

Richard A. White, Jr.
Retirement Administrator



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MENDOCINO COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
625-B KINGS COURT
UKIAH, CALIFORNIA 95482-5027

Date: August 21, 2013
To: Board of Retirement
From: Richard White, Retirement Administrator *rw*
Subject: Monthly Investment Report

1. Investment Goal Statements (excerpts from MCERA Investment Policy Statement)

- a. The overall goal of MCERA's investments is to provide Plan participants with retirement, disability, and death and survivor benefits as provided for under the County Employees' Retirement Law of 1937. This will be accomplished through a carefully planned and executed long-term investment program.
- b. The investment activities are designed and executed in a manner that serves the best interests of the members and beneficiaries of the Association.
- c. All transactions undertaken will be for the sole benefit of MCERA's members and beneficiaries and for the exclusive purpose of providing benefits to them, minimizing contributions to the Plan and defraying reasonable associated administrative expenses.

2. Quarterly Investment Performance Report

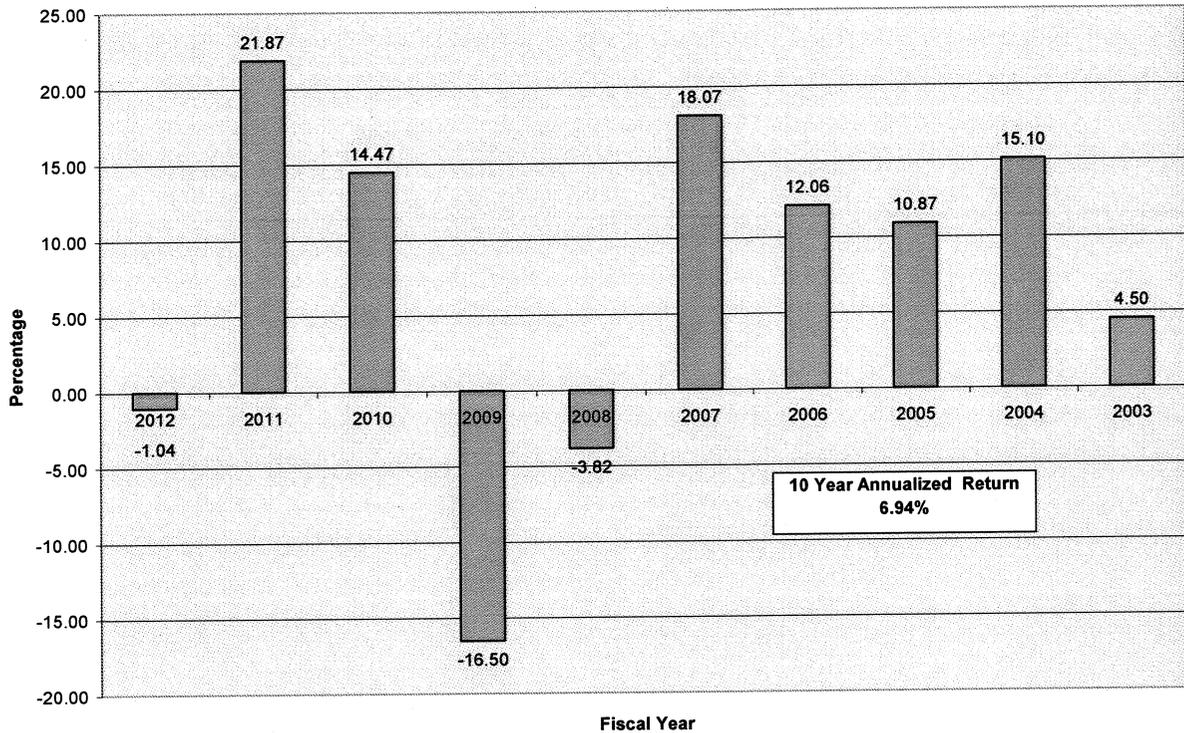
The Board of Retirement has the responsibility for the administration of MCERA for the benefit of plan participants. The Board adopted the Investment Policy Statement which provides a framework for the management of the assets of MCERA. As described in the Statement, "the Board shall review MCERA's investments quarterly, or as needed, to ensure that policy guidelines continue to be met. The Board shall monitor investment returns on both an absolute basis and relative to appropriate benchmarks and peer group comparisons."

In compliance with the Statement, the MCERA investment consultant will present the 4th Quarter Investment Performance Report to the Board. The report will be presented by Greg Ungerman and Greg DeForrest of Callan Associates Inc.

The material is provided to the Board of Retirement as a separate report.

3. MCERA Trust Fund Performance Information

MCERA Investment Returns



MCERA Investment Portfolio Performance

	One Year	Three Year	Five Year	Ten Year	16-Year
Fiscal Year Ending 6-30-2012	-1.04	11.35%	2.09%	6.94%	6.09%
Calendar Year Ending 12-31-2012	14.53%	8.57%	3.18%	-	-

MCERA Investment Portfolio Market Value

June 30, 2013 (Preliminary)	\$ 383,415,052
March 31, 2013	\$ 381,456,435
December 31, 2012	\$ 363,785,244
September 30, 2012	\$ 357,411,731
June 30, 2012	\$ 343,863,518

NOTE: MCERA investment returns are reported net of investment manager fees and includes cash.

Attachments

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Date: August 21, 2013
To: Board of Retirement
From: Richard White, Retirement Administrator *RW*
Subject: Asset Allocation and Liability Study

Summary: The Board of Retirement initiated an asset-liability study to be conducted by Callan Associates. The initial phase of the study was presented to the Board at the May, 2013 meeting. The study is completed and the results will be presented to the Board at this meeting.

The study was conducted by James Van Heuit who will be present at the meeting along with Greg DeForrest and Greg Ungerman of Callan to discuss their findings and recommendations.

Recommended Action: The Board of Retirement will be able to select the asset allocation target mix for the MCERA trust fund subsequent to this presentation.

Note: The materials for this agenda item are provided in a separate report.

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Date: August 21, 2013
To: Board of Retirement
From: Richard White, Retirement Administrator *raw*
Subject: Monthly Financial Report

A. Financial Reports

The monthly reports for **June 2013** are included for your review.

1. Statement of Plan Net Assets.

- This report details a "snapshot" of account balances for the period covered and the fiscal year to date activity. The report indicates the assets available for future payments to retirees and any current liabilities owed.

2. Statement of Changes in Plan Net Assets.

- This report details a view of the current fiscal year additions to and deductions from the plan and covers the most recently available and the fiscal year to date activity.

3. Cash Flow Analysis.

- This report is not included in this agenda item. Staff has noted errors in the statement as a result of the year-end adjustment process. We are working on a revised report which wasn't completed in time for this meeting.

4. Rental Income – Net of Expenses.

- This report shows the rental income received by the two tenants (State of California and MCERA) and the expenses associated with the 625 Kings Court trust fund asset.

5. Vendor Ledger.

- This report is generated from the Peachtree accounting system and includes vendor transactions and balances for the month of **July 2013**.

MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF PLAN NET ASSETS
June 30, 2013
(FINAL)

ASSETS

CASH AND EQUIVALENTS

Trust Cash-held at county \$ 2,459,241

TOTAL CASH AND EQUIVALENTS **2,459,241**

CURRENT ASSETS

Accounts Receivable 9,376
 Recoupments (58)

TOTAL CURRENT ASSETS **9,318**

PROPERTY AND EQUIPMENT

Equipment 3,786

TOTAL PROPERTY AND EQUIPMENT **3,786**

INVESTMENTS, ADJUSTED TO MARKET

Unrealized Gain(Loss) Invest 59,785,924
 Fixed Income 90,619,505
 International Equities 86,221,211
 Small Cap Equities 21,033,686
 Mid Cap Equities 13,810,042
 Large Cap Equities 79,569,329
 Real Estate 30,022,970

TOTAL INVESTMENTS, AT MARKET **381,062,667**

TOTAL ASSETS **\$ 383,535,012**

LIABILITIES

CURRENT LIABILITIES

Accounts Payable \$ 114,416
 AMCRE Dues 825
 Wage Attachments 177
 PEDIT Trust Dental 18,945
 AFLAC INSURANCE 3,726
 Buck Settlement Reserve 200,106

TOTAL CURRENT LIABILITIES **338,195**

TOTAL NET ASSETS **\$ 383,196,817**

MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF CHANGES IN PLAN NET ASSETS
For the Twelve Months Ended June 30, 2013
(FINAL)

	CURRENT MONTH	YEAR TO DATE
ADDITIONS		
CONTRIBUTIONS		
Employer	\$ 1,254,332	\$ 14,260,473
Plan Members	451,870	4,712,593
	<hr/>	<hr/>
TOTAL CONTRIBUTIONS	1,706,202	18,973,066
INVESTMENT INCOME		
Unrealized Gain/(Loss) Invests	(5,922,771)	29,709,335
Rental Income, Net of Expenses	12,435	76,752
Interest	0	23,223
Dividends	1,586,068	8,248,645
Capital Gains	39,729	11,464,943
Less Investment Expense	(121,910)	(632,406)
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Net Investment Income	(4,406,449)	48,890,492
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TOTAL ADDITIONS	(2,700,247)	67,863,558
DEDUCTIONS		
Benefit Payment, Subsidies, & Refunds	(2,205,507)	(26,573,554)
Administrative Expenses	(76,073)	(829,995)
	<hr/>	<hr/>
TOTAL DEDUCTIONS	2,281,580	27,403,549
	<hr/>	<hr/>
Increase (Decrease) in Net Assets	(4,981,827)	40,460,009
NET ASSETS		
Beginning of Period	388,178,645	342,736,812
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End of Period	\$ 383,196,818	\$ 383,196,821
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Mendocino County Employees' Retirement Association

Rental Income - Net of Expenses

For the Twelve Months Ending June 30, 2013

	<u>Current Month</u>		<u>Year to Date</u>	
Revenues				
Rental Income	\$ 17,018	0.40	\$ 127,380	0.26
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Total Revenues	17,018	0.40	127,380	0.26
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Building Expenses				
Building Expenses	235	0.01	19,068	0.04
Landscape & Maintenance	2,785	0.07	17,071	0.03
Security	195	0.00	2,428	0.00
Insurance	0	0.00	2,342	0.00
Utilities	1,368	0.03	9,719	0.02
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Total building operating expenses	4,583	0.11	50,628	0.10
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Net Income	\$ 12,435	0.29	\$ 76,752	0.15
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MCERA
Vendor Ledgers
For the Period From Jul 1, 2013 to Jul 31, 2013

Filter Criteria includes: Report order is by ID.

Vendor ID Vendor	Date	Trans No	Type	Paid	Debit Amt	Credit Amt	Balance
aflac AFLAC, INC.	7/3/13	4157107	CDJ		3,726.46	3,726.46	0.00
allber Alliance Bernstein	7/1/13 7/18/13	Balance Fwd 4158066	CDJ		13,021.97	13,021.97	13,021.97 13,021.97
allins Alliant Insurance Service							0.00
amcre AMCRE	7/3/13	4157114	CDJ		825.44	825.44	0.00
antgra Anthony Graham	7/1/13 7/25/13	Balance Fwd 4158775	CDJ		525.00	525.00	3,602.80 3,602.80
aonhek Hewitt Ennis Knupp, Inc							0.00
arbmed Arbitration and Mediation							0.00
att AT&T	7/1/13 7/18/13 7/25/13	Balance Fwd 4158051 4158585	CDJ CDJ		47.40 118.79	47.40 118.79	118.79 118.79 118.79
bobmir Bob Mirata							0.00
calapr CALAPRS	7/11/13	4157620	CDJ		900.00	900.00	0.00
calass Callan Associates, Inc.	7/1/13 7/11/13	Balance Fwd 4157621	CDJ		36,400.00		36,400.00 0.00
caldis California State Dusburse							0.00
calext California Exterminators							0.00
canser Canteen Services							0.00
capins Capital Insurance Group							0.00
chrofa Christie O'Farrall	7/1/13 7/3/13	Balance Fwd 4157357	CDJ		9.04		9.04 0.00
cituki City of Ukiah							0.00
clemen Clearly Mendocino Water	7/1/13 7/18/13	Balance Fwd 4158132	CDJ		30.00	30.00	30.00 30.00
coumen County of Mendocino							0.00
curdis Curry's Discount Inc.	7/11/13 7/11/13 7/25/13 7/25/13	4157655 4157656 4158704 4158705	CDJ CDJ CDJ CDJ		1.19 43.20 10.38 13.78	1.19 43.20 10.38 13.78	0.00 0.00 0.00 0.00

MCERA
Vendor Ledgers
For the Period From Jul 1, 2013 to Jul 31, 2013

Filter Criteria includes: Report order is by ID.

Vendor ID Vendor	Date	Trans No	Type	Paid	Debit Amt	Credit Amt	Balance
smawor Small World Solutions							0.00
soncou Sonoma County Counsel	7/1/13	Balance Fwd					8,065.65
	7/11/13	4157949	CDJ		3,838.13		4,227.52
	7/18/13	4158461	CDJ		222.50	222.50	4,227.52
	7/18/13	4158462	CDJ		4,005.02	4,005.02	4,227.52
sonswe Sonoma Sweepers, Inc.	7/1/13	Balance Fwd					185.00
	7/11/13	4157962	CDJ		45.00		140.00
	7/11/13	4157963	CDJ		140.00		0.00
timknu Timothy Knudsen							0.00
tosfin Toshiba Financial Service	7/25/13	4157986	CDJ		187.49	187.49	0.00
tyltec Tyler Technologies							0.00
ukiwas Ukiah Waste Solutions, I	7/1/13	Balance Fwd					62.07
	7/18/13	4158517	CDJ		62.07	62.07	62.07
usban US Bank	7/1/13	Balance Fwd					1,074.32
	7/11/13	4157964	CDJ		573.09		501.23
	7/11/13	4157965	CDJ		501.23		0.00
usbank US Bank Cal Card							0.00
verwir Verizon Wireless	7/1/13	Balance Fwd					19.66
	7/25/13	4159093	CDJ		19.66	19.66	19.66
vinrep VINTAGE REPORTING S							0.00
watcon Waters Construction, Inc.							0.00
Report Total					106,784.33	54,568.80	62,200.01