

◆ MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION ◆
BOARD OF RETIREMENT MEETING MINUTES
◆ JANUARY 15, 2014 AT 8:30 A.M. ◆

CALL TO ORDER

Shari Schapmire, Board Chair, called the meeting to order at 8:30 a.m.

ROLL CALL

Roll call was conducted with the following members present: Randy Goodman, Lloyd Weer, John Sakowicz, Ted Stephens, Craig Walker, Tim Knudsen, Supervisor John McCowen, Bob Mirata, Richard Shoemaker and Shari Schapmire. Also present: Rich White, Retirement Administrator, Jeff Berk, Legal Counsel, and Judy Zeller, Administrative Assistant.

PUBLIC COMMENT: None

1) APPROVAL OF CONSENT AGENDA

Presenter/s: Chair Schapmire referenced the Consent Agenda previously distributed to the Board which included 1-A Minutes of the Special Board Meeting held December 4, 2013, 1-B Membership, 1-C Retirements Processed, 1-D Retirement Administrator's report, and 1-E Communications.

Mr. Stephens asked that item 1-D be pulled from the Consent Agenda for discussion. Chair Schapmire asked that item 1-A Minutes of the Special Board Meeting held December 4, 2013 be amended. The second sentence in the last paragraph on page 5 should begin with Denial. Mr. Sakowicz asked if there had been any Board action or follow up following the presentation by Doug Rose on the Joint Powers Authority (JPA) concept. Mr. Stephens mentioned that a document regarding JPAs was emailed to all Board members after the Board meeting, but that there was no action taken or other follow up.

Board Direction: Consent Agenda item 1-D, Retirement Administrator's report, will be pulled for further discussion.

Board Action: Motion was made by Supervisor McCowen to approve the remaining Consent Agenda items including item the Minutes as amended. Mr. Weer seconded the motion and it was approved unanimously. (Motion Approved)

2) DISCUSSION AND POSSIBLE ACTION REGARDING ANY CONSENT AGENDA ITEM NEEDING SEPARATE ACTION

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Presenter/s: Mr. Stephens referenced Consent Agenda item 1-D Retirement Administrator's report and the information regarding the duties on the Board of Retirement for the Ex Officio member. He said that if our Bylaws state that the County Treasurer shall act as treasurer to the Board, and the duties are different, the Bylaws should be modified. Mr. Berk added that this would be a cleanup item that would need to go to the Board of Supervisors. Chair Schapmire explained that as County Treasurer she keeps the retirement system's cash in the treasury, keeps checking account, wires and receives funds, but does not act as a custodian. Mr. Stephens agreed that this is the responsibility of the County Treasurer because these items are not delegated to third parties. Chair Schapmire reminded the Board that they would not be using County Treasury services if they had their own bank account.

Mr. Stephens stated that the responsibility for oversight of the Trust rests with Board of Retirement Bylaws and they state the County Treasurer is responsible. This Board needs to have an acting treasurer which is either an elected officer or the County Treasurer. Mr. Berk mentioned that you can delegate the function to one person, but the Board of Retirement is ultimately responsible as fiduciaries. Mr. White mentioned that he was not aware of any retirement system that had a treasurer elect and added that he felt the Bylaws may contain legacy language prior to our independence. Mr. Knudsen agreed that the language goes back many years when we did not have investment managers. The County Treasurer acted as the treasurer of the retirement system and purchased investments.

Mr. Stephens asked for an update of the Bylaws and Supervisor McCowen suggested an amendment to the Bylaws as deemed appropriate. Mr. Mirata felt that simple language could be used to state that the County Treasurer "may" act as treasurer for the Board of Retirement.

Board Direction: Staff will amend the Board of Retirement Bylaws regarding the role of Treasurer to the Board of Retirement as deemed appropriate.

Board Action: Motion was made by Supervisor McCowen to approve Consent Agenda item 1-D Retirement Administrator's report. Mr. Mirata seconded the motion and it was approved unanimously. (Motion Approved)

3) DISCUSSION AND ACTION REGARDING APPROVAL OF THE JUNE 30, 2013 ANNUAL EXTERNAL AUDIT (GALLINA LLP)

Presenter/s: Mr. White referenced information previously distributed to the Board regarding the June 30, 2013 Annual External Audit of Financial Statements. This report was reviewed and approved by the Audit and Budget Committee at their January 7, 2014 meeting and will be incorporated into the Comprehensive Annual Financial Report (CAFR).

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Mr. Stephens commented on page 26 of the report and the percentage contributed by the employers in 2006 and 2010, stating that this is not in compliance with the 37 Act. Should we show why the required contributions not made and can we remove from the report because it is misleading. Mr. Knudsen mentioned that he looked at the valuation reports for 2006 and 2010 and could not understand how the amounts were reported. Mr. Stephens asked if we had diverted contributions and was this due to healthcare. He thought that Supervisor McCowen had directed the research to be done at the last Board meeting. Supervisor McCowen replied that he had asked to find out what was actually paid.

Mr. White stated that this issue has been discussed many times and it is believed that our prior actuary used projected payroll figures instead of actual payroll. The Segal Company reporting is based on actual. This number is trued up by Gallina LLP when the independent audit is done and because this is done on an annual basis there is no need to review. There is nothing to go back to as a baseline and Gallina is uncomfortable with changing the numbers. Segal has said that it will be very expensive to reconstruct and is not necessary as this schedule will drop off 2006 next year. This schedule is required by Government Accounting Standards Board (GASB) and cannot be taken out of the report.

Mr. Shoemaker asked if the County could generate a report of all payments to us to verify if the numbers are correct or not. Take the number from the County and footnote the report to address these issues. This should also include 2009. Supervisor McCowen stated that this should not be difficult and we must have a basis for making any changes in the report. There are 2004 and 2005 issues as well. The 2006 issue is included in the voluntary correction program because we no longer calculated excess earnings by the normal method, but by an alternative method created by our prior actuary. This appears as an underpayment to the system and it is our duty to understand why. We did approve last year's audit report with a footnote regarding the noncompliance issue. We do need an accurate report.

Mr. Mirata asked if the County Auditor could look up what was paid in 2006. Actual annual required contributions based on actual payroll. The Board asked Mr. Weer to verify the numbers and have the Audit and Budget Committee discuss at their next meeting February 5, 2014. Chair Schapmire could work on a footnote to explain our best understanding of what this reflects.

Mr. Sakowicz referenced page 14 and 15 of the report and the information regarding Market and Credit Risk. He was glad to see that we had covered this issue. He felt that this is an unanswered question here which is not included in the Board's Investment Policy. Mr. Stephens stated that we intend to discuss the Investment Policy and Cash Management at our next Board meeting.

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Board Direction: The employer contributions made in 2006 through 2010 will be verified and will be discussed by the Audit and Budget Committee on February 5, 2014. Their recommendation will be discussed at our next Board meeting February 19, 2014.

4) MONTHLY INVESTMENT REPORT

- Investment Goal Statements
- MCERA Trust Fund Performance Information
- Callan Associates Update
- Discussion and Direction Regarding The Cash Management and Rebalancing Policy
- Monthly Investment Account Balance Report

Presenter/s: Mr. White referenced information previously distributed to the Board regarding the monthly Investment Report including the November and preliminary December report. He stated that Callan Associates will be here next month to discuss the quarterly investment report, Investment Policy, Fixed Income portfolio, Equity, how to maximize the portfolio or make changes, the lack of a custodian, and the overall needs of the fund. We will also discuss cash management, rebalancing, and cash held for payroll and operating expense. The current policy gives good direction and objectives. We have complied with policy objective C and kept the cash account as close to zero to remain fully invested in asset classes. We have liquidity to generate cash as we need. Policy objective A directs to maintain sufficient cash to pay three months of benefits and expenses, but we don't keep that amount. It varies each month and the average is about .5% cash. Three months of net expenses would equal about 1.5%, not including incoming contributions.

Mr. Knudsen mentioned that there seemed to be a monthly cash flow difference of \$70,000 on a monthly basis. The Board agreed that we will discuss net expense and whether we should go to 1-1.5 years of cash at our next Board meeting. We will also look at fixed income and discuss with Callan to see if there is anything else prudent to do and whether we are adequately protected by active management. Mr. Sakowicz asked that we speak to Callan about the JPA subject. Mr. White mentioned that the quarterly report will show how managers are actively managing some of this and Callan can discuss it. Mr. DeForrest knows fixed income very well and fixed income managers will come speak with the Board if necessary.

5) MONTHLY FINANCIAL REPORT

- Statement of Plan Net Assets
- Statement of Changes in Plan Net Assets
- Cash Flow Analysis
- Rental Income Net of Expenses
- Vendor Ledger

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Presenter/s: Rich White referenced information previously distributed to the Board regarding the monthly Financial Report for November 2013.

Mr. Stephens asked why the payment to Hanson Bridgett was so much for that period. Mr. White replied that billing included additional work on the Voluntary Correction Project (VCP) including responses to the Internal Revenue Service (IRS) and member projects. The VCP work has increased and seems to be nearing completion.

6) DISCUSSION REGARDING THE STRATEGIC PLAN GOALS AND OBJECTIVES

Presenter/s: Rich White referenced information previously distributed to the Board regarding the Strategic Plan Goals and Objectives. In October the Board was provided with a progress report on the implementation of the strategic plan and was asked if there are specific goals and objectives that staff needs to bring back to you. Three members of the Board submitted a scoring sheet and the totals were averaged to arrive at an achievement score for each objective.

Mr. White reported that most objectives are currently in progress. The Pension Administration System project is very active and time consuming. We will continue to report on the pension administration system each quarter and also provide a monthly status report. Since kickoff in December our staff, the Courts, and County IS staff have been working to get data complete and sent to Levi, Ray, Shoup, Inc. (LRS) so the next phases can begin. We will have intensive meetings with consultants in February.

7) CLOSED SESSION

- Pending Disability Applications Update
- Evelyn Parsons Disability Application

REPORT OUT FROM CLOSED SESSION

Board Action: Motion was made by Mr. Knudsen to approve Evelyn Parsons for Non-Service Connected Disability. Mr. Goodman seconded the motion and it was approved unanimously. (Motion Approved)

8) GENERAL BOARD MEMBER DISCUSSION

Mr. Stephens asked for an update on our recruitments. Mr. White reported that there was an Adhoc Committee meeting scheduled today regarding the Retirement Administrator. A staffing requisition has been submitted and County Human Resources will post the job listing on January 24, 2014 which will remain open until filled. The first screening should take place

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February 14 and we hope to have something to the Board at its March meeting. The Committee will also talk about the possibility of an Interim Retirement Administrator under contract. Outreach has been done for an Interim Retirement Administrator.

Mr. Knudsen asked Mr. White if he was available for contract work, but Mr. White was uncertain of his schedule in March. Mr. Shoemaker added that he supported the idea of Mr. White staying as long as he can. Board members asked if we are at risk if there is no immediate replacement or interim. Mr. White will bring more information to the Board in February when we know more. We should make sure we have cash on hand and our investments covered.

Mr. White mentioned the accounting position is still being development by HR. They must take the position to the Board of Supervisors, but that date has not been determined.

Chair Schapmire reminded everyone that Form 700s are due Monday April 1, 2014.

ADJOURNMENT (10:22 a.m.)

PENDING BOARD APPROVAL

Richard A. White, Jr.
Retirement Administrator



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

Date: February 19, 2014
To: Board of Retirement
From: Richard White, Retirement Administrator *RAW*
Subject: Administrator Report

Meetings attended since the last Board of Retirement meeting:

- I met with April Allen, Superior Court, to discuss MCERA matters and present the recently adopted contribution rates.
- I attended the SACRS Board of Directors meeting in Sacramento on January 21st.
- I attended the CalAPRS Administrator Roundtable on January 24, 2014 in Burbank.
- I attended the Russian River Cemetery District board meeting on January 28th.

Pension Gold Administration System:

Your staff, County IT, the consultant (Linea Solutions) and our Pension Gold implementation team continue to work on the pension administration system, which includes scheduled bi-weekly status meetings. Additionally, the staff and implementation team met in early February for the first design review meetings (three meetings over two days). The monthly status report from Linea Solutions is included in this item for your information.

Retirement Administrator Recruitment:

The recruitment opened on January 24, 2014 and the initial screening of applications was scheduled for February 14, 2014. The Ad Hoc Committee will meet after today's Board meeting for a status update from County Human Resources on the process and candidate responses, so far.

Accountant Recruitment:

County Human Resources has prepared the necessary agenda item for this position which is anticipated to be on the March 11, 2014 Board of Supervisor meeting.

IRS Form 1099-R:

MCERA is responsible for preparing and mailing the IRS Form 1099-R to our retirees and beneficiaries who receive a pension benefit for the retirement association. These forms are scheduled to be mailed to the individual by January 31, 2014. The preparation of these forms is primarily an automated process done through the County's Munis' payroll system with review of the data the responsibility of MCERA. Previous experience with the preparation of these forms has been problematic, and this year was as well. Although all responsible parties tried to learn from the past experience and anticipate problems, the Munis' system threw out new ones this year.

As a result, the preparation of the form was a very manual process that required our benefit staff to input the distribution code, gross and taxable wages, federal and state deductions for each of the 1,300 members into a spreadsheet by hand because the Munis' system was not able to load the data into the forms. The Munis' system created problems with the printing of the forms too and challenged the County IT staff's best efforts, as well.

Ultimately, the forms were printed and mailed out to the recipients, though this did not get done until February 3rd. As a side note, the pension administration system will generate these forms once it is operational which we anticipate will eliminate this problem that the Munis' system seems to have with these forms.

Katy and Chris are to be commended for their dedication, long hours, ability to deal with frustration and their hard work to get these forms completed and mailed to our retirees and beneficiaries.



MENDOCINO COUNTY EMPLOYEES' RETIREMENT SYSTEM
Project: PENSION ADMINISTRATION SYSTEM



Report Type:	Monthly Status Report
Status Date:	02/12/2014
Project Managers:	John Keeler – Linea, Jack Blonski – LRS Pension Gold
MCERA Team Members:	Rich White, Katy Richardson, Judy Zeller, Christie Oferrall
Report Period:	01/08/2014 to 02/12/2014

1. Current Period Activities

Activity	Comments
Design Reviews	<ul style="list-style-type: none"> LRS delivered the first set of system design documents in January Design review sessions were conducted via WebEx on 2/4 and 2/5
Data Conversion	<ul style="list-style-type: none"> Some of the requested data has been delivered to LRS, spreadsheets from courts and other identified in RFP are still outstanding
Open Trouble Tickets	<ul style="list-style-type: none"> None
New Trouble Tickets	<ul style="list-style-type: none"> None
Open Change Requests	<ul style="list-style-type: none"> None
New Change Requests	<ul style="list-style-type: none"> None

2. Scheduled Activities

Activity	Comments	Start Date	Due Date	Status	Percent Complete
Requirements	<ul style="list-style-type: none"> Delivery by MCERA to LRS of items identified in requirements sessions 	12/10/2013	1/10/2014 1/24/2014	In Progress	90%
Analysis of In-House Printing	<ul style="list-style-type: none"> LRS has requested additional information/sample to complete an estimate 	12/12/2013	2/3/2014	In Progress	75%
Data Conversion	<ul style="list-style-type: none"> Multiple iterations will be needed during implementation 	12/2/2013	On Going	In Progress	10%
Deliverable 1	<ul style="list-style-type: none"> Member and Employer Reporting – Design review completed, design revisions due 2/15/2014 	12/19/2013	5/20/2014	In Progress	20%
Deliverable 2	<ul style="list-style-type: none"> Benefit Calculations and Payments 	5/20/2014	6/12/2014	Not Started	0%
Deliverable 3	<ul style="list-style-type: none"> System and MemberDirect 	10/8/2014	1/2/2015	Not Started	0%
Production Go-Live	<ul style="list-style-type: none"> Milestone date for system go-live and beginning of parallel processing 	N/A	1/9/2015	N/A	N/A
Parallel Processing	<ul style="list-style-type: none"> Pension Gold run in parallel with existing systems and processes 	1/12/2015	3/12/2015		0%
Project Completion	<ul style="list-style-type: none"> All documentation delivered Training completed Old system discontinued Warranty period completed System acceptance sign off 	N/A	6/10/2015		N/A



MENDOCINO COUNTY EMPLOYEES' RETIREMENT SYSTEM
Project: PENSION ADMINISTRATION SYSTEM



3. Budget Overview

Description	Approved Budget	Paid To Date
Pension Admin System Implementation		
LRS (Hosting, software, vendor implementation services)	\$1,374,810.00	\$0.00
LRS additional support	\$0.00	\$0.00
County IT	N/A	\$4,775.48
Linea	\$490,500.00	\$ 32,422.50
Total for all Phases	\$1,865,310.00	\$ 37,197.98
Projected Total for all Phases		\$1,865,310.00

Richard A. White, Jr.
Retirement Administrator



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

Date: February 19, 2014
To: Board of Retirement
From: Richard White, Retirement Administrator *rw*
Subject: Audit and Budget Committee Report

Summary:

The Audit and Budget Committee met on January 8, 2014 to review the most recent version of draft audit report prepared by the External Auditor, Gallina LLP. The agenda for the meeting is included in this report as are the approved minutes from this meeting, which were approved by the Committee at their most recent meeting.

The committee met on February 5th to review the financial statements and the draft CAFR. These items and the committee recommendations are included in other agenda items in today's meeting.

The committee has scheduled April 21st as their next meeting date.

Attachments

Mendocino County Board of Retirement
Audit and Budget Committee Meeting Agenda
January 8, 2014
11:00 a.m.

Roll Call

Public Comment

Members of the public are welcome to address the committee on subjects both on and off the agenda. The committee is prohibited from taking action on matters not on the agenda, but may ask questions and/or briefly answer questions. Public comment is limited to 5 minutes per person and not more than 10 minutes for a particular subject at the discretion of the Committee Chair. Please complete a speaker form, available at the entrance to the conference room and present to the Clerk. Public speakers are required to state their name before they begin. If you wish to submit written comments please provide 7 copies to the Clerk prior to the start of the meeting.

- 1) Approval of the October 22, 2013 Committee meeting minutes.
- 2) Discussion and Recommendation regarding the External Audit report for Fiscal Year 2012/13.
- 3) Schedule the next Audit & Budget Committee meeting.

Meeting Adjourned (Approximate Time 12:00 noon)

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

MEETING LOCATION: Retirement Association Conference Room at 625-B Kings Court
Ukiah, CA 95482 Phone: 707-463-4328 Fax: 707-467-6472
Retirement Association Website: www.co.mendocino.ca.us/retirement

Mendocino County Board of Retirement
Audit and Budget Committee Meeting Minutes
January 8, 2014

11:02 a.m.

Participants: Lloyd Weer, Committee Chair, Randy Goodman, Bob Mirata, Rich White, Retirement Administrator and Judy Zeller. Crystal Ekanayake and Dan Matzinger of Gallina LLP, and Scott German of Fechter and Company, participated by teleconference. Absent: Ted Stephens.

Public Comment: None

1) Approval of the October 22, 2013 Committee meeting minutes.

Mr. Goodman motioned to approve the October 22, 2013 minutes. Mr. Mirata seconded the motion and the minutes were approved unanimously.

2) Discussion and Recommendation regarding the Draft External Audit report for Fiscal Year 2012/13.

Presenters: Mr. White began discussion regarding the revised Draft External Audit report for Fiscal Year 2012/13 prepared by Gallina LLP. He mentioned that Mr. Stephens had submitted comments regarding the report which we can discuss.

Mr. Goodman mentioned that he noticed some rounding issues and requested correction to page 5 of the report as follows: The \$383.1 million should be \$383.2 million; the \$14.2 million should be \$14.3 million and the \$26.2 million should be \$26.5 million. Ms. Ekanayake mentioned that Gallina was correcting a typo on page 7, changing LLC to LLP. Mr. Goodman referenced the comments submitted by Mr. Stephens regarding the net investment gain of \$48.9 million on page 5 of the report. Mr. German stated that this figure matches the income statement on page 11. Mr. Goodman went to the next comment regarding the investment return of 14.52% on page 7. Mr. White stated that this is a time weighted investment return. The next comment was regarding the \$383,207,546 Investment at Fair Value listed on page 10. Ms. Ekanayake stated that this is the market value net of assets. Mr. Matzinger added that the \$383,196,817 net market value of assets on page 40 of the Segal report equals the net assets available for benefits at the bottom of page 10 in the Gallina report.

The next comment was regarding page 21 of the report and it was agreed by all that the last two paragraphs could be deleted. Next the committee reviewed page 23 of the report and why the June 30, 2010 projected payroll amounts were used. There was a great deal of discussion regarding the appropriate year to use and it was decided that this information would need to

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be verified by our actuary, The Segal Company. Ms. Ekanayake requested that Callan Associates provide the December 31, 2013 market value of assets. Mr. White and Mr. German agreed that the financial statements were complete through November 30, 2013 and the Callan report would not be complete until the end of January or beginning of February. Mr. White mentioned that there would be a significant change from November 30, 2013 to the year end December 31, 2013 financials due to the rebalancing. Mr. Goodman suggested using the September 30, 2013 figure included in the Callan report and all agreed.

The last comment from Mr. Stephens was regarding page 26 and the Employer rate issues in 2006 and 2010. Mr. Goodman commented that we discuss this same question each year. Mr. White stated that both the Board of Retirement and the Audit & Budget Committee have discussed the fact that this issue goes back to the prior actuarial consultant's methodology. This information will drop off reports over time and The Segal Company does not feel it is worth the expense to find out what that methodology was. All agreed that there would be no change to this information.

Ms. Ekanayake mentioned that Gallina was waiting to receive the Segal Audit Confirmation letter. Once this is received the revised report can go to technical review. A final revised report can be ready for Wednesday's Board meeting. Staff will forward an electronic copy to Board members prior to their meeting. Mr. German reported that the State Controller's Report has been filed. Mr. White added that this filing is two months ahead of last year.

3) Schedule the next Audit & Budget Committee meeting.

The next Audit and Budget Committee meeting will be scheduled on February 5, 2014 at 10:00 a.m. The Committee will review the June 30, 2013 Comprehensive Annual Financial Report (CAFR).

Meeting Adjourned (11:37 a.m.)

LOCATION: Retirement Association Conference Room at 625-B Kings Court, Ukiah, CA 95482

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

Date: February 19, 2014
To: Board of Retirement
From: Richard White, Retirement Administrator 
Subject: Certificate of Achievement for Excellence in Financial Reporting

Summary: MCERA submitted the comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2012 to the Government Finance Officers Association (GFOA) and received a Certificate of Achievement for Excellence in Financial Report award for the CAFR.

Discussion: The GFOA sponsors a review process of the comprehensive annual financial report (CAFR) which means that the report is judged by an impartial panel of experts which rate the report against standards developed by the GFOA for these reports. MCERA has submitted the CAFR from the two most recent fiscal years and received awards for both of these reports.

The GFOA sent a letter to MCERA and a news release announcing the most recent award, as well as a wall plaque for display in our office.

Attachments



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Mendocino County
Employees' Retirement Association
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO



Government Finance Officers Association
203 N. LaSalle Street - Suite 2700
Chicago, IL 60601

Phone (312) 977-9700 Fax (312) 977-4806

10/29/2013

NEWS RELEASE

For Information contact:
Stephen Gauthier (312) 977-9700

(Chicago)--The Certificate of Achievement for Excellence in Financial Reporting has been awarded to **Mendocino County Employees' Retirement Association** by the Government Finance Officers Association of the United States and Canada (GFOA) for its comprehensive annual financial report (CAFR). The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

An Award of Financial Reporting Achievement has been awarded to the individual(s), department or agency designated by the government as primarily responsible for preparing the award-winning CAFR. This has been presented to:

Mendocino County Employees' Retirement Association, California

The CAFR has been judged by an impartial panel to meet the high standards of the program including demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the CAFR.

The GFOA is a nonprofit professional association serving approximately 17,500 government finance professionals with offices in Chicago, IL, and Washington, D.C.

PRESENTATION OF THE CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Certificate of Achievement for Excellence in Financial Reporting is the highest form of recognition in governmental accounting and financial reporting. The Certificate program thereby advocates that recipients be formally recognized for their outstanding accomplishments. If you would like a formal presentation of the Certificate of Achievement plaque, you should contact your GFOA State Representative. The contact information follows:

Mr. Dale R. Nielsen
Finance Manager
City of Vista
200 Civic Center Drive
Vista, CA 92084
UNITED STATES

Phone:
760-726-1340 x1023

Fax:
760-639-6171

Email:
dnielsen@cityofvista.com

Mr. Herbert L. Pike, CPFO
Finance Director
Association of Bay Area Governments
101 8th Street
PO Box 2050
Oakland, CA 94604-2050
UNITED STATES

Phone:
510-464-7902

Fax:
510-433-5502

Email:
HerbertP@abag.ca.gov

Resolution of the Mendocino County Board of Retirement
Stating Authorized Signature, No. 2014-01

By resolutions duly and regularly adopted and still in effect, the fullest authority at all times has been invested in:

<u>Shari Schapmire, Board Chair</u> Name	Title	Or	_____ Signature
<u>Lloyd Weer, Board Vice-Chair</u> Name	Title		_____ Signature

with respect to any transaction deemed to be proper in connection with said account, including (but without limitation thereto) authority to give written or oral instructions to you as brokers with respect to such transactions, and generally to do and take all action necessary in connection with the account or considered desirable by said officer or agent with respect thereto. You, as broker, are authorized thereunder and hereby to deal with any and all persons by the said resolution empowered or through dealing with the Mendocino County Employees' Retirement Association itself.

The Mendocino County Employees' Retirement Association is required to certify to you promptly, when and as made, any change in the officers or powers of persons hereby authorized and such modifications when received by you shall be adequate both to terminate the powers of the persons theretofore authorized and to empower the persons thereby substituted.

Pursuant to the aforesaid and hereunder, the powers and authority granted shall continue fully effective until receipt by you of written notice of change or rescission thereof.

The foregoing resolution introduced by Board Member _____, seconded by Board member Board Member _____, and carried this 19th day of February, 2014 by the following vote:

ayes:
noes:
absent:

WHEREUPON, The Chair declared said Resolution adopted, and SO ORDERED.

Shari Schapmire, Board Chair
Mendocino County Board of Retirement

Lloyd Weer, Vice-Chair
Mendocino County Board of Retirement

Tim Knudsen, Secretary
Mendocino County Board of Retirement

Attest: _____
Judy Zeller, Administrative Assistant
Mendocino County Board of Retirement

Richard A. White, Jr.
Retirement Administrator



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

Date: February 19, 2014
To: Board of Retirement
From: Richard White, Retirement Administrator *rw*
Subject: Monthly Investment Report

1. Quarterly Investment Performance Report

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

In compliance with the Statement, Callan, the MCERA investment consultant, will present the Quarterly Investment Performance Report for the period ending December 31, 2013 to the Board. The report is provided to the Board of Retirement as a separate report.

2. Asset allocation and investment strategy discussion

The Board of Retirement adopted/affirmed the asset classes and target allocations recently through the Asset/Liability Study, which was prepared by Callan. At today's meeting, Callan will be discussing potential strategies within the equity and fixed income portfolios with you and perhaps receive direction from the Board regarding these asset classes.

Discussion items for the Board regarding the asset allocation and investment strategies being brought forward at this meeting include:

- a. Potential strategies within the fixed income portfolio;
- b. Potential strategies within the equity portfolio, such as global strategy;
- c. Potential use of a specialized financial institution for custodial purposes;
- d. Discussion of the Joint Powers Authority (JPA) concept for institutional investing;
- e. Cash account balance in the trust fund.

3. Investment manager information

One of the your investment managers, Pacific Investment Management Company, LLC (PIMCO) recently announced that their CEO and co-chief investment officer Mohamed El-Erian announced his resignation from the firm effective mid-March. Mr. El-Erian served in this role for the past six years. The departure of Mr. El-Erian created an opportunity for additional assignment changes and departures within the PIMCO organization which will take place in the next few weeks. The press release of Mr. El-Erian's departure is included in this agenda item.

Memorandum

To: Clients and Consultants of Callan Associates
From: Steven Center, CFA, Vice President, Global Manager Research
Bret Cornwell, CFA, Vice President, Global Manager Research
Kristin Bradbury, CFA, Vice President, Independent Adviser Group
Date: January 30, 2014
Subject: Mohamed El-Erian, CEO and Co-CIO, Resigns From PIMCO

Last week, Pacific Investment Management Company ("PIMCO") announced that Mohamed El-Erian, Chief Executive Officer and Co-Chief Investment Officer, will resign from the firm effective mid-March 2014. El-Erian will remain an advisor to PIMCO's parent company, Allianz, and will remain a member of the International Executive Committee at Allianz. El-Erian has announced no further plans, outside of a desire to start his "third career" outside of investment management.

Doug Hodge will replace El-Erian as Chief Executive Officer. Hodge is currently the firm's Chief Operating Officer and a member of the firm's Executive Committee. He is a 24-year PIMCO veteran, and previously served as a senior account manager, global product manager, and led PIMCO's Asia Pacific region from 2002 until 2009. In addition, Jay Jacobs has been appointed President, working alongside Hodge. Jacobs currently leads the firm's talent management division, and has been with PIMCO since 1998. It is worth noting that the announced changes return PIMCO to a structure where the business management and investment functions are run by separate professionals, a structure used prior to El-Erian's appointment to CEO in 2008.

Effective immediately, Bill Gross will become PIMCO's sole Chief Investment Officer. The firm has announced the creation of six Deputy CIO roles, to be filled by:

- Dan Ivascyn, Managing Director and Head of Mortgage Credit Portfolio Management
- Andrew Balls, Managing Director and Head of European Portfolio Management
- Mark Kiesel, Managing Director and Head of Corporate Bond Portfolio Management
- Scott Mather, Managing Director and Head of Global Portfolio Management
- Mihir Worah, Managing Director and Head of Real Return Portfolio Management
- Virginie Maisonneuve, Managing Director and Global Head of Equities

The Deputy CIO position is newly created, and all six will report directly to Gross. The Deputy CIO's are all members of the firm's Investment Committee, and will rotate as Chair of the committee on a daily basis. Joining Gross and the Deputy CIO's on the investment committee are existing members Saumil Parikh and Christian Stracke, both Managing Directors, and new member Tony Crescenzi, Executive Vice President. PIMCO will retain their existing slot of two rotating committee members.

An additional departure was announced on January 29, 2014. Mark Seidner, Managing Director and generalist portfolio manager, is leaving to pursue other opportunities. Seidner joined PIMCO in 2009 and previously worked with El-Erian at Harvard.

To address the portfolio management team departures, PIMCO announced the return of Sudi Mariappa. Mariappa was previously a portfolio manager with PIMCO from 2000-2011. He returns to the Newport Beach office as a generalist portfolio manager, and will rejoin the firm in May of 2014. Additionally, PIMCO has announced that Rich Clarida, Ph.D., Executive Vice President, will lead PIMCO's Secular Forums, a role previously held by El-Erian. Clarida has been with PIMCO since 2006 and was previously Assistant Secretary of the Treasury and Chairman of the economics department at Columbia University.

Callan's primary concerns regarding this announcement have to do with how PIMCO will address El-Erian's contribution to its investment process, along with how portfolios managed primarily by El-Erian will be transitioned to other team members. Callan is also concerned with how an unexpected, high-level departure will impact overall company morale, particularly after a challenging year for performance and asset outflows. Additionally, while El-Erian was never formally identified as the "heir apparent" for Gross as CIO, his potential path of succession was more clearly defined than the newly announced structure in which there is no clear successor.

El-Erian was a lead portfolio manager on only a few mutual funds, but he was involved in numerous separate account relationships. El-Erian's management responsibilities on PIMCO's Global Advantage mutual fund will be absorbed by current co-portfolio managers Andrew Balls (London) and Ramin Toloui (Asia), with Lupin Rahman, a senior Emerging Markets portfolio manager in Newport Beach, being added to the team. El-Erian's responsibilities on PIMCO's Global Multi-Asset mutual fund will be absorbed by current co-portfolio managers Vineer Bhansali and Curtis Mewbourne, and Mihir Worah has been added to the team.

Biographies for the investment committee members and recent additions are attached to this memorandum. Additionally, Callan has requested confirmation from PIMCO regarding the separate accounts on which El-Erian and Seidner were assigned as the primary portfolio manager, in an effort to confirm how responsibility for these accounts will transition in the coming months. We will distribute this information directly to affected clients once it has been received. Callan has an on-site visit with PIMCO scheduled for February 11, 2014. In addition to previously scheduled agenda items, we plan to further investigate this announcement and gain a deeper insight in to any broader implications for the firm. We anticipate producing a follow-up memorandum by late February.

BIOGRAPHIES

William H. Gross, CFA: Mr. Gross is a founder, managing director and CIO of PIMCO based in the Newport Beach office. He has been with PIMCO since he co-founded the firm in 1971 and oversees all investment management. He is the author of numerous articles on the bond market, as well as the book, "Everything You've Heard About Investing is Wrong," published in 1997. Among the awards he has received, Morningstar named Mr. Gross and his investment team Fixed Income Manager of the Decade for 2000-2009 and Fixed Income Manager of the Year for 1998, 2000, and 2007. He received the Bond Market Association's Distinguished Service Award in 2000 and became the first portfolio manager inducted into the Fixed Income Analysts Society's hall of fame in 1996. He has 43 years of investment experience and holds an MBA from the Anderson School of Management at the University of California, Los Angeles. He received his undergraduate degree from Duke University.

Andrew Balls: Mr. Balls is a deputy CIO and a managing director in the London office, a member of the Investment Committee and head of European portfolio management. He leads PIMCO's European investment team (which is based in London and Munich) and manages a range of global and European portfolios, including PIMCO's Global Advantage strategy. He is also a member of the PM Management Group, overseeing PIMCO's global interest rate and foreign exchange teams. Mr. Balls was previously a portfolio manager in Newport Beach and the firm's global strategist. Prior to joining PIMCO in 2006, he spent eight years at the Financial Times as an economics correspondent and columnist in London, New York and Washington, DC. He has 15 years of investment experience and holds a bachelor's degree from Oxford and a master's degree from Harvard University. He was a lecturer in economics at Keble College, Oxford.

Richard Clarida, Ph.D: Dr. Clarida is an Executive Vice President in the New York office and PIMCO's global strategic advisor. He also leads PIMCO's Secular Forum. Since 2008, Dr. Clarida has also been co-head of PIMCO's official institutions channel, which oversees coverage of the firm's central bank and sovereign wealth fund clients. Prior to joining PIMCO in 2006, he gained extensive experience in Washington as assistant Treasury secretary, in academia as chairman of the economics department at Columbia University, and in the financial markets at Credit Suisse and Grossman Asset Management. He has 15 years of investment experience and holds a Ph.D. in economics from Harvard University. He received his undergraduate degree from the University of Illinois.

Tony Crescenzi: Mr. Crescenzi is an executive vice president, market strategist and portfolio manager in the Newport Beach office. Prior to joining PIMCO in 2009, he was chief bond market strategist at Miller Tabak, where he worked for 23 years. Mr. Crescenzi has written five books, including his latest, "Beyond the Keynesian Endpoint," which was published in November 2011, and a complete revision to Marcia Stigum's "The Money Market." Mr. Crescenzi taught in the executive MBA program at Baruch College

from 1999-2009. He has 31 years of investment experience and holds an MBA from St. John's University and an undergraduate degree from the City University of New York.

Daniel J. Ivascyn: Mr. Ivascyn is a deputy CIO and a managing director in the Newport Beach office. He is the head of the mortgage credit portfolio management team and a lead portfolio manager for PIMCO's credit hedge fund and mortgage opportunistic strategies. Mr. Ivascyn is a member of PIMCO's Executive Committee and has also periodically served as a member of the Investment Committee. Morningstar named him Fixed Income Fund Manager of the Year (U.S.) for 2013. Prior to joining PIMCO in 1998, he worked at Bear Stearns in the asset-backed securities group, as well as T. Rowe Price and Fidelity Investments. He has 22 years of investment experience and holds an MBA in analytic finance from the University of Chicago Graduate School of Business and a bachelor's degree in economics from Occidental College.

Mark R. Kiesel: Mr. Kiesel is a deputy CIO and managing director in the Newport Beach office, a generalist portfolio manager, global head of the corporate bond portfolio management group and a senior member of the investment strategy and portfolio management group. Morningstar named him Fixed Income Fund Manager of the Year in 2012 and a finalist in 2010. He has written extensively on the topic of global credit markets, founded the firm's Global Credit Perspectives publication and regularly appears in the financial media. He joined PIMCO in 1996 and previously served as PIMCO's head of equity derivatives and as a senior credit analyst. He has 21 years of investment experience and holds an MBA from the University of Chicago's Graduate School of Business. He received his undergraduate degree from the University of Michigan.

Virginie Maisonneuve, CFA: Ms. Maisonneuve is a deputy CIO, managing director, global head of equities and portfolio manager based in the London office. Prior to joining PIMCO in 2014, she was head of global and international equities at Schroders plc. Previously, she was co-CIO and director at Clay Finlay, a portfolio manager at State Street Research and Management, and a portfolio manager at Batterymarch Financial Management. She has 27 years of investment experience and holds an MBA from the Ecole Supérieure Libre des Sciences Commerciales Appliquées (ESLSCA) in Paris. She also holds a master's degree in Mandarin Chinese from Dauphine University in Paris and an undergraduate degree from People's University (Renda) in Beijing.

Sudi Mariappa: Mr. Mariappa will become a Managing Director and Generalist Portfolio Manager in the Newport Beach office. Previously he was with GLG in their London office, beginning in September 2012 where he developed and co-managed GLF's absolute return fixed income offering. Prior to GLG, Mr. Mariappa was at PIMCO from 2000-2011 as a Managing Director, Portfolio Manager and Senior Advisor. Earlier in his career he was a Managing Director at Merrill Lynch, Tokyo. He also worked for Sumitomo

Finance International and Long Term Capital Management in San Francisco, and Salomon Brothers in Tokyo. Mr. Mariappa holds a B.S. degree in Chemical Engineering and an MBA from Cornell University.

Scott Mather: Mr. Mather is a Managing Director in the Newport Beach office and Head of Global Portfolio Management. Previously, he led portfolio management in Europe, managed euro and pan-European portfolios and worked closely with many Allianz-related companies. He also served as a managing director of Allianz Global Investors KAG. Prior to these roles, Mr. Mather co-headed PIMCO's mortgage- and asset-backed securities team. Prior to joining PIMCO in 1998, he was a fixed income trader specializing in mortgage-backed securities at Goldman Sachs in New York. He has 19 years of investment experience and holds a master's degree in engineering, as well as undergraduate degrees, from the University of Pennsylvania.

Saumil H. Parikh, CFA: Mr. Parikh is a managing director in the Newport Beach office and generalist portfolio manager. Mr. Parikh is also a member of the PIMCO Investment Committee and leads the firm's cyclical economic forums. He previously served as a specialist portfolio manager on the short-term, mortgage and global portfolio management teams. Prior to joining PIMCO in 2000, Mr. Parikh was a financial economist and market strategist at UBS Warburg. He has 15 years of investment experience and holds undergraduate degrees in economics and biology from Grinnell College.

Christian Stracke: Mr. Stracke is a managing director in the Newport Beach office, a member of PIMCO's Investment Committee, and global head of the credit research group. The group covers all levels of the debt capital structure for targeted industries, including investment grade and high yield bonds, bank debt and convertibles. Prior to joining PIMCO in 2008, he was a senior credit strategist at CreditSights and also held positions as head of Latin America fixed income strategy with Commerzbank Securities and head of Latin America local markets strategy with Deutsche Bank. He has 14 years of investment experience and holds an undergraduate degree from the University of Chicago.

Mihir P. Worah: Mr. Worah is a deputy CIO and managing director in the Newport Beach office, a portfolio manager, and head of the real return portfolio management team. He was previously a member of the analytics team and worked on real and nominal term structure modeling and options pricing. Prior to joining PIMCO in 2001, he was a postdoctoral research associate at the University of California, Berkeley, and the Stanford Linear Accelerator Center, where he built models to explain the difference between matter and anti-matter. In 2012 he co-authored "Intelligent Commodity Indexing," published by McGraw-Hill. He has 12 years of investment experience and holds a Ph.D. in theoretical physics from the University of Chicago.

Richard A. White, Jr.
Retirement Administrator



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

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

Date: February 19, 2014
To: Board of Retirement
From: Richard White, Retirement Administrator *RAW*
Subject: Monthly Financial Report

A. Financial Reports

The monthly reports for December 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 January 2014.

6. Quarterly Budget Report

The budget vs. actual expenditure report for the quarter ending December 31, 2013 and the mid-fiscal year report are included for your review and discussion.

MCERA's planned administrative expense for the fiscal year is \$ 918,417 was calculates to be 46% of the \$2 million statutory cap. At the mid-year point in this fiscal year, the actual administrative expenses are \$441,238 which represents 48% of the approved budget.

The revised Fiscal Year 2013/14 budgeted versus actual expenses for the first six months of the fiscal year are summarized here:

- **Administrative budget:** \$918,417
 - Actual administrative expense: \$ 441,738
 - Actual expense to budget percentage: 48%
 - Personnel costs remained within expectations and represent 47% of the actual administrative budget for this time period.
 - Legal expenses are over the expected amount at the half-way point and are mainly due to the legal work associated with the pension administration system in reviewing the proposals and vendor contracts and are one-time expenses.
 - The full annual Fiduciary Insurance premium was paid during the second quarter.
 - Disability legal fees for the six month period have exceeded the annually approved budget amount, but the overall actual expenses in the disability category are at 47%.

- **Technology budget:** \$463,558
 - Actual technology expenses: \$ 39,816
 - Actual expense to budget percentage: 9%
 - Expenses related to the implementation of the pension administration system were anticipated during the preparation of the budget but the timing of these expenses were pushed into the future because the contracts were completed a bit later than anticipated and because the payment schedule to our vendor is different in our contract than was anticipated during the budget preparation.

- **Investment budget:** \$380,600
 - Actual administrative expenses: \$ 149,154
 - Actual expense to statutory cap percentage: 39%
 - Expenses associated with the direct billing of manager fees will rise due to the increased positive performance of these asset classes and our actuarial service fees will catch up to the budget as the billing cycle catches up.

The Board approved a revised contract for our accounting services which will be incorporated into the budget as of January and the association will incur some unplanned expenses in certain categories associated with the staffing recruitment(s) underway but these should be absorbed within the existing administrative budget. The Board will be informed should there be notable changes in the actual expenses.

At this point, there doesn't appear to be a necessity to adjust the budget as costs are well within the allowable limits provided by the 1937 Act and within the budget approved by the Board.

MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**STATEMENT OF PLAN NET ASSETS****December 31, 2013****Preliminary****ASSETS****CASH AND EQUIVALENTS**Trust Cash-held at county \$ 2,104,167**TOTAL CASH AND EQUIVALENTS****2,104,167****CURRENT ASSETS**

Accounts Receivable 76,916

Recoupments 78,571**TOTAL CURRENT ASSETS****155,487****PROPERTY AND EQUIPMENT****TOTAL PROPERTY AND EQUIPMENT****0****INVESTMENTS, ADJUSTED TO MARKET**

Unrealized Gain(Loss) Invest 84,058,428

Fixed Income 113,000,404

International Equities 83,759,612

Small Cap Equities 20,775,704

Mid Cap Equities 12,993,946

Large Cap Equities 79,543,901

Real Estate 30,113,162**TOTAL INVESTMENTS, AT MARKET****424,245,157****TOTAL ASSETS****\$ 426,504,811****LIABILITIES****CURRENT LIABILITIES**

Accounts Payable \$ 63,253

AMCRE Dues 833

Federal Withholding 462

Wage Attchments 177

Accrued Wages - 1920 Account 201,441

PEDIT Trust Dental 18,668

AFLAC INSURANCE 3,586

Buck Settlement Reserve 200,106**TOTAL CURRENT LIABILITIES****488,526****TOTAL NET ASSETS****\$ 426,016,285****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 Six Months Ended December 31, 2013
Preliminary

	CURRENT MONTH	YEAR TO DATE
ADDITIONS		
CONTRIBUTIONS		
Employer	\$ 1,139,412	\$ 7,018,611
Plan Members	353,931	2,215,272
	1,493,343	9,233,883
INVESTMENT INCOME		
Unrealized Gain/(Loss) Invests	(1,081,101)	24,272,504
Rental Income, Net of Expenses	8,587	43,925
Interest	149	8,038
Dividends	2,983,588	4,046,199
Capital Gains	6,222,647	19,452,431
Less Investment Expense	(41,993)	(176,155)
	8,091,877	47,646,942
Net Investment Income		
	8,091,877	47,646,942
TOTAL ADDITIONS	9,585,220	56,880,825
DEDUCTIONS		
Benefit Payment, Subsidies, & Refunds	(2,385,730)	(13,619,127)
Administrative Expenses	(81,795)	(442,229)
	2,467,525	14,061,356
TOTAL DEDUCTIONS		
	2,467,525	14,061,356
Increase (Decrease) in Net Assets	7,117,695	42,819,469
NET ASSETS		
Beginning of Period	418,898,587	383,196,816
End of Period	\$ 426,016,282	\$ 426,016,285

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 Six Months Ended December 31, 2013
Preliminary

	CURRENT MONTH	YEAR TO DATE
ADDITIONS		
CONTRIBUTIONS		
Employer	1,139,412	7,018,611
Plan Member	353,931	2,215,272
	1,493,343	9,233,883
INVESTMENT INCOME		
Rental Income, Net of Expenses	8,587	43,925
Interest	149	8,038
Dividends	629,985	1,533,048
Capital Gains	0	0
Less Investment Expense	(41,993)	(176,155)
	596,728	1,408,856
	2,090,071	10,642,739
DEDUCTIONS		
Benefit Payments and Subsidies	(2,385,729)	(13,619,127)
Administrative Expenses	(81,795)	(442,229)
	(2,467,524)	(14,061,356)
OTHER INCREASES/(DECREASES)		
Accounts Receivable	(69,335)	(146,170)
Accounts Payable	94,733	150,330
Buck Settlement	0	0
Sale/Purchase of Investments	(7)	3,055,598
	29,177	3,063,544
	(348,276)	(355,073)
INCREASE (DECREASE) IN CASH	\$ (348,276)	\$ (355,073)
SUMMARY		
Cash at End of Period	\$ 2,104,167	\$ 2,104,167
Cash at Beginning of Period	2,452,443	2,459,240
	(348,276)	(355,073)
INCREASE (DECREASE) IN CASH	\$ (348,276)	\$ (355,073)

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 Six Months Ending December 31, 2013

	<u>Current Month</u>		<u>Year to Date</u>	
Revenues				
Rental Income	\$ 10,670	0.13	\$ 64,019	0.13
Total Revenues	10,670	0.13	64,019	0.13
Building Expenses				
Building Expenses	193	0.00	1,389	0.00
Landscape & Maintenance	1,361	0.02	7,735	0.02
Security	119	0.00	1,210	0.00
Insurance	0	0.00	2,450	0.01
Utilities	410	0.01	7,310	0.02
Total building operating expenses	2,083	0.03	20,094	0.04
Net Income	\$ 8,587	0.11	\$ 43,925	0.09

MCERA
Vendor Ledgers
For the Period From Jan 1, 2014 to Jan 31, 2014

Filter Criteria includes: Report order is by ID.

Vendor ID Vendor	Date	Trans No	Type	Paid	Debit Amt	Credit Amt	Balance
aflac AFLAC, INC.	1/2/14	4170781	CDJ		3,585.75	3,585.75	0.00
allber Alliance Bernstein	1/23/14	4172134	CDJ		16,485.41	16,485.41	0.00
allins Alliant Insurance Service							0.00
amcre AMCRE	1/2/14	4170791	CDJ		833.78	833.78	0.00
antgra Anthony Graham	1/23/14	4172306	CDJ		5,214.04	5,214.04	0.00
	1/23/14	4172305	CDJ		2,870.72	2,870.72	0.00
	1/23/14	4172304	CDJ		1,550.00	1,550.00	0.00
aonhek Hewitt Ennis Knupp, Inc							0.00
arbmed Arbitration and Mediation							0.00
att AT&T	1/2/14	4170769	CDJ		128.18	128.18	0.00
	1/16/14	4171613	CDJ		49.58	49.58	0.00
	1/23/14	4172125	CDJ		122.34	122.34	0.00
bobmir Bob Mirata	1/1/14	Balance Fwd					400.00
	1/2/14	4170953	CDJ		400.00		0.00
calapr CALAPRS	1/1/14	Balance Fwd					650.00
	1/2/14	4170810	CDJ		500.00	500.00	650.00
	1/2/14	4170811	CDJ		650.00		0.00
calass Callan Associates, Inc.	1/1/14	Balance Fwd					36,400.00
	1/2/14	4170812	CDJ		36,400.00		0.00
caldis California State Dusburse							0.00
calext California Exterminators							0.00
canser Canteen Services							0.00
capins Capital Insurance Group							0.00
chrofa Christie O'Farrall	1/2/14	4170972	CDJ		14.13	14.13	0.00
cituki City of Ukiah	1/2/14	4171071	CDJ		227.41	227.41	0.00
	1/2/14	4171067	CDJ		26.88	26.88	0.00
	1/2/14	4171070	CDJ		151.85	151.85	0.00
	1/2/14	4171068	CDJ		104.55	104.55	0.00
	1/2/14	4171072	CDJ		272.29	272.29	0.00
	1/30/14	4173079	CDJ		224.59	224.59	0.00
	1/30/14	4173082	CDJ		104.55	104.55	0.00
	1/30/14	4173082	CDJ		136.38	136.38	0.00
	1/30/14	4173081	CDJ		46.01	46.01	0.00
	1/30/14	4173084	CDJ		234.60	234.60	0.00

MCERA
Vendor Ledgers
For the Period From Jan 1, 2014 to Jan 31, 2014

Filter Criteria includes: Report order is by ID.

Vendor ID Vendor	Date	Trans No	Type	Paid	Debit Amt	Credit Amt	Balance
Jack Waxman, MD							
jamand James Anderson							0.00
jefber Jeff Berk							0.00
jefrap Jeffrey A Rapp, MD							0.00
jenben Jennifer Bennett-Jordan,							0.00
johsak John Sakowicz	1/1/14 1/2/14	Balance Fwd 4171022					400.00 0.00
judzel Judith Zeller	1/2/14	4171113	CDJ		48.59	48.59	0.00
katric Katy Richardson							0.00
kensmi Kendall Smith							0.00
kevkurt Kevan D. Kurt & Associat	1/30/14 1/30/14	4172888 4172887	CDJ CDJ		2,326.68 451.07	2,326.68 451.07	0.00 0.00
KrisBart Kristine Bartlett, Psy.D.	1/30/14	4172728	CDJ		2,325.00	2,325.00	0.00
linsol Linea Solutions	1/1/14 1/16/14	Balance Fwd 4171853					9,157.50 0.00
lloree Lloyd Weer							0.00
manphe Manatt, Phelps, Phillips,							0.00
melsta Melissa Staehle, Ph.D.							0.00
menacc Mendocino Access Televi							0.00
menroo Mendocino Roofing, Inc.							0.00
micman Michel R. Mandel, MD							0.00
moncle Moonlight Cleaning Servi	1/9/14 1/9/14	4171410 4171411	CDJ CDJ		400.00 900.00	400.00 900.00	0.00 0.00
Monpart Mondrian Investment Part							0.00
pacgro Pacific Group Agencies, I	1/2/14	4170982	CDJ		18,668.21	18,668.21	0.00

MCERA
Vendor Ledgers
For the Period From Jan 1, 2014 to Jan 31, 2014

Filter Criteria includes: Report order is by ID.

Vendor ID Vendor	Date	Trans No	Type	Paid	Debit Amt	Credit Amt	Balance
Tyler Technologies							
ukiwas Ukiah Waste Solutions, I	1/6/14	4172077	CDJ		62.07	62.07	0.00
usban US Bank							0.00
usbank US Bank Cal Card							0.00
usps U.S. Post Office							0.00
verwir Verizon Wireless	1/2/14 1/23/14	4171092 4172658	CDJ CDJ		28.02 26.41	28.02 26.41	0.00 0.00
vinrep VINTAGE REPORTING S							0.00
watcon Waters Construction, Inc.							0.00
Report Total					135,045.57	71,792.57	0.00

Mendocino County Employees Retirement Association					
Fiscal Year 2013/2014					
Adopted Budget by the Board of Retirement (May 8, 2013)					
Revised Budget by the Board of Retirement (June 18, 2013)					
Preliminary Report (February, 2014)					
	FY 2013/14	FY 2013/14	NOTES	FY 2013/14	
	ADOPTED	REVISION - 1	(9,10)	October - December	
	BUDGET	BUDGET		ACTUAL	
Personnel					
Gross Regular Salaries	\$ 309,816	\$ 309,816	(1)	\$ 60,697	
Extra Help	-	-		-	
Retirement	78,866	78,866		15,044	
Social Security	16,890	16,890		2,576	
Social Security B	4,270	4,270		827	
Retirement Cola	30,075	30,075		6,887	
Health Insurance	54,638	54,638	(2)	10,504	
Unemployment Insurance	3,215	3,215	(3)	-	
Workers Comp	1,711	1,711	(3)	-	
Total 1920	\$ 499,481	\$ 499,481		\$ 96,535	19%
Administrative					
Communications	2,600	2,600		1,866	
General Insurance	1,400	1,400		-	
Membership	5,000	5,000		660	
Office Expense	12,000	12,000		3,162	
Legal Expense	100,000	100,000		31,838	
Contracts	38,200	38,200		14,745	
Travel In-County	600	600		153	
Board Meeting Stipends	7,500	7,500		1,900	
Board Education and Conferences	27,500	27,500		1,440	
Staff Education and Training	15,000	15,000		3,396	
Audit	30,000	30,000		2,500	
Fiduciary Insurance	37,605	37,605		39,485	
Subtotal	\$ 277,405	\$ 277,405		\$ 101,145	36%
Total	\$ 776,886	\$ 776,886		\$ 197,680	25%
Disability					
Disability Due Diligence	25,000	25,000		9,635	
Disability Hearings	20,000	20,000		-	
Medical Reviews	45,000	45,000		11,155	
Subtotal	\$ 90,000	\$ 90,000		\$ 20,790	23%
625-B Kings Court					
Building Expenses	-	-	(4)	-	
Imputed Rent	51,531	51,531		12,883	
Subtotal	51,531	51,531		12,883	25%
Total Admin. Budget	\$ 918,417	\$ 918,417		\$ 231,352	25%
CERL Administrative Cap	\$ 2,000,000	\$ 2,000,000	(5)	\$ 2,000,000	
Balance left over	\$ 1,081,583	\$ 1,081,583		\$ 1,768,648	
MCERA Policy Cap	\$ 1,071,969	\$ 1,071,969	(6)	\$ 1,071,969	
Balance	\$ 153,552	\$ 153,552		\$ 840,617	
Basis Points Test	0.18	0.18			
AAL	\$ 510,461,279	\$ 510,461,279	(7)		
Date	6/30/2013	6/30/2013			
Technology					
Automation	120,000	-	(8)	-	
LRS - PAS Project	-	130,058	(9)	-	
Linea Solutions Consultant	-	283,500	(10)	25,492	
PAS Project Related Expenses	-	50,000	(11)	-	
Subtotal	\$ 120,000	\$ 463,558		\$ 25,492	5%
Investment					
Alliance Berstein Fees	\$ 45,000	\$ 45,000		\$ 16,485	
Mondrian Fees	\$ 120,000	\$ 120,000		\$ 37,612	
Bond Manager Fees	-	-		-	
Investment Consultants	145,600	145,600		36,400	
Actuary Services	70,000	70,000		5,623	
Subtotal	\$ 380,600	\$ 380,600		\$ 96,121	25%
Total MCERA	\$ 1,419,017	\$ 1,762,575		\$ 352,965	20%
NOTES:					
1.	Staffing level includes 5 Full-Time Equivalent Positions.				
2.	Administrator opted out of health insurance				
3.	Single charge per Fiscal Year				
4.	Building expenses included in 'imputed rent' paid by MCERA to Trust Fund				
5.	Government Code Section 31580.2 cap on administrative expences				
6.	MCERA policy limits administrative expenses at .21% of Actuarial Accrued Liability, without separate Board action				
7.	Actuarial Accrued Liability for June 30, 2013 estimated by Segal Company (\$512,921,000). Revised to actual AAL.				
8.	Linea Solutions technology consulting contract				
9.	LRS selected as the vendor for the pension administration system project (June 19, 2013)				
10.	Linea Solutions technology consulting contract for pension administration system project (June 19, 2013)				
11.	Includes training, computers, audio-visual equipment, materials, furniture, other related expenses				

Mendocino County Employees Retirement Association					
Fiscal Year 2013/2014					
Adopted Budget by the Board of Retirement (May 8, 2013)					
Revised Budget by the Board of Retirement (June 18, 2013)					
Preliminary Report (February 2014)					
	FY 2013/14	FY 2013/14	NOTES	FY 2013/14	
	ADOPTED	REVISION - 1	(9,10)	July - December	
	BUDGET	BUDGET		ACTUAL	
Personnel					
Gross Regular Salaries	\$ 309,816	\$ 309,816	(1)	\$ 125,890	
Extra Help	-	-		-	
Retirement	78,866	78,866		31,256	
Social Security	16,890	16,890		6,371	
Social Security B	4,270	4,270		1,714	
Retirement Cola	30,075	30,075		14,328	
Health Insurance	54,638	54,638	(2)	21,883	
Unemployment Insurance	3,215	3,215	(3)	3,215	
Workers Comp	1,711	1,711	(3)	1,711	
Total 1920	\$ 499,481	\$ 499,481		\$ 206,368	41%
Administrative					
Communications	2,600	2,600		2,066	
General Insurance	1,400	1,400		1,400	
Membership	5,000	5,000		4,660	
Office Expense	12,000	12,000		5,901	
Legal Expense	100,000	100,000		58,281	
Contracts	38,200	38,200		37,889	
Travel In-County	600	600		235	
Board Meeting Stipends	7,500	7,500		3,800	
Board Education and Conferences	27,500	27,500		5,157	
Staff Education and Training	15,000	15,000		6,006	
Audit	30,000	30,000		2,500	
Fiduciary Insurance	37,605	37,605		39,485	
Subtotal	\$ 277,405	\$ 277,405		\$ 167,380	60%
Total	\$ 776,886	\$ 776,886		\$ 373,748	48%
Disability					
Disability Due Diligence	25,000	25,000		26,116	
Disability Hearings	20,000	20,000		-	
Medical Reviews	45,000	45,000		16,108	
Subtotal	\$ 90,000	\$ 90,000		\$ 42,224	47%
625-B Kings Court					
Building Expenses	-	-	(4)	-	
Imputed Rent	51,531	51,531		25,766	
Subtotal	51,531	51,531		25,766	50%
Total Admin. Budget	\$ 918,417	\$ 918,417		\$ 441,738	48%
CERL Administrative Cap	\$ 2,000,000	\$ 2,000,000	(5)	\$ 2,000,000	
Balance left over	\$ 1,081,583	\$ 1,081,583		\$ 1,558,262	
MCERA Policy Cap	\$ 1,071,969	\$ 1,071,969	(6)	\$ 1,071,969	
Balance	\$ 153,552	\$ 153,552		\$ 630,231	
Basis Points Test	0.18	0.18			
AAL	\$ 510,461,279	\$ 510,461,279	(7)		
Date	6/30/2013	6/30/2013			
Technology					
Automation	120,000	-	(8)	-	
LRS - PAS Project	-	130,058	(9)	-	
Linea Solutions Consultant	-	283,500	(10)	28,586	
PAS Project Related Expenses	-	50,000	(11)	11,230	
Subtotal	\$ 120,000	\$ 463,558		\$ 39,816	9%
Investment					
Alliance Berstein Fees	\$ 45,000	\$ 45,000		\$ 31,619	
Mondrian Fees	\$ 120,000	\$ 120,000		\$ 37,612	
Bond Manager Fees	-	-		-	
Investment Consultants	145,600	145,600		72,800	
Actuary Services	70,000	70,000		7,123	
Subtotal	\$ 380,600	\$ 380,600		\$ 149,154	39%
Total MCERA	\$ 1,419,017	\$ 1,762,575		\$ 630,709	36%
NOTES:					
1.	Staffing level includes 5 Full-Time Equivalent Positions.				
2.	Administrator opted out of health insurance				
3.	Single charge per Fiscal Year				
4.	Building expenses included in 'imputed rent' paid by MCERA to Trust Fund				
5.	Government Code Section 31580.2 cap on administrative expences				
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7.	Actuarial Accrued Liability for June 30, 2013 estimated by Segal Company (\$512,921,000). Revised to actual AAL.				
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