

BOB MIRATA
CHAIRMAN
B.O.S. APPOINTEE

SHARI SCHAPMIRE
VICE-CHAIRMAN
TREASURER TAX COLLECTOR

DENNIS HUEY
SECRETARY
ELECTED RETIRED MEMBER

SUPERVISOR KENDALL SMITH
B.O.S. APPOINTEE

DR. DON COURSEY
B.O.S. APPOINTEE

TED STEPHENS
B.O.S. APPOINTEE

LLOYD WEER
ELECTED
GENERAL MEMBER

RANDY GOODMAN
ELECTED GENERAL
MEMBER

CRAIG WALKER
ELECTED SAFETY
MEMBER

TIM KNUDSEN
ELECTED RETIREE
ALTERNATE MEMBER



JIM ANDERSEN
RETIREMENT
ADMINISTRATOR

JEFF BERK
LEGAL COUNSEL

MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION BOARD MEETING AGENDA

SEPTEMBER 21, 2011 – 8:30 A.M.

1) ROLL CALL (8:30 A.M.)

2) CLOSED SESSION (Timed Item at 8:35 A.M.) (Estimated Time 2 hours)

a) Pending disability applications:

- | | |
|--------------------|---------------------------------|
| 1) HUDSON, GARY | (09/07/10) SHERIFF SCD |
| 2) KOSKINEN, KIM | (10/15/08) HHSA (SOC SERV) SCD |
| 3) NOONAN, KRISTIN | (05/05/11) HHSA (SOC SERV) NSCD |

b) Disability retirement case review:

- | | |
|----------------|-----------------------------|
| 1) BROIN, LORI | APPROVED FOR SCD 11/17/2010 |
|----------------|-----------------------------|

c) Potential initiation of litigation (Buck Consultants) pursuant to Government Code Section 54956.9(c) – one (1) case

d) Significant exposure to litigation pursuant to Government Code Section 54956.9(b)(3)(A)- one (1) case

(Pursuant to Government Code Section 31532, individual medical records of disability applicants will be discussed during closed session and are not public information.)

3) REPORT OUT FROM CLOSED SESSION (Estimated Time 5 min.)

4) BREAK (Estimated Time 10 min.)

5) OPEN SESSION & MINUTES OF THE MEETING HELD AUGUST 17, 2011 (Approximate time 10:50 A.M.) (Estimated Time 5 min.)

◆RETIREMENT BOARD MEETING AGENDA◆

◆SEPTEMBER 21, 2011 - 8:30 A.M.◆

6) PUBLIC COMMENT (Estimated Time 5 min.)

Members of the public are welcome to address the board on subjects within the jurisdiction of the Board of Retirement regarding items both on and off the agenda. The board is prohibited by law from taking action on matters not on the agenda, but may ask questions to clarify the speaker's comment and/or briefly answer questions. The board limits testimony on matters not on the agenda to 5 minutes per person and not more than 10 minutes for a particular subject at the discretion of the Chair of the Board. To best facilitate public expression please complete the speaker form available at the entrance to the boardroom and present to the Clerk to the Board. If you wish to submit written comments please provide 12 copies to the Clerk to the Board prior to the start of the meeting. Public speakers are reminded to announce their names before they address the board.

7) DISCUSSION AND POSSIBLE ACTION REGARDING RETIREMENT ADMINISTRATOR'S REPORT (Estimated Time 30 min.)

- a) Withdrawal of contributions by terminating employees
- b) Billings for fees and services
- c) Presentation of Administrator's report

8) INVESTMENTS/FINANCIALS (Estimated Time 5 min.)

- a) Presentation of financial statements
- b) Action may be taken to terminate or hire investment managers at any meeting

9) DISCUSSION AND POSSIBLE ACTION REGARDING AGREEMENT WITH LINEA SOLUTIONS TO PROVIDE IMAGING AND INDEXING OF ALL PAST AND FUTURE FILES (EDMS) (Estimated Time 30 min.)

10) ADJORNMENT (Approximate time 12:05 P.M.)

(Pursuant to Government Code Section 54954, this agenda was posted 72 hours prior to the meeting.)

◆RETIREMENT ASSOCIATION CONFERENCE ROOM: 625-B KINGS COURT, UKIAH, CA 95482◆

◆PHONE 707-463-4328 FAX 707-467-6472◆ WWW.CO.MENDOCINO.CA.US/RETIREMENT◆

James M. Andersen
Retirement Administrator



Telephone: (707) 463-4328
(707) 467-6473
Fax: (707) 467-6472

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

Date: September 16, 2011
To: Board of Retirement
From: Jim Andersen, Retirement Administrator 
Subject: Discussion and Possible Action Regarding the Administrator's Report

Financial

1. GALLINA, MCERA's new independent outside financial auditor, spent two days in the office speaking with staff and the ad hoc audit committee, and gathering a sufficient understanding of our operations to complete their audit program for the year ended June 30, 2011. GALLINA will conduct their audit the week of October 10, 2011. GALLINA communicated that they will prepare preliminary audited financial statements prior to the end of October for use by the actuary in preparing the June 30, 2011 valuation study.
2. With the exception of audited financial statements, staff has supplied The Segal Company with the economic and noneconomic data required for the experience study and valuation study. Segal did confirm that they cannot meet the timeline of producing the experience study for the Board's October meeting; rather it will be presented in November. The change in dates pushes the joint meeting of the Board of Retirement and Board of Supervisors out to December 12, 2011.
3. As recommended by Callan last spring, and directed by the Board, staff instructed all fund managers to reinvest any earnings from dividends, interest and/or gains on transactions. The anticipated effect was to have more assets invested for returns, and fewer in cash to meet ongoing retiree payroll and administrative/investment expenses. The change in policy results in a net use of approximately \$600,000 in cash per month. In August, with a cash balance nearing depletion, and after consulting with Callan, staff directed the sale of \$3 million of shares in the Dodge & Cox Income fund. Our objectives were to raise sufficient cash, preserve our portfolio investment targets, and avoid selling equities and incurring a loss as a result of the recent decline in the market. As a result, you will see a decrease in the market value of the Dodge & Cox Income fund for August in excess of \$3 million. This will show up as a cash asset when financial statements are prepared.
4. MCERA's books have been closed for the fiscal year ending June 30, 2011. A copy of the Post-Closing financial statement is included in your Board package. The final posting

of net earnings to net reserves was just over 3.9% (.03924). The contingency reserve was increased to 1% of the market value of assets.

5. I submitted information on MCERA's financial and actuarial status to RVKuhns & Associates for their semi-annual comparative study of public funds. MCERA will receive a report for our use, and will be included in the comparison of 1937 Act systems presented at the fall SACRS conference.
6. When attempting to "open" a new fiscal year in our financial software, PeachTree, staff found that the existing version would not accept a new fiscal year after 2010/11. Working with County Information Services, we purchased an updated version of PeachTree software, with two licenses (\$360). As of the writing of this report, the software was still being installed and debugged on MCERA computers. Unfortunately, this will delay the preparation of financial statements for the Board and public. Our objective is to have final financial reports for July and August, and a preliminary financial report for September at the Board's October meeting.

Legislation

Per the Board's direction, I submitted to SACRS a proposal to amend Government Code Section 31720.5 to clarify that heart illnesses in a safety member are rebuttable assumptions (attached). The recommendation is being made to bring consistency between the Government Code and the Court decision in the case of *Pellerin v. Kern County Employees' Retirement Association*.

Tax Qualification

I participated in a conference call with attorneys from Hanson Bridgett and their 1937 Act clients. Hanson Bridgett provided an update of progress with the IRS at the statewide level (all 1937 Act systems) and at the Orange County Employees' Retirement System (OCERS) where the first review is occurring.

Miscellaneous

1. I submitted the Board approved minor reorganization to County Human Resources (HR) for processing. As you will recall, the reorganization included the deletion of 1.0 FTE Retirement Coordinator-Confidential and the addition of 1.0 FTE Senior Retirement Specialist-Confidential. The job classification will be presented to the Civil Service Commission on September 21st. We will continue to work closely with HR to move the reorganization proposal forward.
2. On August 24th I met with a subcommittee of the Grand Jury reviewing the operations of MCERA.
3. At the request of Board member Stephens, staff has been working with counsel to review whether or not a conflict of interest exists due to family and client investments in American Funds. I entered into a limited engagement letter (no more than 3 hours) with Ashley Dunning of the law firm manatt/phelps/phillips to assist Jeff Berk in reviewing this issue. After careful review, it was determined that no conflict of interest exists.

4. The California Retired County Employees' Association (CRCEA) is holding its annual conference in Sonoma and Mendocino Counties this fall. The conference will be held at the Hyatt Vineyard Creek Hotel, Santa Rosa, from October 24th to the 26th. Additional information, including a full agenda, is available online at www.crcea.org.
5. Three Board members will be concluding their elected or appointed terms at the end of November, 2011. Those members are Dennis Huey (Retired Member, Eighth Seat), Tim Knudsen (Alternate Member) and Bob Mirata (Appointee, Ninth Seat). Notice of the election has been sent out to all retired members, with declaration for candidacy due at the close of business on September 30th, returned ballots due by the close of business on October 28th, and the election results tabulated and posted on October 31st. There was some concern expressed that the notice of election did not clearly distinguish that the election of the Eighth Seat and the Alternate are unique, and that candidates must declare which of those two seats they will be seeking. As potential candidates return declarations of candidacy, we will ensure that they designate which seat they are running for.

We have already had a request from one potential candidate that MCERA perform a mailing to all retirees, at the candidate's expense, which would include supplemental election information/materials. We spoke with MCERA counsel, and to the best of his knowledge this is not a legal issue; rather it is a policy issue. We also spoke with the Elections division of the Assessor/Clerk/Recorder's Office, and they only perform the mailing of the official ballot which includes a candidate's statement. This is an expressed policy of the Registrar of Voters to avoid any potential presumption that the Elections division endorses or favors a particular candidate. **Staff is requesting the Board provide direction to only perform mailings of MCERA election materials, which include the candidates' statements, and thereby avoid any potential presumption of endorsing or favoring one candidate over another. Staff further recommends that the Board direct a formal elections policy be brought back for discussion and possible action.**

6. Judy Zeller will be attending a CALAPRS roundtable on disabilities on September 15th and Katy Richardson will be attending a CALAPRS roundtable on benefits the following day. I will be attending the CALAPRS Administrator's Institute September 28th through the 30th.

JA
Attachment

YEAR 2012 SACRS LEGISLATIVE PLATFORM WORKSHEET

PLEASE COMPLETE AND RETURN BY AUGUST 26, 2011

Title of Issue: Clarification that GC Section 31720.5 is a rebuttable assumption
Association: Mendocino County Employees' Retirement Association
Contact Person: Jim Andersen, Retirement Administrator
Phone #: 707-463-4329
Fax #: 707-467-6472

Please answer the following questions as fully as possible:

1. Description of issue. Pellerin v KCERA created a rebuttable assumption for heart illnesses under GC Section 31720.5. The Section has not been changed, and the IRS has not issued a general PLR.
2. Recommended solution. Add language that this is a rebuttable assumption.
3. Specific language that you would like changed in, or added to, '37 Act Law, and suggested code section numbers. GC Section 31720.5. "Notwithstanding any other provision of this Section, "heart trouble" is a rebuttable assumption when evaluating a member's application for a Service Connected Disability Retirement."
4. Why should the proposed legislation be sponsored by SACRS rather than by your individual retirement association? Impacts all systems. Addresses the issue while IRS review of the 1937 Act is underway.
5. Do you anticipate that the proposed legislation would create any major problems, such as conflicting with Proposition 162 or create a problem with any of the other 19 SACRS retirement associations? None that I am aware of.
6. Who will support or oppose this proposed change in the law? Support from retirement systems and sponsors, possible opposition from police and fire unions.
7. Who will be available from your association to testify before the Legislature?
Jim Andersen, Retirement Administrator or Tony Graham, Retirement Attorney.

Mail your legislative proposals to:

Jim Lites
Schott & Lites Advocates, LLC
1510 14th Street
Sacramento, CA 95814
Fax (916) 447-4947 Phone (916) 444-7158
E-mail: jlites@schottlites.com

SCHOTT & LITES

A D V O C A T E S

1510 14th Street • Sacramento, CA 95814

MEMORANDUM

TO: SACRS ADMINISTRATORS and RETIREMENT BOARD CHAIR

**FROM: RICHARD STENSRUD
JIM LITES**

DATE: JUNE 20, 2011

SUBJECT: SACRS YEAR 2012 LEGISLATIVE TIMELINES

If you intend to propose legislation to be sponsored by SACRS, please return your request, EXPLAINED ON THE ATTACHED WORKSHEET, by August 26, 2011 to:

Jim Lites
Schott & Lites Advocates, LLC
1510 14th Street
Sacramento, CA 95814
Fax: (916) 447-4947 Phone: (916) 444-7158 Email: jlites@schottlites.com

The SACRS Legislative Committee has adopted a calendar for soliciting legislative proposals from SACRS retirement associations for the year 2012:

June 20, 2011

E-mailing of Committee request that retirement associations submit proposals for inclusion in the SACRS 2009 Legislative Platform.

August 26, 2011

Deadline for requests to be received by Schott & Lites Advocates.

September 2, 2011

Schott & Lites will e-mail legislative requests to Legislative Committee members.

September 16, 2011

Date of Legislative Committee meeting at which association requests will be discussed.

October 10, 2011

Legislative Committee will submit proposals, (both those that the Legislative Committee recommends by inclusion in SACRS Legislative Platform, and other proposals received) to all retirement associations for consideration.

November 16, 2011

Those legislative proposals recommended by the Legislative Committee, as well as other proposals, will be discussed at the SACRS Fall Conference.

James M. Andersen
Retirement Administrator



Telephone: (707) 463-4328
(707) 467-6473
Fax: (707) 467-6472

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

Date: September 13, 2011
To: Board of Retirement
From: Jim Andersen, Retirement Administrator 
Subject: Administrator's Report and Financial Reports

Attached are the preliminary recaps of our portfolio of investments as of August 31, 2011.

As described in my Administrator's report, MCERA is in the process of transitioning to a new version/release of our accounting software, PeachTree. As a result, we are only able to provide the Board with the monthly recap of our investment portfolio. Staff expects to provide the Board with final financial statements for July and August, and a preliminary financial statement for September at your October Board meeting.

Also, the market value of assets for the month ending August 31 and year to date reflect the sale of \$3 million of shares in the Dodge & Cox Income Fund, which will be reflected as a cash asset on the financial statements.

JA
Attachments

COMPARISON OF RETIREMENT SYSTEM MONEY MANAGERS MARKET VALUE OF INVESTMENTS
AUGUST 2011 PRELIM

	A	B	C	D	E	F	G	H
	MARKET VALUE INVESTMENTS	CASH RESERVED	TOTAL AVAILABLE	PERCENT OF PORT.	% BY CLASS	TARGET % (2010 STUDY)	TARGET AS DOLLARS	DIFFERENCE AS DOLLARS () INDICATES
BRADFORD & MARZEC	-		-	0.00%		0.000%	-	-
DODGE & COX (SEPARATE)	-		-	0.00%		0.000%	-	-
PIMCO	47,529,647	-	47,529,647	14.49%		14.000%	45,919,882	(1,609,766)
DODGE & COX INCOME	47,737,639		47,737,639	14.55%		14.000%	45,919,882	(1,817,758)
					29.045%	28.000%		
SMALL CAP GROWTH								
ALLIANCE	3,610,734		3,610,734	1.10%		1.000%	3,279,992	(330,742)
RS EMERGING MANAGERS	3,324,603		3,324,603	1.01%		1.000%	3,279,992	(44,611)
	6,113,564		6,113,564	1.86%		1.900%	6,231,984	118,420
					3.978%	3.900%		
SMALL CAP VALUE								
VANGUARD SMALL CAP IN PRUDENTIAL	-		-	0.00%		0.000%	-	-
	6,078,571		6,078,571	1.85%		1.900%	6,231,984	153,413
					1.853%	1.900%		
MID CAP GROWTH								
MORGAN STANLEY	5,577,036		5,577,036	1.70%		1.400%	4,591,988	(985,048)
JANUS ENTERPRISE	5,198,012		5,198,012	1.58%		1.400%	4,591,988	(606,024)
					3.285%	2.800%		
MID CAP VALUE								
FIDILITY LP STCK	5,030,602		5,030,602	1.53%		1.400%	4,591,988	(438,614)
ROYCE TOTAL RTN	4,890,104		4,890,104	1.49%		1.400%	4,591,988	(298,116)
					3.025%	2.800%		
LARGE CAP GROWTH								
GROWTH FUND OF AMERIC	9,888,486		9,888,486	3.01%		3.000%	9,839,975	(48,511)
HARBOR CAP APPRE	10,556,568		10,556,568	3.22%		3.000%	9,839,975	(716,593)
JANUS RESEARCH	10,081,836		10,081,836	3.07%		3.000%	9,839,975	(241,861)
					9.307%	9.000%		
LARGE CAP VALUE								
SELECTED AMERICAN	9,668,539		9,668,539	2.95%		3.000%	9,839,975	171,436
DODGE & COX	14,253,703		14,253,703	4.35%		4.400%	14,431,963	178,260
INVEST CO AMERICA	9,834,741		9,834,741	3.00%		3.000%	9,839,975	5,234
ROBECO	13,029,017		13,029,017	3.97%		4.400%	14,431,963	1,402,946
VAN GUARD GR&INC	10,081,541		10,081,541	3.07%		3.000%	9,839,975	(241,566)
					17.338%	17.800%		
INTERNATIONAL STOCK								
EUROPACIFIC	14,654,547		14,654,547	4.47%		4.700%	15,415,960	761,413
HARBOR INTL	15,004,588		15,004,588	4.57%		4.700%	15,415,960	411,372
ACORN INTL	8,427,495		8,427,495	2.57%		2.500%	8,199,979	(227,516)
ARTISAN	-		-	0.00%		0.000%	-	-
JANUS INTL	12,552,005		12,552,005	3.83%		4.700%	15,415,960	2,863,955
MONDRIAN	13,577,639		13,577,639	4.14%		4.700%	15,415,960	1,838,321
OAKMARK	11,495,268		11,495,268	3.50%		3.800%	12,463,968	968,700
					23.083%	25.100%		
REAL ESTATE								
RREEF PUBLIC	12,825,143		12,825,143	3.91%		1.700%	5,575,986	(7,249,157)
RREEF PRIVATE	16,238,535		16,238,535	4.95%		4.200%	13,775,965	(2,462,570)
NEW PRIVATE	-		-	-		2.800%	9,183,976	9,183,976
625 B KINGS COURT	738,992		738,992	0.23%		0.300%	983,997	245,005
					9.086%	9.000%		
NEW FUNDS AVAILABLE			-					
	327,999,156	-	327,999,156	100.00%	100.000%	100.300%	328,983,153	983,997

COMPARISON OF COST AND MARKET VALUES FOR MENDOCINO COUNTY RETIREMENT ASSOCIATION
AUGUST 2011 PRELIM

	A	B	C	D	E	F	G	H
	COST VALUE	MARKET VALUE	UNREALIZED GAIN	GAIN BY CATEGORY	PRIOR MONTH GAIN/LOSS	MONTHLY CHANGE	START OF FISCAL YEAR (MARKET)	FISCAL YEAR CHANGE (MARKET)
BRADFORD & MARZEC								
NET COST VALUE	0	-	-		-	-	-	-
DODGE & COX								
NET COST VALUE	0	-	-		-	-	-	-
DODGE & COX INCOME	50,661,641	47,737,639	(2,924,002)		415,759	(3,339,761)	50,473,381	(2,735,742)
PIMCO	43,567,928	47,529,647	3,961,719		4,235,113	(273,394)	47,208,923	320,724
NET COST VALUE				1,037,717				
SMALL CAP GROWTH								
ALLIANCE	1,967,850	3,610,734	1,642,884		2,018,753	(375,869)	4,149,842	(539,108)
RS EMERGING MANAGERS	2,500,101 5,311,845	3,324,603 6,113,564	824,502 801,719		1,203,439 1,497,707	(378,937) (695,988)	3,883,292 7,009,997	(558,689) (896,433)
NET COST VALUE				3,269,105				
SMALL CAP VALUE								
VANGUARD SMALL CAP INDEX	0	-	-		-	-	-	-
PRUDENTIAL TARGET	6,900,000	6,078,571	(821,429)		(401,587)	(419,842)	6,717,460	(638,889)
NET COST VALUE				(821,429)				
MID CAP GROWTH								
MORGAN STANLEY	4,254,453	5,577,036	1,322,583		1,688,029	(365,446)	6,016,150	(439,114)
JANUS ENTERPRISE	5,232,908	5,198,012	(34,896)		239,307	(274,203)	5,752,795	(554,783)
NET COST VALUE				1,287,687				
MID CAP VALUE								
FIDILITY LP STCK	3,588,432	5,030,602	1,442,170		1,778,687	(336,517)	5,497,767	(467,165)
ROYCE TOTAL RTN	3,848,055	4,890,104	1,042,049		1,344,290	(302,241)	5,343,466	(453,362)
NET COST VALUE				2,484,219				
LARGE CAP GROWTH								
AMERICAN FUND	8,378,074	9,888,486	1,510,412		2,236,018	(725,606)	10,762,588	(874,102)
HARBOR CAP APPRE	8,771,886	10,556,568	1,784,682		2,517,698	(733,016)	11,269,773	(713,205)
JANUS RESEARCH	8,535,170	10,081,836	1,546,666		2,259,702	(713,036)	10,986,434	(904,598)
NET COST VALUE				4,841,760				
LARGE CAP VALUE								
SELECTED AMERICAN	8,787,463	9,668,539	881,076		1,504,933	(623,857)	10,484,731	(816,192)
DODGE & COX	13,773,424	14,253,703	480,279		1,571,532	(1,091,253)	15,957,294	(1,703,591)
INVEST CO AMERICA	9,091,103	9,834,741	743,638		1,355,545	(611,907)	10,682,563	(847,822)
ROBECO	14,500,000	13,029,017	(1,470,983)		(563,188)	(907,795)	14,491,030	(1,462,013)
VAN GUARD GR&INC	9,499,295	10,081,541	582,246		1,138,485	(556,239)	10,831,151	(749,610)
NET COST VALUE				1,216,257				
INTERNATIONAL STOCK								
EUROPACIFIC	12,709,336	14,654,547	1,945,211		3,426,235	(1,481,024)	16,443,168	(1,788,621)
HARBOR INTL	15,027,678	15,004,588	(23,090)		1,487,069	(1,510,159)	17,012,890	(2,008,302)
ACORN INTL	5,840,163	8,427,495	2,587,332		3,129,287	(541,955)	8,952,037	(524,542)
ARTISAN	-	-	-		-	-	-	-
JANUS INTL	12,924,605	12,552,005	(372,600)		914,786	(1,287,386)	14,726,811	(2,174,806)
MONDRIAN	14,500,000	13,577,639	(922,361)		218,494	(1,140,855)	14,874,406	(1,296,767)
OAKMARK	11,145,875	11,495,268	349,393		1,867,008	(1,517,615)	13,492,130	(1,996,862)
NET COST VALUE				3,563,885				
REAL ESTATE								
RREEF PUBLIC FUND	9,069,048	12,825,143	3,756,095		4,702,827	(946,732)	13,567,707	(742,564)
RREEF PRIVATE FUND	14,896,452	16,238,535	1,342,083		1,342,083	-	16,238,535	-
NET COST VALUE				4,936,058				
625 B KINGS COURT	901,112	738,992	(162,120)		(162,120)	(0)	738,992	-
TOTAL INVESTMENTS	306,183,896	327,999,156	21,815,259	21,815,259	42,965,891	(21,150,632)	353,565,313	(25,566,157)

REALIZED GAIN ON SALE OF INVESTMENTS

(AMOUNT AVAILABLE TO CREDIT TO RESERVES)	THIS MONTH	CURRENT YEAR	TOTAL
INTEREST INCOME		-	-
WRITE DOWN OF INVESTMENTS		-	-
GAIN/(LOSS) ON INTERNATION SALES		-	-
GAIN/(LOSS) ON SALE OF EQUITIES		-	-
GAIN/(LOSS) ON SALE OF BONDS		-	-
GAIN/LOSS INCOME REINVESTED		-	-
DIVIDEND/INTEREST INCOME REINVESTED		121,599	121,599
RECOGNIZED MARKET VALUE APPREC.		-	-
COMMISSION RECAPTURE		-	-
RENTAL INCOME		-	-
BUILDING EXPENSE		-	-
NET ADMINISTRATION EXPENSES		-	-
TOTAL REALIZED GAIN AND INCOME		121,599	121,599
TOTAL REALIZED AND UNREALIZED GAIN-INCOME			
AMOUNT AVAILABLE TO CREDIT TO RESERVES		121,599	121,599

CLOSING

MENDOCINO COUNTY EMPLOYEES RETIREMENT ASSOCIATION
FINANCIAL STATEMENT
JUNE 2011 FINAL CLOSING

MARKET VALUE (INFO ONLY)
JUNE 2011 FINAL CLOSING

ASSETS			
CASH & EQUIVALENTS			
1000G	CASH -GENERAL	1,189,485.82	
1000B	CASH RESERVED-BRADFORD	-	
1000D	CASH RESERVED-DODGE & COX	-	
	TOTAL CASH & EQUIVALENTS	<u>1,189,485.82</u>	<u>1,189,485.82</u>
RECEIVABLES			
1200	ACCOUNTS RECEIVABLE	57,574.14	
1250	PREPAID EXPENSE	-	
	TOTAL RECEIVABLES	<u>57,574.14</u>	<u>57,574.14</u>
1600	OFFICE EQUIPMENT	<u>3,786.40</u>	<u>3,786.40</u>
INVESTMENTS AT COST			
1400	BONDS @ COST VALUE	94,229,568.98	97,682,304.00
1800	INTERNATIONAL EQUITIES	72,147,656.65	85,501,442.00
1900	SMALL CAP EQUITIES	16,679,795.67	21,760,591.00
1910	MID CAP EQUITIES	16,923,847.83	22,610,178.00
1920	LARGE CAP EQUITIES	81,336,414.72	95,465,564.00
1930	REAL ESTATE	23,965,500.45	29,806,242.00
1930KC	625 KINGS COURT	901,112.09	738,992.00
	TOTAL INVESTMENTS	<u>306,183,896.39</u>	<u>353,565,313.00</u>
	TOTAL ASSETS	<u>307,434,742.75</u>	<u>354,816,159.36</u>
LIABILITIES AND UNDISTRIBUTED EARNINGS			
MEMBERS DEPOSIT RESERVE			
2000	REGULAR CONTRIBUTIONS	34,651,888.87	
2100	REGULAR INTEREST	12,484,604.47	
2200	C.O.L. CONTRIBUTIONS	13,120,772.97	
2300	C.O.L. INTEREST	4,653,748.62	
	TOTAL MEMBERS DEPOSIT RESERVE	<u>64,911,012.93</u>	
2500	ACCOUNTS PAYABLE	<u>14,829.48</u>	
COUNTY ADVANCE RESERVE			
3000	CURRENT SERVICE	<u>(25,774,820.07)</u>	
RETIRED MEMBERS' RESERVE			
4100	ANNUITY	77,132,444.71	
4200	CURRENT/PRIOR SERVICE	107,162,599.47	
4400	SURVIVORS' BENEFITS	(5,110,210.37)	
4500	COST OF LIVING	84,867,030.30	
	TOTAL RETIRED MEMBERS' RESERVE	<u>264,051,864.11</u>	
MISCELLANEOUS			
5000	RETIREE INSURANCE	658,653.66	
5100	RETIREE PEDIT ACCOUNTS	-	
5200	RETIREE VISION INS	-	
5300	AMCRE DUES	-	
5600	AFLAC INSURANCE	-	
5700	DEPENDENT INSURANCE	-	
5750	RETIREE INSURANCE PAYMENT	-	
5800	FEDERAL WITHHOLDING	26,844.27	
5900	STATE WITHHOLDING	-	
5950	WAGE ATTACHMENT	-	
5960	RECOUPMENT	(4,113.17)	
5970	PEDIT TRUST DENTAL	-	
5980	HOLDING ACCOUNT	-	
	TOTAL MISCELLANEOUS	<u>681,384.76</u>	
UNDISTRIBUTED EARNINGS			
6000	BALANCE-JUNE 30, 2002	-	
6100	CONTINGENCY RESERVE	3,550,727.54	
6200	HLTH INS CLAIMS RESERVE	(256.00)	
7000B	INTEREST/BRADFORD	-	
7000D	INTEREST/DODGE & COX	-	
7000P	INTEREST/PIMCO	-	
7000G	INTEREST GENERAL	-	
7000H	INTEREST APPORTIONED	-	
7000DB	ADDITIONAL DEATH BENEFIT	-	
7130	RENTAL INCOME	-	
7200	DIVIDEND & INTEREST REINVESTED	-	
7200G	CAPITAL GAINS & LOSSES REINVESTED	-	
7250	GAIN ON SALE OF INTERNATIONAL EQUITY	-	
7350	GAIN ON SALE OF EQUITIES	-	
7300	WRITE DOWN OF INVESTMENTS	-	
7400	GAIN ON SALE OF REAL ESTATE	-	
7450	RECOGNIZED MARKET VALUE APPRECIATION	-	
7500B	PROFIT/LOSS-BRADFORD	-	
7500D	PROFIT/LOSS-DODGE	-	
7500I	PROFIT/LOSS INCOME FUND	-	
7600	ADM. EXPENSE REIMB	-	
7650	COMMISSION RECAPTURE	-	
7700	MISCELLANEOUS	-	
7730	BUILDING EXPENSES	-	
7800	INVESTMENT EXPENSES	-	
	TOTAL UNDISTRIBUTED EARNINGS	<u>3,550,471.54</u>	
	TOTAL LIABILITIES & UNDISTRIBUTED EARNINGS	<u>307,434,742.75</u>	

COMPARISON OF RETIREMENT SYSTEM MONEY MANAGERS MARKET VALUE OF INVESTMENTS
 JUNE 2011 FINAL - POST ACCRUAL

	A	B	C	D	E	F	G	H
	MARKET VALUE INVESTMENTS	CASH RESERVED	TOTAL AVAILABLE	PERCENT OF PORT.	% BY CLASS	TARGET % (2010 STUDY)	TARGET AS DOLLARS	DIFFERENCE AS DOLLARS () =Over/Alloc
BRADFORD & MARZEC	-	-	-	0.00%		0.00%	-	-
DODGE & COX (SEPARATE)	-	-	-	0.00%		0.00%	-	-
PIMCO	47,208,923	-	47,208,923	13.35%		14.00%	49,499,144	2,290,221
DODGE & COX INCOME	50,473,381	-	50,473,381	14.28%		14.00%	49,499,144	(974,237)
					27.628%	28.000%		
SMALL CAP GROWTH								
ALLIANCE	4,149,842	-	4,149,842	1.17%		1.00%	3,535,653	(614,189)
RS EMERGING	3,883,292	-	3,883,292	1.10%		1.00%	3,535,653	(347,639)
FREMONT	7,009,997	-	7,009,997	1.98%		1.90%	6,717,741	(292,256)
					4.255%	3.900%		
SMALL CAP VALUE								
VANGUARD SMALL CAP IN	-	-	-	0.00%		0.00%	-	-
PRUDENTIAL	6,717,460	-	6,717,460	1.90%		1.90%	6,717,741	281
					1.900%	1.900%		
MID CAP GROWTH								
MORGAN STANLEY	6,016,150	-	6,016,150	1.70%		1.40%	4,949,914	(1,066,236)
JANUS ENTERPRISE	5,752,795	-	5,752,795	1.63%		1.40%	4,949,914	(802,881)
					3.329%	2.800%		
MID CAP VALUE								
FIDILITY LP STCK	5,497,767	-	5,497,767	1.55%		1.40%	4,949,914	(547,853)
ROYCE TOTAL RTN	5,343,466	-	5,343,466	1.51%		1.40%	4,949,914	(393,552)
					3.066%	2.800%		
LARGE CAP GROWTH								
GROWTH FUND OF AMERIC	10,762,588	-	10,762,588	3.04%		3.00%	10,606,959	(155,629)
HARBOR CAP APPRE	11,269,773	-	11,269,773	3.19%		3.00%	10,606,959	(662,814)
JANUS RESEARCH	10,986,434	-	10,986,434	3.11%		3.00%	10,606,959	(379,475)
					9.339%	9.000%		
LARGE CAP VALUE								
SELECTED AMERICAN	10,484,731	-	10,484,731	2.97%		3.00%	10,606,959	122,228
DODGE & COX	15,957,294	-	15,957,294	4.51%		4.40%	15,556,874	(400,420)
INVEST CO AMERICA	10,682,563	-	10,682,563	3.02%		3.00%	10,606,959	(75,604)
ROBEKO	14,491,030	-	14,491,030	4.10%		4.40%	15,556,874	1,065,844
VAN GUARD GR&INC	10,831,151	-	10,831,151	3.06%		3.00%	10,606,959	(224,192)
					17.662%	17.800%		
INTERNATIONAL STOCK								
EUROPACIFIC	16,443,168	-	16,443,168	4.65%		4.700%	16,617,570	174,402
HARBOR INTL	17,012,890	-	17,012,890	4.81%		4.700%	16,617,570	(395,320)
ACORN INTL	8,952,037	-	8,952,037	2.53%		2.500%	8,839,133	(112,904)
ARTISAN	-	-	-	0.00%		0.000%	-	-
JANUS INTL	14,726,811	-	14,726,811	4.17%		4.700%	16,617,570	1,890,759
MONDRIAN	14,874,406	-	14,874,406	4.21%		4.700%	16,617,570	1,743,164
OAKMARK	13,492,130	-	13,492,130	3.82%		3.800%	13,435,482	(56,648)
					24.183%	25.100%		
REAL ESTATE								
RREEF PUBLIC	13,567,707	-	13,567,707	3.84%		1.700%	6,010,610	(7,557,097)
RREEF PRIVATE	16,238,535	-	16,238,535	4.59%		4.200%	14,849,743	(1,388,792)
NEW PRIVATE	-	-	-	-		2.800%	9,899,829	9,899,829
625 B KINGS COURT	738,992	-	738,992	0.21%		0.000%	-	(738,992)
					8.639%	8.700%		
NEW FUNDS AVAILABLE			-					
	353,565,312	-	353,565,312	100.00%	100.000%	100.000%	353,565,312	0

COMPARISON OF COST AND MARKET VALUES FOR MENDOCINO COUNTY RETIREMENT ASSOCIATION
 JUNE 2011 FINAL - POST ACCRUAL

	A	B	C	D	E	F	G	H
	COST VALUE	MARKET VALUE	UNREALIZED GAIN	GAIN BY CATEGORY	PRIOR MONTH GAIN/LOSS	MONTHLY CHANGE	START OF FISCAL YEAR (MARKET)	FISCAL YEAR CHANGE (MARKET)
BRADFORD & MARZEC								
NET COST VALUE	0	-	-		-	-	16,907,925	(16,907,925)
DODGE & COX								
NET COST VALUE	0	-	-		-	-	41,310,537	(41,310,537)
DODGE & COX INCOME	50,661,641	50,473,381	(188,260)		522,988	(711,248)	-	50,473,381
PIMCO	43,567,928	47,208,923	3,640,995		3,809,365	(168,370)	45,164,284	2,044,639
NET COST VALUE				3,452,734				
SMALL CAP GROWTH								
ALLIANCE	1,967,850	4,149,842	2,181,992		2,253,085	(71,093)	2,980,938	1,168,904
RS EMERGING	2,500,101	3,883,292	1,383,191		1,461,731	(78,540)	2,457,293	1,425,999
FREMONT	5,311,845	7,009,997	1,698,152		1,815,078	(116,926)	2,494,201	4,515,796
				5,263,335				
SMALL CAP VALUE								
VANGUARD SMALL CAP INDEX	0	-	-		-	-	11,011,023	(11,011,023)
PRUDENTIAL TARGET	6,900,000	6,717,460	(182,540)		(85,185)	(97,355)	-	6,717,460
				(182,540)				
MID CAP GROWTH								
MORGAN STANLEY	4,254,453	6,016,150	1,761,697		1,835,364	(73,667)	7,568,653	(1,552,503)
JANUS ENTERPRISE	5,232,908	5,752,795	519,887		621,005	(101,118)	7,083,362	(1,330,567)
				2,281,584				
MID CAP VALUE								
FIDILITY LP STCK	3,588,432	5,497,767	1,909,335		1,964,761	(55,426)	7,384,148	(1,886,381)
ROYCE TOTAL RTN	3,848,055	5,343,466	1,495,411		1,595,261	(99,850)	7,315,773	(1,972,307)
				3,404,746				
LARGE CAP GROWTH								
AMERICAN FUND	8,378,074	10,762,588	2,384,514		2,563,384	(178,870)	6,730,586	4,032,002
HARBOR CAP APPRE	8,771,886	11,269,773	2,497,887		2,526,188	(28,301)	8,320,170	2,949,603
JANUS RESEARCH	8,535,170	10,986,434	2,451,264		2,642,826	(191,562)	7,437,093	3,549,341
				7,333,665				
LARGE CAP VALUE								
SELECTED AMERICAN	8,787,463	10,484,731	1,697,268		2,062,211	(364,943)	9,585,265	899,466
DODGE & COX	13,773,424	15,957,294	2,183,870		2,642,736	(458,866)	5,758,440	10,198,854
INVEST CO AMERICA	9,091,103	10,682,563	1,591,460		1,824,095	(232,635)	9,633,528	1,049,035
ROBECO	14,500,000	14,491,030	(8,970)		228,166	(237,136)	-	14,491,030
VAN GUARD GR&INC	9,499,295	10,831,151	1,331,856		1,547,110	(215,254)	8,867,385	1,963,766
				6,795,485				
INTERNATIONAL STOCK								
EUROPACIFIC	12,709,336	16,443,168	3,733,832		3,976,872	(243,040)	8,647,530	7,795,638
HARBOR INTL	15,027,678	17,012,890	1,985,212		2,158,251	(173,039)	8,124,842	8,888,048
ACORN INTL	5,840,163	8,952,037	3,111,874		3,496,082	(384,208)	8,843,640	108,397
ARTISAN	-	-	-		-	-	7,633,586	(7,633,586)
JANUS INTL	12,924,605	14,726,811	1,802,206		2,464,647	(662,441)	9,466,892	5,259,919
MONDRIAN	14,500,000	14,874,406	374,406		553,497	(179,091)	-	14,874,406
OAKMARK	11,145,875	13,492,130	2,346,255		2,519,316	(173,061)	9,610,807	3,881,323
				13,353,785				
REAL ESTATE								
RREEF PUBLIC FUND	9,069,048	13,567,707	4,498,659		4,896,305	(397,646)	9,882,144	3,685,563
RREEF PRIVATE FUND	14,896,452	16,238,535	1,342,083		1,082,956	259,127	12,895,169	3,343,366
625 B KINGS COURT	901,112	738,992	(162,120)	5,678,622	(162,120)	(0)	862,120	(123,128)
TOTAL INVESTMENTS	306,183,896	353,565,312	47,381,416	47,381,416	52,815,975	(5,434,559)	283,977,334	69,587,978

REALIZED GAIN ON SALE OF INVESTMENTS

(AMOUNT AVAILABLE TO CREDIT TO RESERVES)

	THIS MONTH	CURRENT YEAR	TOTAL
INTEREST INCOME	14	2,457,436	2,457,422
WRITE DOWN OF INVESTMENTS		(9,557,912)	(9,557,912)
GAIN/(LOSS) ON INTERNATIONAL SALES		1,234,156	1,234,156
GAIN/(LOSS) ON SALE OF EQUITIES		7,695,290	7,695,290
GAIN/(LOSS) ON SALE OF BONDS	2	3,302,699	3,302,697
GAIN/LOSS INCOME REINVESTED	(100,734)	2,164,808	2,265,542
DIVIDEND/INTEREST INCOME REINVESTED	1,208,358	5,863,549	4,655,191
RECOGNIZED MARKET VALUE APPREC.			-
COMMISSION RECAPTURE		1,069	1,069
RENTAL INCOME	16,459	59,124	42,665
BUILDING EXPENSE	(5,331)	(34,432)	(29,101)
NET ADMINISTRATION EXPENSES	(64,365)	(582,943)	(518,578)
TOTAL REALIZED GAIN AND INCOME		12,602,844	11,548,441
TOTAL REALIZED AND UNREALIZED GAIN-INCOME			

AMOUNT AVAILABLE TO CREDIT TO RESERVES

LESS MARKET VALUE APPRECIATION RECOGNIZED
 THROUGH 5 YEAR SMOOTHING OF MARKET VALUE GAIN

12,602,844

12,602,844