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: September 18, 2013
To: Board of Retirement
From: Richard White, Retirement Administrator
Subject: Benefit Overpayment Adjustment

Summary: A recent review of a member's retirement file by Katy Richardson, Senior Retirement Specialist revealed that the member's monthly benefit allowance had been incorrectly calculated and this resulted in an overpayment to the member. The review was completed and the member's monthly benefit has been corrected. Additionally, the member has agreed to a payment schedule that will reimburse MCERA. The MCERA Overpayment Policy provides for the notification to the Board of Retirement when a correction has been made.

Recommended Action: Receive and file.

Discussion: MCERA member David Lohse retired effective November 3, 2007 and received a monthly pension benefit which included reciprocal service with CalPERS. The calculation of the retirement benefit was not done with a final salary document from CalPERS and also did not calculate the final average salary using the three-year measuring period. Senior Retirement Specialist Katy Richardson identified the issue while reviewing the member's file on another matter.

Corrective action taken included the receipt of a final salary document from CalPERS that included the three-year measuring period. The re-calculation of the monthly pension benefit showed that Mr. Lohse had been overpaid a total of $764 since the inception of his benefit payment. His monthly benefit was corrected with the August 2013 benefit check and Mr. Lohse agreed to have a small sum refunded to MCERA on a monthly basis until the overpayment is settled.

These actions are in accordance with the provisions in the Overpayment Policy and are reported to the Board as provided for in the policy.

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625-B KINGS COURT
UKIAH, CALIFORNIA 95482-5027

Date: September 18, 2013
To: Board of Retirement
From: Richard White, Retirement Administrator RAW
Subject: Audit results from review of community property divided benefit calculation

Summary: MCERA staff conducted a review of all member files where a community property division of the retirement benefit was required. The results of the audit are presented for Board review and discussion.

Staff Recommendation: Direct staff to complete the appropriate corrective action to ensure the proper payment of retirement benefits in a community property division.

Discussion: All or part of an MCERA retirement benefit may be subject to California's Community Property Laws. Issues regarding retirement benefits divided by a Domestic Relations Order may involve complex Community Property laws, other marital rights and tax issues. Community Property is all assets and earnings a couple acquires during marriage or registered domestic partnership.

MCERA follows the appropriate law and legal written agreements in the calculation of the division of the community property estate. In most cases, the estate is divided equally under a rule applied by the court. Generally, the rule awards a former spouse or registered domestic partner a percent of each pension check. The Board will receive additional information regarding MCERA procedures dealing with the community property estate at a later time.

In this case, a review of the split pension benefit cases with MCERA was conducted after we discovered that the manual calculations made in one case incorrectly did not 'split' the community property and awarded the entire amount to one party. This prompted us to review all of these cases and the results are presented here.

1. MCERA has 22 members and 22 non-member ex-spouses receiving monthly retirement benefit checks. All have been reviewed.
2. 17 of the 22 were calculated correctly.
3. 5 of the 22 required additional review:
    a. This case was correctly calculated but we are reviewing the final average salary information with CalPERS to ensure it was correct.
    b. This case was incorrectly calculated and there was an overpayment/underpayment of approximately $5,600 involved.

c. This case was correctly calculated but the legal paperwork and the final average salary information with CalPERS requires updated information to ensure the calculation is correct and compliant with community property division.
d. This case was incorrectly calculated and we are still compiling the necessary information for review.
e. This case was incorrectly calculated and there was an overpayment/underpayment of approximately $71,000 involved.

The Board is being asked to direct staff to complete the appropriate corrective action on these members' files and ensure the proper payment of retirement benefits in a community property division.

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625-B KINGS COURT
UKIAH, CALIFORNIA 95482-5027

Date: September 18, 2013
To: Board of Retirement
From: Richard White, Retirement Administrator
Subject: General Board Member Discussion

Summary: Board Member John Sakowicz attended the recent **Public Pension Investment Management Program** held at the University of California's Berkeley Haas School of Business that is sponsored by the State Association of County Retirement Systems (SACRS).

Board member Sakowicz will give a report to the Board on the course.

The course brochure is included for your reference.

center for
UC Berkeley
executive education

Public Pension Investment Management Program (SACRS) July 28-31, 2013

Sunday July 28	Monday July 29	Tuesday July 30	Wednesday July 31
Investing Fundamentals: New Trustees	Constructing the Portfolio	Advanced Topics	Making Difficult Decisions
Claremont Hotel	Depart Hotel	Depart Hotel	Depart Hotel
Opening Remarks SACRS / John O'Brien 8:30am-9:00am	**Overview** SACRS / John O'Brien 8:30am-8:45am	**Overview** SACRS / John O'Brien 8:30am-9:00am	**Overview** SACRS / John O'Brien 8:30am-9:00am
Pension Fund Basics Thomas Gilbert 9:00am-10:30am	**Review of Pension Fundamentals** Thomas Gilbert 8:45am-10:15am	**Real Estate Investment** Bob Edelstein 9:00am-10:30am	**Risk Management** Gregory LaBlanc 9:00am-10:30am
Break @ 10:30am	**Break @ 10:15am** **Group Photo**	**Break @ 10:30am**	**Break @ 10:30am**
Return, Risk and Diversification: ***Risk Simulation*** Thomas Gilbert 11:00am-12:30pm	**Forecasting Liabilities: Actuarial Science** Bill Hallmark & Thomas Gilbert 10:30am-12:00pm	**Behavioral Finance:** ***Overconfidence and Expertise*** Gregory LaBlanc 11:00am-12:30pm	**Portfolio Management Simulation: Introduction** Gregory LaBlanc & Robert McCrory 11:00am-12:30pm
Lunch 12:30pm-1:30pm	**Lunch- Wells Fargo Room** Raman Srivastava 12:00pm-1:00pm	**Lunch – Women's Faculty Club** 12:30pm-1:30pm	**Lunch- Wells Fargo Room** 12:30pm-1:30pm
Risks, Assets and Liabilities Thomas Gilbert 1:30pm-3:00pm	**California's Political Landscape** Dan Schnur: 1:00pm-1:45pm **Active vs. Passive Management** Thomas Gilbert 1:45pm-3:15pm	**Alternative Investment Strategies** Gregory LaBlanc 1:30pm-3:00pm	**Team Break Out** Gregory LaBlanc & Robert McCrory 1:30pm-3:00pm
Break @ 3:00pm	**Break @ 3:15pm**	**Break @ 3:00pm**	**Break @ 3:00pm**
The Total Investment Portfolio: ***Liability Hedging and Investment Simulation*** Thomas Gilbert 3:30pm-5:00pm	***Case Discussion – Dimensional Fund Advisors*** Thomas Gilbert 3:45pm-5:15pm	**Alternative Investment Strategies:** ***Case Discussion*** Gregory LaBlanc 3:30pm-5:00pm	**Portfolio Management Simulation: Team Presentations & Debrief** Gregory LaBlanc & Robert McCrory 3:30pm-5:00pm
Wrap-Up: 5:00pm-6:00pm	**Wrap-up**: 5:15pm-6:00pm **Return to Hotel @ 6:00pm**	**Wrap-up:** 5:00pm-6:00pm **Return to Hotel @6:00pm**	**Wrap-up and Certificates** **Return to Hotel @ 5:00pm**
Reception- Claremont Hotel	**Reception- Claremont Hotel**	**Reception- Claremont Hotel**	

PROGRAM SCHEDULE

Much has changed in finance in the last 50 years; this three-day program will bring you to the frontier of current investment theory and practice. The program is presented on the beautiful and dynamic campus of UC Berkeley and taught by its world renowned Finance faculty.

SUNDAY July 28, 2013 INVESTING FUNDAMENTALS FOR NEW TRUSTEES	MONDAY July 29, 2013 CONSTRUCTING THE PORTFOLIO	TUESDAY July 30, 2013 MAKING THE DIFFICULT DECISIONS	WEDNESDAY July 31, 2013 MEASURING PERFORMANCE
	8:00am **Depart Hotel**	8:00am **Depart Hotel**	8:00am **Depart Hotel**
Opening Remarks 8:30am-9:00am	**Opening Remarks** 8:30am-9:00am	**Building the Investment Portfolio** 9:00am-10:30am	**Team Presentations** 9:00am-10:30am
Pension Fund Basics 9:00am-10:30am	**Review of Pension Fundamentals** 9:00am-10:30am		
10:30am **Break**	10:30am **Break**	10:30am **Break**	10:00am **Break**
Return, Risk and Diversification 11:00am-12:30pm	**Portfolio Management Simulation: Introduction** 11:00am-12:30pm	**Real Assets: Real Estate** 11:00am-11:45am **Real Assets: Alternative Investment Strategies** 11:45am-12:30pm	**Portfolio Management Simulation: Debrief** 11:00am-12:30pm
12:30-1:30pm **Lunch**	**Lunch and Group Photo** S480 Classroom 12:30pm-1:30pm	12:30-1:30pm **Lunch**	12:30-1:30pm **Lunch**
Risks, Assets, and Liabilities 1:30pm-3:00pm	**Active and Passive Management** 1:30pm-3:00pm	**Portfolio Management Simulation: Implementation** 1:30pm-3:00pm	**Behavioral Finance: Overconfidence and Expertise, Implications for Trustees** 1:30pm-3:30pm
3:00pm **Break**	3:00pm **Break**	3:00pm **Break**	3:30 – 4:00 **Conferral of Certificates**
The Total Investment Portfolio 3:30pm-5:00pm	**Forecasting Liabilities: Actuarial Science** 3:30pm-5:00pm	**Team Break Out** 3:30pm-5:00pm	**Adjourn at 4:00pm**
Summary and Wrap Up 5:00-6:00pm	**Summary and Wrap Up** 5:00-6:00pm	**Summary and Wrap Up** 5:00-6:00pm	
Reception at Claremont Hotel	**Reception at Claremont Hotel**	**Reception at Claremont Hotel**	*AGENDA SUBJECT TO CHANGE

SACRS Class of 2012

Join Us for SACRS Public Pension Investment Management Program 2013

Public pension trustees and retirement staff won't want to miss the 2013 SACRS Public Pension Investment Management Program, taking place July 28 – 31, 2013. Entitled "Phase II - Modern Investment Theory and Practice for Retirement Systems," the event is presented in partnership with UC Berkeley's Haas School of Business, whose world-renowned faculty has developed a four-day program designed for trustees and staff who are ready to take their education to the next level.

The SACRS Public Pension Investment Management Program blends the expertise of UC Berkeley's distinguished faculty with a network of industry experts to teach the fundamentals of public pension management. As the spotlight on public pensions grows hotter, trustees and staff are increasingly challenged to grapple with alternative investments, policy and governance changes, cost pressures, and much more. After completing this program, attendees will understand the larger context and history of public pension funds and have the skills and knowledge to make better decisions.

Day 1 features a public pension primer that provides both a sturdy foundation for new trustees and staff and a valuable refresher for veteran fiduciaries. The basic language of finance and portfolio management will be introduced, and participants will explore the building blocks of portfolio construction, time value of money, the tradeoff between risk and return, liability forecasting and asset-liability matching. On Day 2, attendees will explore more deeply the financial concepts that underlie pension fund management. In a session on real assets, participants will take a deep dive into real estate investments and learn how world events might affect risk and return.

On Days 3 and 4 we put theory into practice: participants will see how different choices and assumptions impact portfolio performance. Working in a team simulation, participants will create investment policy for a retirement system and get real-time performance feedback.

Located in one of the most stimulating business environments in the world, the Berkeley campus is at the intersection of business and academia. Berkeley-Haas is renowned for developing innovative business leaders – individuals who redefine the business landscape by putting new ideas into action in all areas of their organizations.

Education is the cornerstone of SACRS' mission. The Berkeley Executive development staff along with the SACRS Affiliate team is committed to the continual development and delivery of content that is current, innovative, results-driven, and responds to the needs of public pension trustees and staff. Participants in this program will not only gain new insight and knowledge, but will add to the core strengths of our organization; the range of expertise and the diversity of perspective found in the public pension community.

Thank you. We look forward to your participation.

Sincerely,

Doug Rose
Doug Rose
SACRS President
San Diego County

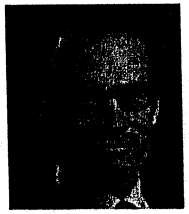
Sulema H. Peterson
Sulema H. Peterson
SACRS Administrator

STANDISH
A BNY MELLON COMPANY
LORD ABBETT
WURTS ASSOCIATES
INSTITUTIONAL INVESTMENT CONSULTANTS
ING
Invesco

THOMAS GILBERT

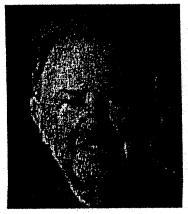
Thomas Gilbert graduated from the Finance Ph.D. Program at the Haas School of Business in May 2008. Thomas is currently an Assistant Professor of Finance and Business Economics at the Michael G. Foster School of Business, University of Washington. His research lies in the area of information aggregation and the role of macroeconomic announcements on stock prices. Since 2003, he has taught parts of the Certified Investment Management Analyst program (CIMA®) and the Berkeley Finance Series within the Finance Executive Programs at the Haas School of Business. He has also taught in the Undergraduate, Full-Time MBA, and Evening & Weekend MBA programs at Haas, for which he won the Best Graduate Student Instructor Award in 2005, 2006, and 2007. He holds a Masters in Finance from U.C. Berkeley and a Masters in Physics from Imperial College (United Kingdom).

GREGORY LABLANC



Gregory LaBlanc has been a lecturer at UC Berkeley since 2004, teaching courses in Finance, Accounting, Law, and Strategy in the Haas School, the Law School (Boalt Hall) and the department of Economics. Prior to joining the Berkeley faculty, he studied Economics, Business, and Law at the Wharton School of the University of Pennsylvania, George Mason University Law School, Duke Law School, and Berkeley Law (Boalt Hall). He has previously taught Finance, Management, Law and Economics at the Wharton School, Duke University and the University of Virginia and has been a consultant in the fields of IP litigation and competitive intelligence. His research focuses on the impact of tax policy on organizational design, capital formation, and innovation. He has received several teaching awards and has previously been involved in executive education programs at the Wharton School and Darden School.

JOHN O'BRIEN



John O'Brien is the Executive Director of the Master's in Financial Engineering (MFE) program at UC Berkeley, Haas School of Business. He assisted in developing the MFE program, and became its first Executive Director in July 2000. The Haas MFE is ranked number one in the world. Mr. O'Brien also is adjunct professor of finance at Haas; he created and teaches the MFE course in financial innovation. Professor O'Brien is the Haas faculty director for the Investment Management Consultants Association's preparatory course for its Certified Investment Management Advisor designation.

Prior to joining Haas, Mr. O'Brien was a managing director at Credit Suisse Asset Management in New York. At Credit Suisse, Mr. O'Brien had a series of responsibilities: creating and managing the performance measurement and risk management function, the client service function and the e-commerce effort.

Prior to Credit Suisse, Mr. O'Brien was co-founder, Chairman and CEO of Leland O'Brien Rubinstein (LOR) Associates, and Chairman of the Capital Market Fund, and the S&P 500 SuperTrust – the first exchange traded fund (ETF). LOR is credited with a series of financial market innovations and product offerings – a process that now is called "financial engineering". Mr. O'Brien co-founded Wilshire Associates (originally operated as O'Brien Associates), and co-developed the Wilshire 5000 common stock index (originally named and published as the O'Brien 5000 Index).

Mr. O'Brien has received various awards, including the Financial Analyst's Graham and Dodd Scroll Award, the Matthew R. McArthur Award from the Investment Management Consultants Association for lifetime contributions to investment consulting. Mr. O'Brien was named among Fortune Magazine's ten Businessmen of the Year in 1987. Mr. O'Brien holds a S.B. in economics from MIT, and an M.S. in operations research from UCLA. He served as a Lieutenant in the United States Air Force.

TERRANCE ODEAN

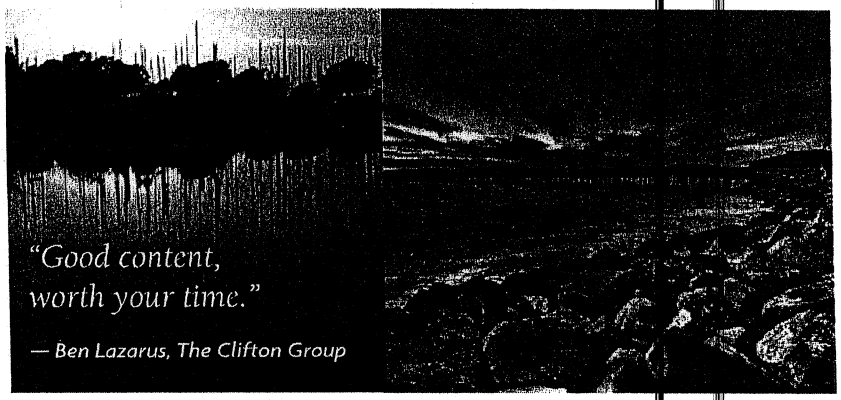
Terrance Odean is the Willis H. Booth Professor of Banking and Finance at the Haas School of Business at the University of California, Berkeley. He earned a B.A. in Statistics at the University of California, Berkeley in 1990 and a Ph.D. in Finance from the Haas School of Business at the University of California, Berkeley in 1997. He is the former director of UC Berkeley's Experimental Social Science Laboratory and a former editor of The Review of Financial Studies. As an undergraduate at Berkeley, Odean studied Judgment and Decision Making with the 2002 Nobel Laureate in Economics, Daniel Kahneman. This led to his current research focus on how decision making biases affect investor welfare and securities prices. His research has been cited in The Wall Street Journal, The New York Times, Time, Newsweek, Business Week, and many other publications. While studying for his Ph.D., Odean worked at Wells Fargo Nikko Investment Advisors and IRIS Financial Engineering, and co-owned a seat on the Pacific Stock Exchange. During the summer of 1970, he drove a yellow cab in New York City.

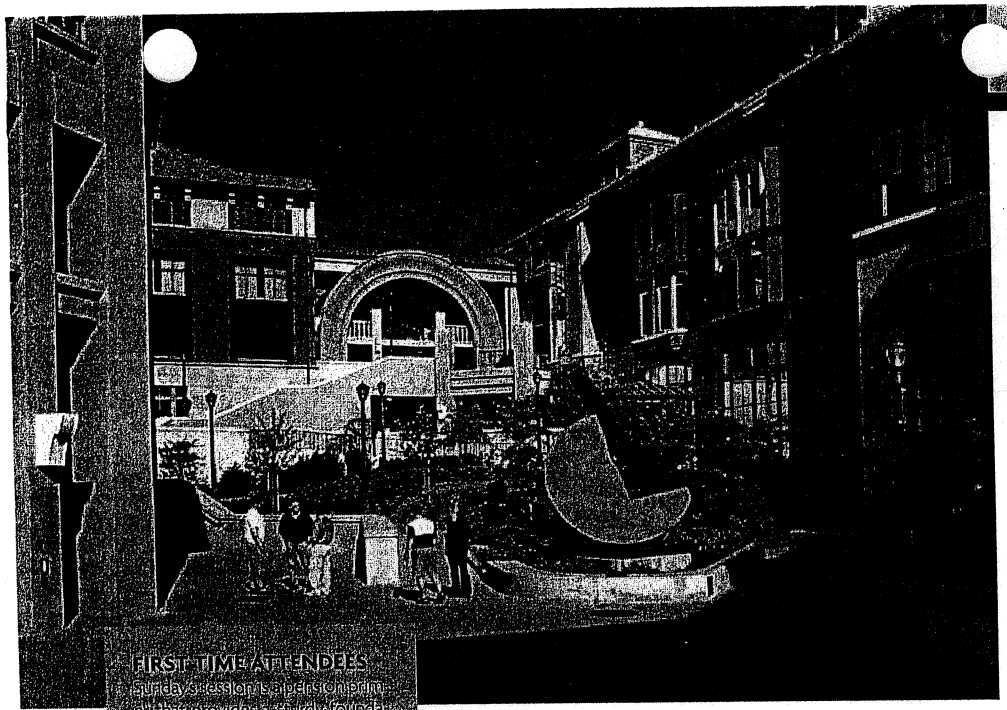
DAN SCHNUR

Dan Schnur is the Director of the Jesse M. Unruh Institute of Politics at The University of Southern California where he works to motivate students to become active in the world of politics and encourage public officials to participate in the daily life of USC.

For years, Dan was one of California's leading political and media strategists, whose record includes work on four presidential and three gubernatorial campaigns. Schnur served as the national Director of Communications for the 2000 presidential campaign of U.S. Senator John McCain and spent five years as chief media spokesman for California Governor Pete Wilson. In 2012, Schnur was appointed as Chairman of the California practices Commission, a position he held through that year's elections and until spring of 2011.

In addition to his position at USC, Schnur is an Adjunct Instructor at the University of California at Berkeley's Institute of Governmental Studies. Schnur has also held the post of Visiting Fellow at the John F. Kennedy School of Government's Institute of Politics at Harvard University and taught an advanced course in political campaign communications at George Washington University's Graduate School of Political Management. He writes regular political commentary for the Washington Post, the New York Times, and The Politico websites, and has also been an analyst and political commentator for CNN, MSNBC, Fox News, and National Public Radio.





FIRST-TIME ATTENDEES

Sunday's session is a pension primer that provides a sturdy foundation for new trustees and staff. The basic language of finance and portfolio management will be introduced, and participants will explore the building blocks of portfolio construction, time value of money, the trade-off between risk and return, liability forecasting, and asset-liability matching.

RETURNING ATTENDEES

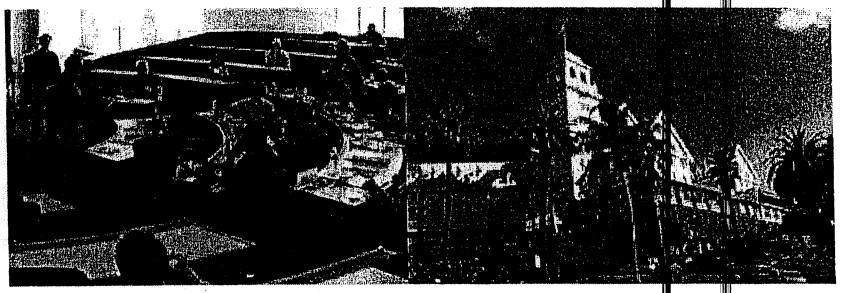
We encourage returning attendees, trustees and staff to participate during Sunday's session to give you both a valuable refresher on the basics and an opportunity to share your experience as veteran educators with your fellow participants.

Participants will bring a strategic challenge from their own Retirement Plans to the program. They will have the opportunity to further define and develop their knowledge and objectives under faculty guidance.

The strength of the Haas School of Business is expressed in their philosophy "Leading through Innovation." Successful Retirement Plan Managers recognize innovation as an opportunity to maximize the creation of value. This program focuses on individual, team, and organizational levels of innovative potential.

The Public Pension Retirement Management Program is carefully designed to give participants access to the tools, the knowledge and the networks they need to master their particular challenges. Participants will bring a strategic challenge from their own Retirement Plans to the program. They will have the opportunity to further define and develop their knowledge and objectives under faculty guidance.

The programs are taught by the very same top faculty who teach in the UC Berkeley's Business Program—ranked Number 1 in the world. Outstanding faculty includes the top names of classical finance, Thomas Gilbert, and of behavioral finance, Terrance Odean. The programs are on the absolute cutting edge of today's research.



CONFERENCE REGISTRATION

Registration online at www.sacrs.org
JULY 28–31, 2013

All conference activities will take place on the campus of **UC Berkeley at the Haas School of Business.** The host hotel is the **Claremont Resort and Spa.** Both locations are tucked away in the beautiful Berkeley hillside. Price for the session is $2500 per person. (Price includes registration, training materials, food and beverage and daily transportation to and from the Claremont Hotel/UC Berkeley.)

PROGRAM LOCATION
UC Berkeley Center for Executive Development
UC Berkeley, Haas School of Business
2220 Piedmont Ave., Berkeley, CA 94720-1900

In order to receive a refund, you must cancel your registration by July 8, 2013. After July 8, 2013 no refunds will be permitted.

Participation is limited.
Register early by visiting www.sacrs.org.
To submit your registration complete the enclosed form and:

MAIL TO: SACRS
C/O Sulema Peterson
1415 L Street, Suite 1000
Sacramento, CA 95814

OR E-MAIL TO: Sulema@sacrs.org

OR VISIT: www.sacrs.org and submit online

HOTEL RESERVATIONS

Claremont Resort and Spa
41 Tunnel Road, Berkeley, CA 94705
Tel: (510) 843-3000

Accommodations will be made for confirmed attendees at the **Claremont Resort and Spa** located just minutes away from UC Berkeley in the beautiful Berkeley Hills. Shuttle service between the hotel and UC Berkeley will be provided. **SACRS room rate is $189 per room (not including tax).** Overnight parking is available at $18.00 per day per vehicle. Additionally, the hotel charges guests a $10.00 (plus tax) resort fee per room/per day. This fee is to cover use of the computers and internet in the Business Center, High Speed Internet access in guest room, access to the Private Club & Fitness Center and all fitness classes, local calls, newspaper delivery and in-room coffee.

Cancellation with no penalties is 72 hours prior to arrival. **All hotel reservations will be made through SACRS. Please do not call the hotel directly to make reservations!** To reserve your hotel accommodations, contact Sulema H. Peterson, SACRS Administrator at the following: Sulema@sacrs.org or (916) 441-1850.

The UC Berkeley faculty members and participants enjoy meals together during the 3 day course. Topics from daily discussions are very often reinforced, vetted and simplified. During the evening, participants often enjoy dinner together as a group, taking in Berkeley's local restaurants within walking distance from the hotel. The informal and collegial atmosphere that develops at the SACRS UC Berkeley Program is one that is very special and unique compared with any other course and conference setting.