

January 26, 2011

Mr. James Andersen  
 Mendocino County  
 Employees' Retirement Association  
 501 Low Gap Road, Room 1060  
 Ukiah, California 95482

**Re: Cost of Living Adjustment (COLA) as of April 1, 2011**

Dear Jim:

In the enclosed exhibit, we have summarized the cost of living adjustments to be used for the Association as of April 1, 2011. These adjustments have been determined in accordance with Section 31870.1 of the 1937 Act.

Each year the cost of living adjustment is determined by comparing the All Urban Consumers December Consumer Price Index (CPI) for the San Francisco-Oakland-San Jose Area (1982-84 base period) for the two prior calendar years. The resulting percentage change in the CPI is then rounded to the nearest one-half percent. According to Section 31870.1, the cost of living increase cannot exceed 3.0% per year.

The CPI increase was determined as follows:

CPI Increase			
December CPI		Percentage Increase in CPI	Rounded CPI Increase
2009	2010		
224.2	227.7	1.56%	1.5%

Based on this information, members who had retired prior to April 1, 1985 should receive the full 3.0% cost of living increase on April 1, 2011.

Members who had retired between April 2, 1985 and April 1, 1986 should receive a 2.5% cost of living increase, and members who had retired after April 1, 1986 should receive a 1.5% cost of living increase; as a 3.0% cost of living increase for members who had retired on or after April 2, 1985 would have exceeded the accumulated carry-over as of that date plus the rounded December CPI increase.

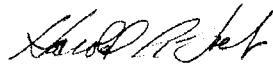
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In summary, members can receive the following increases as of April 1, 2011:

<b>Initial Retirement Date</b>	<b>April 1, 2011 COLA</b>	<b>Decrease in Accumulated Carry-Over</b>
On or Before 4/1/1985	3.0%	1.5%
4/2/1985 to 4/1/1986	2.5%	1.0%
4/2/1986 to 4/1/2010	1.5%	0.0%
4/2/2010 to 4/1/2011	1.5%	0.0%

If you should have any questions or comments on this information, please let us know.

Sincerely,



Harold A. Loeb  
Principal and Consulting Actuary

Enclosure

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