.7	0.0
2,168	BARD C R INC COM	115.63	250,690	143.01	310,046	1.4	0.6
6,122	BEACON ROOFING SUPPLY INC COM	41.37	253,244	33.12	202,761	0.9	0.0
9,242	BROWN & BROWN INC COM	31.12	287,567	30.71	283,822	1.2	1.3
6,846	CATAMARAN CORP COM	51.13	350,016	44.16	302,319	1.3	0.0
8,503	CERNER CORP COM	40.92	347,932	51.58	438,585	1.9	0.0
3,159	CHART INDS INC COM	82.49	260,600	82.73	261,344	1.1	0.0
722	CHIPOTLE MEXICAN GRILL INC COM	321.38	232,036	592.51	427,792	1.9	0.0
5,561	CHURCH & DWIGHT INC COM	55.87	310,701	69.95	388,992	1.7	1.8
9,006	COGNIZANT TECHNOLOGY SOLUTIONS CL A	39.08	351,992	48.91	440,483	1.9	0.0
3,207	COMMVAULT SYSTEMS INC COM	82.39	264,214	49.17	157,688	0.7	0.0
3,250	CONCHO RES INC COM	91.71	298,044	144.50	469,625	2.1	0.0
11,929	COPART INC COM	32.80	391,283	35.96	428,967	1.9	0.0
1,916	COSTAR GROUP INC COM	135.61	259,822	158.17	303,054	1.3	0.0
9,264	DSW INC CL A	41.75	386,798	27.94	258,836	1.1	2.7
12,786	EAST WEST BANCORP INC COM	23.16	296,096	34.99	447,382	2.0	2.1
5,727	FASTENAL CO COM	46.65	267,148	49.49	283,429	1.2	2.0
8,156	FISERV INC COM	41.39	337,578	60.32	491,970	2.2	0.0
4,233	GENESEE & WYO INC CL A	86.29	365,267	105.00	444,465	1.9	0.0
3,888	HAIN CELESTIAL GROUP INC COM	86.39	335,888	88.74	345,021	1.5	0.0
3,462	HUNT J B TRANS SVCS INC COM	69.32	239,990	73.78	255,426	1.1	1.1
5,475	IDEX CORP COM	52.85	289,334	80.74	442,051	1.9	1.4
1,819	IDEXX LABS INC COM	126.30	229,745	133.57	242,964	1.1	0.0
3,566	IHS INC CL A	102.21	364,474	135.67	483,799	2.1	0.0
2,128	INTERCONTINENTAL EXCHANGE GROUP COM	127.72	271,785	188.90	401,979	1.8	1.4
5,674	INTUIT COM	62.44	354,290	80.53	456,927	2.0	0.9
16,059	LKQ CORP COM	22.85	366,924	26.69	428,615	1.9	0.0

Geneva Capital Management Ltd.

PORTFOLIO APPRAISAL

Bay County Employees' Retirement System XXXX9057 (bcers)

June 30, 2014

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Yield
10,473	MANHATTAN ASSOCS INC COM	34.43	360,546	34.43	360,585	1.6	0.0
5,599	MICROS SYS INC COM	44.73	250,442	67.90	380,172	1.7	0.0
5,025	MIDDLEBY CORP COM	73.83	371,008	82.72	415,668	1.8	0.0
4,116	O REILLY AUTOMOTIVE INC NEW COM	87.69	360,918	150.60	619,870	2.7	0.0
4,869	OCEANEERING INTL INC COM	70.43	342,945	78.13	380,415	1.7	1.4
3,328	PALL CORP COM	69.15	230,133	85.39	284,178	1.2	1.3
1,855	PANERA BREAD CO CL A	161.26	299,133	149.83	277,935	1.2	0.0
6,728	PAREXEL INTL CORP COM	33.14	222,945	52.84	355,508	1.6	0.0
3,129	PERRIGO CO PLC SHS	152.20	476,249	145.76	456,083	2.0	0.3
3,427	POLARIS INDS INC COM	83.79	287,165	130.24	446,332	2.0	1.5
4,199	RANGE RES CORP COM	67.17	282,054	86.95	365,103	1.6	0.2
5,172	RAYMOND JAMES FINANCIAL INC COM	51.90	268,429	50.73	262,376	1.2	1.3
7,293	RED HAT INC COM	51.33	374,325	55.27	403,084	1.8	0.0
1,608	ROPER INDS INC NEW COM	114.81	184,611	146.01	234,784	1.0	0.5
3,036	SIGMA ALDRICH CORP COM	76.44	232,069	101.48	308,093	1.4	0.9
3,706	SIGNATURE BK NEW YORK N Y COM	72.85	269,976	126.18	467,623	2.1	0.0
4,732	SIRONA DENTAL SYSTEMS INC COM	71.43	338,006	82.46	390,201	1.7	0.0
2,245	SMUCKER J M CO COM NEW	88.81	199,368	106.57	239,250	1.0	2.2
2,951	STERICYCLE INC COM	95.08	280,582	118.42	349,457	1.5	0.0
8,322	TRACTOR SUPPLY CO COM	46.82	389,619	60.40	502,649	2.2	1.1
12,660	TRIMBLE NAVIGATION LTD COM	30.97	392,093	36.95	467,787	2.1	0.0
3,744	TYLER TECHNOLOGIES INC COM	83.39	312,216	91.21	341,490	1.5	0.0
1,799	ULTIMATE SOFTWARE GROUP INC COM	144.94	260,746	138.17	248,568	1.1	0.0
10,314	UNDER ARMOUR INC CL A	26.12	269,441	59.49	613,580	2.7	0.0
4,695	VARIAN MED SYS INC COM	74.77	351,052	83.14	390,342	1.7	0.0
5,166	VERISK ANALYTICS INC CL A	62.64	323,596	60.02	310,063	1.4	0.0
5,498	WABTEC CORP COM	47.44	260,801	82.59	454,080	2.0	0.3
			17,650,536		21,838,524	95.8	0.4

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Geneva Capital Management Ltd.

PORTFOLIO APPRAISAL

Bay County Employees' Retirement System XXXX9057 (bcers)

June 30, 2014

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Yield
CASH AND EQUIVALENTS							
	ACCRUED DIVIDENDS		1,937		1,937	0.0	0.0
	CASH ACCOUNT		953,091		953,091	4.2	0.0
			955,027		955,027	4.2	0.0
TOTAL PORTFOLIO			**18,605,564**		**22,793,551**	**100.0**	**0.4**

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

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

Geneva Capital Management Ltd.

PERFORMANCE HISTORY

NET OF FEES

Bay County Employees' Retirement System

XXXX9057 (bcers)

From 12-31-2013 to 06-30-2014

Time Period	Percent Return Per Period		
	Total Account	Equities	Russell Midcap Growth Index
12-31-2013 to 01-31-2014	-3.61	-3.48	-2.17
01-31-2014 to 02-28-2014	4.24	4.45	6.28
02-28-2014 to 03-31-2014	-1.71	-1.74	-1.85
03-31-2014 to 04-30-2014	-3.35	-3.21	-1.47
04-30-2014 to 05-31-2014	0.10	0.10	2.72
05-31-2014 to 06-30-2014	3.44	3.58	3.13
Inception to Date			
01-17-2013 to 06-30-2014	23.65	25.44	38.42

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

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

Geneva Capital Management Ltd.

PERFORMANCE HISTORY
NET OF FEES

Bay County Employees' Retirement System
XXXX9057 (bcers)

From 01-17-2013 to 06-30-2014

Time Period	Percent Return Per Period		
	Total Account	Equities	Russell Midcap Growth Index
01-17-2013 to 12-31-2013	25.11	26.17	29.97
12-31-2013 to 06-30-2014	-1.16	-0.58	6.51
Date to Date			
01-17-2013 to 06-30-2014	23.65	25.44	38.42
Annualized	15.78	16.93	25.15

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

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BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

Small Cap Value — Total Market Value: $11,586,746 (3.4% Cash) — Quarter Ended June 30, 2014

Performance Returns - Gross of Fees

	MTD	QTD	YTD	Since Incept.
Portfolio - Total Return	3.95 %	6.52 %	9.57 %	11.31 %
Portfolio - Equity Only	4.08	6.66	9.83	11.30
Russell 2000 Value Index	4.42	2.38	4.20	8.90
Russell 2000 Index	5.32	2.05	3.19	9.08
S&P 500 Index	2.07	5.23	7.14	8.20

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

Weighted Average Portfolio Characteristics

	Portfolio	Rus 2000 V	Rus 2000
Projected P/E Ratio (FY2)	14.9x	15.6x	16.9x
Price / Cash Flow Ratio	5.8x	8.1x	10.1x
Price / Book Ratio	1.5x	1.5x	2.2x
Dividend Yield	1.1%	1.8%	1.3%
Market Capitalization (mm)	$2,426	$1,670	$1,796
# of Holdings / 1-Yr Turnover	57 / 54%		

Top and Bottom Five Contributors to Performance

	End Wgt	Ttl Ret.	Contr.
Con-way Inc.	5.01 %	22.99 %	1.05 %
Taro Pharmaceutical Inds.	2.91	26.34	0.63
WellCare Health Plans Inc.	3.48	17.54	0.58
Sonic Automotive Inc.	3.09	18.79	0.53
ARRIS Group Inc.	2.89	15.44	0.43
First Horizon Nat'l Corp.	3.86 %	-3.49 %	-0.17 %
Comverse Inc.	1.22	-22.85	-0.24
QLogic Corp.	0.97	-20.86	-0.28
PHH Corp.	2.38	-11.07	-0.30
Quiksilver Inc.	0.39	-52.33	-0.46

Trading Data

Major Buy(Sell) *New buy/final sell	+/-
Invacare Corp.	1.0% *
Brink's Co.	1.0% *
Diodes Inc.	0.6%
Investors Bancorp Inc.	0.6% *
Comverse Inc.	0.5%
(Tutor Perini Corp.)	-0.6% *
(Meritor Inc.)	-0.8%
(Con-Way Inc.)	-0.9%
(Huntington Ingalls Ind. Inc.)	-1.0%
(Big Lots Inc.)	-2.1%

Top Ten Stocks - Total Portfolio

	End Wgt
Masonite Int'l Corp.	5.2 %
Con-way Inc.	5.0
Kaiser Aluminum Corp.	4.1
First Horizon Nat'l Corp.	3.9
Horace Mann Educ. Corp.	3.8
WellCare Health Plans Inc.	3.5
Matson Inc.	3.5
Geo Group Inc.	3.3
Sonic Automotive Inc.	3.1
Rent-A-Center Inc.	3.0

Performance Attribution

	Portfolio		Russell 2000 Value		Allocation		
	Avg Wgt	Equ. Ret.	Avg Wgt	Equ. Ret.	Sector	Stock	Total
Industrials	27.70 %	9.46 %	13.25 %	1.15 %	-0.18	2.29	2.11
Health Care	10.31	16.65	4.72	3.75	0.12	1.20	1.33
Consumer Discretionary	11.27	8.81	10.08	3.15	0.00	0.75	0.76
Financials	28.39	2.97	39.95	1.47	0.11	0.42	0.53
Materials	7.52	1.72	4.49	-0.85	-0.09	0.20	0.11
Consumer Staples	0.00	0.00	2.50	-0.15	0.07	0.00	0.07
Telecommunication Services	0.00	0.00	0.52	-1.41	0.02	0.00	0.02
Utilities	4.64	9.18	6.44	8.96	-0.11	0.00	-0.11
Information Technology	8.74	-1.39	10.25	0.71	0.04	-0.17	-0.14
Energy	1.19	2.89	7.81	7.45	-0.33	-0.05	-0.37
					-0.34	4.64	4.30

Top Ten Industries - Total Portfolio

	End Wgt
Insurance	12.1 %
Banks	8.7
Metals & Mining	7.5
Health Care Prov. & Srvcs	7.1
Specialty Retail	6.1
Machinery	5.3
Building Products	5.2
Road & Rail	5.0
Real Estate Inv. Trusts	4.0
Semicond/Semicond Equip.	3.6

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

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

Small Cap Value
Investment Review

Quarter Ended
June 30, 2014

Hotchkis & Wiley

725 South Figueroa Street, 39th Floor, Los Angeles, CA 90017 • T: 213-430-1000 • F: 213-430-1001 • www.hwcm.com

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

June 30, 2014

Assets

Total Market Value:	$11,586,746
Total Equity Value:	$11,192,721
Total Cash Value:	$388,182
Total Accrued Value:	$5,844
% Cash of Portfolio:	3.4%

Transactions Summary

Total Purchases:	$636,553
Total Sales:	$1,525,405
Total Commissions:	$1,706
Average Transaction Cost/Share:	$0.019

Performance Returns

Commencement of Portfolio
December 1, 2003

	MTD	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception
Portfolio - Total Return	3.95 %	6.52 %	9.57 %	34.80 %	20.73 %	30.02 %	10.49 %	11.31 %
Portfolio - Equity Only	4.08	6.66	9.83	35.74	21.40	30.72	10.43	11.30
Russell 2000 Value Index	4.42	2.38	4.20	22.54	14.65	19.88	8.24	8.90
Russell 2000 Index	5.32	2.05	3.19	23.64	14.57	20.21	8.70	9.08
S&P 500 Index	2.07	5.23	7.14	24.61	16.58	18.83	7.78	8.20

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

June 30, 2014

MARKET REVIEW AND OUTLOOK

Market Commentary

Small cap U.S. equities rose with the Russell 2000 Index returning +2.1% during the second quarter and +3.2% since the beginning of the year. Equity investors appeared to largely dismiss both the Russia/Ukraine and Iraq/ISIS conflicts as economically inconsequential. In fact, the VIX Index, often used as a proxy for overall investor apprehension, reached a seven-year low in mid-June. Economic activity over the past quarter was positive and seems to have invigorated investor confidence. The unemployment rate fell to a post-financial crisis low, and now stands at 6.1% compared to 10.0% in 2009. The housing market demonstrated signs of improvement, with new home sales reaching six-year highs and pending sales of existing homes reaching four-year highs. Corporate performance continues to be robust as more than half of small cap companies exceeded consensus earnings estimates. Large caps beat expectations to a greater extent and consequently, have outperformed small caps this year. In response to these positive economic and corporate developments, the Federal Open Market Committee's official statement in mid-June struck a more optimistic tone than its late-April statement, which helped boost equity prices. With the VIX Index reaching a multi-year low, however, we would not be surprised to encounter stints of increased volatility across the U.S. equity market in the near/medium term.

Dispersion between the best and worst performing sectors was notable. Utilities and energy led the way, more than tripling the Russell 2000 Index return. The price of crude oil rose modestly amid renewed turmoil in Iraq. Meanwhile, telecom, materials, and consumer staples each posted slightly negative returns for the quarter.

The strong economic and corporate backdrop supports higher small cap stock prices but increased valuations have tempered our expectations. The Russell 2000 Value Index trades at 22x next year's consensus earnings estimates, which is above the 20-year median (20x). The Index trades at 1.5x book value, which is in line with the 20-year median. The portfolio, however, trades at 10x our estimate of normal earnings, which represents a considerable discount to the market. While higher price-to-earnings levels suggest equity prices may be getting ahead of earnings, interest rates remain near historic lows and the risk premium to own equities versus bonds is still quite compelling.

June 30, 2014

Attribution: 2Q 2014

The Hotchkis & Wiley Small Cap Value portfolio outperformed the Russell 2000 Value Index by a considerable margin during the second quarter of 2014. Positive stock selection drove most of the outperformance. Stock selection was particularly strong in industrials, healthcare, consumer discretionary, and financials. The largest individual contributors to relative performance during the quarter were Con-Way, Taro Pharmaceutical, and Sonic Automotive. An underweight position and stock selection in energy detracted from quarter performance. The largest individual detractors to relative performance during the quarter were Quiksilver, PHH Corporation, and Comverse.

Portfolio Activity: 2Q 2014

We increased the weight in healthcare while decreasing the weight in consumer discretionary and industrials. These changes represent the segment of the market where we are identifying the best incremental risk/return opportunities.

Performance comparison is based on gross of management fee returns. Portfolio attribution is based on a representative Small Cap Value portfolio. Certain client portfolio(s) may or may not hold the securities discussed due to the account's guideline restrictions, cash flow, tax and other relevant considerations. Equity performance attribution is an analysis of the portfolio's return relative to a selected benchmark and is calculated using daily holding information. Returns calculated using this buy-and-hold methodology can differ from actual portfolio returns due to intraday trades, cash flows, corporate actions, accrued/miscellaneous income, and trade price and closing price difference of any given security. Specific securities identified are the largest contributors (or detractors) 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.

The commentary is for information purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. Portfolio managers' opinions and data included in this commentary are as of June 30, 2014 and are subject to change without notice. Any forecasts made cannot be guaranteed. Information obtained from independent sources is considered reliable, but H&W cannot guarantee its accuracy or completeness. Equity securities may have greater risks and price volatility than U.S. Treasuries and bonds, where the price of these securities may decline due to various company, industry and market factors. Investing in value stocks presents the risk that value stocks may fall out of favor with investors and underperform growth stocks during given periods. All investments contain risk and may lose value. Past performance is no guarantee of future results.

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PERFORMANCE RESULTS

MFS

Performance results (%) gross and net of fees (USD) as of 30-Jun-14

Period	Portfolio gross (%)	Portfolio net (%)	Russell 1000 Growth Index (%)	Excess return net vs benchmark (%)
2Q 2014	3.15	3.00	5.13	-2.13
1Q 2014	-0.06	-0.21	1.12	-1.33
4Q 2013	11.05	10.88	10.44	0.44
3Q 2013	11.18	11.01	8.11	2.90
2014 YTD	3.09	2.78	6.31	-3.53
2013	38.34	37.51	33.48	4.03
1 year	27.27	26.51	26.92	-0.41
Since client inception (04-Sep-12)	24.07	23.33	21.59	1.74

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.

Bay County Employees' Retirement System
Growth Equity
Report as of 30 June 2014

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

Period	Portfolio gross	Portfolio net	Benchmark^	Excess^^
June	1.10	1.05	1.95	-0.90
May	3.65	3.60	3.12	0.48
April	-1.56	-1.61	0.00	-1.61
2Q 2014	3.15	3.00	5.13	-2.13
1Q 2014	-0.06	-0.21	1.12	-1.33
2014 YTD	3.09	2.78	6.31	-3.53
1 year	27.27	26.51	26.92	-0.41
Since client inception (04-Sep-12)	24.07	23.33	21.59	1.74

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 underperformed Russell 1000 Growth Index in the second quarter of 2014.

Detractors

Health Care – Stock selection

Technology – Stock selection

Financial Services – Stock selection

Individual stocks - Detractors

Schlumberger Ltd (not held)

Wynn Resorts Ltd

Discovery Communications

Individual stocks - Contributors

Covidien Plc

IBM Corp (not held)
Pioneer Nat Res Co
Anadarko Petroleum Corp
Sba Comm Corp

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MFS Institutional Advisors, Inc.

BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

Quarterly Report

June 30, 2014

MACKAY

MACKAY SHIELDS

July 2014

We are pleased to enclose your Second Quarter 2014 Investment Summary report. If you have any questions concerning the report, your account or the financial markets in general, please do not hesitate to let us know.

Just a reminder that you can easily access your portfolio reports through our "Secure Site Access" portal on our website, www.mackayshields.com.

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

Best regards,

Virginia

Virginia E. Rose

SECOND QUARTER 2014
OVERVIEW OF QUARTERLY PERFORMANCE

MACKAY

MARKET OVERVIEW

The U.S. convertible market, as measured by the BofA Merrill Lynch All Convertible Index, climbed 2.74% in June, and 4.97% during the second quarter of 2014. Underlying equities rose 2.57% and 5.29%, respectively, over the same periods. During the quarter, investment-grade convertibles, as measured by the BofA Merrill Lynch Investment Grade Convertible Index, increased 5.36%, while speculative-grade convertibles rose 6.23%. Year-to-date, the All Convertible Index is up 9.51%.

Convertible securities were generally higher during the quarter, as both stock and bond prices rose during the period, creating the ideal climate for the hybrid convertible market. The rise in bond prices mystified most market participants, as investors generally expected yields to climb as the economy continued its slow recovery. Stock prices rose largely as the result of the absence of any bad news – tensions in Ukraine eased somewhat, economic reports were largely benign, and the Federal Reserve indicated that its accommodative monetary policy would continue for at least another year.

We 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, while Europe's stagnant economies begin to expand. 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. Despite the recent Russian involvement in Ukraine, energy prices remain relatively subdued, which should provide a slight tailwind for economic activity. Significant growth in U.S. crude oil production and large supplies of natural gas have kept energy prices contained, providing some increased spending power for consumers and lower costs for businesses.

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

With the exception of the Materials sector, every benchmark sector rose during the quarter. Telecom, Energy, Utilities, Healthcare, Technology, Media and Consumer Discretionary each outperformed the broad market over the period.

Year-to-date issuance has been strong, and analysts anticipate net positive convertible issuance for the calendar year. A total of 61 new convertibles came to the U.S. market through the end of June 2014. Although the issuer base has been well diversified across market-cap range and sector, the vast majority of issuance year-to-date was non-rated. As previously noted, we expect new issuance from investment grade companies to remain depressed until yields on the ten-year Treasury exceed 3.5%. Year-to-date approximately $23.5 billion in new issuance has come into the U.S. convertible market, while approximately $27.7 has been redeemed through redemptions and maturities.

PERFORMANCE

The convertibles of Gilead Sciences and Intel, and synthetic convertible bonds of Schlumberger were among the top contributors during the second quarter. Gilead Sciences performed well after the company reported first quarter earnings that were well ahead of investor expectations. Earnings growth was driven by phenomenal sales of the company's recently approved cure for Hepatitis C, Sovaldi. Sovalidi was approved in late 2013 in the United States and more recently in Europe. Sovaldi is priced at approximately $200,000 per treatment course. Although expensive, the drug cures a very serious disease and is cost effective when compared to the long-term costs of a patient with hepatitis and liver disease. Intel rose after the company issued future earnings and sales guidance that was ahead of investor expectations. Prior to the guidance release, investor expectations were relatively subdued, as most expected softer results due the growth of mobile computing devices, where Intel's chips are less prevalent. The synthetic convertible bonds of Schlumberger also were strong performers. The company reported solid first quarter earnings and, more importantly, identified revenue and earnings targets for the next two years during a June analyst event that were well

above investor expectations. Schlumberger's CEO stated that he expects revenue growth for the next three years to average 7-8% annually and expects the company to earn $9-$10 per share by 2017.

Conversely, exposure to the convertible bonds of Cubist Pharmaceuticals and Xilinx, and convertible preferreds of Post Holdings weighed on performance during the quarter. Cubist Pharmaceuticals declined slightly after investors took profits in some biotechnology companies. Cubist develops drugs for hard to treat infections, particularly gram negative bacteria, which are often resistant to standard antibiotics. Food producer, Post Holdings declined during the second quarter after the company reported disappointing earnings and announced additional capital raises, as the company consummates several recently announced acquisitions. Post's management is transforming the company from a cereal company to a more diversified food manufacturer. Semiconductor and circuit manufacturer, Xilinx, also fell in the second quarter after the company reported first quarter earnings that showed weakness in several of the company's business segments. However, given Xilinx's net cash position and free cash flow generation, we expect any possible further downside to be relatively muted.

OUTLOOK

2013 was an outstanding year for the convertible market, and the first half of 2014 is off to a decent start. Apart from the extraordinary market returns, the past year marked the resurrection of a vibrant market for new convertible issuance, which has continued through the first six months of this year. Last year's returns were also testimony to the notion that convertible bonds will 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. Regarding issuance, 2013 saw over 130 news issues totaling approximately $44.4 billion come to the market. This compares to 68 new issues totaling $21.5 billion which came to the market in 2012. This surge in new issuance was largely due to the simultaneous rise in stock prices and interest rates. With the rise in rates, issuing companies could once again realize a significant interest savings by issuing a convertible bond instead of a non-convertible high-yield security. For most investment grade companies, however, rates remain so low in absolute terms that the benefits of a convertible offering remain relatively muted. As such, the preponderance of new issuance in 2013 was from non-investment grade companies. In addition, following the stock market decline of 2008, companies were reluctant to issue equity-linked securities as they believed that doing so would dilute existing equity holders at prices that they believed under-valued their companies. However, with stocks at record levels, companies are no longer reluctant to issue a security linked to their equity.

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

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

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

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

BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

MACKAY

Portfolio Composition and Performance — Account 1256

June 30, 2014

Composition	Market Value	Percent of Total
Fixed Income	14,972,395	80.04
Equity	3,318,345	17.74
Cash & Equivalents	416,443	2.23
Total Portfolio	**$18,707,184**	**100.00%**

Performance	Latest Month	Latest 3 Months	Year To Date	Latest 12 Months	3 Years Annualized	5 Years Annualized	Since 10/1/2003	Annualized Since 10/1/2003
Total Fund (Gross of fees)	2.01%	4.40%	7.89%	18.34%	9.19%	11.04%	105.41%	6.92%
Custom Benchmark	1.63%	5.35%	9.34%	25.07%	11.79%	12.08%	116.16%	7.43%
Merrill Lynch Convertible Inv Grade	1.74%	5.68%	9.69%	25.47%	11.91%	12.16%	116.85%	7.46%
ML Convt Inv Grade BDS (Inc Mandatory)	1.63%	5.36%	9.67%	22.60%	11.64%	12.56%	77.34%	5.47%

The Custom Benchmark consists of the BofAML US Investment Grade Convertible Bonds Index from inception through 4/30/14 and the BofAML All US Investment Grade Convertibles Index thereafter.
Expressed in USD
Past performance is not indicative of future results.

BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

MACKAY

Summary Report — Account 1256

June 30, 2014

	Total Cost	Percent at Cost	Yield at Cost	Market Value	Percent of Assets	Yield at Market	Annual Income
Bonds	12,039,426	81.41	1.45	14,927,195	79.79	1.17	174,594
Stocks	2,749,874	18.59	3.53	3,308,488	17.69	2.93	96,950
Cash & Equivalents	0	0.00		416,443	2.23	0.09	375
Accrued Income				55,057	0.29		
	$14,789,300	100.00%	1.84	$18,707,184	100.00%	1.46	$271,918

BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

MACKAY

Holdings Report — Account 1256

June 30, 2014

Shares or Par Value	Security	Unit Cost	Total Cost	Current Price	Market Value	Percent of Assets	Yield	Annual Income	S & P
Bonds									
22,000	ACORDA THERAPEUTICS INC REG 1.750 06/15/2021	100.00	22,000	104.19	22,921	0.12	1.68	385	NR
346,000	AIRTRAN HOLDINGS INC CONV BOND 5.250 11/01/2016	161.63	559,228	212.25	734,385	3.93	2.47	18,165	BBB-
690,000	ALZA CORP CONV BOND 07/28/2020	81.14	559,876	144.31	995,756	5.32	0.00	0	AAA
303,000	APOLLO INVESTMENT CORP REG CONV BOND 5.750 01/15/2016	100.49	304,499	106.25	321,938	1.72	5.41	17,423	BBB
150,000	ARES CAPITAL CORP 4.750 01/15/2018	106.75	160,125	106.63	159,938	0.85	4.45	7,125	BBB
32,000	BROADSOFT INC 1.500 07/01/2018	96.88	31,000	102.19	32,700	0.17	1.47	480	NR
169,000	CHART INDUSTRIES INC 2.000 08/01/2018	135.55	229,072	140.19	236,917	1.27	1.43	3,380	BB-
521,000	CITRIX SYSTEMS INC 144A 0.500 04/15/2019	105.65	550,429	106.00	552,260	2.95	0.47	2,605	BBB
142,000	CORNERSTONE ONDEMAND INC REG 1.500 07/01/2018	115.85	164,501	113.38	160,993	0.86	1.32	2,130	NR
109,000	CUBIST PHARMACEUTICALS 144A 1.125 09/01/2018	100.00	109,000	112.75	122,898	0.66	1.00	1,226	NR
142,000	CUBIST PHARMACEUTICALS 144A 1.875 09/01/2020	100.00	142,000	114.25	162,235	0.87	1.64	2,663	NR
419,000	DANAHER CORP CNV BND REG 01/22/2021	101.16	423,870	229.00	959,510	5.13	0.00	0	A+
188,000	FORD MOTOR COMPANY CONV BND REG 4.250 11/15/2016	194.00	364,720	200.31	376,588	2.01	2.12	7,990	BBB-
181,000	GILEAD SCIENCES INC 1.625 05/01/2016	315.04	570,231	364.69	660,085	3.53	0.45	2,941	A-
138,000	HELIX ENERGY SOLUTIONS CONV BOND REG 3.250 03/15/2032	116.45	160,704	135.25	186,645	1.00	2.40	4,485	NR
235,000	HOST HOTELS & RESORTS LP CNV BND 144A 2.500 10/15/2029	151.81	356,756	169.44	398,178	2.13	1.48	5,875	BBB
79,000	INCYTE CORP LTD CONV BOND 144A 0.375 11/15/2018	132.11	104,364	133.63	105,564	0.56	0.28	296	NR
59,000	INSULET CORPORATION REG 2.000 06/15/2019	100.00	59,000	110.81	65,379	0.35	1.80	1,180	NR
443,000	INTEL CORP CONV BND REG 2.950 12/15/2035	100.57	445,514	124.56	551,812	2.95	2.37	13,069	A-
493,000	INTEL CORP CONV BOND 3.250 08/01/2039	125.25	617,485	154.44	761,379	4.07	2.10	16,023	A-
93,000	INVENSENSE INC 144A 1.750 11/01/2018	115.00	106,950	123.94	115,262	0.62	1.41	1,628	NR
118,000	KB HOME REG 1.375 02/01/2019	104.79	123,655	101.00	119,180	0.64	1.36	1,623	B
218,000	LIVE NATION ENTERTAINMEN 144A 2.500 05/15/2019	103.61	225,860	104.38	227,538	1.22	2.40	5,450	NR
82,000	MICROCHIP TECHNOLOGY CONV BOND REG 2.125 12/15/2037	136.31	111,773	191.56	157,081	0.84	1.11	1,743	NR
80,000	MICRON TECHNOLOGY INC 1.625 02/15/2033	131.37	105,096	301.44	241,150	1.29	0.54	1,300	BB
291,000	NEWMONT MINING CONV BND REG 1.625 07/15/2017	121.45	353,418	105.81	307,914	1.65	1.54	4,729	BBB
48,000	NUANCE COMMUNICATIONS CONV BOND REG 2.750 11/01/2031	106.17	50,962	100.38	48,180	0.26	2.74	1,320	BB-
493,000	OMNICOM GROUP INC 07/31/2032	111.66	550,486	132.31	652,301	3.49	0.00	0	BBB+
450,000	RPM INTERNATIONAL INC REG 2.250 12/15/2020	121.14	545,151	124.81	561,656	3.00	1.80	10,125	BBB-
149,000	RTI INTERNATIONAL METALS REG 1.625 10/15/2019	103.90	154,805	100.88	150,304	0.80	1.61	2,421	NR
331,000	SALESFORCE.COM INC 0.250 04/01/2018	111.38	368,651	115.31	381,684	2.04	0.22	828	NR
556,000	SCHLUMBERGER 05/05/2015	136.47	758,773	206.54	1,148,362	6.14	0.00	0	NR
113,000	SHUTTERFLY INC 0.250 05/15/2018	106.89	120,788	100.94	114,059	0.61	0.25	283	NR

BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

MACKAY

Holdings Report — Account 1256

June 30, 2014

Shares or Par Value	Security	Unit Cost	Total Cost	Current Price	Market Value	Percent of Assets	Yield	Annual Income	S & P
Bonds (Continued)									
111,000	SPANSION LLC 144A 2.000 09/01/2020	168.50	187,035	164.44	182,526	0.98	1.22	2,220	NR
180,000	TELEFLEX INC CONV BOND REG 3.875 08/01/2017	101.42	182,550	175.88	316,575	1.69	2.20	6,975	B+
597,000	TEVA PHARMACEUTICALS CONV BOND 0.250 02/01/2026	112.35	670,730	128.31	766,026	4.09	0.19	1,493	A-
553,000	THE PRICELINE GROUP INC CONV BOND REG 1.000 03/15/2018	113.18	625,877	142.19	786,297	4.20	0.70	5,530	BBB
72,000	WABASH NATIONAL CORP CONV BOND 3.375 05/01/2018	121.62	87,568	140.31	101,025	0.54	2.41	2,430	NR
480,000	WELLPOINT INC 2.750 10/15/2042	120.21	576,990	153.69	737,700	3.94	1.79	13,200	A-
147,000	XILINX INC 2.625 06/15/2017	134.65	197,935	166.19	244,296	1.31	1.58	3,859	A-
			12,039,426		14,927,195	79.79	1.17	174,594	BB
Stocks									
500	AMERICAN TOWER CORP REG	100.00	50,000	106.38	53,188	0.28	1.25	663	NR
499	BANK OF AMERICA 7.250%	1,124.73	561,238	1,167.00	582,333	3.11	6.21	36,178	BB+
3,600	CROWN CASTLE INTL CORP REG	102.26	368,139	101.92	366,912	1.96	1.10	4,050	NR
1,000	HEALTH CARE REIT 6.500 CNV PFD	50.00	50,000	58.09	58,094	0.31	5.59	3,250	BB+
1,000	MAIDEN HOLDINGS CNVPFD	50.00	50,000	47.93	47,930	0.26	0.00	0	NR
900	POST HOLDINGS INC 144A	100.00	90,000	119.20	107,280	0.57	0.00	0	NR
5,200	STANLEY BLACK & DECKER I CONV PFD UNITS	108.87	566,110	134.53	699,556	3.74	3.98	27,872	NR
11,100	UNITED TECHNOLOGIES CORP CONV PFD	60.43	670,786	65.36	725,496	3.88	2.87	20,813	BBB+
550	WELLS FARGO & COMPANY 7.500%	624.73	343,600	1,214.00	667,700	3.57	0.62	4,125	BBB+
			2,749,874		3,308,488	17.69	2.93	96,950	B
Cash & Equivalents									
	UNITED STATES DOLLAR 0.0900	0.00	416,443	1.00	416,443	2.23	0.09	375	AAA
			416,443		416,443	2.23	0.09	375	AAA
	Accrued Income				55,057	0.29			
Total Portfolio			$15,205,743		$18,707,184	100.00%	1.46	$271,918	BB

BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

MACKAY

Purchases Report – Account 1256

Quarter Ending June 30, 2014

Trade Date	Quantity (Units)	Security Description	Average Cost	Total Cost
Purchases				
06/18/14	22,000	ACORDA THERAPEUTICS INC REG 1.750 6/15/2021	100.00	22,000.00
06/17/14	118,000	AIRTRAN HOLDINGS INC CONV BOND 5.250 11/1/2016	211.00	248,980.00
05/07/14	500	AMERICAN TOWER CORP REG	100.00	50,000.00
06/26/14	150,000	ARES CAPITAL CORP 4.750 1/15/2018	106.75	160,125.00
06/17/14	400	BANK OF AMERICA 7.250%	1,197.50	479,000.00
05/05/14	32,000	BROADSOFT INC 1.500 7/1/2018	96.88	31,000.00
04/25/14 - 06/12/14	571,000	CITRIX SYSTEMS INC 144A 0.500 4/15/2019	105.15	600,428.81
04/08/14 - 06/12/14	3,600	CROWN CASTLE INTL CORP REG	102.26	368,139.39
06/26/14	900	DOMINION RESOURCES INC	50.00	45,000.00
06/18/14	52,000	EZCORP INC 144A 2.125 6/15/2019	100.00	52,000.00
06/12/14	188,000	FORD MOTOR COMPANY CONV BND REG 4.250 11/15/2016	194.00	364,720.00
04/08/14	181,000	GILEAD SCIENCES INC 1.625 5/1/2016	315.04	570,231.40
05/06/14 - 05/13/14	79,000	INCYTE CORP LTD CONV BOND 144A 0.375 11/15/2018	132.11	104,364.44
06/04/14	59,000	INSULET CORPORATION REG 2.000 6/15/2019	100.00	59,000.00
05/02/14	93,000	INVENSENSE INC 144A 1.750 11/1/2018	115.00	106,950.00
05/20/14 - 06/12/14	218,000	LIVE NATION ENTERTAINMEN 144A 2.500 5/15/2019	103.61	225,859.72
06/12/14	354,000	RPM INTERNATIONAL INC REG 2.250 12/15/2020	126.00	446,040.00
06/12/14	331,000	SALESFORCE.COM INC 0.250 4/1/2018	111.38	368,651.25
06/16/14	111,000	SPANSION LLC 144A 2.000 9/1/2020	168.50	187,035.00
05/29/14	55,000	SPECTRANETICS CORP REG 2.625 6/1/2034	100.00	55,000.00
06/17/14	4,400	UNITED TECHNOLOGIES CORP CONV PFD	66.35	291,940.00
06/12/14	169,000	WELLPOINT INC 2.750 10/15/2042	153.25	258,992.50
Total Purchases				$5,095,457.51

BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

MACKAY

Sales Report — Account 1256

Quarter Ending June 30, 2014

Trade Date	Quantity (Units)	Security Description	Unit Cost	Total Proceeds	Realized Gain/Loss
Mature Long					
05/01/14	359,000	INTL GAME TECHNOLOGY REG CONV BND 3.250 5/1/2014	115.44	359,000.00	-55,420.63
				$359,000.00	-$55,420.63
Sell Long					
06/26/14	292,000	ARES CAPITAL CORP REG CONV BOND 5.750 2/1/2016	106.39	311,345.00	697.22
04/25/14	50,000	CITRIX SYSTEMS INC 144A 0.500 4/15/2019	100.00	50,125.00	125.00
06/27/14	900	DOMINION RESOURCES INC	50.00	46,539.32	1,539.32
06/18/14	52,000	EZCORP INC 144A 2.125 6/15/2019	100.00	52,260.00	260.00
04/08/14	240,000	GILEAD SCIENCES INC CONV BOND REG 1.000 5/1/2015	107.86	765,487.11	506,623.40
04/01/14 - 04/08/14	5,791	GOODYEAR TIRE & RUBBER	18.60	148,714.01	41,022.79
06/17/14	48,000	RYLAND GROUP REG 0.250 6/1/2019	100.00	43,680.00	-4,320.00
05/29/14	55,000	SPECTRANETICS CORP REG 2.625 6/1/2034	100.00	57,062.50	2,062.50
04/15/14	200,000	WELLPOINT INC 2.750 10/15/2042	100.79	282,461.80	80,886.80
				$1,757,674.74	$628,897.03
Total Sales				$2,116,674.74	$573,476.4

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BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

MACKAY

Broker Commission Report — Account 1256

Quarter Ending June 30, 2014

Broker	Broker Commission
BARCLAY INVESTMENTS, INC.	60.00
JOHNSON RICE	30.00
LEERINK SWANN LLC	20.00
MORGAN STANLEY & CO., INCORPORATED	141.60
TUDOR PICKERING HOLT & CO.	28.00
Total	$279.60

Schroder Capital Management Collective Trust
C/O US Bancorp Fund Services, LLC
PO Box 701
Milwaukee, WI 53201-0701

BAY COUNTY EMPLOYEES' RETIREMENT SY
ATTN JANIE TRACEY
515 CENTER AVE
BAY CITY MI 48708-5941

Account Statement

for the period of: June 1, 2014 - June 30, 2014

If you have any questions or comments regarding this statement, please contact your Client Service team at Schroders, New York at clientserviceny@us.schroders.com.

Positions Held

	Fund Number	Account Number	Total Shares	Share Price	Fund Value	% of Holdings
SCHRODER INTERNATIONAL SMALL CO'S FUND	3179	50306	1,901.702	$10,270.6098	$19,531,639.20	100.00%
TOTAL VALUE					$19,531,639.20	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

Transaction Detail

Trade Date	Transaction	Dollar Amount	Price	Shares	Total Shares
SCHRODER INTERNATIONAL SMALL CO'S FUND			FUND/ACCOUNT NUMBER:	3179-50306	
	BALANCE FORWARD				1,901.702
	ENDING BALANCE	$19,531,639.20	$10,270.6098		1,901.702

ConvergEx Group

Execution Solutions

June, 2014

Crystal Hebert
Bay County Employees Retirement System
515 Center Avenue
Suite 701
Bay City, MI 48708

Commission Recapture Sales Representative

Kimberly Doran (212) 468-7701

kdoran@convergex.com

Client Services

Jennifer A. Fabiszewski 1.212.497.1533

jfabiszewski@convergex.com

ConvergEx Group
Execution Solutions

Recapture Services

Bay County Employees Retirement System by Trade Date

Directed Commission Summary

January 01, 2014 through June 30, 2014

Ref#: 23803

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

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

This statement represents trades through Trade Date June 30, 2014 for all US transactions and upon information provided to us to date from our Global Correspondent Network for all non-US transactions
PLEASE CHECK YOUR STATEMENTS FOR ACCURACY AND REPORT ANY INACCURACIES TO RECAPTURE SERVICES.

1633 Broadway, 48th floor, New York, NY 10019

view your statements online @ clients.convergex.com

ConvergEx Group
Execution Solutions

Recapture Services

Bay County Employees Retirement System

Plan Trading Summary (US Dollars)

January 01, 2014 - June 30, 2014

Ref#: 23803

Manager		Current Month Commissions	Current Month Credits	Year-To-Date Commissions	Year-To-Date Credits
Revenue Type: Equity					
Columbia Management Advisors, LLC		0.00	0.00	900.00	630.00
Eagle Asset Management		0.00	0.00	97.78	68.45
Geneva Capital Management Ltd		0.00	0.00	2,303.36	1,612.35
Hotchkis & Wiley		0.00	0.00	0.00	0.00
MFS Investment Management Co.		0.00	0.00	0.00	0.00
Totals for Equity		**0.00**	**0.00**	**3,301.14**	**2,310.80**
Revenue Type: Correspondent Equity					
Baring Asset Management Ltd.		0.00	0.00	19.28	13.50
Baring Asset Management Ltd.	Corrsp Broker	0.00	0.00	14.25	0.00
Integrity Asset Management		0.00	0.00	1,148.50	803.95
Integrity Asset Management	Corrsp Broker	0.00	0.00	447.58	0.00
Totals for Correspondent Equity		**0.00**	**0.00**	**1,629.61**	**817.45**
Revenue Type: International Correspondent					
Baring Asset Management Ltd.		41.95	31.46	1,450.78	1,088.08
Baring Asset Management Ltd.	Corrsp Broker	55.84	0.00	1,776.37	0.00
Schroder Investment Management Ltd		0.00	0.00	0.00	0.00
Totals for International Correspondent		**97.79**	**31.46**	**3,227.15**	**1,088.08**
Grand Totals		**97.79**	**31.46**	**8,157.90**	**4,216.33**

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ConvergEx Group
Execution Solutions

Recapture Services

Bay County Employees Retirement System

Plan Activity Summary and Balance

January 01, 2014 - June 30, 2014

Ref#: 23803

Summary by Revenue Type

Revenue Type	Month to Date		Year to Date	
	Commissions	Credits	Commissions	Credits
Equity	0.00	0.00	3,301.14	2,310.80
Correspondent Equity	0.00	0.00	1,167.78	817.45
Correspondent Broker Fees	0.00	0.00	461.83	0.00
International Correspondent	41.95	31.46	1,450.78	1,088.08
Correspondent Broker Fees	55.84	0.00	1,776.37	0.00
Fixed Income	0.00	0.00	0.00	0.00
12B-1 fees	0.00	0.00	0.00	0.00
Adjustments	0.00	0.00	0.00	0.00
No Credit	0.00	0.00	0.00	0.00
TOTAL	**97.79**	**31.46**	**8,157.90**	**4,216.33**

Account Balance

Month	Commissions	Credits	Adjustments	Payments	Month Ending
Prior Year CR or DB	0.00	0.00			1,830.63
January 2014	2,012.80	1,121.77	0.00	1,830.63	1,121.76
February 2014	3,220.83	1,731.84	0.00	0.00	2,853.60
March 2014	1,599.52	785.73	0.00	0.00	3,639.34
April 2014	662.97	298.48	0.00	3,639.34	298.47
May 2014	563.99	247.05	0.00	0.00	545.52
June 2014	97.79	31.46	0.00	0.00	576.99
July 2014	0.00	0.00			
August 2014	0.00	0.00			
September 2014	0.00	0.00			
October 2014	0.00	0.00			
November 2014	0.00	0.00			
December 2014	0.00	0.00			
TOTAL	**8,157.90**	**4,216.33**	**0.00**	**5,469.97**	
				Current Balance	**576.99**

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REFUNDS: FOR THE MONTH ENDED: July 31, 2014

EMPLOYEE/BENEFICIARY	CONTRIBUTIONS	PROCESSED	DEPARTMENT	TERMINATION
SZELOGOWSKI, MELANIE	14,802.45	7/15/14	USW GENERAL-PROSECUTOR	5/19/14
TAYLOR-MURRAY, CATHERINE	4,277.73	7/15/14	BABH	3/28/14
KEUVELAAR, AMY	9,215.73	7/30/14	BMC	12/5/11

TOTAL REFUNDS: 28,295.91

NEW RETIREE	CONTRIBUTIONS TRANSFERRED	RETIREMENT GROUP/ COUNTY DEPT	EFFECTIVE DATE
ENGELHARDT, DAVID	81,627.57	GENERAL - BCAMPS	6/8/2014
ROUPE, VICTORIA	84,791.60	ELECTED OFFICIAL	6/14/2014
DAVIDSON, BRIAN	$60,648.64	SHERIFF-CORR FAC OFFICER	6/12/2014
O'LAUGHLIN, LUANN	$70,339.26	ROAD COMMISSION CLASS	7/12/2014
FADER, SANDRA	$4,624.97	GENERAL USW-PART TIME	6/23/2014

DECEASED EMPLOYEE/ RETIREE	BENEFICIARY	REFUND/ PENSION	DATE OF DEATH	DIVISION/ DEPARTMENT
RINZ, RICHARD	LORI K RINZ	PENSION BENEFIT	7/8/2014	ROAD COMMISSION

NO REFUNDS EMPLOYEE NAME	ACCUMULATED CONTRIBUTIONS	UNION GROUP	DATE TERMINATED
SCHULTZ, SHANDY	898.51	BMCF	6/9/2014
LANGSTAFF, MARY	1,956.11	BMCF	6/18/2014
WILCOX, NICHOLAS	2,363.57	GEN NON-REP	7/7/2014
GREKOWICZ, THERESA	197.61	BMCF	6/11/2014
FERMAN, ADAM	1,403.79	BMCF	6/12/2014
REISS, JACOB	221.19	BMCF	6/17/2014
	6,142.27		

FOR 2014 07

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
7310 RETIREMENT SYSTEM FUND							
73127400 RETIREMENT BOARD							
RA FUND BALANCE, NET AS							
73127400 40003 FUND BALANCE-RESRVS	16,176	16,176	.00	.00	.00	16,176.00	.0%
73127400 40004 NET ASSETS - RESERV	3,763,344	3,763,344	.00	.00	.00	3,763,344.00	.0%
TOTAL FUND BALANCE, NET AS	3,779,520	3,779,520	.00	.00	.00	3,779,520.00	.0%
RJ LOCAL UNIT CONTRIBUT							
73127400 59401 ER CONTR-BEHAVE.HEA	-1,300,000	-1,300,000	-252,803.57	-252,803.57	.00	-1,047,196.43	19.4%*
73127400 59402 ER CONTR-MOSQUITO C	-13,000	-13,000	-5,901.72	.00	.00	-7,098.28	45.4%*
73127400 59403 ER CONTR-HEALTH FUN	-57,000	-57,000	-25,333.00	.00	.00	-31,667.00	44.4%*
73127400 59404 ER CONTR-ROAD COMMI	-520,000	-520,000	-255,773.01	-255,773.01	.00	-264,226.99	49.2%*
73127400 59406 ER CONTR-LIBRARY	-130,000	-130,000	-32,819.36	-32,819.36	.00	-97,180.64	25.2%*
73127400 59407 ER CONTR-GOLF COURS	-6,000	-6,000	-1,733.47	.00	.00	-4,266.53	28.9%*
73127400 59408 ER CONTR-GENERAL FU	-375,000	-375,000	-170,033.81	.00	.00	-204,966.19	45.3%*
73127400 59409 ER CONTR-DWS	-250,000	-250,000	-95,306.27	-95,306.27	.00	-154,693.73	38.1%*
73127400 59410 ER CONTR-911 SERVIC	-45,000	-45,000	-19,447.24	.00	.00	-25,552.76	43.2%*
73127400 59411 ER CONTR-CHILD CARE	-40,000	-40,000	-18,066.18	.00	.00	-21,933.82	45.2%*
73127400 59412 ER CONTR-DIV ON AGI	-43,000	-43,000	-15,734.20	.00	.00	-27,265.80	36.6%*
73127400 59413 ER CONTR-RETIRE SYS	-1,800	-1,800	-939.71	.00	.00	-860.29	52.2%*
73127400 59414 ER CONTR-HOMELAND S	-3,500	-3,500	.00	.00	.00	-3,500.00	.0%*
73127400 59415 ER CONTR-GYPSY MOTH	-2,000	-2,000	-4,169.89	.00	.00	2,169.89	208.5%
73127400 59416 ER CONTR-HOME REHAB	-180	-180	-66.35	.00	.00	-113.65	36.9%*
73127400 59418 ER CONTR-100% TAX P	-3,200	-3,200	-1,441.28	.00	.00	-1,758.72	45.0%*
73127400 59419 ER CONTR-MED CARE F	-700,000	-700,000	-292,389.58	-292,389.58	.00	-407,610.42	41.8%*
73127400 59424 ER CONTR-SELF INSUR	-500	-500	-160.06	.00	.00	-339.94	32.0%*
73127400 59427 ER CONTR-COMM.CORRE	-3,100	-3,100	-723.17	.00	.00	-2,376.83	23.3%*
73127400 59429 ER CONTR-F.O.C. FUN	-2,100	-2,100	-1,110.57	.00	.00	-989.43	52.9%*
73127400 59430 ER CONTR-HOUSING FU	-6,800	-6,800	-2,434.08	.00	.00	-4,365.92	35.8%*
73127400 59434 ER CONTR-LOCAL CFO	0	0	-46.69	.00	.00	46.69	100.0%
73127400 59499 ER CONTR-SHERIFF DE	0	0	-10,325.67	.00	.00	10,325.67	100.0%
73127400 59501 EE CONTR-BEHAVE.HEA	-580,000	-580,000	-155,223.59	-155,223.59	.00	-424,776.41	26.8%*
73127400 59502 EE CONTR-MOSQUITO C	-12,500	-12,500	-5,901.72	.00	.00	-6,598.28	47.2%*

FOR 2014 07

		ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73127400 59503	EE CONTR-HEALTH FUN	-60,000	-60,000	-25,333.00	.00	.00	-34,667.00	42.2%*
73127400 59504	EE CONTR-ROAD COMMI	-130,000	-130,000	-56,615.50	-56,615.50	.00	-73,384.50	43.6%*
73127400 59506	EE CONTR-LIBRARY	-75,000	-75,000	-14,176.83	-14,176.83	.00	-60,823.17	18.9%*
73127400 59507	EE CONTR-GOLF COURS	-4,800	-4,800	-1,733.48	.00	.00	-3,066.52	36.1%*
73127400 59508	EE CONTR-GENERAL FU	-500,000	-500,000	-193,499.37	-19,228.36	.00	-306,500.63	38.7%*
73127400 59509	EE CONTR-DWS	-85,000	-85,000	-24,204.78	-24,204.78	.00	-60,795.22	28.5%*
73127400 59510	EE CONTR-911 SERVIC	-62,000	-62,000	-28,553.34	.00	.00	-33,446.66	46.1%*
73127400 59511	EE CONTR-CHILD CARE	-40,000	-40,000	-18,066.18	.00	.00	-21,933.82	45.2%*
73127400 59512	EE CONTR-DIV ON AGI	-43,000	-43,000	-19,023.68	.00	.00	-23,976.32	44.2%*
73127400 59513	EE CONTR-RETIRE SYS	-1,800	-1,800	-939.71	.00	.00	-860.29	52.2%*
73127400 59515	EE CONTR-GYPSY MOTH	-1,900	-1,900	-880.40	.00	.00	-1,019.60	46.3%*
73127400 59516	EE CONTR-HOME REHAB	-180	-180	-66.35	.00	.00	-113.65	36.9%*
73127400 59518	EE CONTR-100% TAX P	-3,000	-3,000	-1,441.28	.00	.00	-1,558.72	48.0%*
73127400 59519	EE CONTR-MED CARE F	-380,000	-380,000	-141,983.23	-141,983.23	.00	-238,016.77	37.4%*
73127400 59524	EE CONTR-SELF INSUR	-400	-400	-160.07	.00	.00	-239.93	40.0%*
73127400 59527	EE CONTR-COMM.CORRE	-3,100	-3,100	-723.17	.00	.00	-2,376.83	23.3%*
73127400 59529	EE CONTR-F.O.C. FUN	-2,100	-2,100	-1,110.57	.00	.00	-989.43	52.9%*
73127400 59530	EE CONTR-HOUSING FU	-6,800	-6,800	-2,434.09	.00	.00	-4,365.91	35.8%*
73127400 59534	EE CONTR.LOCAL CFO	0	0	-46.68	.00	.00	46.68	100.0%
73127400 59599	EE CONTR-SHERIFF DE	-245,000	-245,000	-109,206.50	.00	.00	-135,793.50	44.6%*
TOTAL LOCAL UNIT CONTRIBUT		-5,738,760	-5,738,760	-2,008,082.40	-1,340,524.08	.00	-3,730,677.60	35.0%
RP INTEREST & RENTALS								
73127400 66400	INVESTMENT INTEREST	-5,000,000	-5,000,000	-315,331.59	-315,331.59	.00	-4,684,668.41	6.3%*
73127400 66500	GAIN ON SALE OF INV	-15,000,000	-15,000,000	-3,500,199.70	-3,500,199.70	.00	-11,499,800.30	23.3%*
73127400 66501	UNREALIZED GAIN ON	-3,000,000	-3,000,000	.00	.00	.00	-3,000,000.00	.0%*
73127400 66502	GAIN ON FOREIGN CUR	-40,000	-40,000	-136.84	-136.84	.00	-39,863.16	.3%*
73127400 66600	SECURITIES LENDING	-300,000	-300,000	-35,006.54	-35,006.54	.00	-264,993.46	11.7%*
TOTAL INTEREST & RENTALS		-23,340,000	-23,340,000	-3,850,674.67	-3,850,674.67	.00	-19,489,325.33	16.5%
RR OTHER REVENUE								
73127400 69000	COMMISSION RECAPTUR	-25,000	-25,000	-1,830.63	-1,830.63	.00	-23,169.37	7.3%*
73127400 69200	CLAIMS/SETTLEMENTS/	-150,000	-150,000	-1,485.95	-1,485.95	.00	-148,514.05	1.0%*
TOTAL OTHER REVENUE		-175,000	-175,000	-3,316.58	-3,316.58	.00	-171,683.42	1.9%
XE WAGES & SALARIES								
73127400 70300	SALARIES-ELECTED OR	57,460	57,460	18,261.73	.00	.00	39,198.27	31.8%

FOR 2014 07

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73127400 70500 TEMPORARY HELP	12,740	12,740	8,345.44	653.60	.00	4,394.56	65.5%*
73127400 70501 PART TIME WAGES	7,349	7,349	5,399.98	663.22	.00	1,949.02	73.5%*
73127400 70600 OVERTIME	2,809	2,809	363.94	.00	.00	2,445.06	13.0%
73127400 70800 HOLIDAY PAY	0	0	853.66	.00	.00	-853.66	100.0%*
73127400 71000 PER DIEM	3,420	3,420	1,305.00	180.00	.00	2,115.00	38.2%
73127400 71200 VACATION PAY	0	0	1,420.54	.00	.00	-1,420.54	100.0%*
73127400 71204 TERMINATION VACTION	0	0	160.84	.00	.00	-160.84	100.0%*
TOTAL WAGES & SALARIES	83,778	83,778	36,111.13	1,496.82	.00	47,666.87	43.1%
XF FRINGES							
73127400 71500 SOCIAL SECURITY	4,740	4,740	2,569.63	100.75	.00	2,170.37	54.2%
73127400 71600 HEALTH INSURANCE	17,592	17,592	5,836.00	.00	.00	11,756.00	33.2%
73127400 71632 EMPLOYEE INCENTIVE	219	219	.00	.00	.00	219.00	.0%
73127400 71700 LIFE INSURANCE	131	131	39.60	.00	.00	91.40	30.2%
73127400 71800 RETIREMENT	4,598	4,598	1,932.48	53.06	.00	2,665.52	42.0%
73127400 71900 OTHER FRINGE BENEFI	652	652	.00	.00	.00	652.00	.0%
73127400 72001 SIF ADMINISTRATION	111	111	59.12	2.23	.00	51.88	53.3%
73127400 72100 WORKERS' COMPENSATI	163	163	87.04	3.29	.00	75.96	53.4%
73127400 72200 SICK AND ACCIDENT I	391	391	142.49	.00	.00	248.51	36.4%
73127400 72500 UNEMPLOYMENT COMPEN	358	358	191.41	7.24	.00	166.59	53.5%
TOTAL FRINGES	28,955	28,955	10,857.77	166.57	.00	18,097.23	37.5%
XI SUPPLIES							
73127400 72700 OFFICE SUPPLIES	2,000	2,000	609.66	.00	.00	1,390.34	30.5%
73127400 72800 PRINTING AND BINDIN	1,000	1,000	169.13	.00	.00	830.87	16.9%
73127400 72900 POSTAGE	300	300	180.77	.00	.00	119.23	60.3%*
73127400 73000 MAGAZINES AND PERIO	600	600	.00	.00	.00	600.00	.0%
73127400 73301 COPIER / FAX SUPPLI	500	500	.00	.00	.00	500.00	.0%
73127400 74200 FOOD SUPPLIES	150	150	21.75	.00	.00	128.25	14.5%
73127400 75100 COMPUTER SUPPLIES	1,500	1,500	.00	.00	.00	1,500.00	.0%
TOTAL SUPPLIES	6,050	6,050	981.31	.00	.00	5,068.69	16.2%
XL OTHER SERVICES AND C							
73127400 80100 PROFESSIONAL SERVIC	1,500,000	1,500,000	803,086.37	305,385.27	.00	696,913.63	53.5%

FOR 2014 07

		ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73127400 80101	ACTUARIAL SERVICES	40,000	40,000	21,550.00	7,375.00	.00	18,450.00	53.9%
73127400 81200	MEDICAL SERVICES	1,000	1,000	.00	.00	.00	1,000.00	.0%
73127400 81400	INVESTMENT/BANK SER	230,000	230,000	68,380.78	132,302.43	.00	161,619.22	29.7%
73127400 81700	LEGAL FEES	7,500	7,500	2,898.00	2,898.00	.00	4,602.00	38.6%
73127400 81900	CONSULTANTS	125,000	125,000	35,000.00	.00	.00	90,000.00	28.0%
73127400 82000	MEMBERSHIPS AND DUE	550	550	125.00	.00	.00	425.00	22.7%
73127400 82900	FILING FEES	250	250	85.00	85.00	.00	165.00	34.0%
73127400 85200	TELEPHONE	420	420	59.18	.90	.00	360.82	14.1%
73127400 86100	CONFERENCE FEES & E	15,000	15,000	4,900.97	.00	.00	10,099.03	32.7%
73127400 86500	STATE TRAVEL MILEAG	2,000	2,000	713.43	321.44	.00	1,286.57	35.7%
73127400 86600	LOCAL TRAVEL MILEAG	300	300	101.53	20.16	.00	198.47	33.8%
73127400 87500	PENSION PAYMENTS	13,000,000	13,000,000	3,845,965.59	3,845,965.59	.00	9,154,034.41	29.6%
73127400 90000	PRINTING/PUBLISHING	500	500	.00	.00	.00	500.00	.0%
73127400 90100	LEGAL NOTICES	1,000	1,000	.00	.00	.00	1,000.00	.0%
73127400 93100	EQUIPMENT REPAIR &	500	500	.00	.00	.00	500.00	.0%
73127400 93700	HARD/SOFTWARE REPAI	0	0	1,200.00	.00	.00	-1,200.00	100.0%*
73127400 94601	EQUIPMENT RENTAL-CO	5,000	5,000	257.51	18.11	.00	4,742.49	5.2%
73127400 95500	MISCELLANEOUS	500	500	25.00	.00	.00	475.00	5.0%
73127400 95600	INDIRECT COST EXPEN	95,437	95,437	47,718.49	.00	.00	47,718.51	50.0%
73127400 96000	EDUCATION AND TRAIN	1,500	1,500	270.00	.00	.00	1,230.00	18.0%
73127400 96200	LOSS ON DISPOSAL OF	10,000,000	10,000,000	403,622.97	403,622.97	.00	9,596,377.03	4.0%
73127400 96203	LOSS ON FOREIGN CUR	100,000	100,000	184.21	184.21	.00	99,815.79	.2%
73127400 96401	CONTRIB REFUND-GENE	60,000	60,000	.00	.00	.00	60,000.00	.0%
73127400 96402	CONTRIB REFUND-SHER	5,000	5,000	.00	.00	.00	5,000.00	.0%
73127400 96403	CONTRIB REFUND-ROAD	5,000	5,000	.00	.00	.00	5,000.00	.0%
73127400 96404	CONTRIB REFUND-MED	40,000	40,000	19,535.07	19,535.07	.00	20,464.93	48.8%
73127400 96405	CONTRIB REFUND-B.A.	50,000	50,000	21,848.74	21,848.74	.00	28,151.26	43.7%
73127400 96406	CONTRIB REFUND-D.W.	5,000	5,000	.00	.00	.00	5,000.00	.0%
73127400 96407	CONTRIB REFUND-LIBR	5,000	5,000	.00	.00	.00	5,000.00	.0%
73127400 96500	INSURANCE AND BONDS	22,000	22,000	.00	.00	.00	22,000.00	.0%
73127400 96730	MACHINERY & EQUIPME	2,000	2,000	.00	.00	.00	2,000.00	.0%
73127400 96740	OFFICE EQUIP.& FURN	1,000	1,000	.00	.00	.00	1,000.00	.0%
	TOTAL OTHER SERVICES AND C	25,321,457	25,321,457	5,277,527.84	4,739,562.89	.00	20,043,929.16	20.8%
XQ CAPITAL OUTLAY								
73127400 98001	COMPUTER SOFTWARE	34,000	34,000	8,000.00	.00	34,000.00	-8,000.00	123.5%*
	TOTAL CAPITAL OUTLAY	34,000	34,000	8,000.00	.00	34,000.00	-8,000.00	123.5%
	TOTAL RETIREMENT BOARD	0	0	-528,595.60	-453,289.05	34,000.00	494,595.60	100.0%

FOR 2014 07

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
TOTAL RETIREMENT SYSTEM FUND	0	0	-528,595.60	-453,289.05	34,000.00	494,595.60	100.0%
TOTAL REVENUES	-25,474,240	-25,474,240	-5,862,073.65	-5,194,515.33	.00	-19,612,166.35	
TOTAL EXPENSES	25,474,240	25,474,240	5,333,478.05	4,741,226.28	34,000.00	20,106,761.95	
GRAND TOTAL	0	0	-528,595.60	-453,289.05	34,000.00	494,595.60	100.0%

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

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

Thomas L. Hickner
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Crystal Hebert
Finance Officer/Secretary

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Kristal Zielinski

ADMINISTRATIVE STAFF
Tiffany Jerry
(989) 895-4032
TDD (989) 895-4049
FAX (989) 895-4039

July 22, 2014

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

Dear Ms. Leistra:

There is a need for the Bay County Employee's Retirement System to rebalance its asset allocation therefore, I am requesting that Integrity Asset Management divest themselves of $2,000,000 (two million dollars) and make funds available for The Northern Trust Company on Friday, July 25, 2014.

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

Sincerely,

Crystal Hebert

Crystal Hebert
Bay County Finance Officer/Secretary

VIA E-MAIL-ORIGINAL TO BE SENT SURFACE MAIL

cc: Bay County Employees' Retirement System Board of Trustees
Howard Pohl, The Bogdahn Group
Peter Brown, The Bogdahn Group
Lawrence Fumarolo, The Northern Trust Company

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM
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July 22, 2014

Ms. Anna Marie Lopez
Hotchkis & Wiley Capital Management
725 S. Figueroa St. 39th Floor
Los Angeles, CA 90017

Dear Ms. Lopez:

There is a need for the Bay County Employee's Retirement System to rebalance its asset allocation therefore, I am requesting that Hotchkis & Wiley Capital Management divest themselves of $1,000,000 (one million dollars) and make funds available for The Northern Trust Company on Friday, July 25, 2014.

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

Sincerely,

Crystal Hebert

Crystal Hebert
Bay County Finance Officer/Secretary

VIA E-MAIL-ORIGINAL TO BE SENT SURFACE MAIL

cc: Bay County Employees' Retirement System Board of Trustees
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July 22, 2014

Mr. Alan Puklin
Columbia Management
100 Park Avenue - 7th Floor
New York, NY 10017

Re: COMMISSION RECAPTURE

Dear Mr. Puklin:

The purpose of this correspondence is to advise you that the Bay County Employees' Retirement System has terminated its commission recapture agreement with ConvergEx effective July 3, 2014.

Please continue to utilize the commission recapture firms we have commission recapture programs with - Able/Noser Corp. ("Able/Noser") and Capital Institutional Services, Inc. (CAPIS), per our letter dated June 4, 2014.

Please do not hesitate to contact me at 989-895-2007 or the Fund's investment consultant, Howard Pohl or Peter Brown of The Bogdahn Group at 866-240-7932, if you have any questions or concerns regarding this correspondence.

Sincerely,

Crystal Hebert

Crystal Hebert
Finance Officer/Secretary

cc: Board of Trustees
Mr. Howard Pohl
Mr. Peter Brown
CAPIS
Abel/Noser
Larry Fumarolo

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July 22, 2014

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

Re: COMMISSION RECAPTURE

Dear Mr. Lindsey:

The purpose of this correspondence is to advise you that the Bay County Employees' Retirement System has terminated its commission recapture agreement with ConvergEx effective July 3, 2014.

Please continue to utilize the commission recapture firms we have commission recapture programs with - Able/Noser Corp. ("Able/Noser") and Capital Institutional Services, Inc. (CAPIS), per our letter dated June 4, 2014.

Please do not hesitate to contact me at 989-895-2007 or the Fund's investment consultant, Howard Pohl or Peter Brown of The Bogdahn Group at 866-240-7932, if you have any questions or concerns regarding this correspondence.

Sincerely,

Crystal Hebert

Crystal Hebert
Finance Officer/Secretary

cc: Board of Trustees
Mr. Howard Pohl
Mr. Peter Brown
CAPIS
Abel/Noser
Larry Fumarolo

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July 22, 2014

Ms. Lori Klomstad
Geneva Capital Management Ltd.
100 E. Wisconsin Avenue, Suite 2550
Milwaukee, WI 53202

Re: COMMISSION RECAPUTURE

Dear Ms. Klomstad:

The purpose of this correspondence is to advise you that the Bay County Employees' Retirement System has terminated its commission recapture agreement with ConvergEx effective July 3, 2014.

Please continue to utilize the commission recapture firms we have commission recapture programs with - Able/Noser Corp. ("Able/Noser") and Capital Institutional Services, Inc. (CAPIS), per our letter dated June 4, 2014.

Please do not hesitate to contact me at 989-895-2007 or the Fund's investment consultant, Howard Pohl or Peter Brown of The Bogdahn Group at 866-240-7932, if you have any questions or concerns regarding this correspondence.

Sincerely,

Crystal Hebert

Crystal Hebert
Finance Officer/Secretary

cc: Board of Trustees
Mr. Howard Pohl
Mr. Peter Brown
CAPIS
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July 22, 2014

Mr. Patrick J. McMenamin
Hotchkis & Wiley Capital Management
725 S. Figueroa St. - 39th Floor
Los Angeles, CA 90017

Re: COMMISSION RECAPUTURE

Dear Mr. McMenamin:

The purpose of this correspondence is to advise you that the Bay County Employees' Retirement System has terminated its commission recapture agreement with ConvergEx effective July 3, 2014.

Please continue to utilize the commission recapture firms we have commission recapture programs with - Able/Noser Corp. ("Able/Noser") and Capital Institutional Services, Inc. (CAPIS), per our letter dated June 4, 2014.

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Sincerely,

Crystal Hebert

Crystal Hebert
Finance Officer/Secretary

cc: Board of Trustees
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July 22, 2014

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

Re: COMMISSION RECAPTURE

Dear Ms. Leistra:

The purpose of this correspondence is to advise you that the Bay County Employees' Retirement System has terminated its commission recapture agreement with ConvergEx effective July 3, 2014.

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Sincerely,

Crystal Hebert

Crystal Hebert
Finance Officer/Secretary

cc: Board of Trustees
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ADMINISTRATIVE STAFF
Tiffany Jerry
(989) 895-4032
TDD (989) 895-4049
FAX (989) 895-4039

July 22, 2014

Ms. Kimberly Hyland
MFS Investment Management
500 Boylston Street, 21st Floor
Boston, MA 02116

Re: COMMISSION RECAPUTURE

Dear Ms. Hyland:

The purpose of this correspondence is to advise you that the Bay County Employees' Retirement System has terminated its commission recapture agreement with ConvergEx effective July 3, 2014.

Please continue to utilize the commission recapture firms we have commission recapture programs with - Able/Noser Corp. ("Able/Noser") and Capital Institutional Services, Inc. (CAPIS), per our letter dated June 4, 2014.

Please do not hesitate to contact me at 989-895-2007 or the Fund's investment consultant, Howard Pohl or Peter Brown of The Bogdahn Group at 866-240-7932, if you have any questions or concerns regarding this correspondence.

Sincerely,

Crystal Hebert

Crystal Hebert
Finance Officer/Secretary

cc: Board of Trustees
Mr. Howard Pohl
Mr. Peter Brown
CAPIS
Abel/Noser
Larry Fumarolo

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

Thomas L. Hickner
Bay County Executive

Crystal Hebert
Finance Officer/Secretary

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

ADMINISTRATIVE STAFF
Tiffany Jerry
(989) 895-4032
TDD (989) 895-4049
FAX (989) 895-4039

July 22, 2014

Ms. Allie Koonin
Schroeder Investment Management North America
875 Third Avenue - 22nd Floor
New York, NY 10022-6225

RE: COMMISSION RECAPTURE

Dear Ms. Koonin:

The purpose of this correspondence is to advise you that the Bay County Employees' Retirement System has terminated its commission recapture agreement with ConvergEx effective July 3, 2014.

Please continue to utilize the commission recapture firms we have commission recapture programs with - Able/Noser Corp. ("Able/Noser") and Capital Institutional Services, Inc. (CAPIS), per our letter dated June 4, 2014.

Please do not hesitate to contact me at 989-895-2007 or the Fund's investment consultant, Howard Pohl or Peter Brown of The Bogdahn Group at 866-240-7932, if you have any questions or concerns regarding this correspondence.

Sincerely,

Crystal Hebert

Crystal Hebert
Finance Officer/Secretary

cc: Board of Trustees
Mr. Howard Pohl
Mr. Peter Brown
CAPIS
Abel/Noser
Larry Fumarolo

PROJECTION: 2015 2015 BUDGET PROJECTION FOR PERIOD 99

ACCOUNTS FOR: RETIREMENT SYSTEM FUND			2013 ACTUAL	2014 ORIG BUD	2014 REVISED BUD	2014 ACTUAL	2014 PROJECTION	2015 DEPARTMENT	PCT CHANGE
73127400 RETIREMENT BOARD									
RA	FUND BALANCE, NET AS								
73127400	40001	FUNDBALNCE	.00	.00	.00	.00	.00	.00	.0%
73127400	40003	FBRSV/DESG	.00	16,176.00	16,176.00	.00	16,176.00	16,176.00	.0%
73127400	40004	NETASTSRSV	.00	3,763,344.00	3,763,344.00	.00	3,763,344.00	3,763,344.00	.0%
TOTAL FUND BALANCE, NET AS			.00	3,779,520.00	3,779,520.00	.00	3,779,520.00	3,779,520.00	.0%
RJ	LOCAL UNIT CONTRIBUT								
73127400	59401	ERCON BABH	-1,405,464.07	-1,300,000.00	-1,300,000.00	-146,777.54	-1,300,000.00	-1,300,000.00	.0%
73127400	59402	ERCON MOSQ	-13,225.90	-13,000.00	-13,000.00	-6,855.87	-13,000.00	-13,000.00	.0%
73127400	59403	ERCON H.F.	-58,057.57	-57,000.00	-57,000.00	-29,649.95	-57,000.00	-57,000.00	.0%
73127400	59404	ER CON R C	-630,005.24	-520,000.00	-520,000.00	-157,543.91	-520,000.00	-520,000.00	.0%
73127400	59406	ER CON LIB	-180,859.88	-130,000.00	-130,000.00	-32,819.36	-130,000.00	-130,000.00	.0%
73127400	59407	ER CON G.C	-6,324.44	-6,000.00	-6,000.00	-2,029.33	-6,000.00	-6,000.00	.0%
73127400	59408	ER CON G.F	-397,550.24	-375,000.00	-375,000.00	-199,144.39	-375,000.00	-375,000.00	.0%
73127400	59409	ERCON DWS	-302,300.89	-250,000.00	-250,000.00	-95,306.27	-250,000.00	-250,000.00	.0%
73127400	59410	ER CON 911	-45,393.87	-45,000.00	-45,000.00	-22,665.73	-45,000.00	-45,000.00	.0%
73127400	59411	ER CON C.F	-41,843.35	-40,000.00	-40,000.00	-21,130.36	-40,000.00	-40,000.00	.0%
73127400	59412	EMPRCONDOA	-44,505.73	-43,000.00	-43,000.00	-19,017.34	-43,000.00	-43,000.00	.0%
73127400	59413	EMPRCONRET	-1,626.78	-1,800.00	-1,800.00	-966.24	-1,800.00	-1,800.00	.0%
73127400	59414	EMPRCONTHS	-2,081.61	-3,500.00	-3,500.00	.00	-3,500.00	-3,500.00	.0%
73127400	59415	EMPRCONGMF	-2,115.10	-2,000.00	-2,000.00	-4,317.32	-2,000.00	-2,000.00	.0%

PROJECTION: 2015 2015 BUDGET PROJECTION FOR PERIOD 99

ACCOUNTS FOR:

RETIREMENT SYSTEM FUND		2013 ACTUAL	2014 ORIG BUD	2014 REVISED BUD	2014 ACTUAL	2014 PROJECTION	2015 DEPARTMENT	PCT CHANGE
73127400 59416	EMPRCONHRF	-73.97	-180.00	-180.00	-73.56	-180.00	-180.00	.0%
73127400 59418	EMRCON100%	-3,387.42	-3,200.00	-3,200.00	-1,689.20	-3,200.00	-3,200.00	.0%
73127400 59419	EMPRCONMCF	-952,317.42	-700,000.00	-700,000.00	-145,445.62	-700,000.00	-700,000.00	.0%
73127400 59424	EMPRCONSIF	-387.88	-500.00	-500.00	-185.20	-500.00	-500.00	.0%
73127400 59427	EMRCNCMCOR	-2,872.19	-3,100.00	-3,100.00	-837.85	-3,100.00	-3,100.00	.0%
73127400 59429	EMPRCONFOC	-2,484.97	-2,100.00	-2,100.00	-1,297.01	-2,100.00	-2,100.00	.0%
73127400 59430	EMPRCONHSG	-5,354.89	-6,800.00	-6,800.00	-2,870.35	-6,800.00	-6,800.00	.0%
73127400 59434	EMPLERCCFO	-249.56	.00	.00	-46.69	.00	.00	.0%
73127400 59499	EMRCONBCSD	-73.91	.00	.00	-11,977.95	.00	.00	.0%
73127400 59501	EMPECNBABH	-572,592.32	-580,000.00	-580,000.00	-113,521.81	-580,000.00	-580,000.00	.0%
73127400 59502	EMPLECONMC	-12,211.28	-12,500.00	-12,500.00	-6,855.87	-12,500.00	-12,500.00	.0%
73127400 59503	EMPLECONHF	-53,621.29	-60,000.00	-60,000.00	-29,649.95	-60,000.00	-60,000.00	.0%
73127400 59504	EMPLECONRC	-140,512.25	-130,000.00	-130,000.00	-34,657.30	-130,000.00	-130,000.00	.0%
73127400 59506	EMPLECNLIB	-73,148.50	-75,000.00	-75,000.00	-14,176.83	-75,000.00	-75,000.00	.0%
73127400 59507	EMPLECONGC	-5,870.15	-4,800.00	-4,800.00	-2,029.34	-4,800.00	-4,800.00	.0%
73127400 59508	EMPLECONGF	-403,700.15	-500,000.00	-500,000.00	-223,259.75	-500,000.00	-500,000.00	.0%
73127400 59509	EMPECONDWS	-108,488.84	-85,000.00	-85,000.00	-24,204.78	-85,000.00	-85,000.00	.0%
73127400 59510	EMPECON911	-59,193.19	-62,000.00	-62,000.00	-33,096.92	-62,000.00	-62,000.00	.0%
73127400 59511	EMPECONCCF	-38,627.44	-40,000.00	-40,000.00	-21,130.36	-40,000.00	-40,000.00	.0%
73127400 59512	EMPECONDOA	-41,091.31	-43,000.00	-43,000.00	-22,306.82	-43,000.00	-43,000.00	.0%
73127400 59513	EMPECONRTR	-1,495.73	-1,800.00	-1,800.00	-966.24	-1,800.00	-1,800.00	.0%
73127400 59514	EMPEECONHS	-1,911.09	.00	.00	.00	.00	.00	.0%

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PROJECTION: 2015 2015 BUDGET PROJECTION FOR PERIOD 99

ACCOUNTS FOR: RETIREMENT SYSTEM FUND			2013 ACTUAL	2014 ORIG BUD	2014 REVISED BUD	2014 ACTUAL	2014 PROJECTION	2015 DEPARTMENT	PCT CHANGE
73127400	59515	EMPLECONGM	-1,952.58	-1,900.00	-1,900.00	-1,027.83	-1,900.00	-1,900.00	.0%
73127400	59516	EMPECONHRF	-68.37	-180.00	-180.00	-73.56	-180.00	-180.00	.0%
73127400	59518	EMPECN100%	-3,127.61	-3,000.00	-3,000.00	-1,689.20	-3,000.00	-3,000.00	.0%
73127400	59519	EMPECONMCF	-440,298.90	-380,000.00	-380,000.00	-80,579.29	-380,000.00	-380,000.00	.0%
73127400	59524	EMPECONSIF	-358.25	-400.00	-400.00	-185.21	-400.00	-400.00	.0%
73127400	59527	EMECNCMCOR	-2,649.97	-3,100.00	-3,100.00	-837.85	-3,100.00	-3,100.00	.0%
73127400	59529	EMPECONFOC	-2,294.84	-2,100.00	-2,100.00	-1,297.01	-2,100.00	-2,100.00	.0%
73127400	59530	EMPECONHSG	-4,927.12	-6,800.00	-6,800.00	-2,870.36	-6,800.00	-6,800.00	.0%
73127400	59534	EMPLEECCFO	-230.38	.00	.00	-46.68	.00	.00	.0%
73127400	59599	EMPECNBCSD	-231,647.42	-245,000.00	-245,000.00	-126,725.78	-245,000.00	-245,000.00	.0%
TOTAL LOCAL UNIT CONTRIBUT			-6,298,575.86	-5,738,760.00	-5,738,760.00	-1,643,835.78	-5,738,760.00	-5,738,760.00	.0%
RP	INTEREST & RENTALS								
73127400	66400	INVINTRDIV	-5,146,265.32	-5,000,000.00	-5,000,000.00	-368,118.30	-5,000,000.00	-5,000,000.00	.0%
73127400	66500	INVTSLGAIN	-27,114,135.86	-15,000,000.00	-15,000,000.00	-5,519,871.08	-15,000,000.00	-15,000,000.00	.0%
73127400	66501	UNRLZDGAIN	-31,138,309.24	-3,000,000.00	-3,000,000.00	.00	-3,000,000.00	-3,000,000.00	.0%
73127400	66502	EXCHNGGAIN	-16,460.22	-40,000.00	-40,000.00	-136.84	-40,000.00	-40,000.00	.0%
73127400	66600	SECRTYEARN	-159,323.15	-300,000.00	-300,000.00	-35,006.54	-300,000.00	-300,000.00	.0%
TOTAL INTEREST & RENTALS			-63,574,493.79	-23,340,000.00	-23,340,000.00	-5,923,132.76	-23,340,000.00	-23,340,000.00	.0%
RR	OTHER REVENUE								
73127400	67104	MISC REV	.00	.00	.00	.00	.00	.00	.0%
73127400	67600	RMBURSEMNT	.00	.00	.00	.00	.00	.00	.0%

PROJECTION: 2015 2015 BUDGET PROJECTION FOR PERIOD 99

ACCOUNTS FOR: RETIREMENT SYSTEM FUND			2013 ACTUAL	2014 ORIG BUD	2014 REVISED BUD	2014 ACTUAL	2014 PROJECTION	2015 DEPARTMENT	PCT CHANGE
73127400	67601	RMBINDVIDL	.00	.00	.00	.00	.00	.00	.0%
73127400	68900	TRADE-IN	.00	.00	.00	.00	.00	.00	.0%
73127400	69000	COMMRECAPT	-10,118.34	-25,000.00	-25,000.00	-1,830.63	-25,000.00	-25,000.00	.0%
73127400	69200	CLMSETLJDG	-59,953.69	-150,000.00	-150,000.00	-1,485.95	-150,000.00	-150,000.00	.0%
TOTAL OTHER REVENUE			-70,072.03	-175,000.00	-175,000.00	-3,316.58	-175,000.00	-175,000.00	.0%
XE	WAGES & SALARIES								
73127400	70300	SALARY E/A	25,426.76	57,460.00	57,460.00	18,261.73	57,460.00	49,028.00	-14.7%
73127400	70500	TEMP HELP	9,458.88	12,740.00	12,740.00	8,813.28	12,740.00	12,740.00	.0%
73127400	70501	WAGES PT	7,369.28	7,349.00	7,349.00	5,710.68	7,349.00	6,238.00	-15.1%
73127400	70600	OVERTIME	128.26	2,809.00	2,809.00	363.94	2,809.00	2,809.00	.0%
73127400	70800	HOLIDAYPAY	1,598.35	.00	.00	853.66	.00	.00	.0%
73127400	71000	PER DIEM	2,715.00	3,420.00	3,420.00	1,305.00	3,420.00	3,420.00	.0%
73127400	71200	VACTIONPAY	-74.81	.00	.00	1,420.54	.00	.00	.0%
73127400	71202	SICK PAY	577.17	.00	.00	.00	.00	.00	.0%
73127400	71203	TERMSCKPAY	500.00	.00	.00	.00	.00	.00	.0%
73127400	71204	TERMVACPAY	4,791.70	.00	.00	160.84	.00	.00	.0%
TOTAL WAGES & SALARIES			52,490.59	83,778.00	83,778.00	36,889.67	83,778.00	74,235.00	-11.4%
XF	FRINGES								
73127400	71500	SOCSECURTY	3,618.44	4,740.00	4,740.00	2,629.19	4,740.00	4,006.00	-15.5%
73127400	71600	HEALTH INS	10,896.66	17,592.00	17,592.00	5,836.00	17,592.00	14,007.00	-20.4%
73127400	71603	RETHLTHCAR	8,927.00	.00	.00	.00	.00	.00	.0%

PROJECTION: 2015 2015 BUDGET PROJECTION FOR PERIOD 99

ACCOUNTS FOR: RETIREMENT SYSTEM FUND			2013 ACTUAL	2014 ORIG BUD	2014 REVISED BUD	2014 ACTUAL	2014 PROJECTION	2015 DEPARTMENT	PCT CHANGE
73127400	71632	EINCENTIVE	.00	219.00	219.00	.00	219.00	219.00	.0%
73127400	71700	LIFE INS	94.64	131.00	131.00	39.60	131.00	131.00	.0%
73127400	71800	RETIREMENT	2,708.44	4,598.00	4,598.00	1,957.34	4,598.00	4,424.00	-3.8%
73127400	71900	OTHRFRINGE	.00	652.00	652.00	.00	652.00	94.00	-85.6%
73127400	72001	SIF ADMIN	93.56	111.00	111.00	60.45	111.00	95.00	-14.4%
73127400	72100	WORKERCOMP	795.64	163.00	163.00	88.99	163.00	139.00	-14.7%
73127400	72200	SCK&ACDINS	249.86	391.00	391.00	142.49	391.00	334.00	-14.6%
73127400	72500	UNEMPLOYMN	297.48	358.00	358.00	195.69	358.00	305.00	-14.8%
TOTAL FRINGES			27,681.72	28,955.00	28,955.00	10,949.75	28,955.00	23,754.00	-18.0%
XI	SUPPLIES								
73127400	72700	OFFICE SUP	725.83	2,000.00	2,000.00	609.66	2,000.00	2,000.00	.0%
73127400	72702	BOOKSUPPLY	210.00	.00	.00	.00	.00	.00	.0%
73127400	72800	PRNT&BIND	204.78	1,000.00	1,000.00	169.13	1,000.00	1,000.00	.0%
73127400	72900	POSTAGE	341.97	300.00	300.00	180.77	300.00	300.00	.0%
73127400	73000	MAG&PERDCL	.00	600.00	600.00	.00	600.00	600.00	.0%
73127400	73301	COPY/FXSUP	.00	500.00	500.00	.00	500.00	500.00	.0%
73127400	74200	FOODSUPPLY	90.61	150.00	150.00	21.75	150.00	150.00	.0%
73127400	74700	PHO/MFMSUP	.00	.00	.00	.00	.00	.00	.0%
73127400	75100	COMPSUPLY	436.47	1,500.00	1,500.00	.00	1,500.00	1,500.00	.0%
TOTAL SUPPLIES			2,009.66	6,050.00	6,050.00	981.31	6,050.00	6,050.00	.0%
XL	OTHER SERVICES AND C								
73127400	80100	PROFESSNL	1,568,001.29	1,500,000.00	1,500,000.00	803,086.37	1,500,000.00	1,500,000.00	.0%

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PROJECTION: 2015 2015 BUDGET PROJECTION FOR PERIOD 99

ACCOUNTS FOR:

RETIREMENT SYSTEM FUND			2013 ACTUAL	2014 ORIG BUD	2014 REVISED BUD	2014 ACTUAL	2014 PROJECTION	2015 DEPARTMENT	PCT CHANGE
73127400	80101	ACTUARIAL	72,560.00	40,000.00	40,000.00	21,550.00	40,000.00	40,000.00	.0%
73127400	80200	CONTRACTL	.00	.00	.00	.00	.00	.00	.0%
73127400	81200	MEDICALSRV	.00	1,000.00	1,000.00	.00	1,000.00	1,000.00	.0%
73127400	81400	INVST/BANK	248,977.55	230,000.00	230,000.00	68,631.52	230,000.00	230,000.00	.0%
73127400	81700	LEGAL FEES	502.50	7,500.00	7,500.00	2,898.00	7,500.00	7,500.00	.0%
73127400	81900	CONSULTANT	140,000.00	125,000.00	125,000.00	35,000.00	125,000.00	140,000.00	12.0%
		Per Board Minutes 7/8/2014							
73127400	82000	MBRSHPDUES	960.00	550.00	550.00	125.00	550.00	550.00	.0%
73127400	82900	FILINGFEES	.00	250.00	250.00	85.00	250.00	250.00	.0%
73127400	83500	HEALTHSERV	.00	.00	.00	.00	.00	.00	.0%
73127400	85200	TELEPHONE	185.11	420.00	420.00	59.18	420.00	420.00	.0%
73127400	86100	CNFFEES/EX	6,598.85	15,000.00	15,000.00	4,900.97	15,000.00	15,000.00	.0%
73127400	86500	STRAVLMILE	1,781.42	2,000.00	2,000.00	713.43	2,000.00	2,000.00	.0%
73127400	86600	LCLTRVMILE	77.78	300.00	300.00	101.53	300.00	300.00	.0%
73127400	87500	PENSIONPAY	13,242,070.62	13,000,000.00	13,000,000.00	3,845,965.59	13,000,000.00	13,000,000.00	.0%
73127400	90000	PRT/PUB/AD	149.00	500.00	500.00	.00	500.00	500.00	.0%
73127400	90100	LEGALNOTIC	.00	1,000.00	1,000.00	.00	1,000.00	1,000.00	.0%
73127400	93100	EQUIPMTR&M	.00	500.00	500.00	.00	500.00	500.00	.0%
73127400	93700	HRD/SFTR&M	.00	.00	.00	1,200.00	.00	.00	.0%
73127400	94601	EQPRNTCOPY	1,195.62	5,000.00	5,000.00	257.51	5,000.00	5,000.00	.0%
73127400	95500	MISC	.00	500.00	500.00	25.00	500.00	500.00	.0%
73127400	95600	IDC EXP	126,570.00	95,437.00	95,437.00	47,718.49	95,437.00	95,437.00	.0%
73127400	96000	EDUCA/TRNG	.00	1,500.00	1,500.00	270.00	1,500.00	1,500.00	.0%

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PROJECTION: 2015 2015 BUDGET PROJECTION FOR PERIOD 99

ACCOUNTS FOR:

RETIREMENT SYSTEM FUND			2013 ACTUAL	2014 ORIG BUD	2014 REVISED BUD	2014 ACTUAL	2014 PROJECTION	2015 DEPARTMENT	PCT CHANGE
73127400	96200	ASSETDISLS	5,596,745.38	10,000,000.00	10,000,000.00	878,587.10	10,000,000.00	10,000,000.00	.0%
73127400	96201	URZDLSSINV	.00	.00	.00	.00	.00	.00	.0%
73127400	96203	LOSSFRCURX	21,280.12	100,000.00	100,000.00	184.21	100,000.00	100,000.00	.0%
73127400	96401	CONTRREFGN	51,320.32	60,000.00	60,000.00	.00	60,000.00	60,000.00	.0%
73127400	96402	CNTRRFBCSD	1,856.23	5,000.00	5,000.00	.00	5,000.00	5,000.00	.0%
73127400	96403	CONTRREFRC	.00	5,000.00	5,000.00	.00	5,000.00	5,000.00	.0%
73127400	96404	CONTRRFMCF	40,024.65	40,000.00	40,000.00	19,535.07	40,000.00	40,000.00	.0%
73127400	96405	CNTRRFBABH	233,266.90	50,000.00	50,000.00	21,848.74	50,000.00	50,000.00	.0%
73127400	96406	CNTRRFDWS	.00	5,000.00	5,000.00	.00	5,000.00	5,000.00	.0%
73127400	96407	CONTRRFLIB	.00	5,000.00	5,000.00	.00	5,000.00	5,000.00	.0%
73127400	96500	INS/BONDS	20,434.50	22,000.00	22,000.00	.00	22,000.00	22,000.00	.0%
73127400	96730	MACH/EQPEX	.00	2,000.00	2,000.00	.00	2,000.00	2,000.00	.0%
73127400	96740	OEQPFURNEX	.00	1,000.00	1,000.00	.00	1,000.00	1,000.00	.0%
73127400	96741	COMPHARDEX	.00	.00	.00	.00	.00	.00	.0%
73127400	96742	COMPSOFTEX	.00	.00	.00	.00	.00	.00	.0%
73127400	96770	BOOK EXP	.00	.00	.00	.00	.00	.00	.0%
73127400	96999	BUD REDUCE	.00	.00	.00	.00	.00	.00	.0%
TOTAL OTHER SERVICES AND C			21,374,557.84	25,321,457.00	25,321,457.00	5,752,742.71	25,321,457.00	25,336,457.00	.1%
XQ		CAPITAL OUTLAY							
73127400	98001	COMP SOFT	8,000.00	34,000.00	34,000.00	42,000.00	34,000.00	.00	-100.0%
TOTAL CAPITAL OUTLAY			8,000.00	34,000.00	34,000.00	42,000.00	34,000.00	.00	-100.0%
TOTAL RETIREMENT BOARD			-48,478,401.87	.00	.00	-1,726,721.68	.00	-33,744.00	.0%
TOTAL RETIREMENT SYSTEM FUND			-48,478,401.87	.00	.00	-1,726,721.68	.00	-33,744.00	.0%
TOTAL REVENUE			-69,943,141.68	-25,474,240.00	-25,474,240.00	-7,570,285.12	-25,474,240.00	-25,474,240.00	.0%
TOTAL EXPENSE			21,464,739.81	25,474,240.00	25,474,240.00	5,843,563.44	25,474,240.00	25,440,496.00	.0%
GRAND TOTAL			-48,478,401.87	.00	.00	-1,726,721.68	.00	-33,744.00	.0%

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