

Richard A. White, Jr.
Retirement Administrator



Telephone: (707) 463-4328
(707) 467-6473
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MENDOCINO COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
625-B KINGS COURT
UKIAH, CALIFORNIA 95482-5027

Date: December 18, 2013
To: Board of Retirement
From: Richard White, Retirement Administrator *RW*
Subject: Medical Advisor Contract

Introduction:

Last year, the Board approved the addition of a medical advisor to the resources available to the Retirement Association to be used during the administration of disability applications through the review procedure. The use of a medical advisor is an accepted practice of other 1937 Act pension systems and is an important resource for the Board of Retirement and the Association that enhances the quality and reliability of the information used by the Board in the consideration of disability applications.

The annual contract with our medical advisor is due to renewal and staff recommends that the Board renew the contract under the same terms, conditions and annual budget amount as in the past. Dr. Rapp has asked for an increase of \$50 in his hourly rate to handle increases in his liability insurance rates. The annual maximum for the contract remains the same as last year.

Recommended Action: Approve the Medical Advisor Contract with Dr. Jeffrey Rapp for the term of December 2013 through December 2014 in an amount not to exceed \$20,000 billed at an hourly rate of \$300.00.

**MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STANDARD SERVICES AGREEMENT**

This Agreement, dated as of January 1, 2014 is by and between the MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION, hereinafter referred to as "MCERA", and Jeffrey Rapp M.D., hereinafter referred to as the "CONTRACTOR".

WITNESSETH

WHEREAS, MCERA may retain independent contractors to perform special services to or for MCERA; and

WHEREAS, MCERA desires to obtain CONTRACTOR for Disability Medical Record Review and Recommendation services; and

WHEREAS, CONTRACTOR is professionally qualified to provide such services and is willing to provide same to MCERA on the terms and conditions set forth in this AGREEMENT;

NOW, THEREFORE it is agreed that MCERA does hereby retain CONTRACTOR to provide the services described in Exhibit "A", and CONTRACTOR accepts such engagement, on the General Terms and Conditions hereinafter specified in this Agreement, the Additional Provisions attached hereto, and the following described exhibits, all of which are incorporated into this Agreement by this reference:

| | |
|-----------|------------------------|
| Exhibit A | Definition of Services |
| Exhibit B | Payment Terms |
| Exhibit C | Insurance Requirements |

The term of this Agreement shall be from January 1, 2014 through December 31, 2014.

The compensation payable to CONTRACTOR hereunder shall not exceed Twenty Thousand Dollars (\$20,000.00) for the term of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

CONTRACTOR/COMPANY NAME

By: _____
Richard A. White, Retirement
Administrator

By: _____
Signature
Jeffrey Rapp, M.D.

NAME AND ADDRESS OF CONTRACTOR:

Jeffrey Rapp, M.D.

429 Sherman Street

Healdsburg, CA 95448

ATTEST:

INSURANCE REQUIREMENTS:

KRISTIN McMENOMEY, Director
General Services Agency

By: _____
Judy Zeller, Retirement Specialist II

By: _____
Risk Manager

APPROVED AS TO FORM:

By signing above, signatory warrants and represents that he/she executed this Agreement in his/her authorized capacity and that by his/her signature on this Agreement, he/she or the entity upon behalf of which he/she acted, executed this Agreement

By: _____
Jeff Berk, MCERA Legal Counsel

GENERAL TERMS AND CONDITIONS

- b. **INDEPENDENT CONTRACTOR:** No relationship of employer and employee is created by this Agreement; it being understood and agreed that CONTRACTOR is an Independent Contractor. CONTRACTOR is not the agent or employee of MCERA in any capacity whatsoever, and MCERA shall not be liable for any acts or omissions by CONTRACTOR nor for any obligations or liabilities incurred by CONTRACTOR.

CONTRACTOR shall have no claim under this Agreement or otherwise, for seniority, vacation time, vacation pay, sick leave, personal time off, overtime, health insurance medical care, hospital care, retirement benefits, social security, disability, Workers' Compensation, or unemployment insurance benefits, civil service protection, or employee benefits of any kind.

CONTRACTOR shall be solely liable for and obligated to pay directly all applicable payroll taxes (including federal and state income taxes) or contributions for unemployment insurance or old age pensions or annuities which are imposed by any governmental entity in connection with the labor used or which are measured by wages, salaries or other remuneration paid to its officers, agents or employees and agrees to indemnify and hold MCERA harmless from any and all liability which MCERA may incur because of CONTRACTOR's failure to pay such amounts.

In carrying out the work contemplated herein, CONTRACTOR shall comply with all applicable federal and state workers' compensation and liability laws and regulations with respect to the officers, agents and/or employees conducting and participating in the work; and agrees that such officers, agents, and/or employees will be considered as Independent Contractors and shall not be treated or considered in any way as officers, agents and/or employees of MCERA.

CONTRACTOR does, by this Agreement, agree to perform his/her said work and functions at all times in strict accordance with all applicable federal, state and County laws, ordinances, regulations, titles, departmental procedures and currently approved methods and practices in his/her field and that the sole interest of MCERA is to insure that said service shall be performed and rendered in a competent, efficient, timely and satisfactory manner and in accordance with the standards required by MCERA.

Notwithstanding the foregoing, if MCERA determines that pursuant to state and federal law CONTRACTOR is an employee for purposes of income tax withholding, MCERA may upon two week's notice to CONTRACTOR, withhold from payments to CONTRACTOR hereunder federal and state income taxes and pay said sums to the federal and state governments.

2. **INDEMNIFICATION:** CONTRACTOR shall indemnify, defend, and hold harmless MCERA, its Board of Retirement, agents, and employees, from and against any and all claims, liabilities, and losses whatsoever including damages to property and injuries to, or death of persons, reasonable attorney's fees, expert fees and court costs occurring or resulting, or alleged to be occurring or resulting, to any and all persons, firms or corporations furnishing or supplying work, services, materials, or supplies in connections with the CONTRACTOR'S performance or its obligations under this AGREEMENT, and from any and all claims, liabilities, and losses occurring or resulting, or alleged to be occurring or resulting, to any person, firm, or corporation for damage, injury, or death arising out of or connected with the CONTRACTOR'S performance of its obligations under this AGREEMENT, unless such claims, liabilities, or losses arise out of the sole negligence or willful misconduct of MCERA. "CONTRACTOR'S performance" includes CONTRACTOR'S action or inaction and the action or inaction of CONTRACTOR'S officers, employees, agents and subcontractors.
3. **INSURANCE AND BOND:** CONTRACTOR shall at all times during the term of the Agreement with MCERA maintain in force those insurance policies and bonds as designated in the attached Exhibit C, and will comply with all those requirements as stated therein.
4. **WORKERS' COMPENSATION:** CONTRACTOR shall provide Workers' Compensation insurance, as applicable, at CONTRACTOR's own cost and expense and further, neither the CONTRACTOR nor its carrier shall be entitled to recover from MCERA any costs, settlements, or expenses of Workers' Compensation claims arising out of this Agreement.
5. **CONFORMITY WITH LAW AND SAFETY:**
 - a. In performing services under this Agreement, CONTRACTOR shall observe and comply with all applicable laws, ordinances, codes and regulations of governmental agencies, including federal, state, municipal, and local governing bodies, having jurisdiction over the scope of services, including all applicable provisions of the California Occupational Safety and Health Act. CONTRACTOR shall indemnify and hold MCERA harmless from any and all liability, fines, penalties and consequences from any of CONTRACTOR's failures to comply with such laws, ordinances, codes and regulations.
 - b. **Accidents:** If a death, serious personal injury or substantial property damage occurs in connection with CONTRACTOR's performance of this Agreement, CONTRACTOR shall immediately notify Mendocino County Risk Manager's Office by telephone. CONTRACTOR shall promptly submit to MCERA a written report, in such form as may be required by MCERA of all accidents which occur in connection with this Agreement. This report must include the following information: (1) name and address

of the injured or deceased person(s); (2) name and address of CONTRACTOR's sub-contractor, if any; (3) name and address of CONTRACTOR's liability insurance carrier; and (4) a detailed description of the accident and whether any of MCERA's equipment, tools, material, or staff were involved.

- c. CONTRACTOR further agrees to take all reasonable steps to preserve all physical evidence and information which may be relevant to the circumstances surrounding a potential claim, while maintaining public safety, and to grant to MCERA the opportunity to review and inspect such evidence, including the scene of the accident.
- 6. PAYMENT: For services performed in accordance with this Agreement, payment shall be made to CONTRACTOR as provided in Exhibit B hereto.
 - 7. TRAVEL EXPENSES: CONTRACTOR shall not be allowed or paid travel expenses unless set forth in this Agreement.
 - 8. TAXES: Payment of all applicable federal, state, and local taxes shall be the sole responsibility of the CONTRACTOR.
- b. OWNERSHIP OF DOCUMENTS: CONTRACTOR hereby assigns to MCERA and its assignees all copyright and other use rights in any and all proposals, plans, specification, designs, drawings, sketches, renderings, models, reports and related documents (including computerized or electronic copies) respecting in any way the subject matter of this Agreement, whether prepared by MCERA, the CONTRACTOR, the CONTRACTOR's subcontractors or third parties at the request of the CONTRACTOR (collectively, "Documents and Materials"). This explicitly includes the electronic copies of all above stated documentation.

CONTRACTOR also hereby assigns to MCERA and its assignees all copyright and other use rights in any Documents and Materials including electronic copies stored in CONTRACTOR's information system, respecting in any way the subject matter of this Agreement.

CONTRACTOR shall be permitted to retain copies, including reproducible copies and computerized copies, of said Documents and Materials. CONTRACTOR agrees to take such further steps as may be reasonably requested by MCERA to implement the aforesaid assignment. If for any reason said assignment is not effective, CONTRACTOR hereby grants MCERA and any assignee of MCERA an express royalty – free license to retain and use said documents and materials. MCERA rights under this paragraph shall apply regardless of the degree of completion of the Documents and Materials and whether or not CONTRACTOR's services as set forth in Exhibit "A" of this Agreement have been fully performed or paid for.

In CONTRACTOR's contracts with other contractors, CONTRACTOR shall expressly obligate its Subcontractors to grant MCERA the aforesaid assignment and license rights as to that CONTRACTOR's Documents and Materials. CONTRACTOR agrees to defend, indemnify and hold MCERA harmless from any damage caused by a failure of the CONTRACTOR to obtain such rights from its Contractors and/or Subcontractors.

CONTRACTOR shall pay all royalties and license fees which may be due for any patented or copyrighted materials, methods or systems selected by the CONTRACTOR and incorporated into the work as set forth in Exhibit "A", and shall defend, indemnify and hold MCERA harmless from any claims for infringement of patent or copyright arising out of such selection.

MCERA's rights under this Paragraph 9 shall not extend to any computer software used to create such Documents and Materials.

- b. **CONFLICT OF INTEREST; CONFIDENTIALITY:** The CONTRACTOR covenants that it presently has no interest, and shall not have any interest, direct or indirect, which would conflict in any manner with the performance of services required under this Agreement. Without limitation, CONTRACTOR represents to and agrees with MCERA that CONTRACTOR has no present, and will have no future, conflict of interest between providing MCERA services hereunder and any other person or entity (including but not limited to any federal or state wildlife, environmental or regulatory agency) which has any interest adverse or potentially adverse to MCERA, as determined in the reasonable judgment of Retirement Administrator.

The CONTRACTOR agrees that any information, whether proprietary or not, made known to or discovered by it during the performance of or in connection with this Agreement for MCERA, will be kept confidential and not be disclosed to any other person. The CONTRACTOR agrees to immediately notify MCERA by notices provided in accordance with Paragraph 11 of this Agreement, if it is requested to disclose any information made known to or discovered by it during the performance of or in connection with this Agreement.

These conflict of interest and future service provisions and limitations shall remain fully effective five (5) years after termination of services to MCERA hereunder.

- b. **NOTICES:** All notices, requests, demands, or other communications under this Agreement shall be in writing. Notices shall be given for all purposes as follows:

Personal delivery: When personally delivered to the recipient, notices are effective on delivery.

First Class Mail: When mailed first class to the last address of the recipient known to the party giving notice, notice is effective three (3) mail delivery days after deposit in a United States Postal Service office or mailbox. **Certified Mail:** When mailed certified mail, return receipt requested, notice is effective on receipt, if delivery is confirmed by a return receipt.

Overnight Delivery: When delivered by overnight delivery (Federal Express/Airborne/United Parcel Service/DHL WorldWide Express) with charges prepaid or charged to the sender's account, notice is effective on delivery, if delivery is confirmed by the delivery service.

Facsimile transmission: When sent by facsimile to the last facsimile number of the recipient known to the party giving notice, notice is effective on receipt, provided that (a) a duplicate copy of the notice is promptly given by first-class or certified mail or by overnight delivery, or (b) the receiving party delivers a written confirmation of receipt. Any notice given by facsimile shall be deemed received on the next business day if it is received after 5:00 p.m. (recipient's time) or on a non-business day.

Addresses for purpose of giving notice are as follows:

To MCERA: Mendocino County Employees'
Retirement Association
625-B Kings Ct.
Ukiah, CA 95482

To CONTRACTOR: Jeffrey Rapp, M.D., F.A.C.E.P.
429 Sherman Street
Healdsburg, CA 95448

Any correctly addressed notice that is refused, unclaimed, or undeliverable because of an act or omission of the party to be notified shall be deemed effective as of the first date that said notice was refused, unclaimed, or deemed undeliverable by the postal authorities, messenger, or overnight delivery service.

Any party may change its address or facsimile number by giving the other party notice of the change in any manner permitted by this Agreement.

12. **USE OF MCERA PROPERTY:** CONTRACTOR shall not use MCERA property (including equipment, instruments and supplies) or personnel for any purpose other than in the performance of his/her obligations under this Agreement.
13. **EQUAL EMPLOYMENT OPPORTUNITY PRACTICES PROVISIONS:** CONTRACTOR certifies that it will comply with all federal and state laws pertaining to equal employment opportunity and that it shall not discriminate against any employee or applicant for employment on the basis of race, color,

religion, age, sex, national origin, ancestry, marital status, political affiliation or physical or mental condition, in matters pertaining to recruitment, hiring, training, upgrading, transfer, compensation or termination.

- a. CONTRACTOR shall, in all solicitations or advertisements for applicants for employment placed as a result of this Agreement, state that it is an "Equal Opportunity Employer" or that all qualified applicants will receive consideration for employment without regard to their race, creed, color, disability, sex, sexual orientation, national origin, age, religion, Vietnam era Veteran's status, political affiliation, or any other non-merit factor.
 - b. CONTRACTOR shall, if requested to so do by MCERA, certify that it has not, in the performance of this Agreement, discriminated against applicants or employees because of their race, creed, color, disability, sex, sexual orientation, national origin, age, religion, Veteran's status, political affiliation, or any other non-merit factor.
 - c. If requested to do so by MCERA, CONTRACTOR shall provide MCERA with access to copies of all of its records pertaining or relating to its employment practices, except to the extent such records or portions of such records are confidential or privileged under state or federal law.
 - d. Nothing contained in this Agreement shall be construed in any manner so as to require or permit any act, which is prohibited by law.
 - e. The CONTRACTOR shall include the provisions set forth in paragraphs A through E (above) in each of its subcontracts.
14. DRUG-FREE WORKPLACE: CONTRACTOR and CONTRACTOR's employees shall comply with MCERA's policy of maintaining a drug-free workplace. Neither CONTRACTOR nor CONTRACTOR's employees shall unlawfully manufacture, distribute, dispense, possess or use controlled substances, as defined in 21 U.S. Code § 812, including, but not limited to, marijuana, heroin, cocaine, and amphetamines, at any MCERA facility or work site. If CONTRACTOR or any employee of CONTRACTOR is convicted or pleads *nolo contendere* to a criminal drug statute violation occurring at a MCERA facility or work site, the CONTRACTOR, within five days thereafter, shall notify the Administrator of MCERA. Violation of this provision shall constitute a material breach of this Agreement.
15. ENERGY CONSERVATION: CONTRACTOR agrees to comply with the mandatory standards and policies relating to energy efficiency in the State of California Energy Conservation Plan, (Title 24, California Administrative Code).
16. COMPLIANCE WITH LICENSING REQUIREMENTS: CONTRACTOR shall comply with all necessary licensing requirements and shall obtain appropriate

licenses and display the same in a location that is reasonably conspicuous, as well as file copies of same with the office of MCERA.

17. **AUDITS; ACCESS TO RECORDS:** The CONTRACTOR shall make available to MCERA, its authorized agents, officers, or employees, for examination any and all ledgers, books of accounts, invoices, vouchers, cancelled checks, and other records or documents evidencing or relating to the expenditures and disbursements charged to MCERA, and shall furnish to MCERA, its authorized agents, officers or employees such other evidence or information as MCERA may require with regard to any such expenditure or disbursement charged by the CONTRACTOR.

The CONTRACTOR shall maintain full and adequate records in accordance with MCERA requirements to show the actual costs incurred by the CONTRACTOR in the performance of this Agreement. If such books and records are not kept and maintained by CONTRACTOR within the County of Mendocino, California, CONTRACTOR shall, upon request of MCERA, make such books and records available to MCERA for inspection at a location within County or CONTRACTOR shall pay to MCERA the reasonable, and necessary costs incurred by MCERA in inspecting CONTRACTOR's books and records, including, but not limited to, travel, lodging and subsistence costs. CONTRACTOR shall provide such assistance as may be reasonably required in the course of such inspection. MCERA further reserves the right to examine and reexamine said books, records and data during the four (4) year period following termination of this Agreement or completion of all work hereunder, as evidenced in writing by MCERA, and the CONTRACTOR shall in no event dispose of, destroy, alter, or mutilate said books, records, accounts, and data in any manner whatsoever for four (4) years after MCERA makes the final or last payment or within four (4) years after any pending issues between MCERA and CONTRACTOR with respect to this Agreement are closed, whichever is later.

18. **DOCUMENTS AND MATERIALS:** CONTRACTOR shall maintain and make available to MCERA for its inspection and use during the term of this Agreement, all Documents and Materials, as defined in Paragraph 9 of this Agreement. CONTRACTOR's obligations under the preceding sentence shall continue for four (4) years following termination or expiration of this Agreement or the completion of all work hereunder (as evidenced in writing by MCERA), and CONTRACTOR shall in no event dispose of, destroy, alter or mutilate said Documents and Materials, for four (4) years following MCERA's last payment to CONTRACTOR under this Agreement.
19. **TIME OF ESSENCE:** Time is of the essence in respect to all provisions of this Agreement that specify a time for performance; provided, however, that the foregoing shall not be construed to limit or deprive a party of the benefits of any grace or use period allowed in this Agreement.

20. **TERMINATION:** MCERA has and reserves the right to suspend, terminate or abandon the execution of any work by the CONTRACTOR without cause at any time upon giving to the CONTRACTOR prior written notice. In the event that MCERA should abandon, terminate or suspend the CONTRACTOR's work, the CONTRACTOR shall be entitled to payment for services provided hereunder prior to the effective date of said suspension, termination or abandonment. Said payment shall be computed in accordance with Exhibit B hereto, provided that the maximum amount payable to CONTRACTOR for services shall not exceed \$20,000.00 payment for services provided hereunder prior to the effective date of said suspension, termination or abandonment.
21. **CHOICE OF LAW:** This Agreement, and any dispute arising from the relationship between the parties to this Agreement, shall be governed by the laws of the State of California, excluding any laws that direct the application of another jurisdiction's laws.
22. **ADVERTISING OR PUBLICITY:** CONTRACTOR shall not use the name of MCERA, its officers, directors, employees or agents, in advertising or publicity releases or otherwise without securing the prior written consent of MCERA in each instance.
23. **ENTIRE AGREEMENT:** This Agreement, including all attachments, exhibits, and any other documents specifically incorporated into this Agreement, shall constitute the entire agreement between MCERA and CONTRACTOR relating to the subject matter of this Agreement. As used herein, Agreement refers to and includes any documents incorporated herein by reference and any exhibits or attachments. This Agreement supersedes and merges all previous understandings, and all other agreements, written or oral, between the parties and sets forth the entire understanding of the parties regarding the subject matter thereof. The Agreement may not be modified except by a written document signed by both parties.
24. **HEADINGS:** herein are for convenience of reference only and shall in no way affect interpretation of the Agreement.
25. **MODIFICATION OF AGREEMENT:** This Agreement may be supplemented, amended or modified only by the mutual agreement of the parties. No supplement, amendment or modification of this Agreement shall be binding unless it is in writing and signed by authorized representatives of both parties.
26. **ASSURANCE OF PERFORMANCE:** If at any time MCERA believes CONTRACTOR may not be adequately performing its obligations under this Agreement or that CONTRACTOR may fail to complete the Services as required by this Agreement, MCERA may request from CONTRACTOR prompt written

assurances of performance and a written plan acceptable to MCERA, to correct the observed deficiencies in CONTRACTOR's performance. CONTRACTOR shall provide such written assurances and written plan within ten (10) calendar days of its receipt of MCERA's request and shall thereafter diligently commence and fully perform such written plan. CONTRACTOR acknowledges and agrees that any failure to provide such written assurances and written plan within the required time is a material breach under this Agreement.

27. **SUBCONTRACTING/ASSIGNMENT:** CONTRACTOR shall not subcontract, assign or delegate any portion of this Agreement or any duties or obligations hereunder without MCERA's prior written approval.
- a. Neither party shall, on the basis of this Agreement, contract on behalf of or in the name of the other party. Any agreement that violates this Section shall confer no rights on any party and shall be null and void.
 - b. CONTRACTOR shall use the subcontractors identified in Exhibit A and shall not substitute subcontractors without MCERA's prior written approval.
 - c. CONTRACTOR shall remain fully responsible for compliance by its subcontractors with all the terms of this Agreement, regardless of the terms of any agreement between CONTRACTOR and its subcontractors.
28. **SURVIVAL:** The obligations of this Agreement, which by their nature would continue beyond the termination on expiration of the Agreement, including without limitation, the obligations regarding Indemnification (Paragraph 2), Ownership of Documents (Paragraph 9), and Conflict of Interest (Paragraph 10), shall survive termination or expiration for two (2) years.
29. **SEVERABILITY:** If a court of competent jurisdiction holds any provision of this Agreement to be illegal, unenforceable, or invalid in whole or in part for any reason, the validity and enforceability of the remaining provisions, or portions of them, will not be affected, unless an essential purpose of this Agreement would be defeated by the loss of the illegal, unenforceable, or invalid provision.
30. **PATENT AND COPYRIGHT INDEMNITY:** CONTRACTOR represents that it knows of no allegations, claims, or threatened claims that the materials, services, hardware or software ("CONTRACTOR Products") provided to MCERA under this Agreement infringe any patent, copyright or other proprietary right. CONTRACTOR shall defend, indemnify and hold harmless MCERA of, from and against all losses, claims, damages, liabilities, costs expenses and amounts (collectively, "Losses") arising out of or in connection with an assertion that any CONTRACTOR Products or the use thereof, infringe any patent, copyright or other proprietary right of any third party.

- a. MCERA will: (1) notify CONTRACTOR promptly of such claim, suit or assertion; (2) permit CONTRACTOR to defend, compromise, or settle the claim; and, (3) provide, on a reasonable basis, information to enable CONTRACTOR to do so. CONTRACTOR shall not agree without MCERA's prior written consent, to any settlement, which would require MCERA to pay money or perform some affirmative act in order to continue using the CONTRACTOR Products.
 - b. If CONTRACTOR is obligated to defend MCERA pursuant to this Section 31 and fails to do so after reasonable notice from MCERA, MCERA may defend itself and/or settle such proceeding, and CONTRACTOR shall pay to MCERA any and all losses, damages and expenses (including attorney's fees and costs) incurred in relationship with MCERA's defense and/or settlement of such proceeding.
 - c. In the case of any such claim of infringement, CONTRACTOR shall either, at its option, (1) procure for MCERA the right to continue using the CONTRACTOR Products; or (2) replace or modify the CONTRACTOR Products so that that they become non-infringing, but equivalent in functionality and performance.
 - d. Notwithstanding this Section 31, MCERA retains the right and ability to defend itself, at its own expense, against any claims that CONTRACTOR Products infringe any patent, copyright, or other intellectual property right.
- b. OTHER AGENCIES: Other tax supported agencies within the State of California who have not contracted for their own requirements may desire to participate in this contract. The CONTRACTOR is requested to service these agencies and will be given the opportunity to accept or reject the additional requirements. If the CONTRACTOR elects to supply other agencies, orders will be placed directly by the agency and payments made directly by the agency.

[END OF GENERAL TERMS AND CONDITIONS]

EXHIBIT A

DEFINITION OF SERVICES

CONTRACTOR, upon MCERA's request, shall review applications for Disability Retirement and all supporting documents provided by MCERA in the role of medical advisor. The CONTRACTOR shall advise the Board of Retirement on medical matters, e.g., by explaining medical terms, interpreting medical reports, and analyzing medical evidence. If requested, the CONTRACTOR may attend Board meetings and meet with the Board in closed session. CONTRACTOR may also attend legal proceedings, depositions, and other events if required to do so.

The CONTRACTOR will prepare detailed written recommendations to MCERA and its Board of Retirement, regarding approval of disability retirement, denial of disability retirement, or the need for additional medical evaluation of Disability Applicants. The CONTRACTOR will use MCERA's Physician Guidelines (EXHIBIT D) to assist in making recommendations. The CONTRACTOR will not be required to meet with applicants in an office setting and/or physically examine applicants.

EXHIBIT B

PAYMENT TERMS

1. MCERA will pay CONTRACTOR at the rate of \$300.00 per hour for services, not to exceed \$20,000.00 dollars. The CONTRACTOR will be reimbursed for travel expense at the same hourly rate if asked to attend Board of Retirement meetings, legal proceedings, depositions, and other events. Mileage will be reimbursed at the IRS Standard Automobile Mileage Rate and other travel expense will be reimbursed using California Per Diem Rates.

EXHIBIT C

INSURANCE REQUIREMENTS

Insurance coverage in a minimum amount set forth herein shall not be construed to relieve CONTRACTOR for liability in excess of such coverage, nor shall it preclude MCERA from taking such other action as is available to it under any other provisions of this Agreement or otherwise in law.

CONTRACTOR agrees to indemnify and hold harmless MCERA, its elected or appointed officials, employees or volunteers against any claims, actions, or demands against them, or any of them, and against any damages, liabilities or expenses, including costs of defense and attorneys' fees, for personal injury or death, or for the loss or damage to the property, or any or all of them, to the extent arising out of the performance of this Agreement by CONTRACTOR.

CONTRACTOR affirms that s/he is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for the Workers' Compensation or to undertake self insurance in accordance with the provisions of the Code and CONTRACTOR further assures that s/he will comply with such provisions before commencing the performance of work under this Agreement. CONTRACTOR shall furnish to MCERA certificate(s) of insurance evidencing Workers' Compensation Insurance coverage to cover its employees, and CONTRACTOR shall require all subcontractors similarly to provide Workers' Compensation Insurance as required by the Labor Code of the State of California for all of CONTRACTOR'S and subcontractors' employees.

The County of Mendocino (COUNTY) shall provide, at no cost to CONTRACTOR, professional liability (malpractice) insurance protection for CONTRACTOR covering services performed under this Agreement and for which payment is made by MCERA as an additional coverage under COUNTY'S own liability insurance policy. No coverage shall be afforded for any services for which a private billing is made by or authorized by CONTRACTOR.

CONTRACTOR shall furnish to MCERA certificate of Automobile Vehicle Liability/Bodily Injury and property damage liability meeting California minimum statutory liability requirements.

CONTRACTOR shall demonstrate proof of General and/or Professional Liability Insurance in the amount of \$1,000,000.00.

EXHIBIT D
PHYSICIAN GUIDELINES



Mendocino County Employees' Retirement Association

625-B Kings Court · Ukiah, CA 95482 · (707) 463-4328 · Fax (707) 467-6472

PHYSICIAN GUIDELINES FOR EVALUATING DISABILITY RETIREMENT APPLICANTS

The Mendocino County Employees' Retirement Association asks you to review these guidelines and the applicant's job class specification before proceeding with completion of an Attending Physician's Report or preparing a Report of Independent Medical Evaluation. The information provided will assist the Board of Retirement in making their determination regarding disability retirement eligibility and benefit.

1. Does the applicant suffer from an injury or disease? If so, please describe.
2. Does the injury or disease render the applicant incapacitated for the performance of any of his/her usual job duties? If so, which duties can no longer be performed? Please provide a detailed analysis and explanation.
3. Please give us your opinion on the propriety of any treatments already undertaken or completed by the applicant and whether or not the applicant has made adequate efforts to comply with appropriate treatments undertaken.
4. Please explain whether there is any medical treatment currently available for this injury or disease that the applicant has not undertaken or completed for which, in your medical opinion, there is a medical probability that the treatment would succeed in ameliorating the incapacity such that the applicant could again perform the affected job duty. Please also describe the risks and benefits of the treatment or treatments you've described.
5. Assuming the applicant does not receive further treatment, is it medically probable that the incapacity is permanent?

If the disability is not work related, question number 6 is not applicable.

6. Assuming the applicant is permanently incapacitated for the performance of any job duty, please address the following questions in your report:
 - a. In your medical opinion, is the applicant's incapacity the result of an injury/illness arising out of and in the course of employment? If so, did the employment contribute substantially to the disability? (Employment can be less than a 50% causal factor, but there must be a demonstrated and identifiable, real and measurable, causal connection between the employment and the incapacity.)
 - b. Is the applicant capable of performing other duties? If so, please specify what medical restrictions would apply.

The opinion you provide is restricted to matters within your specialty. However, you may identify medical conditions outside your specialty that you believe need medical attention. If so, include a recommendation in your report.

Your report should include the following:

- History of Injury/Illness
- Applicant's Complaints
- Description of Applicant's Job Duties
- ~~Description of Examination~~
- Diagnostic Impression
- Conclusions (including answers to the questions outlined above)

If the Board receives a physician's report that is unclear or does not answer a question outlined above, a supplemental report may be requested.

Richard A. White, Jr.
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: December 18, 2013
To: Board of Retirement
From: Richard White, Retirement Administrator *RW*
Subject: Monthly Financial Report

A. Financial Reports

The monthly reports for **October 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 a ‘snapshot’ of the cash available to MCERA during the reporting period. MCERA monitors the cash within the fund in accordance with the cash flow policy.
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 **November 2013.**

**MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF PLAN NET ASSETS**

October 31, 2013

Preliminary

ASSETS

CASH AND EQUIVALENTS

Trust Cash-held at county \$ 1,451,125

TOTAL CASH AND EQUIVALENTS **1,451,125**

CURRENT ASSETS

Accounts Receivable 10,844
Recoupments 79,559

TOTAL CURRENT ASSETS **90,403**

PROPERTY AND EQUIPMENT

Equipment 3,786

TOTAL PROPERTY AND EQUIPMENT **3,786**

INVESTMENTS, ADJUSTED TO MARKET

Unrealized Gain(Loss) Invest 82,355,875
Fixed Income 105,619,505
International Equities 84,908,950
Small Cap Equities 18,792,343
Mid Cap Equities 12,579,662
Large Cap Equities 78,582,764
Real Estate 30,022,970

TOTAL INVESTMENTS, AT MARKET **412,862,069**

TOTAL ASSETS **\$ 414,407,383**

LIABILITIES

CURRENT LIABILITIES

Accounts Payable \$ 5,271
Accrued Wages - 1920 Account 121,062
Buck Settlement Reserve 200,106

TOTAL CURRENT LIABILITIES **326,439**

TOTAL NET ASSETS **\$ 414,080,944**

Note: This statement is preliminary and subject to change throughout the fiscal quarter as new information becomes available

MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF CHANGES IN PLAN NET ASSETS
For the Four Months Ended October 31, 2013
Preliminary

| | CURRENT MONTH | YEAR TO DATE |
|--|-------------------|-------------------|
| ADDITIONS | | |
| CONTRIBUTIONS | | |
| Employer | \$ 1,182,426 | \$ 4,280,034 |
| Plan Members | 356,885 | 1,347,713 |
| | <hr/> | <hr/> |
| TOTAL CONTRIBUTIONS | 1,539,311 | 5,627,747 |
| INVESTMENT INCOME | | |
| Unrealized Gain/(Loss) Invests | 9,130,573 | 22,569,951 |
| Rental Income, Net of Expenses | 2,936 | 11,453 |
| Interest | 3,810 | 7,855 |
| Dividends | 104,945 | 961,790 |
| Capital Gains | 687,744 | 11,125,508 |
| Less Investment Expense | (28,969) | (96,610) |
| | <hr/> | <hr/> |
| Net Investment Income | 9,901,039 | 34,579,947 |
| | <hr/> | <hr/> |
| TOTAL ADDITIONS | 11,440,350 | 40,207,694 |
| DEDUCTIONS | | |
| Benefit Payment, Subsidies, & Refunds | (2,335,919) | (9,058,572) |
| Administrative Expenses | (86,090) | (264,992) |
| | <hr/> | <hr/> |
| TOTAL DEDUCTIONS | 2,422,009 | 9,323,564 |
| | <hr/> | <hr/> |
| Increase (Decrease) in Net Assets | 9,018,341 | 30,884,130 |
| NET ASSETS | | |
| Beginning of Period | 405,062,607 | 383,196,816 |
| | <hr/> | <hr/> |
| End of Period | \$ 414,080,948 | \$ 414,080,946 |
| | <hr/> | <hr/> |

Note: This statement is preliminary and subject to change throughout the fiscal quarter as new information becomes available

MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
CASH FLOW ANALYSIS
For the Four Months Ended October 31, 2013
Preliminary

| | CURRENT MONTH | YEAR TO DATE |
|------------------------------------|-----------------------|-----------------------|
| ADDITIONS | | |
| CONTRIBUTIONS | | |
| Employer | 1,182,426 | 4,280,034 |
| Plan Member | 356,885 | 1,347,713 |
| | 1,539,311 | 5,627,747 |
| INVESTMENT INCOME | | |
| Rental Income, Net of Expenses | 2,936 | 11,453 |
| Interest | 3,810 | 7,855 |
| Dividends | 104,945 | 802,243 |
| Capital Gains | 0 | 0 |
| Less Investment Expense | (28,969) | (96,610) |
| | 82,722 | 724,941 |
| TOTAL ADDITIONS | 1,622,033 | 6,352,688 |
| DEDUCTIONS | | |
| Benefit Payments and Subsidies | (2,335,918) | (9,058,570) |
| Administrative Expenses | (86,090) | (264,992) |
| | (2,422,008) | (9,323,562) |
| OTHER INCREASES/(DECREASES) | | |
| Accounts Receivable | (4,182) | (81,085) |
| Accounts Payable | (44,631) | (11,756) |
| Buck Settlement | 0 | 0 |
| Sale/Purchase of Investments | (1,999,995) | 2,055,603 |
| | (2,048,808) | 1,962,762 |
| INCREASE (DECREASE) IN CASH | \$ (2,848,783) | \$ (1,008,112) |
| SUMMARY | | |
| Cash at End of Period | \$ 1,451,125 | \$ 1,451,125 |
| Cash at Beginning of Period | 4,299,914 | 2,459,240 |
| INCREASE (DECREASE) IN CASH | \$ (2,848,789) | \$ (1,008,115) |

Note: This statement is preliminary and subject to change throughout the fiscal quarter as new information becomes available

Mendocino County Employees' Retirement Association

Rental Income - Net of Expenses

For the Four Months Ending October 31, 2013

| | <u>Current Month</u> | | <u>Year to Date</u> | | |
|-----------------------------------|----------------------|--------------|---------------------|------------------|------|
| Revenues | | | | | |
| Rental Income | \$ | 6,376 | 0.06 | \$ 25,502 | 0.07 |
| Total Revenues | | <u>6,376</u> | 0.06 | <u>25,502</u> | 0.07 |
| Building Expenses | | | | | |
| Building Expenses | | 52 | 0.00 | 52 | 0.00 |
| Landscape & Maintenance | | 1,663 | 0.02 | 4,818 | 0.01 |
| Security | | 240 | 0.00 | 848 | 0.00 |
| Insurance | | 0 | 0.00 | 2,450 | 0.01 |
| Utilities | | 1,485 | 0.01 | 5,881 | 0.02 |
| Total building operating expenses | | <u>3,440</u> | 0.03 | <u>14,049</u> | 0.04 |
| Net Income | \$ | <u>2,936</u> | 0.03 | \$ <u>11,453</u> | 0.03 |

MCERA
Vendor Ledgers
For the Period From Nov 1, 2013 to Nov 30, 2013

Filter Criteria includes: Report order is by ID.

| Vendor ID Vendor | Date | Trans No | Type | Paid | Debit Amt | Credit Amt | Balance |
|---------------------|------|----------|------|------|------------------|------------------|-------------|
| Report Total | | | | | <u>71,200.45</u> | <u>65,929.45</u> | <u>0.00</u> |

Richard A. White, Jr.
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: December 18, 2013
To: Board of Retirement
From: Richard White, Retirement Administrator *RAW*
Subject: Monthly Investment Report

The fund's *target analysis report* and the *unrealized gain (loss) analysis report* as of October 2013 are included for your review. The preliminary November 2013 statement account balance report is also included. These reports are preliminary and subject to change based upon further review and reporting to be conducted by our contract accounting service provider.

These two reports indicate that the performance of our investments, especially in the equity assets portfolio, has continued to appreciate in value. As a result, I have been re-balancing the portfolio in order to get our asset allocation as close to the allocation target as possible. The November report includes a higher than 'normal' cash balance due to the timing of the investment flow associated with the re-balancing which crossed over the month's end. This occurred due to investment manager requirements which took time to complete and were delayed due to the Thanksgiving holiday market close. Once this re-balancing cycle is complete, I don't anticipate any further activity through the end of December.

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. MCERA Trust Fund Performance Information

MCERA Investment Portfolio Performance as of June 30, 2013

| | One Year | Three Year | Five Year | Seven Year | 10-Year | 17-Year |
|-----------|----------|------------|-----------|------------|---------|---------|
| Returns | 14.52% | 11.36% | 5.71% | 5.95% | 7.92% | 6.73% |
| Benchmark | 12.29% | 11.59% | 5.10% | 5.03% | - | - |

MCERA Investment Portfolio Market Value

| | |
|--------------------|----------------|
| September 30, 2013 | \$ 405,343,758 |
| June 30, 2013 | \$ 383,521,766 |
| March 31, 2013 | \$ 381,456,435 |
| December 31, 2012 | \$ 363,785,244 |

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

3. Columbia Wanger Firm Changes

Columbia Wanger Asset Management manages over \$10 million in an international fund (Columbia Acorn International) for MCERA. Recently, the firm announced portfolio manager changes resulting from anticipated succession planning changes within the firm. The changes are relevant to us as an investor, but they are not directly affecting the leadership of the fund which MCERA is invested in, nor are the investment process, style or philosophy of Columbia Asset Management impacted by these changes. I have included the news release on these changes for your information. There is no action required of the Board.

4. Callan Associates update

Our consultants (Greg DeForrest and Greg Ungerman) and I spoke recently about the plans for future discussions with the Board which we anticipate bringing to you at the February 2014 meeting. Discussion items include (1) potential strategies to incorporate into the fixed income portfolio; (2) potential strategies to incorporate into the equity portfolio; (3) the use of a specialized financial institution. As usual, the quarterly investment report will also be presented at the February meeting.

**Mendocino County Employee Retirement Association
Unrealized Gain (Loss) Analysis
October 31, 2013**

| | A | B | C | E | F | |
|----------------------------------|---|-----------------------|-----------------------|---|--|-------------------------|
| | Cost Basis | Market Value | Unrealized Gain | Start of Fiscal Year Market Value | Fiscal Year Change in Market Value | Updated to |
| Domestic Fixed Income | | | | | | |
| 1402 | PIMCO - Total Return Institutional | \$ 51,644,992 | \$ 54,616,004 | \$ 2,971,012 | \$ 47,352,582 | \$ 7,263,422 10/31/2013 |
| 1401 | Dodge & Cox - Income Fund | 53,974,513 | 54,735,959 | 761,446 | 45,819,359 | 8,916,600 10/31/2013 |
| | Total Domestic Fixed Income | 105,619,505 | 109,351,964 | 3,732,458 | 93,171,942 | 16,180,022 |
| Small Cap Equities Growth | | | | | | |
| 1441 | Alliance Bernstein - US Small Cap Growth Fund | 1,967,850 | 6,086,939 | 4,119,089 | 5,223,101 | 863,838 10/31/2013 |
| 1445 | RS Investments - Small Cap Growth Fund Y | 2,500,101 | 5,476,769 | 2,976,668 | 4,692,176 | 784,593 10/31/2013 |
| 1443 | Managers - Micro-Cap Institutional | 5,153,443 | 8,457,773 | 3,304,330 | 9,067,152 | (609,379) 10/31/2013 |
| | Total Small Cap Equities Growth | 9,621,394 | 20,021,482 | 10,400,087 | 18,982,429 | 1,039,052 |
| Small Cap Value | | | | | | |
| 1444 | Prudential | 9,170,949 | 11,445,643 | 2,274,694 | 11,295,007 | 150,636 10/31/2013 |
| | Total Small Cap Value | 9,170,949 | 11,445,643 | 2,274,694 | 11,295,007 | 150,636 |
| | Total small cap equities | 18,792,344 | 31,467,125 | 12,674,781 | 30,277,437 | 1,189,688 |
| Mid Cap Growth | | | | | | |
| 1464 | Morgan Stanley | 3,605,091 | 5,372,092 | 1,767,001 | 4,831,131 | 540,961 10/31/2013 |
| 1463 | Janus - Enterprise Fund | 3,011,719 | 4,274,418 | 1,262,700 | 5,005,755 | (731,336) 10/31/2013 |
| | Total Mid Cap Growth | 6,616,810 | 9,646,510 | 3,029,700 | 9,836,886 | (190,376) |
| Mid Cap Value | | | | | | |
| 1466 | Fidelity Low Priced Stock Fund | 2,698,685 | 4,479,960 | 1,781,274 | 4,929,965 | (450,006) 10/31/2013 |
| 1465 | Royce - Total Return Fund | 3,264,166 | 5,439,862 | 2,175,696 | 4,851,256 | 588,606 10/31/2013 |
| | Total Mid Cap Value | 5,962,852 | 9,919,822 | 3,956,970 | 9,781,221 | 138,601 |
| | Total mid cap equities | 12,579,661 | 19,566,332 | 6,986,671 | 19,618,107 | (51,775) |
| Large Cap Growth | | | | | | |
| | Vanguard Institutional Index Fund | 19,000,000 | 19,675,474 | 675,474 | - | 19,675,474 10/31/2013 |
| | Total Large Cap Core | 19,000,000 | 19,675,474 | 675,474 | - | 19,675,474 |
| 1481 | Harbor Capital Appreciation Fund | 15,092,477 | 23,267,815 | 8,175,337.84 | 19,788,912 | 3,478,903 10/31/2013 |
| 1483 | Janus - Research Fund | 15,026,687 | 22,606,484 | 7,579,797.11 | 20,998,962 | 1,607,522 10/31/2013 |
| | Total Large Cap Growth | 30,119,164 | 45,874,299 | 15,755,134.95 | 40,787,874 | 5,086,425 |
| Large Cap Value | | | | | | |
| 1485 | Selected Funds (Note 3) | - | - | - | 11,706,416 | (11,706,416) 9/30/2013 |
| 1487 | Dodge & Cox - Stock Fund | 14,963,600 | 23,544,305 | 8,580,704.90 | 22,888,360 | 655,945 10/31/2013 |
| 1482 | American Fund - Investment Company of America (Note 3) | - | - | - | 12,255,780 | (12,255,780) 10/31/2013 |
| 1484 | ROBECO | 14,500,000 | 20,818,612 | 6,318,612.45 | 19,198,948 | 1,619,664 10/31/2013 |
| | OPEN | - | - | - | - | - |
| | Total Large Cap Value | 29,463,600 | 44,362,918 | 14,899,317.36 | 66,049,504 | (21,686,586.58) |
| | Total Large Cap Equities | 78,582,764 | 109,912,690 | 31,329,926.51 | 106,837,378 | 3,075,312.24 |
| International Stock | | | | | | |
| 1422 | American Funds - EuroPacific | 14,901,330 | 21,022,104 | 6,120,774 | 18,506,488 | 2,515,616 10/31/2013 |
| 1423 | Harbor international | 16,670,291 | 20,568,674 | 3,898,383 | 18,116,355 | 2,452,318 10/31/2013 |
| 1421 | Columbia Management - International Fund | 6,129,417 | 10,784,994 | 4,655,577 | 9,611,637 | 1,173,357 10/31/2013 |
| 1424 | Janus Overseas | 18,707,173 | 18,366,949 | (340,225) | 16,082,019 | 2,284,930 10/31/2013 |
| 1425 | Mondrian | 17,299,962 | 19,538,934 | 2,238,971 | 18,206,490 | 1,332,444 10/31/2013 |
| 1426 | Oakmark | 11,200,777 | 17,359,788 | 6,159,010 | 16,776,036 | 583,751 10/31/2013 |
| | Total International Stock | 84,908,950 | 107,641,441 | 22,732,491 | 97,299,025 | 10,342,416 |
| Real Estate | | | | | | |
| 1503 | RREEF - Comingled Fund | 6,651,482 | 6,809,454 | 157,972 | 6,799,442 | 10,012 10/31/2013 |
| 1502 | RREEF - America REIT II | 12,579,499 | 15,378,078 | 2,798,578 | 14,567,844 | 810,234 9/30/2013 |
| 1504 | Cornerstone Fund | 9,890,877 | 11,870,985 | 1,980,109 | 11,627,492 | 243,493 9/30/2013 |
| | Total Real Estate (Note 1) | 29,121,858 | 34,058,517 | 4,936,660 | 32,994,778 | 1,063,739 |
| | Total managed investments | 329,606,083 | 411,998,069 | 82,392,987 | 380,198,666 | 31,799,403 |
| Other Real Estate | | | | | | |
| | 625 Kings Court (Note 2) | 901,112 | 864,000 | (37,112) | 864,000 | - |
| | Total Invested Funds | \$ 330,506,195 | \$ 412,862,069 | \$ 82,355,875 | \$ 381,062,666 | 31,799,403 |
| | | | | | Note 2 | |
| | Balance Beg of Year | Balance End of Period | Change | | | |
| | Cash in County Treasury | \$ 2,459,241 | \$ 1,451,125 | \$ (1,008,116) | | |
| | Total all available funds | \$ 332,965,436 | \$ 414,313,194 | \$ 81,347,759 | | |

Note 1 The real estate category on the Balance Sheet combines both managed and other real estate

Note 2 The fiscal year change does not account for funds sold in their entirety and therefore does not tie to Income Statement

Note 3 These funds were fully liquidated as part of the September/October 2013 rebalance

**Mendocino County Employee Retirement Association
Investment Portfolio - Target Analysis
October 31, 2013**

| | A | B | C | D | F | G | H |
|--|--------------------------------|------------------|--------------------|-------------------------|--------------------------|----------------------|--------------------------|
| | Market Value of Investments | Cash Reserved | Total Available | Percent of Portfolio | Target % (2013 Study) | Target In Dollars | Difference In Dollars |
| Domestic Fixed Income | | | | | | | |
| PIMCO - Total Return Institutional | \$ 54,616,004 | | \$ 54,616,004 | 13.26% | 14.000% | \$ 57,679,730 | \$ (3,063,725) |
| Dodge & Cox - Income Fund | 54,735,959 | | 54,735,959 | 13.29% | 14.000% | 57,679,730 | (2,943,770) |
| Total Domestic Fixed Income | 109,351,964 | - | 109,351,964 | 26.54% | 28.000% | 115,359,459 | (6,007,496) |
| Small Cap Equities Growth | | | | | | | |
| Alliance Bernstein - US Small Cap Growth Fund | 6,086,939 | | 6,086,939 | 1.48% | 1.500% | 6,179,971 | (93,032) |
| RS Investments - Small Cap Growth Fund Y Managers - Micro-Cap Institutional | 5,476,769 | | 5,476,769 | 1.33% | 1.100% | 4,531,979 | 944,791 |
| | 8,457,773 | | 8,457,773 | 2.05% | 1.900% | 7,827,963 | 629,810 |
| Total Small Cap Equities Growth | 20,021,482 | - | 20,021,482 | 4.86% | 4.500% | 18,539,913 | 1,481,569 |
| Small Cap Value | | | | | | | |
| Prudential | 11,445,643 | | 11,445,643 | 2.78% | 2.700% | 11,123,948 | 321,695 |
| Total Small Cap Value | 11,445,643 | - | 11,445,643 | 2.78% | 2.700% | 11,123,948 | 321,695 |
| Total Small Cap Equities | 31,467,125 | - | 31,467,125 | 7.64% | 7.200% | 29,663,861 | 1,803,264 |
| Mid Cap Growth | | | | | | | |
| Morgan Stanley | 5,372,092 | | 5,372,092 | 1.30% | 1.150% | 4,737,978 | 634,114 |
| Janus - Enterprise Fund | 4,274,418 | | 4,274,418 | 1.04% | 1.150% | 4,737,978 | (463,559) |
| Total Mid Cap Growth | 9,646,510 | - | 9,646,510 | 2.34% | 2.300% | 9,475,956 | 170,554 |
| Mid Cap Value | | | | | | | |
| Fidelity Low Priced Stock Fund | 4,479,960 | | 4,479,960 | 1.09% | 1.150% | 4,737,978 | (258,018) |
| Royce - Total Return Fund | 5,439,862 | | 5,439,862 | 1.32% | 1.150% | 4,737,978 | 701,885 |
| Total Mid Cap Value | 9,919,822 | - | 9,919,822 | 2.41% | 2.300% | 9,475,956 | 443,866 |
| Total Mid Cap Equities | 19,566,332 | - | 19,566,332 | 4.75% | 4.600% | 18,951,911 | 614,421 |
| Large Cap Growth | | | | | | | |
| Vanguard Institutional Index Fund | 19,675,474 | | 19,675,474 | 4.78% | 4.900% | 20,187,905 | (512,431) |
| Total Large Cap Core | 19,675,474 | - | 19,675,474 | 4.78% | 4.900% | 20,187,905 | (512,431) |
| Harbor Capital Appreciation Fund | 23,267,815 | | 23,267,815 | 5.65% | 5.300% | 21,835,898 | 1,431,917 |
| Janus - Research Fund | 22,606,484 | | 22,606,484 | 5.49% | 5.300% | 21,835,898 | 770,586 |
| Total Large Cap Growth | 45,874,299 | - | 45,874,299 | 11.13% | 10.600% | 43,671,795 | 2,202,503 |
| Large Cap Value | | | | | | | |
| Selected Funds (Note 3) | - | | - | 0.00% | 0.000% | - | - |
| Dodge & Cox Stock Fund | 23,544,305 | | 23,544,305 | 5.71% | 5.300% | 21,835,898 | 1,708,407 |
| American Fund - Investment Company of America (Note 3) | - | | - | 0.00% | 0.000% | - | - |
| ROBECO | 20,818,612 | | 20,818,612 | 5.05% | 5.300% | 21,835,898 | (1,017,285) |
| Vanguard - Growth & Income Fund (Note 1) | - | | - | 0.00% | 0.000% | - | - |
| Total Large Cap Value | 44,362,918 | - | 44,362,918 | 10.77% | 10.60% | 43,671,795 | 691,122 |
| Total Large Cap Equities | 109,912,690 | - | 109,912,690 | 26.68% | 26.10% | 107,531,496 | 2,381,194 |
| International Stock | | | | | | | |
| American Funds - EuroPacific | 21,022,104 | | 21,022,104 | 5.10% | 4.700% | 19,363,909 | 1,658,194 |
| Harbor international | 20,568,674 | | 20,568,674 | 4.99% | 4.700% | 19,363,909 | 1,204,764 |
| Columbia Management - International Fund | 10,784,994 | | 10,784,994 | 2.62% | 2.500% | 10,299,952 | 485,042 |
| Janus Overseas | 18,366,949 | | 18,366,949 | 4.46% | 4.700% | 19,363,909 | (996,961) |
| Mondrian | 19,538,934 | | 19,538,934 | 4.74% | 4.700% | 19,363,909 | 175,024 |
| Oakmark | 17,359,788 | | 17,359,788 | 4.21% | 3.800% | 15,655,927 | 1,703,861 |
| Total International Stock | 107,641,441 | - | 107,641,441 | 26.13% | 25.100% | 103,411,515 | 4,229,926 |
| Real Estate | | | | | | | |
| RREEF - Comingled Fund | 6,809,454 | | 6,809,454 | 1.65% | 1.800% | 7,415,965 | (606,511) |
| RREEF - America REIT II | 15,378,078 | | 15,378,078 | 3.73% | 3.500% | 14,419,932 | 958,145 |
| Cornerstone Fund | 11,870,985 | | 11,870,985 | 2.88% | 3.500% | 14,419,932 | (2,548,947) |
| Total Real Estate (Note 2) | 34,058,517 | - | 34,058,517 | 8.27% | 8.800% | 36,255,830 | (2,197,313) |
| Total Managed Investments | 411,998,069 | - | 411,998,069 | 100.00% | 99.80% | 411,174,073 | 823,996 |
| Other Real Estate | | | | | | | |
| 625 Kings Court (Note 2) | 864,000 | | 864,000 | 0.209% | 0.200% | 825,724 | 38,276 |
| Total Invested Funds | 412,862,069 | - | 412,862,069 | 100.209% | 100.000% | 411,999,797 | 862,272 |
| Cash in County Treasury | 1,451,125 | | 1,451,125 | 0.350% | 0.000% | - | - |
| Total All Available Funds | 414,313,194 | - | 414,313,194 | 100.560% | 100.000% | 411,999,797 | 862,272 |

Note 1 This fund was liquidated in full as part of the December 2012 rebalance

Note 2 The real estate category on the Balance Sheet combines both managed and other real estate

Note 3 These funds were fully liquidated as part of the September/October 2013 rebalance

| MENDOCINO COUNTY EMPLOYEES RETIREMENT ASSOCIATION | | | | | |
|--|----------------|---------------|------------|----------------------------|-------------------------|
| TRUST FUND ACCOUNT BALANCES | | | | | |
| <i>Preliminary Report</i> | | | | | |
| November 30, 2013 | | SHARES | NAV | Ending Market Value | |
| DOMESTIC EQUITIES | | | | \$ 162,415,818 | |
| LARGE CAP EQUITIES | | | | | 112,465,377 |
| Dodge & Cox Stock Fund | 138,762.1350 | \$163.58 | | 22,698,710.04 | 12/3/2013 |
| Robeco Large Cap | 1,431,304.6540 | \$15.11 | | 21,629,303.41 | |
| Harbor Capital Appreciation Fund | 407,243.0960 | \$56.52 | | 23,017,379.79 | |
| Janus Research Fund I Shares | 549,367.7680 | \$42.49 | | 23,342,636.46 | |
| Vanguard Index Fund Institutional | 131,204.6440 | \$165.98 | | 21,777,346.81 | |
| MID CAP EQUITIES | | | | | \$ 18,597,423.14 |
| Fidelity Investments Low Priced Stock Fund | 92,332.2250 | \$49.68 | | 4,587,064.94 | |
| The Royce Total Return Fund | 319,240.7540 | \$15.82 | | 5,050,388.73 | 12/5/2013 |
| Morgan Stanley Mid Cap Growth Portfolio Class I | 99,138.4720 | \$45.99 | | 4,560,369.71 | 12/3/2013 |
| Janus Enterprise Fund I Shares | 52,158.8590 | \$84.35 | | 4,399,599.76 | |
| SMALL CAP EQUITIES | | | | | 22,592,706 |
| Prudential Target Small Cap Val Port | 413,051.0000 | \$28.49 | | 11,767,822.99 | |
| Alliance Bernstein | 133,843.3072 | \$46.98 | | 6,287,918.00 | |
| Rs Investments Small Cap Growth Fund Y | 66,368.7170 | \$68.36 | | 4,536,965.49 | 12/5/2013 |
| MICRO CAP EQUITIES | | | | | 8,760,312 |
| Managers Micro-Cap Institutional | 166,229.8220 | \$52.70 | | 8,760,311.62 | 12/5/2013 |
| INTERNATIONAL EQUITIES | | | | | \$ 104,513,749 |
| American Fund: Euro Pacific Growth Fund | 439,792.9640 | \$48.75 | | 21,439,907.00 | |
| Harbor International Fund | 269,264.3100 | \$71.04 | | 19,128,536.58 | |
| Columbia Acom International Fund-Z | 224,781.0310 | \$48.29 | | 10,854,675.99 | |
| Janus Overseas Fund I Shares | 486,155.3360 | \$38.53 | | 18,731,565.10 | |
| Oakmark International Fund | 522,276.4190 | \$26.27 | | 13,720,201.53 | 12/9/2013 |
| Mondrian All Countries World Ex-US Equity Fund | 1,206,803.0221 | \$17.10 | | 20,638,863.00 | |
| DOMESTIC FIXED INCOME | | | | | \$ 112,832,186 |
| Dodge & Cox Income Fund | 4,278,532.2330 | \$13.63 | | 58,316,394.34 | 12/3/2013 |
| Pimco Total Return | 5,010,642.5870 | \$10.88 | | 54,515,791.35 | |
| REAL ESTATE | | | | | \$ 34,371,426 |
| RREEF Public (Real Estate Securities Commingled Fund) | 203,776.0000 | \$31.67 | | 6,453,666.74 | 11/30/2013 |
| RREEF Private (America REIT II) | 165,538.0000 | \$91.72 | | 15,182,774.00 | 9/30/2013 |
| Cornerstone Patriot Fund LP | 117,186.2100 | \$101.30 | | 11,870,985.00 | 9/30/2013 |
| 625 Kings Court | N/A | N/A | | 864,000.00 | 6/30/2013 |
| CASH | | | | | \$ 5,965,784 |
| Cash account balance | | | | 5,965,784 | 12/9/2013 |
| TOTAL FUND* | | | | | \$ 420,098,962 |



Columbia Management[®]
Columbia Wanger
Asset Management, LLC

News Release

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Columbia Wanger Asset Management Announces Succession Plans

CHICAGO – November 1, 2013 – Columbia Wanger Asset Management, a subsidiary of Columbia Management, announced today that effective April 1, 2014, the firm would implement the following:

- Chuck McQuaid, current president and chief investment officer and lead manager of Columbia Acorn Fund, will transition from his leadership role and management of Columbia Acorn Fund. He will continue to manage the Columbia Thermostat Fund, follow certain stocks for the Columbia Acorn fund family, provide advice to analysts and write quarterly shareholder commentaries.
- Robert Mohn, portfolio manager, will be named domestic chief investment officer and lead portfolio manager of Columbia Acorn Fund.
- P. Zachary Egan, portfolio manager, will be named president and international chief investment officer.

Importantly, there are no changes to Columbia Wanger's long-standing investment process, style or philosophy. Fund policies and objectives will remain unchanged.

"After 35 years with the Acorn Fund, I feel the time is right for me to turn over much of my current responsibilities to the strong team we've built here," said Mr. McQuaid. "I feel very good about the depth of our capabilities and the process we've undertaken to ensure an orderly and thoughtful

transition. Investors will continue to be well served under Rob and Zach's leadership, and I look forward to continuing to serve shareholders of Columbia Thermostat Fund and the Columbia Acorn fund family."

Mr. Mohn has 30 years of industry experience and has co-managed Columbia Acorn Fund for 10 years. He is also the lead manager on Columbia Acorn USA.

Mr. Egan has 14 years of industry experience and will continue as co-manager of Columbia Acorn Emerging Markets Fund and Columbia Acorn International Fund. As president, he will report to Colin Moore, global chief investment officer, Columbia Management, consistent with the current reporting structure.

In addition, effective January 1, 2014, the firm intends to make the following changes as part of this transition:

- David Frank will join Mr. McQuaid and Mr. Mohn as a co-manager of Columbia Acorn Fund
- William Doyle will be named co-manager of Columbia Acorn USA
- Christopher Olson will be named co-manager of Columbia Thermostat Fund

Each of the changes is listed below:

January 1, 2014

- David Frank to be named co-manager of Columbia Acorn Fund
- William Doyle to be named co-manager of Columbia Acorn USA Fund
- Christopher Olson to be named co-manager of Columbia Thermostat Fund

March 31, 2014

- Chuck McQuaid to step down as lead manager of Columbia Acorn Fund and as president and chief investment officer of Columbia Wanger. He will continue to manage the Columbia Thermostat Fund, follow certain stocks for the Columbia Acorn fund family, provide advice to analysts and write quarterly shareholder commentaries



ColumbiaManagement[®]
Columbia Wanger
Asset Management, LLC

April 1, 2014

- Robert Mohn to be named lead manager of Columbia Acorn Fund and domestic chief investment officer of Columbia Wanger
- P. Zachary Egan to be named president and international investment officer of Columbia Wanger

About Columbia Wanger Asset Management

Columbia Wanger Asset Management, LLC, invests in small- and mid-cap stocks around the globe and has \$38 billion under management as of September 30, 2013. Columbia Wanger Asset Management is a subsidiary of Columbia Management.

About Columbia Management:

Columbia Management is a leading investment manager with \$345 billion under management as of September 30, 2013, and the eighth largest manager of long-term mutual fund assets in the U.S. The firm serves a wide range of individual, institutional and high-net-worth clients, and seeks to generate consistent, competitive investment returns through a rigorous, research-driven investment process and disciplined risk management. Columbia Management is a subsidiary of Ameriprise Financial, Inc. (NYSE: AMP). For more information, please visit columbiamanagement.com.

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Investors should consider the investment objectives, risks, charges and expenses of a mutual fund carefully before investing. For a free prospectus, which contains this and other important information about the funds, visit columbiamanagement.com. The prospectus should be read carefully before investing.

Columbia Funds are distributed by Columbia Management Investment Distributors, Inc., member FINRA, and managed by Columbia Management Investment Advisers, LLC.

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