



**NOTICE OF A
REGULAR MEETING OF THE
CALOPTIMA BOARD OF DIRECTORS'
FINANCE AND AUDIT COMMITTEE**

**THURSDAY, SEPTEMBER 15, 2016
2:00 P.M.**

**CALOPTIMA
505 CITY PARKWAY WEST, SUITE 108-N
ORANGE, CALIFORNIA 92868**

Board of Directors' Finance and Audit Committee

Lee Penrose, Chair

Ron DiLuigi

Scott Schoeffel

**CHIEF EXECUTIVE OFFICER
Michael Schrader**

**CHIEF COUNSEL
Gary Crockett**

**CLERK OF THE BOARD
Suzanne Turf**

This agenda contains a brief description of each item to be considered. Except as provided by law, no action shall be taken on any item not appearing on the agenda. To speak on an item, complete a Public Comment Request Form(s) identifying the item(s) and submit to the Clerk of the Board. To speak on a matter not appearing on the agenda, but within the subject matter jurisdiction of the Board of Directors' Finance and Audit Committee, you may do so during Public Comments. Public Comment Request Forms must be submitted prior to the beginning of the Consent Calendar, the reading of the individual agenda items, and/or the beginning of Public Comments. When addressing the Committee, it is requested that you state your name for the record. Address the Committee as a whole through the Chair. Comments to individual Committee Members or staff are not permitted. Speakers are limited to three (3) minutes per item.

In compliance with the Americans with Disabilities Act, those requiring accommodations for this meeting should notify the Clerk of the Board's Office at least 72 hours prior to the meeting at (714) 246-8806.

The Board of Directors' Finance and Audit Committee Meeting Agenda and supporting documentation is available for review 8:00 a.m. – 5:00 p.m., Monday-Friday at CalOptima, 505 City Parkway West, Orange, CA 92868, and online at www.caloptima.org.

CALL TO ORDER

Pledge of Allegiance

Establish Quorum

MANAGEMENT REPORTS

Chief Executive Officer Report
Chief Financial Officer Report

PUBLIC COMMENTS

At this time, members of the public may address the Committee on matters not appearing on the agenda, but under the jurisdiction of the Board of Directors' Finance and Audit Committee. Speakers will be limited to three (3) minutes.

INVESTMENT ADVISORY COMMITTEE UPDATE

1. [Treasurer's Report](#)

CONSENT CALENDAR

2. [Minutes](#)
 - a. May 19, 2016 Regular Meeting of the CalOptima Board of Directors' Finance and Audit Committee
 - b. Receive and File Minutes of the April 25, 2016 Meeting of the CalOptima Board of Directors' Investment Advisory Committee

REPORTS

3. [Consider Recommending Board of Directors Receive and File the Fiscal Year 2016 CalOptima Audited Financial Statements](#)
4. [Consider Reappointment to the CalOptima Board of Directors' Investment Advisory Committee](#)
5. [Consider Program of All-Inclusive Care for the Elderly \(PACE\) Operational Analysis and Business Plan](#)
6. [Consider Recommending that the Board of Directors Authorize Contract to Conduct a Medical Loss Ratio Audit of CalOptima's Contracted Health Networks Participating in the Medi-Cal and OneCare Connect Programs and to Approve Budget Allocation](#)
7. [Consider Recommending that the Board of Directors Authorize Modifications to the Process by Which CalOptima Makes Payments to the Long-Term Care \(LTC\) Facilities and Hospice Agencies for LTC Services](#)

INFORMATION ITEMS

8. [Intergovernmental Transfer \(IGT\) Update](#)
9. [July 2016 Financial Summary](#)

10. [CalOptima Computer Systems Security Update](#)
11. [Cost Containment Improvements/Initiatives](#)
 - a. Resources Committee
 - b. Contingency Contract Reports
12. Quarterly Reports to the Finance and Audit Committee
 - a. [Shared Risk Pool Performance](#)
 - b. [Reinsurance Report](#)
 - c. [Health Network Financial Report](#)
 - d. [Purchasing Report](#)

COMMITTEE MEMBER COMMENTS

ADJOURNMENT

NEXT REGULAR MEETING: Thursday, November 17, 2016 at 2:00 p.m.

**Board of Directors' Finance and Audit Committee Meeting
September 15, 2016**

**Quarterly Treasurer's Report
April 1, 2016, through June 30, 2016**

Overview

To fulfill the requirements of Government Code, Section 53646(b) and the 2016 Annual Investment Policy adopted by CalOptima's Board of Directors on December 3, 2015, the Treasurer submits this quarterly investment report for the period April 1, 2016, through June 30, 2016.

Meketa Investment Group, Inc., completed an independent compliance review of the monthly investment reports prepared by CalOptima's three (3) investment managers: Logan Circle Partners, Payden & Rygel and Wells Capital. The review found that all investments were compliant with Government Code, Section 53600 et seq, and CalOptima's 2016 Annual Investment Policy.

Portfolio Summary

As of June 30, 2016, the market values of the Short-Term Operating and Restricted Reserve portfolios are as follows (in millions):

	Payden & Rygel	Logan Circle	Wells Capital	Total
Short-Term Operating	\$317.4	\$450.5	\$450.2	\$1,218.1
Board Designated Reserves				
Tier 1	\$135.4	\$125.3	\$125.4	\$386.1
Tier 2	--	\$89.7	--	\$89.7
Total	\$452.8	\$665.5	\$575.6	\$1,693.9

Six Month Cash Sufficiency

Based upon a review of forecasted revenues and expenses, CalOptima has sufficient cash on-hand plus projected revenues to meet its operating requirements for the next six (6) months.

Investments Compared to Reserve Policy

In accordance with CalOptima Policy GA.3001: Board-designated Reserve Funds, CalOptima shall maintain a minimum reserve level of one point four (1.4) months and a maximum of two (2) months in consolidated capitation revenues. The following provides a comparison of investments to the minimum and maximum level of Board-designated reserve funds as of June 30, 2016, demonstrating funds in excess to satisfy minimum requirements.

A) Board-designated Reserve Fund (CalOptima Policy GA.3001)

Reserve Name	Market Value	Benchmark		Variance	
		Low 1.4	High 2.0	Low 1.4	High 2.0
Tier 1 - Payden & Rygel	\$135,378,209				
Tier 1 - Logan Circle	\$125,346,300				
Tier 1 - Wells Capital	\$125,392,844				
	\$386,117,353	\$283,760,118	\$443,636,060	\$102,357,235	(\$57,518,707)

B) CalOptima's Regulatory Compliance Requirements

Reserve Name	Market Value	Regulatory Compliance Requirements		Variance	
		TNE	TNE	TNE	TNE
Tier 2 - Logan Circle	\$89,740,634	\$89,283,747	\$89,283,747	\$456,887	\$456,887
Consolidated:	\$475,857,987	\$373,043,865	\$532,919,807	\$102,814,122	(\$57,061,820)
<i>Compliance Level</i>	<i>1.8</i>	<i>1.4</i>	<i>2.0</i>	<i>-</i>	<i>-</i>

CalOptima continues to meet the minimum level of Board-designated reserve funds with a surplus of \$102,814,122 for the fourth quarter of Fiscal Year (FY) 2015-2016. CalOptima will continue to monitor liquidity requirements for the next twelve (12) months, and will transfer funds from Short-Term Operating to Board-designated reserves, if necessary, pursuant to CalOptima Policy GA.3001: Board-designated Reserve Funds.

Update on Capitation Payments

On June 27, 2016, the Governor signed the state budget bill for FY 2016-17. As in previous years, the California Department of Health Care Services (DHCS) delayed capitation payments for Medi-Cal managed care plans until the state budget was signed. As such, DHCS delayed both the May and June capitation payments. CalOptima received these capitation payments in July. The August capitation payment will be received in early September.

CalOptima Policy GA.3001: Board-designated Reserve Funds, Section III.C.2., gives staff authority to use Board-designated reserve funds to provide up to two (2) months of continuous payments to Providers and vendors without Board approval, provided the reserve level remains within range. Staff reports that during the delayed May and June capitation payments, reserve levels were sufficient, and CalOptima was able to continue operations and make provider payments without interruption.

Attachment

Quarterly Investment Report – April 1, 2016, through June 30, 2016

FUND EVALUATION REPORT

CalOptima

Quarterly Review
June 30, 2016



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M E K E T A I N V E S T M E N T G R O U P

BOSTON
MASSACHUSETTS

CHICAGO
ILLINOIS

MIAMI
FLORIDA

PORTLAND
OREGON

SAN DIEGO
CALIFORNIA

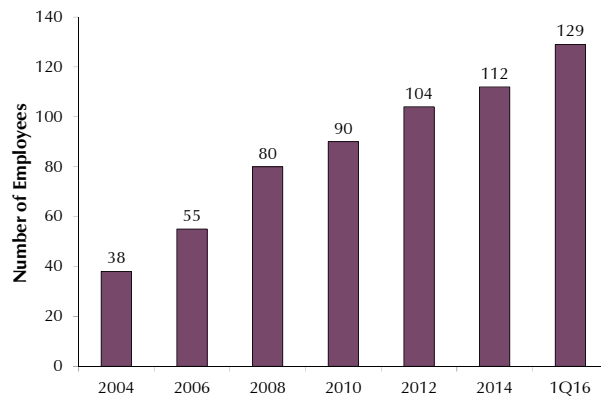
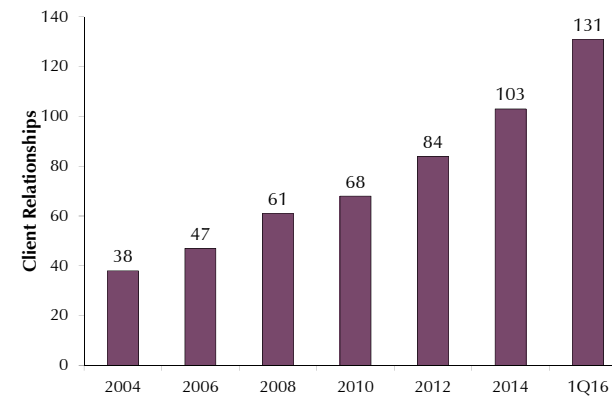
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1. Corporate Update
2. Fund Summary
3. Fund Detail
4. Portfolio Reviews
5. Quarterly Investment Report Supplement
6. Custom Peer Group
7. Performance Attribution
8. Holdings
9. Disclaimer, Glossary, and Notes

Meketa Investment Group Corporate Update

- Staff of 129, including 79 investment professionals and 27 CFA Charterholders
- 131 clients, with over 200 funds throughout the United States
- Significant investment in staff and resources
- Offices in Boston, Chicago, Miami, Portland (OR), San Diego, and London
- Clients have aggregate assets of over \$780 billion
 - Over \$40 billion in assets committed to alternative investments
 - Private Equity ▪ Infrastructure ▪ Natural Resources
 - Real Estate ▪ Hedge Funds ▪ Commodities

Employee Growth**Client Growth**

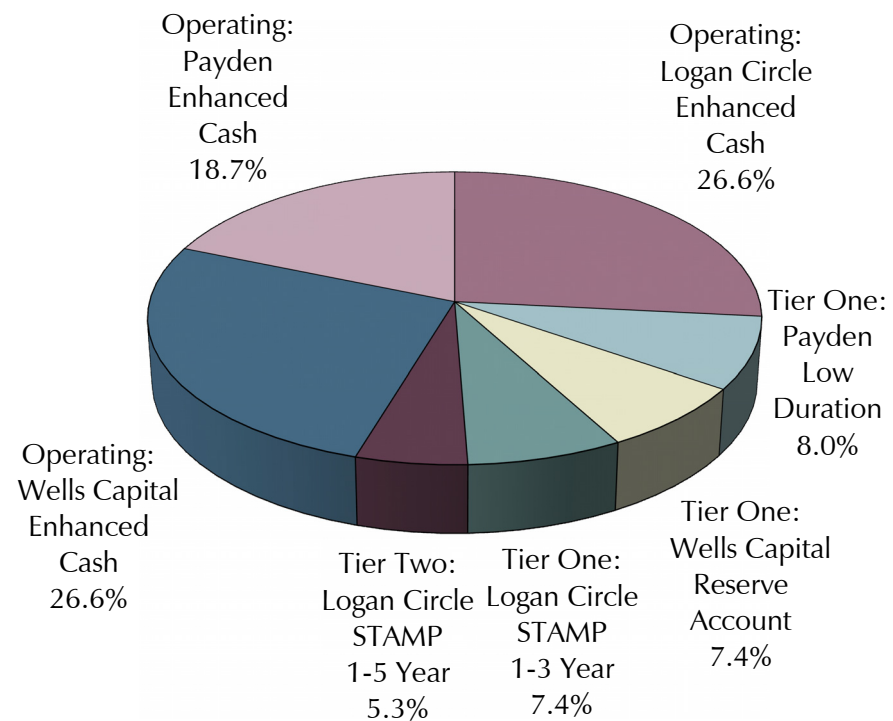
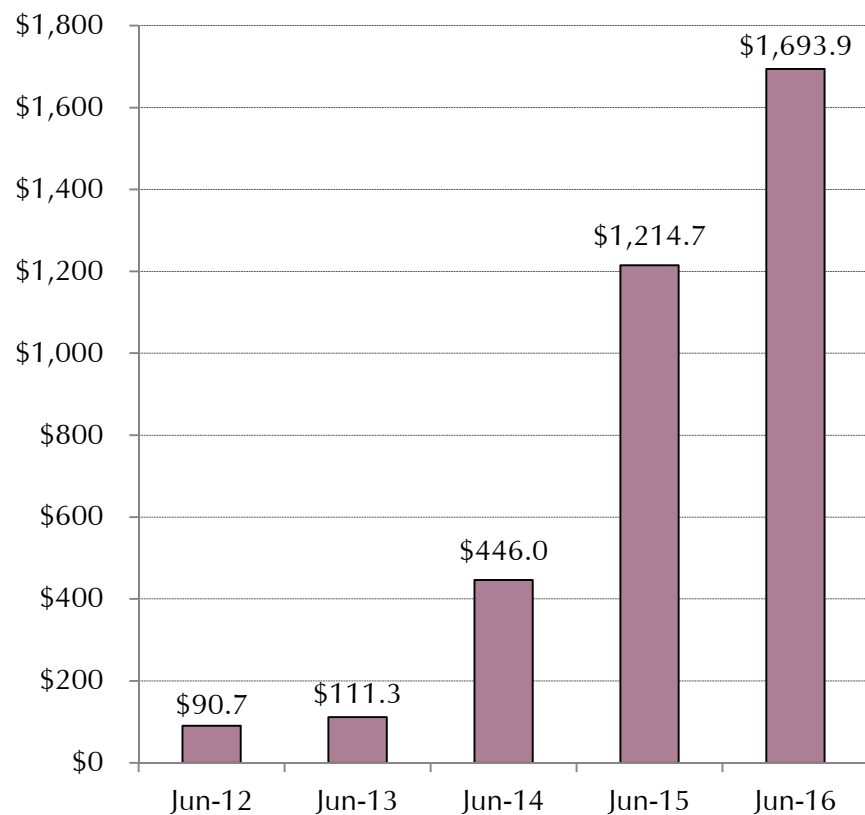
Meketa Investment Group is proud to work for 4.9 million American families everyday

Asset Classes Followed Intensively by Meketa Investment Group

Domestic Equities	International Equities	Private Equity	Real Assets	Fixed Income	Hedge Funds
<ul style="list-style-type: none"> - Passive - Enhanced Index - Large Cap - Midcap - Small Cap - Microcap - 130/30 	<ul style="list-style-type: none"> - Large Cap Developed - Small Cap Developed - Emerging Markets - Frontier Markets 	<ul style="list-style-type: none"> - Buyouts - Venture Capital - Private Debt - Special Situations - Secondaries - Fund of Funds 	<ul style="list-style-type: none"> - Public REITs - Core Real Estate - Value Added Real Estate - Opportunistic Real Estate - Infrastructure - Timber - Natural Resources - Commodities 	<ul style="list-style-type: none"> - Short-Term - Core - Core Plus - TIPS - High Yield - Bank Loans - Distressed - Global - Emerging Markets 	<ul style="list-style-type: none"> - Long/Short Equity - Event Driven - Relative Value - Fixed Income Arbitrage - Multi Strategy - Market Neutral - Global Macro - Fund of Funds - Portable Alpha

Fund Summary

As of June 30, 2016



	Market Value 6/30/16 (\$ mm)	% of Fund	Market Value 3/31/16 (\$ mm)
Total Fund	1,693.9	100	1,915.5
Fixed Income	475.9	28	472.8
Cash	1,218.1	72	1,442.6

	Market Value 6/30/16 (\$ mm)	% of Asset Class	% of Fund	2Q16 Net Cash Flows (\$ mm)	Market Value 3/31/16 (\$ mm)
Total Fund	1,693.9	NA	100	-227.9	1,915.5
Fixed Income Assets	475.9	100	28	-0.1	472.8
Tier One: Payden Low Duration	135.4	28	8	-249.6	383.9
Tier One: Wells Capital Reserve Account	125.4	26	7	124.9	0.0
Tier One: Logan Circle STAMP 1-3 Year	125.3	26	7	124.6	0.0
Tier Two: Logan Circle STAMP 1-5 Year	89.7	19	5	0.0	88.9
Cash	1,218.1	100	72	-227.8	1,442.6
Operating: Logan Circle Enhanced Cash	450.5	37	27	450.0	0.0
Operating: Wells Capital Enhanced Cash	450.2	37	27	449.6	0.0
Operating: Payden Enhanced Cash	317.4	26	19	-1,127.4	1,442.6

	2Q16 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Total Fund	0.344	0.716	0.842	NA	NA	NA	10/1/14	0.692
Fixed Income	0.656	1.574	1.775	NA	NA	NA	10/1/14	1.535
<i>Merrill Lynch Treasury 1-3 Year</i>	0.529	1.434	1.307	0.985	0.813	2.463		1.229
Cash	0.228	0.414	0.492	0.263	0.217	1.101	7/1/99	2.033
<i>Citigroup 3-month U.S. Treasury Bill Index</i>	0.065	0.119	0.138	0.066	0.064	0.961		1.833

	2Q16 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Total Fund	0.344	0.716	0.842	NA	NA	NA	10/1/14	0.692
Fixed Income	0.656	1.574	1.775	NA	NA	NA	10/1/14	1.535
Tier One: Payden Low Duration	0.567	1.301	1.461	1.134	1.036	2.715	7/1/99	3.221
Net of Fees	0.547	1.264	1.388	1.035	0.921	NA		NA
<i>Merrill Lynch Treasury 1-3 Year</i>	0.529	1.434	1.307	0.985	0.813	2.463		3.161
<i>Merrill Lynch Gov't/Corp 1-3 Year</i>	0.663	1.651	1.581	1.246	1.153	2.799		3.489
Tier One: Wells Capital Reserve Account	NA	NA	NA	NA	NA	NA	5/1/16	0.489
Net of Fees	NA	NA	NA	NA	NA	NA		0.483
<i>Merrill Lynch Treasury 1-3 Year</i>	0.529	1.434	1.307	0.985	0.813	2.463		0.497
<i>Merrill Lynch Gov't/Corp 1-3 Year</i>	0.663	1.651	1.581	1.246	1.153	2.799		0.532
Tier One: Logan Circle STAMP 1-3 Year	NA	NA	NA	NA	NA	NA	5/1/16	0.435
Net of Fees	NA	NA	NA	NA	NA	NA		0.420
<i>Merrill Lynch Treasury 1-3 Year</i>	0.529	1.434	1.307	0.985	0.813	2.463		0.497
<i>Merrill Lynch Gov't/Corp 1-3 Year</i>	0.663	1.651	1.581	1.246	1.153	2.799		0.532
Tier Two: Logan Circle STAMP 1-5 Year	0.904	2.628	3.021	2.202	NA	NA	4/1/13	1.688
Net of Fees	0.862	2.542	2.850	2.032	NA	NA		1.520
<i>Merrill Lynch 1-5 Year Treasury</i>	0.810	2.392	2.426	1.652	1.422	3.219		1.308
<i>Merrill Lynch Corp/Gov't 1-5 Year</i>	0.983	2.610	2.649	2.001	1.846	3.541		1.596

	2Q16 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Cash	0.228	0.414	0.492	0.263	0.217	1.101	7/1/99	2.033
Operating: Logan Circle Enhanced Cash	NA	NA	NA	NA	NA	NA	5/1/16	0.100
Net of Fees	NA	NA	NA	NA	NA	NA		0.086
<i>Citigroup 3-month U.S. Treasury Bill Index</i>	<i>0.065</i>	<i>0.119</i>	<i>0.138</i>	<i>0.066</i>	<i>0.064</i>	<i>0.961</i>		<i>0.041</i>
Operating: Wells Capital Enhanced Cash	NA	NA	NA	NA	NA	NA	5/1/16	0.109
Net of Fees	NA	NA	NA	NA	NA	NA		0.103
<i>Citigroup 3-month U.S. Treasury Bill Index</i>	<i>0.065</i>	<i>0.119</i>	<i>0.138</i>	<i>0.066</i>	<i>0.064</i>	<i>0.961</i>		<i>0.041</i>
Operating: Payden Enhanced Cash	0.309	0.495	0.573	0.290	0.233	1.110	7/1/99	2.038
Net of Fees	0.290	0.460	0.505	0.193	0.120	NA		NA
<i>Citigroup 3-month U.S. Treasury Bill Index</i>	<i>0.065</i>	<i>0.119</i>	<i>0.138</i>	<i>0.066</i>	<i>0.064</i>	<i>0.961</i>		<i>1.833</i>

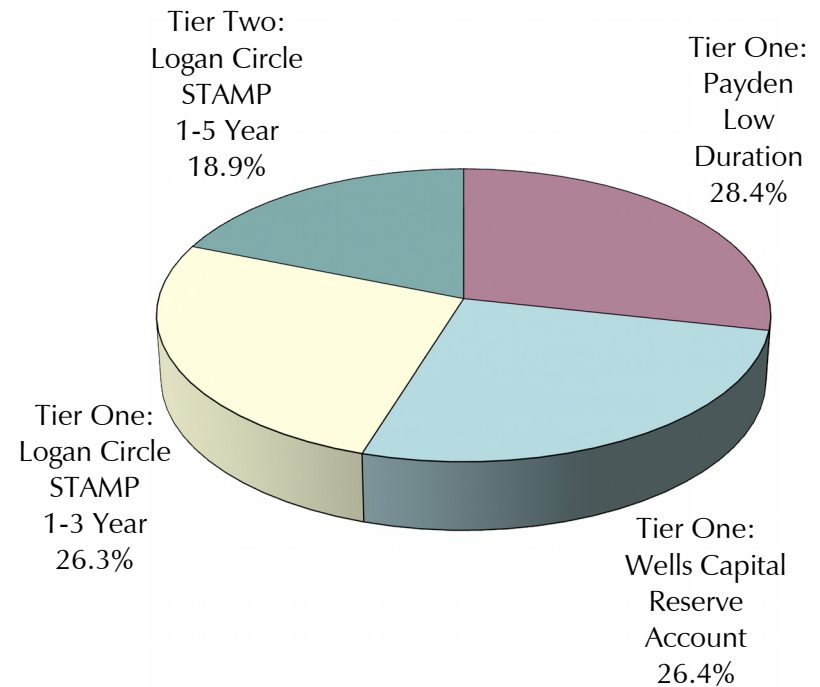
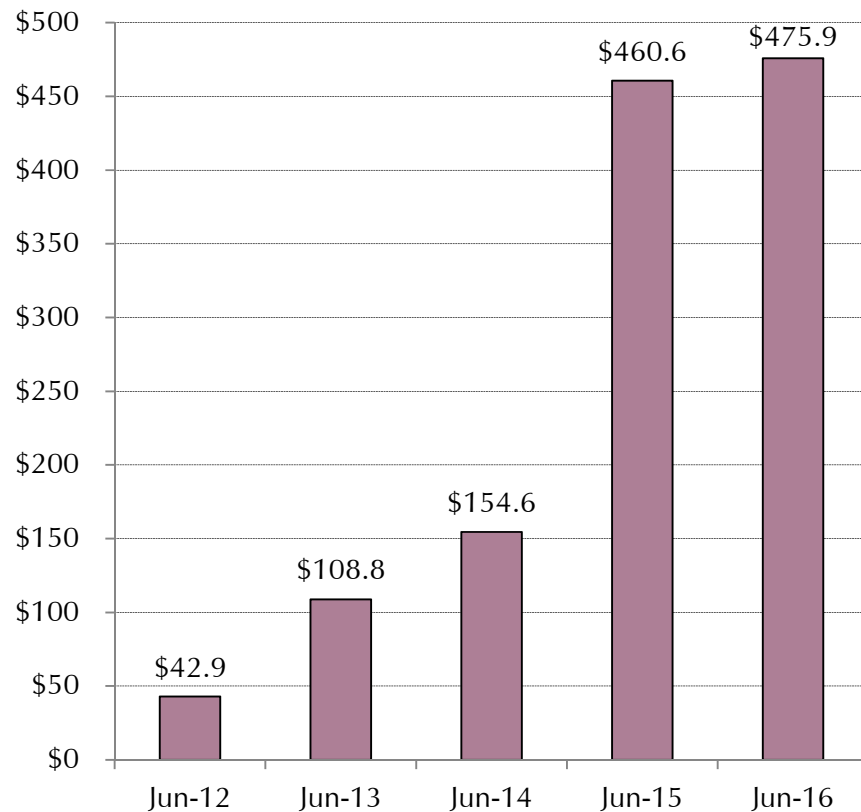
	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)
Total Fund	0.422	NA	NA	NA	NA	NA	NA	NA	NA	NA
Fixed Income	0.872	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Merrill Lynch Treasury 1-3 Year</i>	0.541	0.618	0.358	0.434	1.554	2.348	0.784	6.609	7.316	3.963
Cash	0.185	0.137	0.096	0.119	0.184	0.133	0.287	1.838	5.050	5.037
<i>Citigroup 3-month U.S. Treasury Bill Index</i>	0.028	0.033	0.050	0.072	0.076	0.130	0.163	1.797	4.738	4.760

	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)
Total Fund	0.422	NA	NA	NA	NA	NA	NA	NA	NA	NA
Fixed Income	0.872	NA	NA	NA	NA	NA	NA	NA	NA	NA
Tier One: Payden Low Duration	0.846	0.752	0.434	1.118	1.752	2.023	2.485	6.716	6.817	4.348
Net of Fees	0.755	0.642	0.309	0.979	1.608	1.878	2.340	NA	NA	NA
<i>Merrill Lynch Treasury 1-3 Year</i>	<i>0.541</i>	<i>0.618</i>	<i>0.358</i>	<i>0.434</i>	<i>1.554</i>	<i>2.348</i>	<i>0.784</i>	<i>6.609</i>	<i>7.316</i>	<i>3.963</i>
<i>Merrill Lynch Gov't/Corp 1-3 Year</i>	<i>0.668</i>	<i>0.780</i>	<i>0.705</i>	<i>1.479</i>	<i>1.562</i>	<i>2.817</i>	<i>3.833</i>	<i>4.694</i>	<i>6.874</i>	<i>4.253</i>
Tier One: Wells Capital Reserve Account	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Merrill Lynch Treasury 1-3 Year</i>	<i>0.541</i>	<i>0.618</i>	<i>0.358</i>	<i>0.434</i>	<i>1.554</i>	<i>2.348</i>	<i>0.784</i>	<i>6.609</i>	<i>7.316</i>	<i>3.963</i>
<i>Merrill Lynch Gov't/Corp 1-3 Year</i>	<i>0.668</i>	<i>0.780</i>	<i>0.705</i>	<i>1.479</i>	<i>1.562</i>	<i>2.817</i>	<i>3.833</i>	<i>4.694</i>	<i>6.874</i>	<i>4.253</i>
Tier One: Logan Circle STAMP 1-3 Year	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Merrill Lynch Treasury 1-3 Year</i>	<i>0.541</i>	<i>0.618</i>	<i>0.358</i>	<i>0.434</i>	<i>1.554</i>	<i>2.348</i>	<i>0.784</i>	<i>6.609</i>	<i>7.316</i>	<i>3.963</i>
<i>Merrill Lynch Gov't/Corp 1-3 Year</i>	<i>0.668</i>	<i>0.780</i>	<i>0.705</i>	<i>1.479</i>	<i>1.562</i>	<i>2.817</i>	<i>3.833</i>	<i>4.694</i>	<i>6.874</i>	<i>4.253</i>
Tier Two: Logan Circle STAMP 1-5 Year	1.332	1.721	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	1.164	1.552	NA	NA	NA	NA	NA	NA	NA	NA
<i>Merrill Lynch 1-5 Year Treasury</i>	<i>0.975</i>	<i>1.239</i>	<i>-0.187</i>	<i>0.916</i>	<i>3.351</i>	<i>3.611</i>	<i>0.232</i>	<i>8.730</i>	<i>8.185</i>	<i>3.797</i>
<i>Merrill Lynch Corp/Gov't 1-5 Year</i>	<i>1.050</i>	<i>1.508</i>	<i>0.317</i>	<i>2.471</i>	<i>3.097</i>	<i>4.171</i>	<i>4.884</i>	<i>4.649</i>	<i>7.272</i>	<i>4.243</i>

	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)
Cash	0.185	0.137	0.096	0.119	0.184	0.133	0.287	1.838	5.050	5.037
Operating: Logan Circle Enhanced Cash	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Citigroup 3-month U.S. Treasury Bill Index</i>	0.028	0.033	0.050	0.072	0.076	0.130	0.163	1.797	4.738	4.760
Operating: Wells Capital Enhanced Cash	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Citigroup 3-month U.S. Treasury Bill Index</i>	0.028	0.033	0.050	0.072	0.076	0.130	0.163	1.797	4.738	4.760
Operating: Payden Enhanced Cash	0.185	0.137	0.096	0.119	0.184	0.133	0.287	1.838	5.050	5.037
Net of Fees	0.098	0.028	-0.029	-0.019	0.042	-0.010	0.146	NA	NA	NA
<i>Citigroup 3-month U.S. Treasury Bill Index</i>	0.028	0.033	0.050	0.072	0.076	0.130	0.163	1.797	4.738	4.760

Fund Detail

Fixed Income Assets As of June 30, 2016



Duration & Yield:

Average Effective Duration (years)

Aggregate
Fixed Income
6/30/16

1.7

Merrill Lynch
Treasury 1-3 Year
6/30/16

1.8

Aggregate
Fixed Income
3/31/16

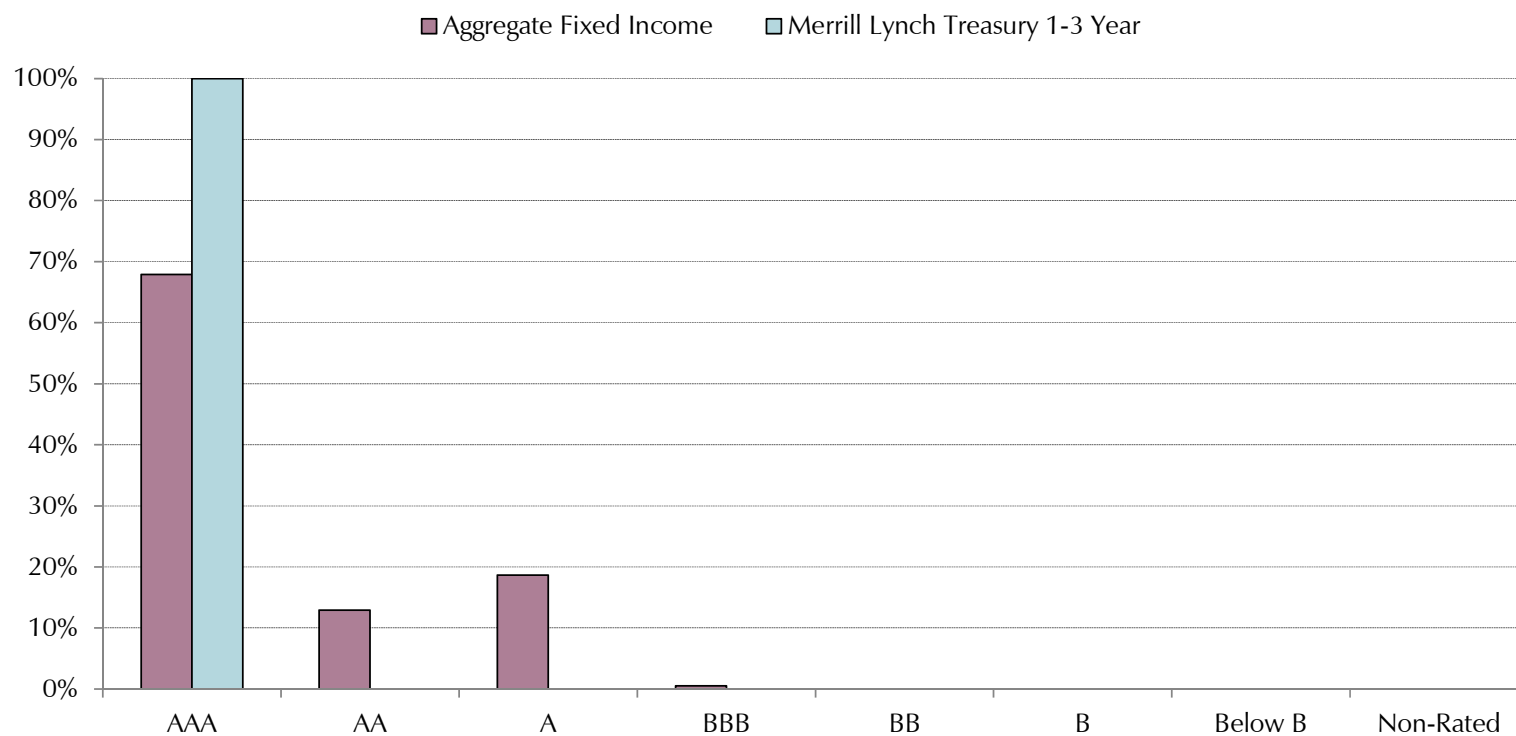
1.6

Yield to Maturity (%)

0.9

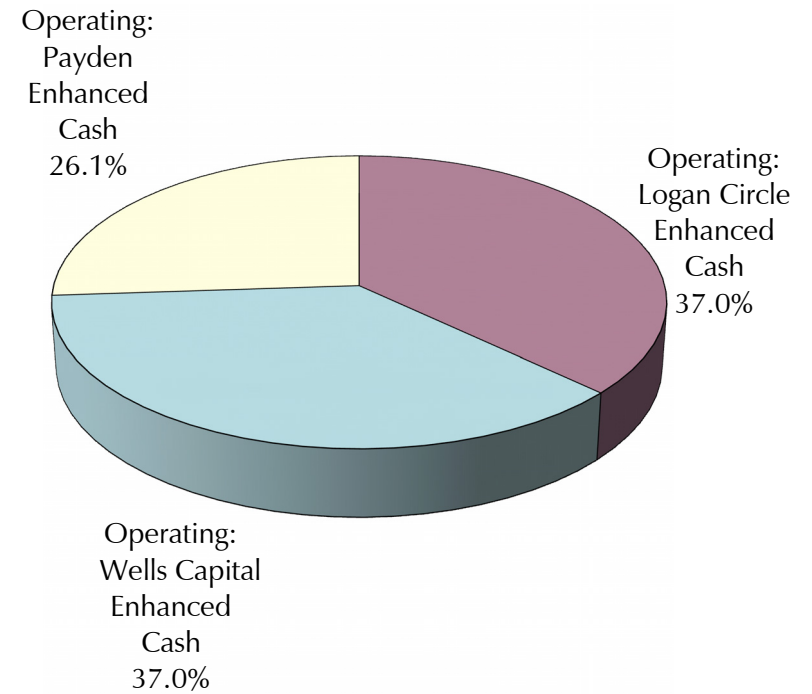
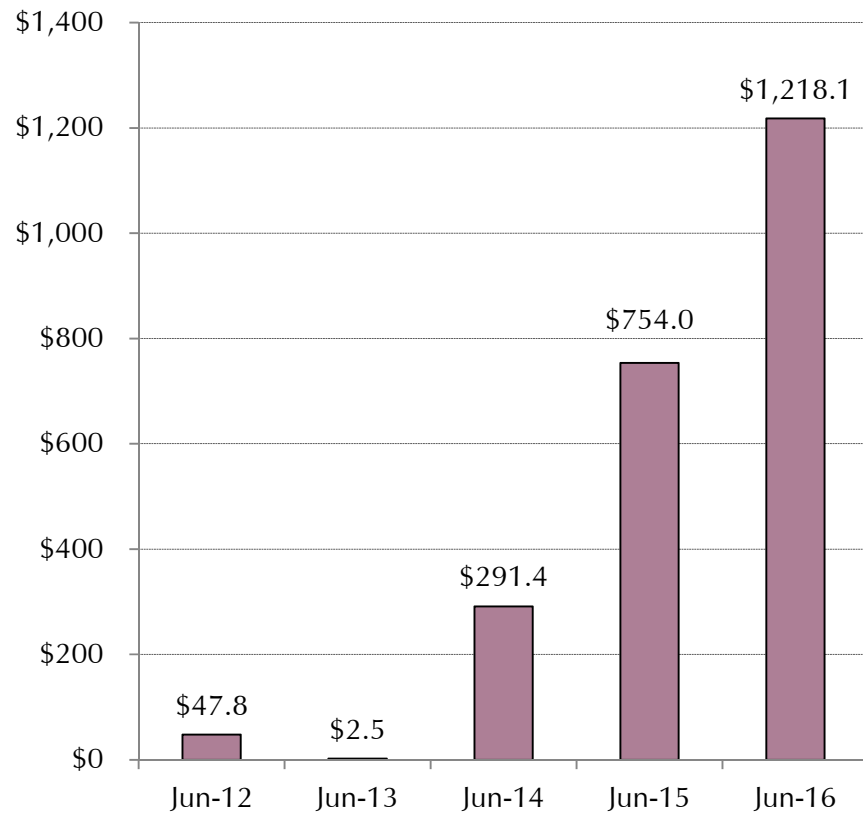
0.6

1.1



	Aggregate Fixed Income 6/30/16	Merrill Lynch Treasury 1-3 Year 6/30/16	Aggregate Fixed Income 3/31/16
Market Allocation (%):			
United States	100	100	100
Foreign (developed markets)	0	0	0
Foreign (emerging markets)	0	0	0
Currency Allocation (%):			
Non-U.S. Dollar Exposure	0	0	0
Sector Allocation (%):			
U.S. Treasury-Nominal	33	100	29
U.S. Treasury-TIPS	2	0	1
U.S. Agency	15	0	14
Mortgage Backed	1	0	1
Corporate	24	0	29
Bank Loans	0	0	0
Local & Provincial Government	4	0	5
Sovereign & Supranational	2	0	0
Commercial Mortgage Backed	3	0	4
Asset Backed	11	0	13
Cash Equivalent	1	0	0
Other	4	0	3

Cash Equivalent Assets As of June 30, 2016



Portfolio Reviews

As of June 30, 2016

Fixed Income Portfolio Reviews
As of June 30, 2016

Mandate: Investment Grade Bonds
Active/Passive: Active
Market Value: \$135.4 million
Portfolio Manager: Team
Location: Los Angeles, California
Inception Date: 7/1/1999
Account Type: Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:

0.10% on the first \$150MM, 0.08% on next \$250MM, 0.07% on balance (assets aggregated)

Liquidity Constraints:

Daily

Strategy:

The investment objective of Payden & Rygel's Low Duration portfolio is to generate a high level of total return, consistent with preservation of capital by avoiding the volatility of longer maturity bonds.

Performance (%):	2Q16	Calendar YTD	1 YR	3 YR	5 YR	Since 7/1/99
Tier One: Payden Low Duration	0.6	1.3	1.5	1.1	1.0	3.2
Net of Fees	0.5	1.3	1.4	1.0	0.9	NA
Merrill Lynch Treasury 1-3 Year	0.5	1.4	1.3	1.0	0.8	3.2
Merrill Lynch Gov't/Corp 1-3 Year	0.7	1.7	1.6	1.2	1.2	3.5
Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index	
Tier One: Payden Low Duration	0.5%	0.81	1.80	0.99	0.93	
Merrill Lynch Treasury 1-3 Year	0.6	1.00	1.20	NA	1.00	

	6/30/16	3/31/16		
	Tier One: Payden Low Duration	Merrill Lynch Treasury 1-3 Year	Tier One: Payden Low Duration	Merrill Lynch Treasury 1-3 Year
Duration & Yield:				
Average Effective Duration (years)	1.5	1.8	1.4	1.8
Yield to Maturity (%)	0.9	0.6	1.0	0.7
Quality Structure (%):				
Average Quality	AA+	AAA	AA+	AAA
AAA (includes Treasuries and Agencies)	61	100	66	100
AA	18	0	11	0
A	22	0	23	0
BBB	0	0	0	0
BB	0	0	0	0
B	0	0	0	0
Below B	0	0	0	0
Non-Rated	0	0	0	0
Sector Allocation (%):				
U.S. Treasury-Nominal	25	100	28	100
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	11	0	16	0
Mortgage Backed	0	0	1	0
Corporate	27	0	30	0
Bank Loans	0	0	0	0
Local & Provincial Government	14	0	6	0
Sovereign & Supranational	2	0	0	0
Commercial Mortgage Backed	7	0	3	0
Asset Backed	11	0	14	0
Cash Equivalent	3	0	0	0
Other	0	0	1	0
Market Allocation (%):				
United States	100	100	100	100
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	0	0	0	0
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0

Mandate: Fixed Income
Active/Passive: Active
Market Value: \$125.4 million
Portfolio Manager: Team
Location: San Francisco, California
Inception Date: 5/1/2016
Account Type: Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:

0.09% on the first \$100MM, 0.07% on the next \$200MM, 0.06% on balance (assets aggregated)

Liquidity Constraints:

Daily

Strategy:

Wells Capital's short duration fixed income team aims to maximize excess returns with a focus on income generation rather than total return. The team combines top-down sector, duration, and yield curve positioning with bottom-up security selection. The team tends to maintain overweight positions in sectors with yield advantages relative to Treasury bonds.

Performance (%):	2Q16	Calendar YTD	Since 5/1/16
Tier One: Wells Capital Reserve Account	NA	NA	0.5
Net of Fees	NA	NA	0.5
Merrill Lynch Treasury 1-3 Year	0.5	1.4	0.5
Merrill Lynch Gov't/Corp 1-3 Year	0.7	1.7	0.5

	6/30/16	
	Tier One: Wells Capital Reserve Account	Merrill Lynch Treasury 1-3 Year
Duration & Yield:		
Average Effective Duration (years)	1.8	1.8
Yield to Maturity (%)	0.8	0.6
Quality Structure (%):		
Average Quality	AAA	AAA
AAA (includes Treasuries and Agencies)	72	100
AA	8	0
A	18	0
BBB	2	0
BB	0	0
B	0	0
Below B	0	0
Non-Rated	0	0
Sector Allocation (%):		
U.S. Treasury-Nominal	40	100
U.S. Treasury-TIPS	0	0
U.S. Agency	24	0
Mortgage Backed	0	0
Corporate	26	0
Bank Loans	0	0
Local & Provincial Government	2	0
Sovereign & Supranational	0	0
Commercial Mortgage Backed	0	0
Asset Backed	8	0
Cash Equivalent	0	0
Other	0	0
Market Allocation (%):		
United States	100	100
Foreign (developed markets)	0	0
Foreign (emerging markets)	0	0
Currency Allocation (%):		
Non-U.S. Dollar Exposure	0	0

Tier One: Logan Circle STAMP 1-3 Year Portfolio Detail as of 6/30/16

Mandate: Fixed Income
Active/Passive: Active
Market Value: \$125.3 million
Portfolio Manager: Team
Location: Philadelphia, Pennsylvania
Inception Date: 5/1/2016
Account Type: Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:

0.175% on the first \$50MM, 0.09% on the next \$450MM, 0.07% on the next \$250MM, 0.05% on balance (assets aggregated).

Liquidity Constraints:

Daily

Strategy:

Logan Circle's short duration fixed income team emphasizes three key objectives: safety of principal, liquidity, and total return. The process starts with a top-down analysis of the domestic and international economic landscape, concentrating on changes in growth, inflation expectations, and monetary and fiscal policies. Portfolios are constructed within this framework and are diversified across U.S. investment grade sectors.

Performance (%):	2Q16	Calendar YTD	Since 5/1/16
Tier One: Logan Circle STAMP 1-3 Year	NA	NA	0.4
Net of Fees	NA	NA	0.4
Merrill Lynch Treasury 1-3 Year	0.5	1.4	0.5
Merrill Lynch Gov't/Corp 1-3 Year	0.7	1.7	0.5

	6/30/16	
	Tier One: Logan Circle Short Term 1-3 Year	Merrill Lynch Treasury 1-3 Year
Duration & Yield:		
Average Effective Duration (years)	1.5	1.8
Yield to Maturity (%)	0.9	0.6
Quality Structure (%):		
Average Quality	AAA	AAA
AAA (includes Treasuries and Agencies)	73	100
AA	10	0
A	18	0
BBB	0	0
BB	0	0
B	0	0
Below B	0	0
Non-Rated	0	0
Sector Allocation (%):		
U.S. Treasury-Nominal	35	100
U.S. Treasury-TIPS	3	0
U.S. Agency	18	0
Mortgage Backed	0	0
Corporate	22	0
Bank Loans	0	0
Local & Provincial Government	0	0
Sovereign & Supranational	2	0
Commercial Mortgage Backed	2	0
Asset Backed	13	0
Cash Equivalent	-1	0
Other	6	0
Market Allocation (%):		
United States	100	100
Foreign (developed markets)	0	0
Foreign (emerging markets)	0	0
Currency Allocation (%):		
Non-U.S. Dollar Exposure	0	0

Tier Two: Logan Circle STAMP 1-5 Year Portfolio Detail as of 6/30/16

Mandate: Investment Grade Bonds
Active/Passive: Active
Market Value: \$89.7 million
Portfolio Manager: Team
Location: Philadelphia, Pennsylvania
Inception Date: 4/1/2013
Account Type: Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:

0.175% on the first \$50MM, 0.09% on the next \$450MM, 0.07% on the next \$250MM, 0.05% on balance (assets aggregated).

Liquidity Constraints:

Daily

Strategy:

Logan Circle's short duration fixed income team emphasizes three key objectives: safety of principal, liquidity, and total return. The process starts with a top-down analysis of the domestic and international economic landscape, concentrating on changes in growth, inflation expectations, and monetary and fiscal policies. Portfolios are constructed within this framework and are diversified across U.S. investment grade sectors.

Performance (%):	2Q16	Calendar YTD	1 YR	3 YR	Since 4/1/13
Logan Circle Short Term 1-5 Year	0.9	2.6	3.0	2.2	1.7
Net of Fees	0.9	2.5	2.8	2.0	1.5
Merrill Lynch 1-5 Year Treasury	0.8	2.4	2.4	1.7	1.3
Merrill Lynch Corp/Gov't 1-5 Year	1.0	2.6	2.6	2.0	1.6
Risk: (thirty-nine months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
Logan Circle Short Term 1-5 Year	1.4%	0.94	1.18	1.07	0.97
Merrill Lynch 1-5 Year Treasury	1.4	1.00	0.88	NA	1.00

	6/30/16		3/31/16	
	Tier Two: Logan Circle STAMP 1-5 Year	Merrill Lynch 1-5 Year Treasury	Tier Two: Logan Circle STAMP 1-5 Year	Merrill Lynch 1-5 Year Treasury
Duration & Yield:				
Average Effective Duration (years)	2.2	2.7	2.5	2.7
Yield to Maturity (%)	1.0	0.7	1.3	0.9
Quality Structure (%):				
Average Quality	AA+	AAA	AA+	AAA
AAA (includes Treasuries and Agencies)	66	100	61	100
AA	17	0	19	0
A	17	0	20	0
BBB	0	0	0	0
BB	0	0	0	0
B	0	0	0	0
Below B	0	0	0	0
Non-Rated	0	0	0	0
Sector Allocation (%):				
U.S. Treasury-Nominal	34	100	34	100
U.S. Treasury-TIPS	4	0	4	0
U.S. Agency	3	0	4	0
Mortgage Backed	3	0	3	0
Corporate	21	0	26	0
Bank Loans	0	0	0	0
Local & Provincial Government	0	0	0	0
Sovereign & Supranational	6	0	0	0
Commercial Mortgage Backed	4	0	5	0
Asset Backed	10	0	10	0
Cash Equivalent	2	0	1	0
Other	14	0	13	0
Market Allocation (%):				
United States	100	100	100	100
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	0	0	0	0
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0

Cash Portfolio Reviews As of June 30, 2016

Mandate: Cash Equivalents
Active/Passive: Active
Market Value: \$450.5 million
Portfolio Manager: Team
Location: Philadelphia, Pennsylvania
Inception Date: 5/1/2016
Account Type: Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:

0.175% on the first \$50MM, 0.09% on the next \$450MM, 0.07% on the next \$250MM, 0.05% on balance (assets aggregated).

Liquidity Constraints:

Daily

Strategy:

Logan Circle's short duration fixed income team emphasizes three key objectives: safety of principal, liquidity, and total return. The process starts with a top-down analysis of the domestic and international economic landscape, concentrating on changes in growth, inflation expectations, and monetary and fiscal policies. Portfolios are constructed within this framework and are diversified across U.S. investment grade sectors.

Performance (%):	2Q16	Calendar YTD	Since 5/1/16
Operating: Logan Circle Enhanced Cash	NA	NA	0.1
Net of Fees	NA	NA	0.1
Citigroup 3-month U.S. Treasury Bill Index	0.1	0.1	0.0

	6/30/16 Operating: Logan Circle Enhanced Cash	Citigroup 3-month U.S. Treasury Bill Index
Duration & Yield:		
Average Effective Duration (years)	0.2	0.3
Yield to Maturity (%)	0.7	0.3
Quality Structure (%):		
Average Quality	AAA	AAA
AAA (includes Treasuries and Agencies)	74	100
AA	7	0
A	19	0
BBB	0	0
BB	0	0
B	0	0
Below B	0	0
Non-Rated	0	0
Sector Allocation (%):		
U.S. Treasury-Nominal	26	100
U.S. Treasury-TIPS	0	0
U.S. Agency	4	0
Mortgage Backed	1	0
Corporate	25	0
Bank Loans	0	0
Local & Provincial Government	0	0
Sovereign & Supranational	12	0
Commercial Mortgage Backed	4	0
Asset Backed	10	0
Cash Equivalent	15	0
Other	3	0
Market Allocation (%):		
United States	100	100
Foreign (developed markets)	0	0
Foreign (emerging markets)	0	0
Currency Allocation (%):		
Non-U.S. Dollar Exposure	0	0

Mandate: Cash Equivalents
Active/Passive: Active
Market Value: \$450.2 million
Portfolio Manager: Team
Location: San Francisco, California
Inception Date: 5/1/2016
Account Type: Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:

0.09% on the first \$100MM, 0.07% on the next \$200MM, 0.06% on balance (assets aggregated).

Liquidity Constraints:

Daily

Strategy:

Wells Capital's short duration fixed income team aims to maximize excess returns with a focus on income generation rather than total return. The team combines top-down sector, duration, and yield curve positioning with bottom-up security selection. The team tends to maintain overweight positions in sectors with yield advantages relative to Treasury bonds.

Performance (%):	2Q16	Calendar YTD	Since 5/1/16
Operating: Wells Capital Enhanced Cash	NA	NA	0.1
Net of Fees	NA	NA	0.1
Citigroup 3-month U.S. Treasury Bill Index	0.1	0.1	0.0

	6/30/16 Operating: Wells Capital Enhanced Cash	Citigroup 3-month U.S. Treasury Bill Index
Duration & Yield:		
Average Effective Duration (years)	0.4	0.3
Yield to Maturity (%)	0.5	0.3
Quality Structure (%):		
Average Quality	AAA	AAA
AAA (includes Treasuries and Agencies)	88	100
AA	1	0
A	11	0
BBB	0	0
BB	0	0
B	0	0
Below B	0	0
Non-Rated	0	0
Sector Allocation (%):		
U.S. Treasury-Nominal	53	100
U.S. Treasury-TIPS	0	0
U.S. Agency	24	0
Mortgage Backed	0	0
Corporate	17	0
Bank Loans	0	0
Local & Provincial Government	0	0
Sovereign & Supranational	6	0
Commercial Mortgage Backed	0	0
Asset Backed	0	0
Cash Equivalent	0	0
Other	0	0
Market Allocation (%):		
United States	94	100
Foreign (developed markets)	6	0
Foreign (emerging markets)	0	0
Currency Allocation (%):		
Non-U.S. Dollar Exposure	0	0

Mandate: Cash Equivalents
Active/Passive: Active
Market Value: \$317.4 million
Portfolio Manager: Team
Location: Los Angeles, California
Inception Date: 7/1/1999
Account Type: Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:

0.10% on the first \$150MM, 0.08% on next \$250MM, 0.07% on balance (assets aggregated)

Liquidity Constraints:

Daily

Strategy:

Payden & Rygel manages an enhanced cash portfolio, consisting primarily of investment-grade fixed income and money market securities.

Performance (%):	2Q16	Calendar YTD	1 YR	3 YR	5 YR	Since 7/1/99
Operating: Payden Enhanced Cash	0.3	0.5	0.6	0.3	0.2	2.0
Net of Fees	0.3	0.5	0.5	0.2	0.1	NA
Citigroup 3-month U.S. Treasury Bill Index	0.1	0.1	0.1	0.1	0.1	1.8
Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index	
Operating: Payden Enhanced Cash	0.1%	3.77	1.56	1.74	0.65	
Citigroup 3-month U.S. Treasury Bill Index	0.0	1.00	0.00	NA	1.00	

	6/30/16		3/31/16	
	Operating: Payden Enhanced Cash	Citigroup 3-month U.S. Treasury Bill Index	Operating: Payden Enhanced Cash	Citigroup 3-month U.S. Treasury Bill Index
Duration & Yield:				
Average Effective Duration (years)	0.4	0.3	0.3	0.1
Yield to Maturity (%)	0.7	0.3	0.6	0.1
Quality Structure (%):				
Average Quality	AA+	AAA	AAA	AAA
AAA (includes Treasuries and Agencies)	68	100	83	100
AA	9	0	7	0
A	22	0	10	0
BBB	0	0	0	0
BB	0	0	0	0
B	0	0	0	0
Below B	0	0	0	0
Non-Rated	0	0	0	0
Sector Allocation (%):				
U.S. Treasury-Nominal	35	100	47	100
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	16	0	18	0
Mortgage Backed	2	0	2	0
Corporate	28	0	17	0
Bank Loans	0	0	0	0
Local & Provincial Government	4	0	2	0
Sovereign & Supranational	0	0	0	0
Commercial Mortgage Backed	5	0	5	0
Asset Backed	8	0	3	0
Cash Equivalent	2	0	1	0
Other	0	0	4	0
Market Allocation (%):				
United States	100	100	100	100
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	0	0	0	0
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0

Quarterly Investment Report Supplement

Annual Investment Policy (2016) Maturity and Quality Requirements

Maximum Permitted Maturity				Actual Maximum Maturity							Compliance
Allowable Instruments	Operating Funds	Tier One	Tier Two	Operating Funds			Tier One			Tier Two	
				LC	P&R	WF	LC	P&R	WF	LC	
U.S. Treasuries	450 days	5 years	5 years	243 days	442 days	274 days	4.58 years	2.96 years	2.87 years	4.58 years	Yes
U.S. Agencies	450 days	5 years	5 years	291 days	385 days	207 days	2.33 years	2.95 years	2.30 years	2.73 years	Yes
State & Local Obligations ¹	450 days	5 years	5 years	336 days	216 days	NA	4.33 years	3.34 years	2.00 years	4.33 years	Yes
Supranationals	450 days	5 years	5 years	NA	NA	258 days	NA	2.87 years	NA	NA	Yes
Negotiable Cert of Deposit	1 year	1 year	1 year	NA	NA	NA	NA	NA	NA	NA	Yes
Commercial Paper	270 days	270 days	270 days	33 days	NA	160 days	NA	NA	NA	7 days	Yes
Repurchase Agreements	30 days	30 days	30 days	NA	NA	NA	NA	NA	NA	NA	Yes
Medium Term Notes	450 days	5 years	5 years	370 days	230 days	137 days	4.08 years	2.94 years	2.92 years	4.70 years	Yes
Mortgage/ Asset-Backed	450 days	5 years	5 years	421 days	350 days	NA	4.48 years	3.79 years	2.25 years	4.12 years	Yes
Variable & Floating Rate	450 days	5 years	5 years	75 days	92 days ²	372 days	3.55 years	76 days	3.00 years	4.43 years	Yes

- Investment managers have independently verified that they have maintained compliance with CalOptima's Investment Policy Statement-designated security credit rating requirements during the review quarter.

¹ Includes CA and any other state in the U.S.

² Effective Maturity.



Annual Investment Policy (2016) Diversification Compliance

Allowable Instruments	Maximum (%)	Logan Circle (%)	Logan Circle (\$ mm)	Payden ¹ (%)	Payden ¹ (\$ mm)	Wells Capital (%)	Wells Capital (\$ mm)	Total (%)	Total (\$ mm)
U.S. Treasuries	100	25.7	171.3	32.3	146.2	50.1	288.5	35.8	606.1
U.S. Agencies	100	3.7	24.9	14.3	64.6	21.1	121.2	12.4	210.7
State & Local Obligations ²	25	4.7	31.3	9.4	42.6	0.4	2.6	4.5	76.5
Negotiable Certificate of Deposit	30	6.4	42.6	0.6	2.6	4.3	24.8	4.1	70.0
Repurchase Agreements	100	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Medium Term Notes/Commercial Paper	30	16.9	112.3	10.2	46.3	16.2	93.2	14.9	251.9
Money Market Funds	20	13.0	86.4	-0.2	-1.0	0.1	0.8	5.1	86.3
Mortgage/Asset-Backed	20	6.5	43.3	9.3	42.2	1.8	10.2	5.7	95.7
Variable & Floating Rate	30	23.0	153.3	24.1	109.3	5.9	34.1	17.5	296.7
Total		100.0	665.6	100.0	452.8	100.0	575.6	100.0	1,693.9

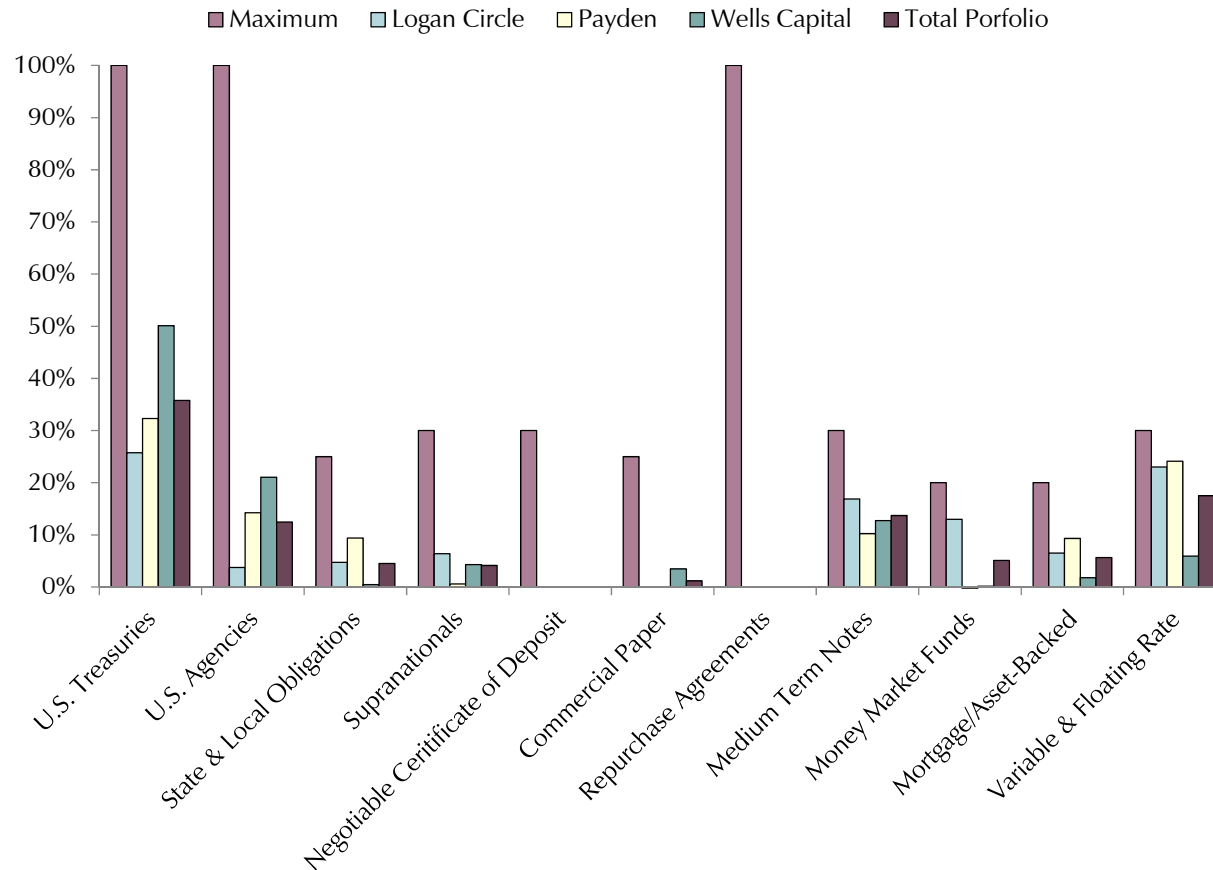
- Investment composition of each portfolio and the total portfolio are in compliance with the CalOptima Annual Investment Policy 2016.

¹ Blended allocations for Payden & Rygel, Logan Circle, and Wells Capital accounts.

² Includes CA and any other state in the U.S.

Annual Investment Policy (2016) Actual vs. Diversity Requirements

As of June 30, 2016



Custom Peer Group

Custom Peer Group

- As we've discussed with the Committee in the past, given CalOptima's unique investment guidelines, traditional fixed income peer groups are not the best fit for the Tier One and Tier Two pools.
- Meketa Investment Group surveyed the eVestment Alliance U.S. Short Duration Fixed Income universe and Morningstar's Short Duration Fixed Income universe to create custom peer universes for each of the Tier One and Tier Two pools in order to provide a more accurate performance comparison.
 - For the analysis, the combined eVestment and Morningstar universe was pared down through the elimination of funds with exposure to securities with below-"A"-rated credit.
 - Two unique buckets were established based on each portfolio's historical average effective duration relative to the Merrill Lynch 1-3 Year Treasury index (Tier One peer group) and the Merrill Lynch 1-5 year Treasury index (Tier Two peer group).
 - The Tier One peer group consists of sixteen strategies with an average effective duration of 1.6 years, while the Tier Two peer group consists of twelve strategies with an average effective duration of 1.9 years as of March 31, 2016.
- Please note that the analysis is as of March 31, 2016, as the universe of investment managers that had reported data as of June 30, 2016 was very small at the date that these materials were due (June 14, 2016).
- This analysis is based on a small peer universe that may change significantly over time, potentially resulting in large changes in peer rankings quarter-to-quarter.
- Newly incepted Tier One portfolios managed by Logan Circle and Wells Capital will be included in this report after a longer performance history is established for these portfolios.

Custom Peer Group (continued)

Gross of Fees Returns as of 3/31/2016 ¹	1Q 2016 (%)	1 Year (%)	3 Years (%)	5 Years (%)	10 Years (%)
Tier One: Payden Low Duration	0.73	1.02	0.87	1.09	2.73
Peer Group Median Return	0.94	1.13	0.96	1.17	2.82
Peer Group Rank (percentile)	84	74	74	80	62

Standard Deviation as of 3/31/2016 ²	3 Years (%)	5 Years (%)	10 Years (%)
Tier One: Payden Low Duration	0.56	0.54	1.28
Median Standard Deviation	0.68	0.64	1.24
Peer Group Rank (percentile)	19	19	77

- The Tier One portfolio has underperformed the short duration peer group over relevant trailing periods, though performance ranks near the peer group average over the ten-year trailing period.
- Standard deviation has ranked favorably versus peers over three- and five-year trailing periods, though ten-year trailing standard deviation is above the peer group median. The ten-year peer group rank is influenced by the tight concentration of peer manager standard deviation between 1.20 and 1.25.

¹ Additionally, the managers are ranked based on performance gross of fees; given the discounted fee structures offered by Logan Circle and Payden & Rygel for the Tier One and Tier Two portfolios, performance on a net-of-fee basis is more compelling relative to peers.

² For peer group standard deviation rankings, a percentile rank of 1 would indicate that the strategy exhibited the lowest standard deviation relative to the peer group, and a percentile rank of 99 would indicate that the strategy exhibited the highest standard deviation relative to the peer group.

Custom Peer Group (continued)

Gross of Fees Returns as of 3/31/2016	1Q 2016 (%)	1 Year (%)	3 Years (%)
Tier Two: Logan Circle STAMP 1-5 Year	1.71	2.07	1.53
Peer Group Median Return	1.17	1.50	1.48
Peer Group Rank (percentile)	5	1	34

Standard Deviation as of 3/31/2016 ¹	3 Years (%)
Tier Two: Logan Circle STAMP 1-5 Year	1.33
Median Standard Deviation	1.16
Peer Group Rank (percentile)	72

- Logan Circle has performed well over the trailing three-year period ended March 31, 2016, ranking in the 34th percentile of the peer group.
- Standard deviation for the strategy over the trailing three year period ranks above the peer group median, ranking in the 72nd percentile of the peer group.

¹ For peer group standard deviation rankings, a percentile rank of 1 would indicate that the strategy exhibited the lowest standard deviation relative to the peer group, and a percentile rank of 99 would indicate that the strategy exhibited the highest standard deviation relative to the peer group.

Performance Attribution

Performance Attribution

- The CalOptima Investment Advisory Committee requested the addition of attribution to performance reports. The following pages present attribution data for the Logan Circle Tier One and Tier Two portfolios, the Payden & Rygel Tier One portfolio, and the Wells Capital Tier One portfolio. The operating cash strategy is excluded given the minimal possibility of added value relative to the cash index.
- Attribution represents outperformance or underperformance, based on active investment decisions across fixed income sub-sectors, relative to a manager's benchmark index. Attribution data demonstrates where managers are able to most effectively add incremental value versus the benchmark.
- Attribution data is provided by the investment managers and is presented gross of fees as of June 30, 2016.

Payden & Rygel Tier One Performance Attribution
Gross of Fees as of 6/30/2016

Benchmark Relative Attribution (basis points)	2Q 2016	6 Month	1 Year
Duration	-5	-18	-21
Yield Curve	-5	-14	-6
Sector Selection	14	19	42
Treasury ¹	NA	NA	NA
Agency	-2	-2	-1
Corporate	11	15	28
Financial	8	10	19
Industrial	2	4	8
Utilities	1	1	1
MBS	0	0	0
CMBS	1	-1	1
ABS	2	4	7
Municipal	2	3	7
Total Excess Return	4	-13	15
Payden & Rygel Tier Two Return (%)	0.57	1.30	1.46
Merrill Lynch 1-3 Year U.S. Treasury Return (%)	0.53	1.43	1.31

¹ Treasury sector selection attribution is included in Duration and Yield Curve attribution figures.

Wells Capital Tier One Performance Attribution

Gross of Fees as of 6/30/2016

Benchmark Relative Attribution (basis points)	June 2016 ¹
Interest Rates	-3
Sector Selection	-1
Government	0
Corporate	0
Financial	-1
Industrial	1
Utilities	0
MBS	0
CMBS	0
ABS	0
Municipal	-1
Total Excess Return	-4
Wells Capital Tier One Return	0.55
Merrill Lynch 1-3 Year U.S. Treasury Index Return	0.53

¹ Since inception performance unavailable.



Logan Circle Tier One Performance Attribution

Gross of Fees as of 6/30/2016

Benchmark Relative Attribution (basis points)	Since Inception (5/2/2016)
Duration	-5
Yield Curve	-2
Sector Selection	2
Treasury	1
Agency	1
Corporate	0
Financial	0
Industrial	0
Utilities	0
MBS	0
CMBS	0
ABS	0
Municipal	0
Total Excess Return	-5
Logan Circle Tier One Return (%)	0.44
Merrill Lynch 1-3 Year Treasury Return (%)	0.49

Logan Circle Tier Two Performance Attribution

Gross of Fees as of 6/30/2016

Benchmark Relative Attribution (basis points)	2Q 2016	6 Month	1 Year
Duration	-7	-7	-6
Yield Curve	-2	2	8
Sector Selection	18	29	57
Treasury	-4	-3	23
Agency	0	0	-1
Corporate	14	18	19
Financial	13	15	18
Industrial	0	1	0
Utilities	1	2	1
MBS	0	0	0
CMBS	1	2	-1
ABS	1	3	2
Municipal	6	9	15
Total Excess Return	9	24	59
Logan Circle Tier Two Return (%)	0.90	2.63	3.02
Merrill Lynch 1-5 Year U.S. Treasury Return (%)	0.81	2.39	2.43

Holdings

As of June 30, 2016

CALOPTIMA - RESERVE ACCOUNT TIER ONE

Portfolio 2481

Portfolio Positions

as of May 31, 2016

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
Cash							
	CASH OR STIF	USD	6,023,221.71	6,023,221.71	0.00	1.000	4.47%
Total for Cash			6,023,221.71	6,023,221.71	0.00		4.47%
Treasuries							
2,040,000.000	U.S. TREASURY NOTE	912828F88	2,037,058.40	2,038,959.54	1,901.14	99.949	1.51%
	Mat: 10/31/16 Cpn: 0.38%		1,754.01	665.22			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 1/21/15 St Date: 1/22/15						
5,000,000.000	U.S. TREASURY NOTE	912828H78	4,998,828.15	4,995,700.05	(3,128.10)	99.914	3.71%
	Mat: 1/31/17 Cpn: 0.50%		138.12	8,379.12			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 1/29/15 St Date: 2/2/15						
8,460,000.000	U.S. TREASURY NOTE	912828SS0	8,497,829.84	8,472,520.38	(25,309.46)	100.148	6.29%
	Mat: 4/30/17 Cpn: 0.88%		19,815.87	6,436.96			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 1/21/15 St Date: 1/22/15						
2,210,000.000	U.S. TREASURY NOTE	912828XP0	2,205,683.59	2,206,110.33	426.74	99.824	1.64%
	Mat: 7/31/17 Cpn: 0.63%		0.00	4,629.46			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 7/30/15 St Date: 7/31/15						
160,000.000	U.S. TREASURY NOTE	912828M72	160,250.00	160,155.20	(94.80)	100.097	0.12%
	Mat: 11/30/17 Cpn: 0.88%		573.77	3.83			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 4/27/16 St Date: 4/28/16						
873,000.000	U.S. TREASURY NOTE	912828UR9	872,992.54	871,393.70	(1,598.85)	99.816	0.65%
	Mat: 2/28/18 Cpn: 0.75%		0.00	1,654.67			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 2/23/16 St Date: 2/29/16						
6,741,000.000	U.S. TREASURY NOTE	912828R51	6,735,002.26	6,740,730.49	5,728.23	99.996	5.00%
	Mat: 5/31/18 Cpn: 0.88%		0.00	161.16			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 5/24/16 St Date: 5/31/16						
3,210,000.000	U.S. TREASURY NOTE	912828P95	3,212,633.20	3,209,903.76	(2,729.44)	99.997	2.39%
	Mat: 3/15/19 Cpn: 1.00%		1,482.88	6,803.80			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 3/29/16 St Date: 4/1/16						
Total for Treasuries			28,720,277.99	28,695,473.46	(24,804.53)		21.32%
			23,764.64	28,734.21			



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CALOPTIMA - RESERVE ACCOUNT TIER ONE

Portfolio 2481

Portfolio Positions

as of May 31, 2016

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
Government Related							
1,080,000.000	INTL BANK RECON & DEVELOP Mat: 7/19/18 Cpn: 0.88% Moody's: Aaa S&P: AAA Fitch: AAA Tr Date: 4/12/16 St Date: 4/19/16	459058FE8	1,078,088.40 0.00	1,076,870.81 1,102.50	(1,217.59)	99.710	0.80%
1,300,000.000	HOUSING URBAN DEVELOPMENT Mat: 8/1/18 Cpn: 1.33% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 5/19/15 St Date: 5/28/15	911759LZ9	1,300,000.00 0.00	1,303,601.00 5,763.33	3,601.00	100.277	0.97%
1,500,000.000	INTER-AMERICAN DEVELOPMENT BANK Mat: 5/13/19 Cpn: 1.00% Moody's: Aaa S&P: AAA Fitch: AAA Tr Date: 4/5/16 St Date: 4/12/16	458182DX7	1,495,500.00 0.00	1,493,306.85 2,041.67	(2,193.15)	99.554	1.11%
Total for Government Related			3,873,588.40 0.00	3,873,778.66 8,907.50	190.26		2.88%
Agencies							
580,000.000	FHLB Mat: 9/28/16 Cpn: 0.50% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 1/21/15 St Date: 1/22/15	3130A2T97	580,011.60 918.33	580,040.60 507.50	29.00	100.007	0.43%
2,000,000.000	FHLMC C 5/26/16 Q Mat: 2/26/18 Cpn: 1.05% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 2/5/16 St Date: 2/26/16	3134G8L98	2,000,000.00 0.00	1,997,633.80 5,541.67	(2,366.20)	99.882	1.49%
3,000,000.000	FHLMC C 6/16/16 Q Mat: 3/16/18 Cpn: 1.13% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 3/17/16 St Date: 3/21/16	3134G8NT2	2,999,850.00 468.75	2,999,719.20 7,031.25	(130.80)	99.991	2.23%
2,000,000.000	FHLMC C 1/29/16 Q Mat: 10/29/18 Cpn: 1.20% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 10/16/15 St Date: 10/29/15	3134G72P5	2,000,000.00 0.00	1,998,708.80 2,133.33	(1,291.20)	99.935	1.48%
3,830,000.000	FNMA Mat: 2/26/19 Cpn: 1.00% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 2/19/16 St Date: 2/23/16	3135G0J53	3,820,961.20 0.00	3,822,603.12 10,106.94	1,641.92	99.807	2.84%
2,170,000.000	FHLMC Mat: 4/15/19 Cpn: 1.13% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 3/18/16 St Date: 3/21/16	3137EADZ9	2,169,283.90 0.00	2,171,823.02 4,746.88	2,539.12	100.084	1.62%



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CALOPTIMA - RESERVE ACCOUNT TIER ONE

Portfolio 2481

Portfolio Positions

as of May 31, 2016

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
Total for Agencies			13,570,106.70 1,387.08	13,570,528.54 30,067.57	421.84		10.09%
Tax-Exempt							
70,000.000	CA SAC CNTY SFM ESCROWED-AMT	786149GJ7	86,817.50 248.89	70,399.70 2,333.33	(16,417.80)	100.571	0.05%
	Mat: 7/1/16 Cpn: 8.00%						
	Moody's: Aaa S&P: AA+ Fitch:						
	Tr Date: 1/14/13 St Date: 1/17/13						
Total for Tax-Exempt			86,817.50 248.89	70,399.70 2,333.33	(16,417.80)		0.05%
Taxable Muni							
2,000,000.000	HI STATE TAXABLE	4197915E4	2,004,180.00 2,761.56	2,000,260.00 4,873.33	(3,920.00)	100.013	1.49%
	Mat: 8/1/16 Cpn: 0.73%						
	Moody's: Aa2 S&P: AA Fitch: AA						
	Tr Date: 1/29/15 St Date: 2/3/15						
1,160,000.000	CA SACRAMENTO CNTY SANI DIST TAXABLE	786134UW4	1,160,000.00 0.00	1,160,730.80 4,640.00	730.80	100.063	0.86%
	Mat: 12/1/16 Cpn: 0.80%						
	Moody's: Aa3 S&P: AA Fitch: AA-						
	Tr Date: 11/6/14 St Date: 11/19/14						
550,000.000	CA UNIVERSITY OF CALIFORNIA TAXABLE	91412GUU7	550,000.00 0.00	553,393.50 298.71	3,393.50	100.617	0.41%
	Mat: 5/15/17 Cpn: 1.22%						
	Moody's: Aa2 S&P: AA Fitch:						
	Tr Date: 4/4/14 St Date: 4/10/14						
600,000.000	MN MINNESOTA ST TAXABLE	604146AX8	600,492.00 2,685.15	600,942.00 3,159.00	450.00	100.157	0.45%
	Mat: 6/1/17 Cpn: 1.05%						
	Moody's: S&P: AA Fitch: AA						
	Tr Date: 10/30/15 St Date: 11/4/15						
1,600,000.000	CA SACRAMENTO CITY USD GO/ULT TAXABLE	785870WA0	1,600,000.00 0.00	1,605,824.00 6,656.00	5,824.00	100.364	1.20%
	Mat: 8/1/17 Cpn: 1.25%						
	Moody's: S&P: AA Fitch:						
	Tr Date: 5/15/15 St Date: 6/4/15						
2,000,000.000	CA STATE GO TAXABLE	13063CPN4	2,013,560.00 4,305.56	2,008,220.00 2,083.33	(5,340.00)	100.411	1.49%
	Mat: 11/1/17 Cpn: 1.25%						
	Moody's: Aa3 S&P: AA- Fitch: A+						
	Tr Date: 1/22/15 St Date: 1/27/15						
200,000.000	CA LOS ANGELES PUB WORKS TAXABLE	54473ERP1	200,000.00 0.00	201,470.00 1,507.00	1,470.00	100.735	0.15%
	Mat: 12/1/17 Cpn: 1.51%						
	Moody's: A1 S&P: AA Fitch: AA-						
	Tr Date: 8/13/15 St Date: 9/2/15						



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CALOPTIMA - RESERVE ACCOUNT TIER ONE

Portfolio 2481

Portfolio Positions

as of May 31, 2016

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
1,300,000.000	WI STATE GENERAL APROPRIATION TAXABLE Mat: 5/1/18 Cpn: 5.05% Moody's: Aa3 S&P: AA Fitch: AA- Tr Date: 9/29/15 St Date: 10/2/15	977100AU0	1,422,824.00 27,536.53	1,401,569.00 5,470.83	(21,255.00)	107.813	1.04%
610,000.000	WI STATE TAXABLE Mat: 5/1/18 Cpn: 1.64% Moody's: Aa3 S&P: AA- Fitch: AA- Tr Date: 10/27/15 St Date: 10/30/15	977100CQ7	617,411.50 4,986.34	614,593.30 835.70	(2,818.20)	100.753	0.46%
375,000.000	CA MORGAN HILL UNIF SCH DIST GO/ULT TXB Mat: 8/1/18 Cpn: 1.64% Moody's: Aa1 S&P: Fitch: Tr Date: 11/18/15 St Date: 12/17/15	617403EJ5	375,000.00 0.00	379,650.00 2,051.25	4,650.00	101.240	0.28%
1,500,000.000	MS STATE ULT/OG TAXABLE Mat: 10/1/18 Cpn: 1.47% Moody's: Aa2 S&P: AA Fitch: AA+ Tr Date: 2/4/15 St Date: 2/18/15	605581FY8	1,500,000.00 0.00	1,521,975.00 3,680.00	21,975.00	101.465	1.13%
1,400,000.000	CA LOS ANGELES MUNI IMPT TAXABLE Mat: 11/1/18 Cpn: 2.34% Moody's: S&P: A+ Fitch: A+ Tr Date: 11/4/15 St Date: 11/19/15	544587B98	1,400,000.00 0.00	1,434,734.00 2,734.67	34,734.00	102.481	1.07%
750,000.000	CA PASADENA UNIF SCH DIST GO/ULT TXB Mat: 11/1/18 Cpn: 1.86% Moody's: Aa2 S&P: A+ Fitch: Tr Date: 7/23/15 St Date: 7/28/15	702282ND2	755,820.00 3,373.06	762,315.00 1,163.13	6,495.00	101.642	0.57%
450,000.000	CA LOS ANGELES PUB WORKS TAXABLE Mat: 12/1/18 Cpn: 2.04% Moody's: A1 S&P: AA Fitch: AA- Tr Date: 8/13/15 St Date: 9/2/15	54473ERQ9	450,000.00 0.00	454,887.00 4,581.00	4,887.00	101.086	0.34%
2,500,000.000	CA EARTHQUAKE AUTH TAXABLE Mat: 7/1/19 Cpn: 2.81% Moody's: A3 S&P: Fitch: A Tr Date: 2/6/15 St Date: 2/11/15	13017HAE6	2,529,925.00 7,791.67	2,563,525.00 29,218.75	33,600.00	102.541	1.92%
1,000,000.000	CA UNIVERSITY OF CALIFORNIA TAXABLE Mat: 7/1/19 Cpn: 1.80% Moody's: Aa2 S&P: AA Fitch: AA Tr Date: 3/2/15 St Date: 3/5/15	91412GSB2	1,000,000.00 3,192.89	1,017,400.00 7,483.33	17,400.00	101.740	0.76%
370,000.000	CA LOS ANGELES MUNI IMPT TAXABLE Mat: 11/1/19 Cpn: 2.85% Moody's: S&P: A+ Fitch: A+ Tr Date: 2/25/16 St Date: 3/1/16	544587C22	381,536.60 2,983.56	380,763.30 877.52	(773.30)	102.909	0.28%



CALOPTIMA - RESERVE ACCOUNT TIER ONE

Portfolio 2481

Portfolio Positions

as of May 31, 2016

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
Total for Taxable Muni			18,560,749.10 59,616.32	18,662,251.90 81,313.55	101,502.80		13.91%
Credit							
750,000.000	MANUFACTURERS & TRADERS TRUST FRN	55279HAC4	749,347.50	750,315.75	968.25	100.042	0.56%
	Mat: 1/30/17 Cpn: 1.01%		91.82	633.34			
	Moody's: A2 S&P: A Fitch: A						
	Tr Date: 2/3/15 St Date: 2/6/15						
250,000.000	MANUFACTURERS & TRADERS TRUST	55279HAD2	249,977.50	250,417.25	439.75	100.167	0.19%
	Mat: 1/30/17 Cpn: 1.25%		0.00	1,050.35			
	Moody's: A2 S&P: A Fitch: A						
	Tr Date: 1/27/14 St Date: 1/30/14						
500,000.000	AFLAC	001055AH5	517,810.00	505,547.50	(12,262.50)	101.110	0.38%
	Mat: 2/15/17 Cpn: 2.65%		699.31	3,901.39			
	Moody's: A3 S&P: A- Fitch: A-						
	Tr Date: 8/29/14 St Date: 9/4/14						
1,100,000.000	AMERICAN EXPRESS CREDIT	0258M0DD8	1,134,067.00	1,112,400.30	(21,666.70)	101.127	0.83%
	Mat: 3/24/17 Cpn: 2.38%		2,177.08	4,862.15			
	Moody's: A2 S&P: A- Fitch: A						
	Tr Date: 10/21/14 St Date: 10/24/14						
1,000,000.000	PHILLIPS 66	718546AJ3	1,043,540.00	1,016,199.00	(27,341.00)	101.620	0.76%
	Mat: 5/1/17 Cpn: 2.95%		14,422.22	2,458.33			
	Moody's: A3 S&P: BBB+ Fitch:						
	Tr Date: 10/22/14 St Date: 10/27/14						
1,000,000.000	SO CAL EDISON	842400GB3	1,001,143.00	1,001,796.00	653.00	100.180	0.74%
	Mat: 5/1/17 Cpn: 1.13%		2,253.13	937.50			
	Moody's: Aa3 S&P: A Fitch: A+						
	Tr Date: 5/6/14 St Date: 5/9/14						
420,000.000	AMGEN	031162BR0	419,542.20	420,284.76	742.56	100.068	0.31%
	Mat: 5/22/17 Cpn: 1.25%		0.00	131.25			
	Moody's: Baa1 S&P: A Fitch: BBB						
	Tr Date: 5/19/14 St Date: 5/22/14						
485,000.000	NATIONAL CITY BANK FRN	63534PAH0	483,797.20	484,118.76	321.56	99.818	0.36%
	Mat: 6/7/17 Cpn: 1.01%		631.13	1,165.10			
	Moody's: A3 S&P: A- Fitch: A						
	Tr Date: 8/21/14 St Date: 8/26/14						
510,000.000	UNITEDHEALTH GROUP	91324PCK6	509,903.10	511,553.13	1,650.03	100.305	0.38%
	Mat: 7/17/17 Cpn: 1.45%		0.00	2,752.58			
	Moody's: A3 S&P: A+ Fitch: A-						
	Tr Date: 7/20/15 St Date: 7/23/15						



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CALOPTIMA - RESERVE ACCOUNT TIER ONE

Portfolio 2481

Portfolio Positions

as of May 31, 2016

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
260,000.000	MANUFACTURERS & TRADERS TRUST Mat: 7/25/17 Cpn: 1.40% Moody's: A2 S&P: A Fitch: A Tr Date: 7/22/14 St Date: 7/25/14	55279HAF7	259,901.20 0.00	259,925.43 1,274.00	24.23	99.971	0.19%
1,200,000.000	BRISTOL-MYERS SQUIBB Mat: 8/1/17 Cpn: 0.88% Moody's: A2 S&P: A+ Fitch: A- Tr Date: 1/21/15 St Date: 1/26/15	110122AS7	1,195,956.00 5,104.17	1,197,886.87 3,500.00	1,930.87	99.824	0.89%
800,000.000	BB&T CORPORATION Mat: 8/15/17 Cpn: 1.60% Moody's: A2 S&P: A- Fitch: A+ Tr Date: 1/22/15 St Date: 1/27/15	05531FAL7	805,896.00 5,760.00	802,238.95 3,768.89	(3,657.05)	100.280	0.60%
1,200,000.000	JPMORGAN CHASE Mat: 8/15/17 Cpn: 2.00% Moody's: A3 S&P: A- Fitch: A+ Tr Date: 1/21/15 St Date: 1/26/15	48126EAA5	1,212,708.00 10,733.33	1,208,897.83 7,066.67	(3,810.17)	100.742	0.90%
160,000.000	CATERPILLAR FINANCIAL Mat: 8/18/17 Cpn: 1.25% Moody's: A2 S&P: A Fitch: A Tr Date: 8/13/14 St Date: 8/20/14	14912L6D8	159,920.00 0.00	160,139.62 572.22	219.62	100.087	0.12%
700,000.000	MORGAN STANLEY Mat: 8/28/17 Cpn: 6.25% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 8/26/14 St Date: 8/29/14	617446V71	791,567.00 121.53	739,150.75 11,302.08	(52,416.25)	105.593	0.56%
1,000,000.000	GOLDMAN SACHS Mat: 9/1/17 Cpn: 6.25% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 8/19/14 St Date: 8/22/14	38144LAB6	1,133,440.00 29,687.50	1,055,019.84 15,625.00	(78,420.16)	105.502	0.79%
1,210,000.000	US BANK OHIO Mat: 9/11/17 Cpn: 1.38% Moody's: A1 S&P: AA- Fitch: AA Tr Date: 9/8/14 St Date: 9/11/14	90331HMH3	1,212,672.40 2,578.13	1,211,398.03 3,697.22	(1,274.37)	100.116	0.90%
1,250,000.000	PNC BANK Mat: 9/21/17 Cpn: 4.88% Moody's: A3 S&P: A- Fitch: A Tr Date: 1/21/15 St Date: 1/26/15	69349LAC2	1,354,225.00 21,158.86	1,299,876.25 11,848.96	(54,348.75)	103.990	0.97%
250,000.000	BB&T CORPORATION Mat: 10/1/17 Cpn: 1.35% Moody's: A1 S&P: A Fitch: A+ Tr Date: 8/7/14 St Date: 8/14/14	07330NAK1	249,845.00 0.00	250,225.11 562.50	380.11	100.090	0.19%



CALOPTIMA - RESERVE ACCOUNT TIER ONE

Portfolio 2481

Portfolio Positions

as of May 31, 2016

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
1,200,000.000	PACCAR FINANCIAL Mat: 11/17/17 Cpn: 1.40% Moody's: A1 S&P: A+ Fitch: Tr Date: 1/22/15 St Date: 1/26/15	69371RM37	1,204,704.00 3,220.00	1,203,863.06 653.33	(840.94)	100.322	0.89%
1,200,000.000	CHEVRON Mat: 12/5/17 Cpn: 1.10% Moody's: Aa2 S&P: AA- Fitch: Tr Date: 1/21/15 St Date: 1/26/15	166764AA8	1,200,624.00 1,876.80	1,196,008.85 6,476.80	(4,615.15)	99.667	0.89%
330,000.000	JOHN DEERE CAPITAL Mat: 12/15/17 Cpn: 1.55% Moody's: A2 S&P: A Fitch: Tr Date: 9/10/14 St Date: 9/15/14	24422ESR1	329,920.80 0.00	332,123.10 2,358.58	2,202.30	100.643	0.25%
250,000.000	METLIFE Mat: 12/15/17 Cpn: 1.90% Moody's: A3 S&P: A- Fitch: A- Tr Date: 9/30/14 St Date: 10/7/14	59156RBK3	250,763.25 376.29	251,551.53 1,004.36	788.28	100.621	0.19%
263,000.000	JOHN DEERE CAPITAL CORP Mat: 1/16/18 Cpn: 1.35% Moody's: A2 S&P: A Fitch: Tr Date: 1/13/15 St Date: 1/16/15	24422EST7	262,868.50 0.00	263,813.77 1,331.44	945.27	100.309	0.20%
880,000.000	WELLS FARGO Mat: 1/22/18 Cpn: 1.65% Moody's: Aa2 S&P: AA- Fitch: AA Tr Date: 1/22/16 St Date: 1/29/16	94988J5A1	879,744.80 0.00	884,596.18 4,920.67	4,851.38	100.522	0.66%
695,000.000	CAPITAL ONE BANK Mat: 2/5/18 Cpn: 1.65% Moody's: Baa1 S&P: BBB+ Fitch: A- Tr Date: 2/4/15 St Date: 2/9/15	14042E4L1	694,576.05 127.42	691,260.99 3,695.08	(3,315.06)	99.462	0.52%
1,200,000.000	CITIGROUP Mat: 2/5/18 Cpn: 1.80% Moody's: Baa1 S&P: BBB+ Fitch: A Tr Date: 1/29/15 St Date: 2/5/15	172967JH5	1,199,088.00 0.00	1,201,233.85 6,960.00	2,145.85	100.103	0.90%
410,000.000	CATERPILLAR Mat: 2/23/18 Cpn: 1.50% Moody's: A2 S&P: A Fitch: A Tr Date: 2/22/16 St Date: 2/25/16	14912L6P1	409,905.70 0.00	412,256.17 1,640.00	2,350.47	100.550	0.31%
480,000.000	EXXON MOBIL Mat: 3/1/18 Cpn: 1.44% Moody's: Aaa S&P: AA+ Fitch: Tr Date: 2/29/16 St Date: 3/3/16	30231GAU6	480,000.00 0.00	482,169.40 1,688.43	2,169.40	100.452	0.36%



CALOPTIMA - RESERVE ACCOUNT TIER ONE

Portfolio 2481

Portfolio Positions

as of May 31, 2016

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
570,000.000	ELI LILLY & CO Mat: 3/1/18 Cpn: 1.25% Moody's: A2 S&P: AA- Fitch: A Tr Date: 2/24/15 St Date: 3/5/15	532457BK3	569,498.40 0.00	570,223.44 1,781.25	725.04	100.039	0.42%
375,000.000	EXXON MOBIL Mat: 3/6/18 Cpn: 1.31% Moody's: Aaa S&P: AA+ Fitch: Tr Date: 3/3/15 St Date: 3/6/15	30231GAL6	375,000.00 0.00	375,833.64 1,155.47	833.64	100.222	0.28%
900,000.000	CHARLES SCHWAB Mat: 3/10/18 Cpn: 1.50% Moody's: A2 S&P: A Fitch: A Tr Date: 3/3/15 St Date: 3/10/15	808513AK1	898,866.00 0.00	899,592.62 3,037.50	726.62	99.955	0.67%
1,275,000.000	BANK OF AMERICA Mat: 3/26/18 Cpn: 1.65% Moody's: A1 S&P: A Fitch: A+ Tr Date: 3/20/15 St Date: 3/26/15	06050TLY6	1,274,590.25 1,989.17	1,275,057.87 3,798.44	467.62	100.005	0.95%
1,220,000.000	ABBVIE Mat: 5/14/18 Cpn: 1.80% Moody's: Baa2 S&P: A- Fitch: Tr Date: 5/5/15 St Date: 5/14/15	00287YAN9	1,218,755.60 0.00	1,221,698.50 1,037.00	2,942.90	100.139	0.91%
205,000.000	QUALCOMM Mat: 5/18/18 Cpn: 1.40% Moody's: A1 S&P: A+ Fitch: Tr Date: 5/13/15 St Date: 5/20/15	747525AG8	204,725.30 0.00	205,646.08 87.69	920.78	100.315	0.15%
1,200,000.000	BNY MELLON Mat: 5/22/18 Cpn: 1.60% Moody's: A1 S&P: A Fitch: AA- Tr Date: 5/22/15 St Date: 5/29/15	06406HDB2	1,199,892.00 0.00	1,203,863.71 480.00	3,971.71	100.322	0.89%
600,000.000	CISCO SYSTEMS Mat: 6/15/18 Cpn: 1.65% Moody's: A1 S&P: AA- Fitch: Tr Date: 6/10/15 St Date: 6/17/15	17275RAU6	599,898.00 0.00	606,306.34 4,565.00	6,408.34	101.051	0.45%
280,000.000	JOHN DEERE CAPITAL Mat: 7/13/18 Cpn: 1.60% Moody's: A2 S&P: A Fitch: Tr Date: 7/9/15 St Date: 7/14/15	24422ESX8	279,893.60 0.00	281,764.33 1,717.33	1,870.73	100.630	0.21%
590,000.000	UNITEDHEALTH GROUP Mat: 7/16/18 Cpn: 1.90% Moody's: A3 S&P: A+ Fitch: A- Tr Date: 7/20/15 St Date: 7/23/15	91324PCL4	589,250.70 0.00	596,436.52 4,203.75	7,185.82	101.091	0.45%



CALOPTIMA - RESERVE ACCOUNT TIER ONE

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Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
700,000.000	FIFTH THIRD BANK Mat: 8/20/18 Cpn: 2.15% Moody's: A3 S&P: A- Fitch: A Tr Date: 8/17/15 St Date: 8/20/15	31677QBD0	699,881.00 0.00	705,885.80 4,222.36	6,004.80	100.841	0.53%
380,000.000	LOWES COMPANIES FRN Mat: 9/14/18 Cpn: 1.23% Moody's: A3 S&P: A- Fitch: Tr Date: 9/9/15 St Date: 9/16/15	548661DF1	380,000.00 0.00	383,619.88 1,027.64	3,619.88	100.953	0.29%
1,200,000.000	MICROSOFT Mat: 11/3/18 Cpn: 1.30% Moody's: Aaa S&P: AAA Fitch: AA+ Tr Date: 10/29/15 St Date: 11/3/15	594918BF0	1,198,800.00 0.00	1,203,511.04 1,213.33	4,711.04	100.293	0.89%
1,320,000.000	WISCONSIN ELECTRIC POWER Mat: 12/4/18 Cpn: 1.65% Moody's: A1 S&P: A- Fitch: A+ Tr Date: 12/1/15 St Date: 12/4/15	976843BK7	1,318,772.40 0.00	1,328,202.47 10,708.50	9,430.07	100.621	0.99%
470,000.000	MORGAN STANLEY Mat: 2/1/19 Cpn: 2.45% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 1/22/16 St Date: 1/27/16	61746BDX1	469,685.10 0.00	476,108.76 3,966.28	6,423.66	101.300	0.36%
320,000.000	APPLE Mat: 2/22/19 Cpn: 1.70% Moody's: Aa1 S&P: AA+ Fitch: Tr Date: 2/16/16 St Date: 2/23/16	037833BQ2	319,945.60 0.00	322,839.21 1,480.89	2,893.61	100.887	0.24%
550,000.000	CISCO SYSTEMS Mat: 2/28/19 Cpn: 1.60% Moody's: A1 S&P: AA- Fitch: Tr Date: 2/22/16 St Date: 2/29/16	17275RBB7	549,840.50 0.00	554,769.15 2,224.44	4,928.65	100.867	0.41%
450,000.000	EXXON MOBIL Mat: 3/1/19 Cpn: 1.71% Moody's: Aaa S&P: AA+ Fitch: Tr Date: 2/29/16 St Date: 3/3/16	30231GAP7	450,000.00 0.00	452,788.81 1,878.80	2,788.81	100.620	0.34%
420,000.000	STRYKER Mat: 3/8/19 Cpn: 2.00% Moody's: Baa1 S&P: A Fitch: Tr Date: 3/3/16 St Date: 3/10/16	863667AK7	419,512.80 0.00	423,084.28 1,890.00	3,571.48	100.734	0.32%
650,000.000	AT&T Mat: 3/11/19 Cpn: 2.30% Moody's: Baa1 S&P: BBB+ Fitch: A- Tr Date: 5/3/16 St Date: 5/12/16	00206RCC4	661,810.50 2,533.19	658,636.68 3,322.22	(3,173.82)	101.329	0.49%



CALOPTIMA - RESERVE ACCOUNT TIER ONE

Portfolio 2481

Portfolio Positions

as of May 31, 2016

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
790,000.000	BERKSHIRE HATHAWAY Mat: 3/15/19 Cpn: 1.70% Moody's: Aa2 S&P: AA Fitch: A+ Tr Date: 3/8/16 St Date: 3/15/16	084664CG4	789,399.60 0.00	797,387.32 2,835.22	7,987.72	100.935	0.59%
520,000.000	FIFTH THIRD BANK Mat: 3/15/19 Cpn: 2.30% Moody's: A3 S&P: A- Fitch: A Tr Date: 3/10/16 St Date: 3/15/16	31677QBF5	519,880.40 0.00	525,774.06 2,524.89	5,893.66	101.110	0.39%
290,000.000	BRANCH BANKING & TRUST Mat: 5/10/19 Cpn: 1.45% Moody's: A1 S&P: A Fitch: A+ Tr Date: 5/5/16 St Date: 5/10/16	07330NAL9	289,736.10 0.00	288,828.40 245.29	(907.70)	99.596	0.21%
460,000.000	WELLS FARGO Mat: 5/24/19 Cpn: 1.75% Moody's: Aa2 S&P: Fitch: AA Tr Date: 5/25/16 St Date: 6/2/16	94988J5D5	459,802.20 0.00	461,773.36 0.00	1,971.16	100.386	0.34%
670,000.000	COCA-COLA Mat: 5/30/19 Cpn: 1.38% Moody's: Aa3 S&P: AA- Fitch: A+ Tr Date: 5/25/16 St Date: 5/31/16	191216BV1	669,531.00 0.00	671,926.14 25.59	2,395.14	100.288	0.50%
Total for Credit			37,804,420.25 105,541.07	37,647,826.45 167,267.13	(156,593.80)		28.06%

Mortgage-Backed

155,466.900	FHMS K501 A2 CMBS Mat: 11/25/16 Cpn: 1.66% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 12/5/12 St Date: 12/10/12	3137ANLP8	160,314.91 61.59	155,479.03 214.41	(4,835.88)	100.008	0.12%
38,845.630	FNA 2014-M5 FA 1MOFRN CMBS Mat: 1/25/17 Cpn: 0.78% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 5/9/14 St Date: 5/30/14	3136AJ2A3	38,832.64 15.70	38,824.89 26.16	(7.75)	99.947	0.03%
254,009.690	FNA 2014-M4 ASQ2 CMBS Mat: 1/25/17 Cpn: 1.27% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 4/14/14 St Date: 4/30/14	3136AJB21	256,549.79 260.33	254,070.91 269.31	(2,478.88)	100.024	0.19%
692,025.710	FNA 2014-M9 ASQ2 CMBS Mat: 4/25/17 Cpn: 1.46% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 8/13/14 St Date: 8/29/14	3136AKXS7	698,941.47 786.91	693,209.07 843.12	(5,732.40)	100.171	0.52%



CALOPTIMA - RESERVE ACCOUNT TIER ONE

Portfolio 2481

Portfolio Positions

as of May 31, 2016

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
300,519.854	FNA 2012-M9 ASQ2 CMBS Mat: 12/25/17 Cpn: 1.51% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 4/26/13 St Date: 5/1/13	3136A7L26	307,164.16 0.00	300,820.37 378.91	(6,343.79)	100.100	0.22%
2,000,000.000	FNA 2015-M7 ASQ2 CMBS Mat: 4/25/18 Cpn: 1.55% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 4/15/15 St Date: 4/30/15	3136ANJY4	2,019,992.80 2,497.22	2,003,600.00 2,583.33	(16,392.80)	100.180	1.49%
825,089.014	FNA 2014-M8 FA 1MOFRN CMBS Mat: 5/25/18 Cpn: 0.68% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 7/11/14 St Date: 7/31/14	3136AKQJ5	824,867.89 276.40	825,257.33 484.63	389.44	100.020	0.61%
996,788.990	FHMS K704 A2 CMBS Mat: 8/25/18 Cpn: 2.41% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 10/2/14 St Date: 10/7/14	3137AH6Q6	1,021,319.35 400.71	1,018,987.48 2,003.55	(2,331.87)	102.227	0.76%
1,040,750.607	FNA 14-M1 ASQ2 CMBS Mat: 11/25/18 Cpn: 2.32% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 1/17/14 St Date: 1/30/14	3136AHUV0	1,057,896.51 1,900.06	1,060,212.64 2,014.72	2,316.14	101.870	0.79%
384,529.200	FNMA #890170 10YR Mat: 9/1/19 Cpn: 4.50% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 10/3/14 St Date: 10/20/14	31410K6F6	407,841.28 913.26	395,359.08 1,441.98	(12,482.20)	102.816	0.29%
1,900,000.000	FNA 2015-M13 ASQ2 CMBS Mat: 9/25/19 Cpn: 1.65% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 10/7/15 St Date: 10/30/15	3136AQDQ0	1,919,026.41 2,519.29	1,909,488.60 2,606.17	(9,537.81)	100.499	1.42%
1,072,429.576	FHMS KJ02 A1 CMBS Mat: 10/25/19 Cpn: 1.64% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 11/10/15 St Date: 11/17/15	3137BLVY1	1,069,739.92 781.21	1,074,897.24 1,464.76	5,157.31	100.230	0.80%
Total for Mortgage-Backed			9,782,487.12 10,412.68	9,730,206.64 14,331.05	(52,280.48)		7.23%

Asset-Backed

1,030,749.476	VOLKSWAGEN 2014-A A3 LEASE Mat: 4/20/17 Cpn: 0.80% Moody's: Aaa S&P: AAA Fitch: Tr Date: 8/18/14 St Date: 8/21/14	92867QAD3	1,030,690.03 153.14	1,030,596.93 251.96	(93.10)	99.985	0.76%
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CALOPTIMA - RESERVE ACCOUNT TIER ONE

Portfolio 2481

Portfolio Positions

as of May 31, 2016

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
528,880.920	USAA 2014-1 A3 CAR Mat: 12/15/17 Cpn: 0.58% Moody's: Aaa S&P: AAA Fitch: Tr Date: 2/25/14 St Date: 2/28/14	90290KAC9	528,601.45 41.05	528,571.52 136.33	(29.93)	99.942	0.39%
2,380,000.000	VOLKSWAGEN 2015-A A3 LEASE Mat: 12/20/17 Cpn: 1.25% Moody's: Aaa S&P: Fitch: AAA Tr Date: 2/25/15 St Date: 3/5/15	92867VAD2	2,379,866.48 0.00	2,373,474.04 909.03	(6,392.44)	99.726	1.76%
992,967.565	TOYOTA 2014-C A3 CAR Mat: 7/16/18 Cpn: 0.93% Moody's: Aaa S&P: AAA Fitch: Tr Date: 10/7/14 St Date: 10/15/14	89190AAC4	992,924.57 0.00	993,048.99 410.43	124.42	100.008	0.74%
2,464,896.072	HARLEY 2015-1 A2A CYCLE Mat: 1/15/19 Cpn: 0.80% Moody's: Aaa S&P: AAA Fitch: AAA Tr Date: 1/22/15 St Date: 1/28/15	41284BAB2	2,464,876.11 0.00	2,463,949.55 876.41	(926.55)	99.962	1.83%
3,200,000.000	BMW 2016-1 A3 LEASE Mat: 1/22/19 Cpn: 1.34% Moody's: Aaa S&P: Fitch: AAA Tr Date: 2/9/16 St Date: 2/17/16	05581RAD8	3,199,624.00 0.00	3,190,982.40 1,310.22	(8,641.60)	99.718	2.37%
1,564,000.000	CHASE 2014-A6 A6 CDT Mat: 7/15/19 Cpn: 1.26% Moody's: Aaa S&P: AAA Fitch: AAA Tr Date: 7/17/14 St Date: 7/24/14	161571GP3	1,564,746.80 140.14	1,566,815.20 875.84	2,068.40	100.180	1.16%
2,150,000.000	JOHN DEERE 2015-B A3 EQP Mat: 10/15/19 Cpn: 1.44% Moody's: Aaa S&P: Fitch: AAA Tr Date: 9/1/15 St Date: 9/9/15	47787WAC3	2,149,590.00 0.00	2,147,028.70 1,376.00	(2,561.30)	99.862	1.59%
1,850,000.000	JOHN DEERE 2016-A A3 EQP Mat: 4/15/20 Cpn: 1.36% Moody's: Aaa S&P: Fitch: AAA Tr Date: 2/23/16 St Date: 3/2/16	47788MAC4	1,849,708.81 0.00	1,845,154.85 1,118.22	(4,553.96)	99.738	1.37%
Total for Asset-Backed			16,160,628.24 334.34	16,139,622.18 7,264.44	(21,006.06)		11.98%
Grand Total			134,582,297.01 201,305.02	134,413,309.23 340,218.79	(168,987.78)		100.00%



WELLS CAPITAL - TIER ONE

HoldingName	Ticker	CUSIP	ISIN	SEDOL	% Market Value	Holding Value
AMERICAN HONDA FINANCE CORP	HNDA	02665WAC5	US02665WAC55		1.41%	\$1,774,202.79
BANK OF AMERICA NA	BAC	06050TME9	US06050TME90		1.46%	\$1,828,839.00
BANK OF NEW YORK MELLON CORP	BK	06406HDB2	US06406HDB24		0.26%	\$328,797.08
BMWLT 161 A3	BMWLT	05581RAD8	US05581RAD89		0.40%	\$500,135.27
BRANCH BANKING AND TRUST CO	BBT	07330NAL9	US07330NAL91		1.52%	\$1,911,521.92
CAPITAL ONE BANK USA NA	COF	140420NG1	US140420NG11		0.40%	\$502,549.50
CAPITAL ONE NA	COF	14042E4L1	US14042E4L18		0.48%	\$604,520.20
Cash	---	CCYUSD	---		0.01%	\$12,499.99
CHEVRON CORP	CVX	166764BH2	US166764BH21		1.54%	\$1,924,981.68
CISCO SYSTEMS INC	CSCO	17275RAU6	US17275RAU68		0.24%	\$304,120.60
CITIGROUP INC	C	172967HY0	US172967HY01		0.36%	\$454,117.78
CITIGROUP INC	C	172967JH5	US172967JH59		0.59%	\$738,322.00
CITIGROUP INC	C	172967HN4	US172967HN46		0.09%	\$112,442.75
COCA-COLA CO	KO	191216BV1	US191216BV17		1.29%	\$1,619,113.64
EXXON MOBIL CORP	XOM	30231GAL6	US30231GAL68		0.44%	\$556,585.01
FEDERAL HOME LOAN BANKS	FHLB	313379DT3	US313379DT38		6.05%	\$7,590,679.58
FEDERAL HOME LOAN BANKS	FHLB	3130A6LZ8	US3130A6LZ80		2.30%	\$2,879,267.86
FEDERAL HOME LOAN BANKS	FHLB	3130A5EP0	US3130A5EP09		2.35%	\$2,952,950.57
FEDERAL HOME LOAN BANKS	FHLB	3130A8BD4	US3130A8BD45		1.60%	\$2,008,103.22
FEDERAL HOME LOAN BANKS	FHLB	3130A7CX1	US3130A7CX17		1.59%	\$1,991,872.41
FEDERAL HOME LOAN BANKS	FHLB	3130A62S5	US3130A62S59		3.12%	\$3,916,253.25
FEDERAL HOME LOAN MORTGAGE CORP	FHLMC	3134G72P5	US3134G72P50		0.73%	\$912,181.88
FEDERAL HOME LOAN MORTGAGE CORP	FHLMC	3137EADX4	US3137EADX42		2.49%	\$3,127,911.87
FEDERAL NATIONAL MORTGAGE ASSOCIATION	FNMA	3135G0E58	US3135G0E585		1.61%	\$2,022,876.00
FIDELITY INST : GOV PT CL I MMF	FIGXX	316175108	US3161751082		0.01%	\$7,853.12
FIFTH THIRD BANK	FITB	31677QBD0	US31677QBD07		0.20%	\$255,860.90
FREDDIE MAC	FHLMC	3137EADV8	US3137EADV85		2.28%	\$2,864,153.58
GOLDMAN SACHS GROUP INC	GS	38145XAA1	US38145XAA19		0.82%	\$1,034,478.42
HAROT 134 A3	HAROT	43814FAC6	US43814FAC68		0.09%	\$115,913.39
HAROT 151 A3	HAROT	43814KAC5	US43814KAC53		3.16%	\$3,958,101.32
HDMOT 151 A2A	HDMOT	41284BAB2	US41284BAB27		0.14%	\$171,017.97
HDMOT 16A A3	HDMOT	41284DAC6	US41284DAC65		1.60%	\$2,006,393.71
HSBC USA INC	HSBC	40428HPQ9	US40428HPQ91		1.20%	\$1,509,164.67
JDOT 15B A3	JDOT	47787WAC3	US47787WAC38		0.50%	\$627,436.63
JPMORGAN CHASE & CO	JPM	46625HQU7	US46625HQU76		1.46%	\$1,827,714.80
KEYBANK NA	KEY	49327M2A1	US49327M2A10		1.21%	\$1,519,012.50
MBART 131 A3	MBART	58768WAC3	US58768WAC38		0.03%	\$38,646.12
MICROSOFT CORP	MSFT	594918BF0	US594918BF05		0.29%	\$358,967.64
MORGAN STANLEY	MS	617446C23	US617446C235		0.42%	\$523,708.44
MORGAN STANLEY	MS	617446V71	US617446V714		0.24%	\$295,749.35
NALT 16A A3	NALT	65478QAD0	US65478QAD07		1.44%	\$1,806,639.16
PACCAR FINANCIAL CORP	PCAR	69371RM37	US69371RM374		0.80%	\$1,003,403.88
Payable	---	CCYUSD	---		-0.97%	-\$1,216,158.90

WELLS CAPITAL - TIER ONE

HoldingName	Ticker	CUSIP	ISIN	SEDOL	% Market Value	Holding Value
PEPSICO INC	PEP	713448CL0	US713448CL01		0.78%	\$979,559.26
PNC BANK NA	PNC	69353RER5	US69353RER57		1.50%	\$1,885,754.23
QUALCOMM INC	QCOM	747525AG8	US747525AG87		0.48%	\$606,290.67
Receivable	---	CCYUSD	---		0.95%	\$1,187,278.79
SOUTHERN CALIF PUB PWR AUTH REV	CA	84247PHT1	US84247PHT12		2.05%	\$2,566,826.40
TOYOTA MOTOR CREDIT CORP	TOYOTA	89236TDE2	US89236TDE29		1.53%	\$1,914,155.84
UNION BANK NA (SAN FRANCISCO)	MUFG	90521APJ1	US90521APJ15		0.77%	\$967,094.64
UNITED STATES TREASURY	UST	912828L40	US912828L401		3.68%	\$4,612,454.73
UNITED STATES TREASURY	UST	912828UA6	US912828UA67		1.17%	\$1,461,970.08
UNITED STATES TREASURY	UST	912828UR9	US912828UR92		1.20%	\$1,507,861.19
UNITED STATES TREASURY	UST	912828XK1	US912828XK13		4.03%	\$5,047,147.31
UNITED STATES TREASURY	UST	912828RH5	US912828RH57		1.63%	\$2,039,958.57
UNITED STATES TREASURY	UST	912828XP0	US912828XP00		7.52%	\$9,433,716.77
UNITED STATES TREASURY	UST	912828H37	US912828H375		3.02%	\$3,781,989.23
UNITED STATES TREASURY	UST	912828M72	US912828M722		2.06%	\$2,577,522.64
UNITED STATES TREASURY	UST	912828N55	US912828N555		2.01%	\$2,515,692.93
UNITED STATES TREASURY	UST	912828VE7	US912828VE70		4.02%	\$5,042,904.97
UNITED STATES TREASURY	UST	912828Q52	US912828Q525		4.01%	\$5,033,034.24
UNITED STATES TREASURY	UST	912828R44	US912828R440		4.01%	\$5,029,612.64
UNITED STATES TREASURY	UST	912828Q94	US912828Q947		1.60%	\$2,008,309.17
UNITEDHEALTH GROUP INC	UNH	91324PCF7	US91324PCF71		1.38%	\$1,725,288.67
US BANK NA	USB	90331HMQ3	US90331HMQ38		0.52%	\$656,207.18
US BANK NA	USB	90331HMU4	US90331HMU40		0.53%	\$663,531.52
VALET 131 A3	VALET	92867MAC4	US92867MAC47		0.04%	\$52,400.63
VISA INC	V	92826CAA0	US92826CAA09		1.53%	\$1,913,037.00
VWALT 15A A3	VWALT	92867VAD2	US92867VAD29		0.72%	\$900,342.40

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Portfolio Profile

Security ID	Security Description	Coupon	Maturity Date	Eff. Mat. Date	Rating	Par Value	Amortized Cost (BV)	WAL	Duration	Yield to Worst	% of Market	Market Value
CASH & CASH EQUIVALENTS												
CASH												
NA9123459	US DOLLARS	.465	7/1/2016		Agency	190,839	190,838.690	.001	.001	.465	.15%	190,838.69
USD120030	USD INTEREST RECEIVABLE	-				380,944	0.000	-	-	-	.30%	380,943.91
USD220010	USD PAYABLE FOR INVESTMENTS PURCHASED	-				(834,008)	(834,008.000)	-	-	-	(.67%)	(834,008.00)
CASH TOTALS							(643,169.310)					(262,225.40)
CASH & CASH EQUIVALENTS TOTALS							(643,169.310)					(262,225.40)
FIXED INCOME												
AGENCIES												
3130A5EP0	FEDERAL HOME LOAN BANKS	.625	5/30/2017	5/30/2017	Agency	3,750,000	3,747,459.720	.917	.909	.574	2.99%	3,751,732.50
3130A6LZ8	FEDERAL HOME LOAN BANKS	.625	10/26/2017	10/26/2017	Agency	2,875,000	2,869,371.000	1.322	1.313	.598	2.29%	2,876,023.50
3130A62S5	FEDERAL HOME LOAN BANKS	.750	8/28/2017	8/28/2017	Agency	3,900,000	3,892,481.400	1.161	1.151	.611	3.12%	3,906,259.50
3130A7CX1	FEDERAL HOME LOAN BANKS	.875	3/19/2018	3/19/2018	Agency	1,980,000	1,979,458.200	1.719	1.697	.669	1.59%	1,986,963.66
3134G8L98	FEDERAL HOME LOAN MORTGAGE CORP	1.050	2/26/2018	2/26/2018	Agency	915,000	915,000.000	.156	.484	.888	.73%	915,225.09
3134G72P5	FEDERAL HOME LOAN MORTGAGE CORP	1.200	10/29/2018	10/29/2018	Agency	910,000	910,000.000	.081	.319	.787	.73%	910,301.21
3137EADX4	FEDERAL HOME LOAN MORTGAGE CORP	1.000	12/15/2017	12/15/2017	Agency	3,110,000	3,107,208.320	1.458	1.446	.633	2.49%	3,126,529.65
3137EADV8	FEDERAL HOME LOAN MORTGAGE CORP	.750	7/14/2017	7/14/2017	Agency	2,850,000	2,848,034.400	1.039	1.028	.606	2.28%	2,854,237.95
3135G0E58	FEDERAL NATIONAL MORTGAGE ASSOCIATION	1.125	10/19/2018	10/19/2018	Agency	2,000,000	1,997,010.600	2.303	2.267	.722	1.61%	2,018,376.00
AGENCIES TOTALS							22,266,023.640					22,345,649.06
ASSET BACKED												
05581RAD8	BMW VEHICLE LEASE TRUST 2016-1	1.340	1/22/2019	7/20/2018	Aaa	500,000	499,953.000	1.708	1.682	1.352	.40%	499,930.55
161571FT6	CHASE ISSUANCE TRUST	.702	12/16/2019	12/15/2017	AAA	2,170,000	2,172,030.620	1.458	.041	.737	1.73%	2,169,999.78
161571BQ6	CHASE ISSUANCE TRUST	.492	4/15/2019	2/15/2017	AAA	300,000	299,785.530	.625	.041	.637	.24%	299,792.67
161571GJ7	CHASE ISSUANCE TRUST	1.150	1/15/2019	1/15/2017	AAA	1,250,000	1,252,166.540	.542	.540	.781	1.00%	1,252,503.13
36159LCR5	GE DEALER FLOORPLAN MASTER NOTE TRUST	.948	1/21/2020	1/22/2018	Aaa	600,000	598,974.910	1.556	.053	1.190	.48%	598,114.92
36159LBW5	GE DEALER FLOORPLAN MASTER NOTE TRUST	1.198	4/22/2019	4/20/2017	Aaa	1,000,000	1,001,823.420	.806	.056	.935	.80%	1,002,383.60
41284BAB2	HARLEY-DAVIDSON MOTORCYCLE TRUST 2015-1	.800	1/15/2019	2/15/2017	Aaa	171,064	171,064.190	.319	.318	.999	.14%	170,957.14
43814FAC6	HONDA AUTO RECEIVABLES 2013-4 OWNER TRUST	.690	9/18/2017	12/18/2016	AAA	116,158	116,188.890	.222	.222	.900	.09%	116,104.40
43814KAC5	HONDA AUTO RECEIVABLES 2015-1 OWNER TRUST	1.050	10/15/2018	2/15/2018	Aaa	3,950,000	3,949,669.140	.847	.840	.864	3.16%	3,956,257.99
477877AD6	JOHN DEERE OWNER TRUST 2014-B	1.070	11/15/2018	1/15/2018	Aaa	361,806	361,714.390	.724	.719	1.013	.29%	361,958.96
47787UAD5	JOHN DEERE OWNER TRUST 2015	1.320	6/17/2019	7/15/2018	Aaa	465,000	465,782.020	1.269	1.253	1.033	.37%	466,693.34
47787UAB9	JOHN DEERE OWNER TRUST 2015	.870	2/15/2018	2/15/2017	Aaa	885,812	885,754.010	.312	.311	.898	.71%	885,740.49
47787WAC3	JOHN DEERE OWNER TRUST 2015-B	1.440	10/15/2019	12/15/2018	Aaa	625,000	624,886.310	1.635	1.609	1.242	.50%	627,036.63
58769AAD8	MERCEDES BENZ AUTO LEASE TRUST 2015-B	1.340	7/16/2018	12/15/2017	AAA	430,000	430,973.590	1.209	1.195	1.132	.34%	431,089.45
58768WAC3	MERCEDES-BENZ AUTO RECEIVABLES TRUST 2012-1	.780	8/15/2017	7/15/2016	AAA	82,052	82,129.540	.042	.041	.886	.07%	82,048.20
55315GAC2	MMAF EQUIPMENT FINANCE LLC 2015-A	1.380	10/16/2019	7/16/2018	Aaa	385,000	384,769.220	1.167	1.152	1.286	.31%	385,478.17
55315FAB6	MMAF EQUIPMENT FINANCE LLC 2016-A	1.390	12/17/2018	2/15/2018	Aaa	1,375,000	1,374,986.350	1.018	1.007	1.297	1.10%	1,376,345.99
65478QAD0	NISSAN AUTO LEASE TRUST 2016-A	1.490	3/15/2019	10/15/2018	Aaa	585,000	584,974.530	2.025	1.986	1.342	.47%	586,770.33
92867VAD2	VOLKSWAGEN AUTO LEASE TRUST	1.250	12/20/2017	7/20/2017	Aaa	900,000	899,919.180	.863	.854	1.253	.72%	899,998.65

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Security ID	Security Description	Coupon	Maturity Date	Eff. Mat. Date	Rating	Par Value	Amortized Cost (BV)	WAL	Duration	Yield to Worst	% of Market	Market Value
FIXED INCOME (Continued)												
ASSET BACKED (Continued)												
92867MAC4	VOLKSWAGEN AUTO LOAN ENHANCED TRUST 2013-1	.560	8/21/2017	8/20/2016	Aaa	52,416	52,403.520	.072	.071	1.210	.04%	52,391.66
ASSET BACKED TOTALS							16,209,948.900					16,221,596.05
CMBS												
3137AME52	FHLMC MULTICLASS	1.891	12/25/2020	11/25/2019	Agency	511,428	516,278.160	1.756	1.720	1.078	.41%	518,010.20
3137AQT24	FHLMC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	2.130	1/25/2019	1/25/2019	Agency	1,000,000	1,020,076.500	2.411	2.344	1.061	.82%	1,024,060.40
3137AH6Q6	FHLMC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	2.412	8/25/2018	8/25/2018	Aaa	846,020	864,185.550	1.884	1.835	.990	.69%	867,127.43
CMBS TOTALS							2,400,540.210					2,409,198.03
CORPORATES												
00138CAA6	AIG GLOBAL FUNDING	1.650	12/15/2017	12/15/2017	A2	850,000	853,945.200	1.458	1.442	1.347	.68%	853,707.70
0258M0DG1	AMERICAN EXPRESS CREDIT CORP	1.300	7/29/2016	7/29/2016	A2	1,000,000	1,002,290.800	.081	.079	.865	.80%	1,000,346.00
0258M0DZ9	AMERICAN EXPRESS CREDIT CORP	1.875	11/5/2018	11/5/2018	A2	750,000	757,051.320	2.286	2.263	1.404	.60%	757,979.25
037833BR0	APPLE INC	1.474	2/22/2019	2/22/2019	Aa1	425,000	430,405.310	2.653	.167	.947	.34%	431,083.45
06050TLY6	BANK OF AMERICA NA	1.650	3/26/2018	3/26/2018	A1	1,800,000	1,803,200.490	1.739	1.705	1.300	1.44%	1,810,796.40
06050TLT7	BANK OF AMERICA NA	1.250	2/14/2017	2/14/2017	A1	200,000	199,857.800	.622	.621	1.008	.16%	200,299.00
05531FAL7	BB&T CORP	1.600	8/15/2017	8/15/2017	A2	748,000	746,826.400	1.042	1.039	1.076	.60%	752,045.18
084659AB7	BERKSHIRE HATHAWAY ENERGY CO	2.400	2/1/2020	2/3/2020	A3	1,170,000	1,194,553.800	3.503	3.373	1.599	.96%	1,201,783.05
084664CD1	BERKSHIRE HATHAWAY FINANCE CORP	.931	1/12/2018	1/12/2018	Aa2	250,000	250,014.500	1.544	.038	.941	.20%	250,084.75
09062XAB9	BIOGEN IDEC INC SR	6.875	3/1/2018	3/1/2018	Baa1	400,000	435,168.000	1.669	1.570	1.492	.35%	435,361.60
172967JH5	CITIGROUP INC	1.800	2/5/2018	2/5/2018	BBB+	1,805,000	1,806,833.520	1.597	1.569	1.539	1.45%	1,812,400.50
17401QAC5	CITIZENS BANK NA/PROVIDENCE RI	2.300	12/3/2018	12/3/2018	BBB+	850,000	859,347.810	2.339	2.310	1.729	.69%	861,123.10
202795HV5	COMMONWEALTH EDISON CO	4.000	8/1/2020	8/3/2020	A2	470,000	507,324.490	3.831	3.561	1.616	.41%	511,509.46
31677QAV1	FIFTH THIRD BANK/CINCINNATI OH	1.450	2/28/2018	2/28/2018	A-	800,000	800,954.090	1.578	1.587	1.132	.64%	803,967.20
31677QBD0	FIFTH THIRD BANK/CINCINNATI OH	2.150	8/20/2018	8/20/2018	A-	250,000	249,955.400	2.056	2.019	1.377	.20%	253,905.00
36962G7J7	GENERAL ELECTRIC CO	1.250	5/15/2017	5/15/2017	A1	230,000	229,980.860	.786	.794	.904	.18%	230,621.23
38147MAA3	GOLDMAN SACHS GROUP INC/THE	2.900	7/19/2018	7/19/2018	A3	1,500,000	1,534,511.940	2.053	1.974	1.599	1.23%	1,539,255.00
446438RR6	HUNTINGTON NATIONAL BANK/THE	2.200	11/6/2018	11/6/2018	A3	1,060,000	1,072,263.430	2.264	2.239	1.649	.86%	1,072,976.52
46849LSL6	JACKSON NATIONAL LIFE GLOBAL FUNDING	1.875	10/15/2018	10/15/2018	AA	750,000	758,285.600	2.292	2.238	1.353	.61%	758,797.50
46623EKD0	JPMORGAN CHASE & CO	1.700	3/1/2018	3/1/2018	A-	950,000	954,439.120	1.586	1.583	1.346	.76%	955,260.15
48126EAA5	JPMORGAN CHASE & CO	2.000	8/15/2017	8/15/2017	A-	400,000	403,705.400	1.125	1.106	1.164	.32%	403,726.80
49327M2A1	KEYBANK NA/CLEVELAND OH	1.650	2/1/2018	2/1/2018	A-	950,000	951,969.020	1.586	1.561	1.279	.76%	955,510.00
49327M2J2	KEYBANK NA/CLEVELAND OH	1.100	11/25/2016	11/25/2016	A-	1,250,000	1,251,397.400	.319	.334	.917	1.00%	1,250,725.00
59217GAY5	METROPOLITAN LIFE GLOBAL FUNDING I	1.500	1/10/2018	1/10/2018	AA-	1,250,000	1,256,863.420	1.528	1.503	1.118	1.00%	1,257,205.00
617446C23	MORGAN STANLEY	5.450	1/9/2017	1/9/2017	A3	500,000	534,371.200	.525	.513	1.349	.41%	510,689.00
617446V71	MORGAN STANLEY	6.250	8/28/2017	8/28/2017	A3	275,000	306,431.000	1.161	1.113	1.529	.23%	289,876.95
61746BDY9	MORGAN STANLEY	2.012	2/1/2019	2/1/2019	A3	500,000	506,640.020	2.589	.107	1.619	.40%	505,610.00
553794AA6	MUFG AMERICAS HOLDINGS CORP	1.625	2/9/2018	2/9/2018	A	500,000	499,762.880	1.525	1.545	1.562	.40%	500,472.50
69349LAC2	PNC BANK NA	4.875	9/21/2017	9/21/2017	A-	750,000	818,502.600	1.225	1.187	1.632	.62%	779,363.25
69353RER5	PNC BANK NA	1.850	7/20/2018	7/20/2018	A	700,000	699,940.200	1.967	1.946	1.283	.56%	707,737.10
828807CM7	SIMON PROPERTY GROUP LP	1.500	2/1/2018	2/1/2018	A	1,000,000	1,003,193.840	1.336	1.403	1.177	.80%	1,004,277.00
90331HMU4	US BANK NA/CINCINNATI OH	1.450	1/29/2018	1/29/2018	AA-	655,000	654,468.100	1.494	1.498	.986	.53%	659,521.47
90331HMQ3	US BANK NA/CINCINNATI OH	1.350	1/26/2018	1/26/2018	A1	650,000	649,119.200	1.489	1.501	1.096	.52%	652,429.05

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FIXED INCOME (Continued)												
CORPORATES (Continued)												
94974BFV7	WELLS FARGO & CO	1.095	4/22/2019	4/22/2019	A	1,000,000	997,145.280	2.811	.059	1.252	.80%	996,653.00
94974BFK1	WELLS FARGO & CO	1.268	4/23/2018	4/23/2018	A	500,000	500,000.000	1.814	.067	1.175	.40%	501,148.50
CORPORATES TOTALS							27,480,719.440					27,468,246.66
MUNICIPALS												
004284A62	ACALANES UNION HIGH SCHOOL DISTRICT	.743	8/1/2016	8/1/2016	AA	570,000	570,013.200	.086	.087	.741	.45%	570,000.00
13034PYC5	CALIFORNIA HOUSING FINANCE AGENCY	1.594	2/1/2018	2/1/2018	A2	1,000,000	1,000,000.000	1.586	1.572	1.524	.80%	1,001,080.00
13077CT46	CALIFORNIA STATE UNIVERSITY	2.332	11/1/2020	11/2/2020	AA-	695,000	712,972.380	4.336	4.125	1.315	.58%	724,697.35
769036AW4	CITY OF RIVERSIDE CA	.980	6/1/2017	6/1/2017	SP-1+	470,000	470,000.000	.919	.914	.808	.38%	470,742.60
68428LDQ4	COUNTY OF ORANGE CA	1.208	6/30/2017	6/30/2017	AA	750,000	750,875.070	1.000	.987	.985	.60%	751,657.50
842477TD3	SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY	.645	7/1/2016	7/1/2016	AA-	655,000	655,000.130	.003	.003	.643	.52%	655,000.00
13063A7G3	STATE OF CALIFORNIA	6.200	10/1/2019	10/1/2019	Aa3	390,000	449,237.780	3.253	2.967	1.363	.36%	449,806.50
13063BFU1	STATE OF CALIFORNIA	6.200	3/1/2019	3/1/2019	Aa3	300,000	338,597.260	2.669	2.458	1.099	.27%	340,140.00
20772JL59	STATE OF CONNECTICUT	2.500	8/1/2020	8/3/2020	AA-	795,000	825,726.750	4.086	3.864	1.537	.66%	825,217.95
93265PBQ1	WALNUT ENERGY CENTER AUTHORITY	4.650	1/1/2018	1/2/2018	A+	1,000,000	1,051,746.720	1.503	1.439	1.046	.84%	1,053,590.00
MUNICIPALS TOTALS							6,824,169.290					6,841,931.90
SOVEREIGN DEBT												
45818WAN6	INTER-AMERICAN DEVELOPMENT BANK	.646	12/12/2016	12/12/2016	Aaa	2,000,000	2,000,157.960	.456	.202	.663	1.60%	1,999,872.00
45950KBY5	INTERNATIONAL FINANCE CORP	.477	8/1/2016	8/1/2016	Aaa	900,000	899,981.450	.089	.014	.557	.72%	899,943.30
SOVEREIGN DEBT TOTALS							2,900,139.410					2,899,815.30
US TREASURIES												
912828K33	UNITED STATES TREASURY INFLATION INDEXED BONDS	.125	4/15/2020	4/15/2020	Govt	3,830,738	3,899,455.090	3.792	3.767	.967	3.13%	3,918,626.11
912828P95	UNITED STATES TREASURY NOTE/BOND	1.000	3/15/2019	3/15/2019	Govt	2,500,000	2,501,890.200	2.709	2.658	.684	2.01%	2,521,192.50
912828L40	UNITED STATES TREASURY NOTE/BOND	1.000	9/15/2018	9/17/2018	Govt	4,563,000	4,585,960.800	2.209	2.182	.629	3.67%	4,600,074.38
912828XP0	UNITED STATES TREASURY NOTE/BOND	.625	7/31/2017	7/31/2017	Govt	10,000,000	9,982,641.200	1.085	1.075	.535	7.99%	10,009,770.00
912828N55	UNITED STATES TREASURY NOTE/BOND	1.000	12/31/2017	1/2/2018	Govt	2,500,000	2,497,518.880	1.500	1.496	.581	2.01%	2,515,625.00
912828B58	UNITED STATES TREASURY NOTE/BOND	2.125	1/31/2021	2/1/2021	Govt	1,200,000	1,239,108.050	4.585	4.347	.974	1.01%	1,261,780.80
912828H37	UNITED STATES TREASURY NOTE/BOND	.875	1/15/2018	1/16/2018	Govt	3,750,000	3,735,430.200	1.541	1.528	.582	3.01%	3,766,845.00
912828UR9	UNITED STATES TREASURY NOTE/BOND	.750	2/28/2018	2/28/2018	Govt	3,000,000	3,000,000.000	1.668	1.647	.585	2.40%	3,008,202.00
912828UF5	UNITED STATES TREASURY NOTE/BOND	1.125	12/31/2019	12/31/2019	Govt	8,500,000	8,506,082.750	3.500	3.430	.813	6.85%	8,591,307.00
912828UA6	UNITED STATES TREASURY NOTE/BOND	.625	11/30/2017	11/30/2017	Govt	1,460,000	1,449,656.710	1.418	1.408	.567	1.17%	1,461,197.20
912828SS0	UNITED STATES TREASURY NOTE/BOND	.875	4/30/2017	5/1/2017	Govt	5,750,000	5,777,841.400	.834	.829	.509	4.60%	5,767,468.50
US TREASURIES TOTALS							47,175,585.280					47,422,088.49
FIXED INCOME TOTALS							125,257,126.170					125,608,525.49
PORTFOLIO TOTALS							124,613,956.860					125,346,300.09

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Security ID	Security Description	Coupon	Maturity Date	Eff. Mat. Date	Rating	Par Value	Amortized Cost (BV)	WAL	Duration	Yield to Worst	% of Market	Market Value
CASH & CASH EQUIVALENTS												
CASH												
67021JG71	NSTAR ELEC CO DISC D	0.000	7/7/2016	7/7/2016	F1	1,300,000	1,299,909.000	.019	.019	.360	1.45%	1,299,909.00
NA9123459	US DOLLARS	.465	7/1/2016		Agency	1,378,927	1,378,926.930	.001	.001	.465	1.54%	1,378,926.93
USD120030	USD INTEREST RECEIVABLE	-				363,715	0.000	-	-	-	.41%	363,714.50
USD220010	USD PAYABLE FOR INVESTMENTS PURCHASED	-				(1,299,909)	(1,299,909.000)	-	-	-	(1.45%)	(1,299,909.00)
CASH TOTALS							1,378,926.930					1,742,641.43
CASH & CASH EQUIVALENTS TOTALS							1,378,926.930					1,742,641.43
FIXED INCOME												
AGENCIES												
3133EFHX8	FEDERAL FARM CREDIT BANKS	.491	4/9/2018	4/9/2018	Agency	1,000,000	998,746.180	1.775	.023	.614	1.11%	998,298.00
3137EACA5	FEDERAL HOME LOAN MORTGAGE CORP	3.750	3/27/2019	3/27/2019	Agency	1,425,000	1,498,344.270	2.742	2.600	.805	1.71%	1,538,538.30
AGENCIES TOTALS							2,497,090.450					2,536,836.30
ASSET BACKED												
05522RCT3	BA CREDIT CARD TRUST	.772	6/15/2020	1/16/2018	AAA	1,250,000	1,248,643.980	1.542	.042	.735	1.39%	1,251,443.00
161571GJ7	CHASE ISSUANCE TRUST	1.150	1/15/2019	1/15/2017	AAA	500,000	500,671.530	.542	.540	.781	.56%	501,001.25
161571BQ6	CHASE ISSUANCE TRUST	.492	4/15/2019	2/15/2017	AAA	915,000	913,925.580	.625	.041	.637	1.02%	914,367.64
17305EFF7	CITIBANK CREDIT CARD ISSUANCE TRUST	.875	9/10/2020	9/10/2018	Aaa	1,040,000	1,040,405.650	2.197	.034	.764	1.16%	1,043,261.44
17305EFN0	CITIBANK CREDIT CARD ISSUANCE TRUST	1.020	2/22/2019	2/22/2017	Aaa	750,000	749,947.410	.644	.643	.857	.84%	750,781.13
36159LCR5	GE DEALER FLOORPLAN MASTER NOTE TRUST	.948	1/21/2020	1/22/2018	Aaa	430,000	429,265.200	1.556	.053	1.190	.48%	428,649.03
36159LBW5	GE DEALER FLOORPLAN MASTER NOTE TRUST	1.198	4/22/2019	4/20/2017	Aaa	1,000,000	1,001,824.780	.806	.056	.935	1.12%	1,002,383.60
58769AAD8	MERCEDES BENZ AUTO LEASE TRUST 2015-B	1.340	7/16/2018	12/15/2017	AAA	1,125,000	1,126,169.510	1.209	1.195	1.132	1.26%	1,127,850.30
58772PAC2	MERCEDES-BENZ AUTO RECEIVABLES TRUST 2015-1	.712	6/15/2018	4/17/2017	AAA	661,427	661,440.830	.382	.040	.634	.74%	661,718.99
55314MAD8	MMAF EQUIPMENT FINANCE LLC 2011-A	2.100	7/15/2017	7/15/2016	Aaa	3,697	3,682.430	.042	.041	.817	0%	3,699.04
60689LAC9	MMAF EQUIPMENT FINANCE LLC 2013-A	1.030	12/11/2017	12/9/2016	Aaa	158,558	158,539.480	.214	.214	1.050	.18%	158,552.30
55315GAC2	MMAF EQUIPMENT FINANCE LLC 2015-A	1.380	10/16/2019	7/16/2018	Aaa	902,000	901,238.830	1.167	1.152	1.286	1.01%	903,120.28
ASSET BACKED TOTALS							8,735,755.210					8,746,828.00
CMBS												
3136A7L26	FANNIE MAE-ACES	1.513	12/25/2017	6/25/2017	Agency	888,933	893,100.010	.894	.883	.912	.99%	892,806.50
3136AC3C3	FANNIE MAE-ACES	1.451	2/25/2018	2/25/2018	Agency	946,534	948,996.950	1.555	1.535	.897	1.06%	953,732.93
3137B03W2	FHLMC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	1.426	8/25/2017	7/25/2017	AAA	463,092	465,052.530	.733	.727	.866	.52%	464,550.83
3137A1N82	FHLMC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	2.746	12/25/2019	12/25/2019	Agency	93,754	96,236.030	1.302	1.278	1.005	.11%	95,688.72
3137ANLP8	FHLMC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	1.655	11/25/2016	10/25/2016	Aaa	316,746	317,811.700	.139	.138	.736	.35%	316,801.70
3137AH6Q6	FHLMC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	2.412	8/25/2018	8/25/2018	Aaa	597,190	606,092.460	1.884	1.835	.990	.68%	612,089.94
CMBS TOTALS							3,327,289.680					3,335,670.62
CMOS												
313921TM0	FANNIE MAE	6.000	10/25/2016	9/25/2016	Agency	5,243	5,199.440	.129	.128	1.053	.01%	5,255.73
31392BVM5	FANNIE MAE REMICS	5.500	2/25/2017	12/25/2016	Agency	4,675	4,630.250	.224	.223	1.224	.01%	4,702.47
31393BF91	FANNIE MAE REMICS	5.000	5/25/2018	4/25/2018	Agency	75,541	75,357.860	.754	.741	1.764	.09%	77,118.88

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FIXED INCOME (Continued)												
CMOS (Continued)												
31398GZS1	FANNIE MAE REMICS	2.500	12/25/2018	7/25/2018	Agency	89,343	89,239.350	.815	.805	.959	.10%	90,310.79
31392GPN9	FANNIE MAE REMICS	5.000	1/25/2018	12/25/2017	Agency	91,386	90,763.040	.637	.627	1.193	.10%	93,285.88
31396YXB3	FANNIE MAE REMICS	4.000	12/25/2018	3/25/2018	Agency	125,795	125,517.370	.808	.795	.953	.14%	128,539.56
31398M5L6	FANNIE MAE REMICS	3.750	8/25/2018	6/25/2018	Agency	122,112	122,831.300	.882	.869	.868	.14%	124,896.37
3137A1LC5	FREDDIE MAC REMICS	2.000	8/15/2020	11/15/2019	Agency	212,694	214,599.800	1.507	1.451	1.074	.24%	215,467.92
31393NDD8	FREDDIE MAC REMICS	5.000	3/15/2018	2/15/2018	Agency	56,504	56,298.730	.699	.686	1.948	.06%	57,589.48
31393GWV2	FREDDIE MAC REMICS	5.000	12/15/2017	12/15/2017	Agency	77,388	77,575.760	.611	.603	1.065	.09%	79,091.38
31394GH22	FREDDIE MAC REMICS	4.500	7/15/2018	2/15/2018	Agency	197,810	202,768.060	.753	.742	.901	.23%	202,802.89
3137A5J21	FREDDIE MAC REMICS	1.750	1/15/2017	1/15/2017	Agency	15,458	15,430.780	.321	.321	1.460	.02%	15,461.68
31398VUA2	FREDDIE MAC REMICS	2.000	3/15/2019	11/15/2018	Agency	550,137	550,807.340	.954	.942	.944	.62%	555,225.00
31398WLZ5	FREDDIE MAC REMICS	2.000	11/15/2018	9/15/2018	Agency	78,691	78,569.830	.710	.703	.936	.09%	79,221.64
62888WAA4	NON GUARANTEED NOT V	.996	12/8/2020	11/5/2020	Aaa	549,438	551,464.150	2.732	.097	.974	.61%	550,435.08
CMOS TOTALS							2,261,053.060					2,279,404.75
CORPORATES												
0258M0DZ9	AMERICAN EXPRESS CREDIT CORP	1.875	11/5/2018	11/5/2018	A2	440,000	439,969.960	2.286	2.263	1.404	.50%	444,681.16
0258M0DP1	AMERICAN EXPRESS CREDIT CORP	2.250	8/15/2019	8/15/2019	A2	650,000	649,243.370	3.125	2.999	1.565	.74%	663,531.70
03076CAE6	AMERIPRISE FINANCIAL INC	5.300	3/15/2020	3/16/2020	A3	605,000	667,303.330	3.708	3.376	1.916	.76%	677,943.04
037833BR0	APPLE INC	1.474	2/22/2019	2/22/2019	Aa1	385,000	385,000.000	2.653	.167	.947	.44%	390,510.89
060505DP6	BANK OF AMERICA CORP	5.750	12/1/2017	12/1/2017	BBB+	700,000	736,635.710	1.419	1.376	1.570	.83%	740,909.40
06050TKN1	BANK OF AMERICA NA	5.300	3/15/2017	3/15/2017	A-	250,000	255,658.210	.708	.691	1.456	.29%	256,741.75
05531FAP8	BB&T CORP	1.512	6/15/2018	6/15/2018	A2	520,000	521,371.620	1.883	.216	1.242	.58%	522,773.16
05531FAU7	BB&T CORP	2.625	6/29/2020	6/29/2020	A2	850,000	861,380.120	3.911	3.760	1.750	.98%	878,037.25
084659AB7	BERKSHIRE HATHAWAY ENERGY CO	2.400	2/1/2020	2/3/2020	A3	500,000	505,465.450	3.503	3.373	1.599	.57%	513,582.50
084664CD1	BERKSHIRE HATHAWAY FINANCE CORP	.931	1/12/2018	1/12/2018	Aa2	445,000	444,718.450	1.544	.038	.941	.50%	445,150.86
172967JH5	CITIGROUP INC	1.800	2/5/2018	2/5/2018	BBB+	300,000	299,421.160	1.597	1.569	1.539	.34%	301,230.00
172967HM6	CITIGROUP INC	2.550	4/8/2019	4/8/2019	BBB+	500,000	501,958.140	2.772	2.669	1.682	.57%	511,695.50
17401QAC5	CITIZENS BANK NA/PROVIDENCE RI	2.300	12/3/2018	12/3/2018	BBB+	700,000	701,183.770	2.339	2.310	1.729	.79%	709,160.20
202795HV5	COMMONWEALTH EDISON CO	4.000	8/1/2020	8/3/2020	A2	180,000	190,971.850	3.831	3.561	1.616	.22%	195,897.24
209111ET6	CONSOLIDATED EDISON CO OF NEW YORK INC	5.850	4/1/2018	4/2/2018	A-	250,000	266,950.530	1.753	1.670	1.144	.30%	270,354.25
31677QAV1	FIFTH THIRD BANK/CINCINNATI OH	1.450	2/28/2018	2/28/2018	A-	500,000	497,604.730	1.578	1.587	1.132	.56%	502,479.50
38141GRC0	GOLDMAN SACHS GROUP INC/THE	2.375	1/22/2018	1/22/2018	A3	215,000	216,851.160	1.561	1.523	1.500	.24%	217,889.60
38147MAA3	GOLDMAN SACHS GROUP INC/THE	2.900	7/19/2018	7/19/2018	A3	260,000	265,236.110	2.053	1.974	1.599	.30%	266,804.20
38148FAB5	GOLDMAN SACHS GROUP INC/THE	2.550	10/23/2019	10/23/2019	A3	605,000	608,237.830	3.314	3.173	1.837	.69%	618,794.00
40428HPQ9	HSBC USA INC	1.700	3/5/2018	3/5/2018	A	730,000	729,352.540	1.681	1.647	1.661	.81%	730,461.36
46849LSL6	JACKSON NATIONAL LIFE GLOBAL FUNDING	1.875	10/15/2018	10/15/2018	AA	420,000	419,833.600	2.292	2.238	1.353	.47%	424,926.60
48121CYK6	JPMORGAN CHASE BANK NA	6.000	10/1/2017	10/2/2017	A	976,000	1,022,073.310	1.253	1.210	1.454	1.15%	1,030,861.94
49327M2F0	KEYBANK NA/CLEVELAND OH	2.500	12/15/2019	12/16/2019	A-	400,000	403,435.040	3.458	3.322	1.739	.46%	410,174.00
55279HAA8	MANUFACTURERS & TRADERS TRUST CO	1.450	3/7/2018	3/7/2018	A	500,000	498,542.570	1.686	1.656	1.313	.56%	501,134.50
55279HAH3	MANUFACTURERS & TRADERS TRUST CO	.938	7/25/2017	7/25/2017	A	500,000	498,392.540	1.072	.074	1.127	.56%	499,131.50
57629WBQ2	MASSMUTUAL GLOBAL FUNDING II	2.000	4/5/2017	4/5/2017	AA+	250,000	251,131.460	.764	.756	.847	.28%	252,188.00
59217GAY5	METROPOLITAN LIFE GLOBAL FUNDING I	1.500	1/10/2018	1/10/2018	AA-	1,040,000	1,038,760.470	1.528	1.503	1.118	1.17%	1,045,994.56
59217GBE8	METROPOLITAN LIFE GLOBAL FUNDING I	1.009	4/10/2017	4/10/2017	AA-	500,000	499,752.460	.778	.028	.836	.56%	500,824.00
61746BDY9	MORGAN STANLEY	2.012	2/1/2019	2/1/2019	A3	800,000	800,000.000	2.589	.107	1.619	.90%	808,976.00
637432MU6	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2.350	6/15/2020	6/15/2020	A1	110,000	110,387.220	3.958	3.786	1.511	.13%	113,533.75

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FIXED INCOME (Continued)												
CORPORATES (Continued)												
69353RDD7	PNC BANK NA	2.250	7/2/2019	7/2/2019	A	620,000	623,548.830	2.922	2.829	1.496	.71%	633,321.94
828807CM7	SIMON PROPERTY GROUP LP	1.500	2/1/2018	2/1/2018	A	505,000	503,054.750	1.336	1.403	1.177	.57%	507,159.89
91159HHE3	US BANCORP	1.950	11/15/2018	11/15/2018	A+	366,000	368,077.590	2.292	2.259	1.021	.42%	373,685.63
90331HNV2	US BANK NA/CINCINNATI OH	1.218	1/29/2018	1/29/2018	AA-	500,000	500,000.000	1.503	.086	1.050	.56%	501,455.50
94974BFV7	WELLS FARGO & CO	1.095	4/22/2019	4/22/2019	A	580,000	574,749.910	2.811	.059	1.252	.64%	578,058.74
94974BFK1	WELLS FARGO & CO	1.268	4/23/2018	4/23/2018	A	370,000	370,065.300	1.814	.067	1.175	.41%	370,849.89
98389BAS9	XCEL ENERGY INC	2.400	3/15/2021	3/15/2021	BBB+	250,000	255,994.530	4.625	4.389	1.766	.29%	257,012.50
CORPORATES TOTALS							18,482,313.620					18,667,916.50
MORTGAGES												
31371KVC2	FANNIE MAE POOL	5.500	11/1/2017	9/25/2017	Agency	32,982	32,756.380	.599	.590	1.062	.04%	33,734.18
31371KT68	FANNIE MAE POOL	5.500	10/1/2017	8/25/2017	Agency	28,549	28,541.560	.564	.556	1.047	.03%	29,158.88
31391WS93	FANNIE MAE POOL	5.500	11/1/2017	6/25/2017	Agency	16,301	16,141.510	.492	.486	1.011	.02%	16,600.71
31404WTT3	FANNIE MAE POOL	4.500	5/1/2019	3/25/2019	Agency	10,639	10,700.940	1.192	1.155	1.831	.01%	10,940.83
31413XVG5	FANNIE MAE POOL	4.361	6/1/2019	6/25/2019	Agency	600,000	630,326.120	2.986	2.794	2.827	.70%	625,911.48
31385XBG1	FANNIE MAE POOL	6.000	3/1/2018	4/25/2017	Agency	25,400	25,153.810	.419	.414	1.086	.03%	25,819.48
31294KUP8	FREDDIE MAC GOLD POOL	5.000	11/1/2018	8/15/2018	Agency	65,005	65,130.070	.951	.929	1.640	.07%	66,935.60
36200MMZ3	GINNIE MAE I POOL	4.500	6/15/2018	3/15/2018	Govt	35,501	35,503.210	.848	.830	2.152	.04%	36,139.46
36200MPV9	GINNIE MAE I POOL	4.500	7/15/2018	4/15/2018	Govt	15,927	15,955.000	.887	.867	2.236	.02%	16,215.69
MORTGAGES TOTALS							860,208.600					861,456.31
MUNICIPALS												
03667PEB4	ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT	1.954	8/1/2018	8/1/2018	AA-	345,000	345,000.000	2.086	2.032	1.074	.39%	351,244.50
072031AF4	BAY AREA WATER SUPPLY & CONSERVATION AGENCY	1.914	10/1/2019	10/1/2019	Aa3	150,000	150,342.370	3.253	3.144	1.204	.17%	153,388.50
120827CS7	BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY	2.475	7/1/2016	7/1/2016	A	300,000	300,000.000	.003	.003	2.445	.33%	300,000.00
13034PUF2	CALIFORNIA HOUSING FINANCE AGENCY	2.379	8/1/2020	8/3/2020	A1	450,000	447,561.820	4.086	3.873	1.638	.52%	463,126.50
13077CT46	CALIFORNIA STATE UNIVERSITY	2.332	11/1/2020	11/2/2020	AA-	495,000	507,786.660	4.336	4.125	1.315	.58%	516,151.35
13077CT38	CALIFORNIA STATE UNIVERSITY	1.982	11/1/2019	11/1/2019	AA-	245,000	245,000.000	3.336	3.225	1.161	.28%	251,563.55
156792GT4	CERRITOS COMMUNITY COLLEGE DISTRICT	2.165	8/1/2019	8/1/2019	Aa2	175,000	175,000.000	3.086	2.966	1.237	.20%	179,901.75
156792GR8	CERRITOS COMMUNITY COLLEGE DISTRICT	1.312	8/1/2017	8/1/2017	Aa2	500,000	500,000.000	1.086	1.073	.687	.56%	503,375.00
45656RCK6	CITY OF INDUSTRY CA	2.500	1/1/2020	1/2/2020	A1	230,000	229,715.220	3.503	3.321	1.823	.26%	235,260.10
70914PPE6	COMMONWEALTH OF PENNSYLVANIA	4.250	7/15/2020	7/15/2020	Aa3	500,000	540,840.460	4.042	3.692	1.425	.62%	555,285.00
786149GJ7	COUNTY OF SACRAMENTO CA	8.000	7/1/2016	7/1/2016	AA+	55,000	55,000.590	.003	.003	7.694	.06%	55,000.00
797398DH4	COUNTY OF SAN DIEGO CA	5.765	8/15/2019	8/15/2019	AA+	475,000	523,214.050	3.125	2.855	1.337	.60%	539,163.00
492244CS5	KERN COMMUNITY COLLEGE DISTRICT	5.000	11/1/2016	11/1/2016	Aa2	400,000	405,221.970	.336	.338	.633	.45%	405,852.00
54473ERR7	LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY	2.560	12/1/2019	12/2/2019	AA-	305,000	305,798.740	3.419	3.282	1.624	.35%	314,461.10
621196XM1	MOUNT DIABLO UNIFIED SCHOOL DISTRICT/CA	3.887	8/1/2017	8/1/2017	Aa3	400,000	410,497.950	1.086	1.055	1.006	.46%	412,416.00
544587C30	MUNICIPAL IMPROVEMENT CORP OF LOS ANGELES	3.146	11/1/2020	11/2/2020	A+	750,000	757,100.950	4.336	4.062	1.778	.88%	792,615.00
630360EJ0	NAPA VLY CA CMNTY C	1.776	8/1/2018	8/1/2018	AA-	600,000	600,000.000	2.086	2.036	.945	.68%	610,278.00
661334DS8	NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT/CA	1.540	8/1/2018	8/1/2018	Aa1	165,000	164,473.470	2.086	2.041	.763	.19%	167,648.25

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FIXED INCOME (Continued)												
MUNICIPALS (Continued)												
735000QD6	PORT OF OAKLAND	5.000	5/1/2017	5/1/2017	A+	525,000	540,684.800	.836	.820	.773	.61%	543,453.75
76886PFB4	RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION	2.848	8/1/2020	8/3/2020	Aa2	355,000	364,107.490	4.086	3.840	1.350	.42%	376,065.70
786005NA2	SACRAMENTO MUNICIPAL UTILITY DISTRICT	5.000	8/15/2017	8/15/2017	AA-	160,000	166,657.200	1.125	1.087	.584	.19%	167,910.40
79765A7G5	SAN FRANCISCO CITY & COUNTY AIRPORTS COMM-SAN FRANCISCO INTERNATIONAL AIRPORT	5.000	5/1/2017	5/1/2017	A+	600,000	617,025.140	.836	.820	.784	.69%	621,036.00
83412PDW9	SOLANO COUNTY COMMUNITY COLLEGE DISTRICT	1.840	8/1/2018	8/1/2018	Aa3	600,000	600,000.000	2.086	2.034	1.005	.68%	610,320.00
130638FU1	STATE OF CALIFORNIA	6.200	3/1/2019	3/1/2019	Aa3	550,000	604,721.360	2.669	2.458	1.099	.69%	623,590.00
13063A7G3	STATE OF CALIFORNIA	6.200	10/1/2019	10/1/2019	Aa3	500,000	566,720.700	3.253	2.967	1.363	.64%	576,675.00
20772JL59	STATE OF CONNECTICUT	2.500	8/1/2020	8/3/2020	AA-	865,000	872,191.880	4.086	3.864	1.537	1.00%	897,878.65
649791CJ7	STATE OF NEW YORK	4.290	3/1/2019	3/1/2019	AA+	225,000	238,347.580	2.669	2.513	1.019	.27%	244,329.75
91412GWV3	UNIVERSITY OF CALIFORNIA	2.003	5/15/2019	5/15/2019	AA	250,000	250,000.000	2.875	2.789	.946	.29%	257,477.50
932889VJ4	WALNUT VALLEY UNIFIED SCHOOL DISTRICT	2.000	8/1/2018	8/1/2018	Aa2	285,000	286,425.200	2.086	2.031	.882	.32%	291,572.10
MUNICIPALS TOTALS							11,769,435.600					12,017,038.45
SOVEREIGN DEBT												
4581X0BS6	INTER-AMERICAN DEVELOPMENT BANK	1.375	10/18/2016	10/18/2016	Aaa	1,450,000	1,453,070.780	.300	.300	.557	1.62%	1,453,546.70
45818WAN6	INTER-AMERICAN DEVELOPMENT BANK	.646	12/12/2016	12/12/2016	Aaa	500,000	500,039.200	.456	.202	.663	.56%	499,968.00
4581X0CJ5	INTER-AMERICAN DEVELOPMENT BANK	.625	9/12/2016	9/12/2016	AAA	1,500,000	1,500,094.340	.200	.202	.408	1.67%	1,500,649.50
45905USY1	INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT	.453	7/26/2016	7/26/2016	Aaa	525,000	524,987.170	.072	.071	.509	.58%	524,979.00
45950KBY5	INTERNATIONAL FINANCE CORP	.477	8/1/2016	8/1/2016	Aaa	1,650,000	1,649,940.140	.089	.014	.557	1.84%	1,649,896.05
SOVEREIGN DEBT TOTALS							5,628,131.630					5,629,039.25
US TREASURIES												
912828K33	UNITED STATES TREASURY INFLATION INDEXED BONDS	.125	4/15/2020	4/15/2020	Govt	3,575,355	3,579,372.450	3.792	3.767	.967	4.08%	3,657,384.37
912828B58	UNITED STATES TREASURY NOTE/BOND	2.125	1/31/2021	2/1/2021	Govt	3,675,000	3,796,567.100	4.585	4.347	.974	4.31%	3,864,203.70
912828UB4	UNITED STATES TREASURY NOTE/BOND	1.000	11/30/2019	12/2/2019	Govt	5,610,000	5,539,042.040	3.418	3.357	.806	6.29%	5,646,594.03
912828J84	UNITED STATES TREASURY NOTE/BOND	1.375	3/31/2020	3/31/2020	Govt	5,325,000	5,309,778.190	3.751	3.642	.862	6.05%	5,425,674.45
912828VK3	UNITED STATES TREASURY NOTE/BOND	1.375	6/30/2018	7/2/2018	Govt	3,995,000	4,041,417.950	2.000	1.977	.609	4.52%	4,055,704.03
912828VV9	UNITED STATES TREASURY NOTE/BOND	2.125	8/31/2020	8/31/2020	Govt	5,425,000	5,536,644.540	4.168	3.972	.928	6.34%	5,689,891.90
912828UF5	UNITED STATES TREASURY NOTE/BOND	1.125	12/31/2019	12/31/2019	Govt	5,525,000	5,538,732.300	3.500	3.430	.813	6.22%	5,584,349.55
US TREASURIES TOTALS							33,341,554.570					33,923,802.03
FIXED INCOME TOTALS							86,902,832.420					87,997,992.21
PORTFOLIO TOTALS							88,281,759.350					89,740,633.64

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CASH & CASH EQUIVALENTS												
CASH												
03028TH27	AMERICAN TRANSMN D	0.000	8/2/2016	8/2/2016	F1	10,000,000	9,995,022.220	.089	.090	.543	2.22%	9,995,022.22
14912DGF0	CATERPILLAR FINL D D	0.000	7/15/2016	7/15/2016	F1	10,000,000	9,998,405.550	.042	.041	.383	2.22%	9,998,405.55
29101AG65	EMERSON ELEC CO DI D	0.000	7/6/2016	7/6/2016	A-1	10,000,000	9,999,444.380	.017	.016	.334	2.22%	9,999,444.38
57576JG71	MASS MUTL LFE INS D	0.000	7/7/2016	7/7/2016	A-1+	10,000,000	9,999,316.660	.019	.019	.352	2.22%	9,999,316.66
63866AGR3	NATIONWIDE LIFE DI D	0.000	7/25/2016	7/25/2016	A-1	7,000,000	6,997,666.680	.069	.068	.480	1.55%	6,997,666.68
69372AG63	PACCAR FINL CORP D D	0.000	7/6/2016	7/6/2016	A-1	9,700,000	9,699,434.260	.017	.016	.350	2.15%	9,699,434.26
82880WGR7	SIMON PROPERTY DIS D	0.000	7/25/2016	7/25/2016	F1	10,000,000	9,997,000.000	.069	.068	.432	2.22%	9,997,000.00
912796GW3	UNITED STATES TREASURY BILL	0.000	7/21/2016	7/21/2016	Govt	15,500,000	15,487,212.530	.058	.057	.178	3.44%	15,498,419.00
NA9123459	US DOLLARS	.465	7/1/2016		Agency	8,848,066	8,848,066.390	.001	.001	.465	1.96%	8,848,066.39
USD120030	USD INTEREST RECEIVABLE	-				920,194	0.000	-	-	-	.20%	920,194.37
USD220010	USD PAYABLE FOR INVESTMENTS PURCHASED	-				(14,972,075)	(14,972,075.200)	-	-	-	(3.32%)	(14,972,075.20)
USD120010	USD RECEIVABLE FOR INVESTMENTS SOLD	-				7,999,499	7,999,498.670	-	-	-	1.78%	7,999,498.67
CASH TOTALS							84,048,992.140					84,980,392.98
MUNICIPALS												
68428LDM3	COUNTY OF ORANGE CA	.938	11/1/2016	11/1/2016	AA	2,000,000	2,001,446.250	.336	.336	.722	.44%	2,001,446.25
MUNICIPALS TOTALS							2,001,446.250					2,001,446.25
SOVEREIGN DEBT												
45950VHJ8	INTERNATIONAL FINANCE CORP	.618	1/20/2017	1/20/2017	Aaa	2,500,000	2,500,000.000	.556	.054	.648	.55%	2,500,000.00
SOVEREIGN DEBT TOTALS							2,500,000.000					2,500,000.00
CASH & CASH EQUIVALENTS TOTALS							88,550,438.390					89,481,839.23
FIXED INCOME												
AGENCIES												
31331K2G4	FEDERAL FARM CREDIT BANKS	.558	12/6/2016	12/6/2016	Agency	5,000,000	5,003,622.640	.433	.016	.477	1.11%	5,002,035.00
3133EDXL1	FEDERAL FARM CREDIT BANKS	.508	7/15/2016	7/15/2016	Agency	5,000,000	4,999,905.600	.042	.041	.421	1.11%	5,000,180.00
3133EFEC7	FEDERAL FARM CREDIT BANKS	.617	9/18/2018	9/18/2018	Agency	5,000,000	4,997,671.810	2.222	.217	.659	1.11%	4,996,970.00
3134G72G5	FEDERAL HOME LOAN MORTGAGE CORP	.453	4/20/2017	4/20/2017	Agency	5,000,000	4,999,169.410	.806	.054	.511	1.11%	4,998,585.00
AGENCIES TOTALS							20,000,369.460					19,997,770.00
ASSET BACKED												
05579UAC7	BMW VEHICLE LEASE TRUST 2014-1	.730	2/21/2017	8/20/2016	Aaa	643,271	643,250.750	.066	.065	1.034	.14%	643,142.41
05581RAC0	BMW VEHICLE LEASE TRUST 2016-1	.948	1/22/2018	9/20/2017	Aaa	250,000	250,400.310	.807	.055	.729	.06%	250,506.68
161571FT6	CHASE ISSUANCE TRUST	.702	12/16/2019	12/15/2017	AAA	7,830,000	7,837,327.190	1.458	.041	.737	1.74%	7,829,999.22
161571GW8	CHASE ISSUANCE TRUST	.692	4/15/2019	4/17/2017	AAA	2,000,000	2,003,316.760	.792	.041	.661	.44%	2,001,089.60
36159LCR5	GE DEALER FLOORPLAN MASTER NOTE TRUST	.948	1/21/2020	1/22/2018	Aaa	2,160,000	2,156,309.710	1.556	.053	1.190	.48%	2,153,213.71
36159LBW5	GE DEALER FLOORPLAN MASTER NOTE TRUST	1.198	4/22/2019	4/20/2017	Aaa	3,700,000	3,706,746.670	.806	.056	.935	.82%	3,708,819.32
41284DAA0	HARLEY-DAVIDSON MOTORCYCLE TRUST	.650	6/15/2017	12/15/2016		4,000,000	4,000,000.000	.243	.244	.605	.89%	4,000,000.00
44890TAC1	HYUNDAI AUTO LEASE SECURITIZATION TRUST 2014-A	.750	4/7/2017	7/15/2016	AAA	481,000	480,983.270	.042	.041	1.036	.11%	480,942.35
44891BA3	HYUNDAI AUTO LEASE SECURITIZATION TRUST 2016-B	.670	6/15/2017	2/15/2017		4,117,039	4,117,038.850	.308	.309	.720	.91%	4,116,630.03
58768UAE3	MERCEDES-BENZ MASTER OWNER TRUST	1.022	5/15/2020	5/15/2018	Aaa	5,500,000	5,502,146.500	1.875	.043	.980	1.22%	5,508,217.55

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FIXED INCOME (Continued)												
ASSET BACKED (Continued)												
58768UAC7	MERCEDES-BENZ MASTER OWNER TRUST 2015-A	.762	4/15/2019	4/17/2017	Aaa	4,500,000	4,500,000.000	.792	.041	.802	1.00%	4,499,999.55
55315FAA8	MMAF EQUIPMENT FINANCE LLC 2016-A	.750	5/15/2017	1/17/2017		1,686,222	1,686,222.410	.260	.261	.769	.37%	1,686,228.31
65477NAD8	NISSAN AUTO LEASE TRUST	.800	2/15/2017	7/15/2016	Aaa	222,388	222,380.170	.042	.041	.886	.05%	222,379.56
65473DAC6	NISSAN AUTO LEASE TRUST 2015-A	.792	11/15/2017	3/15/2017	Aaa	4,090,345	4,092,710.030	.416	.041	.891	.91%	4,089,362.42
65478QAA6	NISSAN AUTO LEASE TRUST 2016-A	.650	6/15/2017	1/17/2017		2,159,848	2,159,848.100	.287	.288	.637	.48%	2,159,848.10
65478VAA5	NISSAN AUTO RECEIVABLES 2016-B OWNER TRUST	.630	5/15/2017	12/15/2016		1,481,063	1,481,063.180	.217	.218	.822	.33%	1,480,505.26
ASSET BACKED TOTALS							44,839,743.900					44,830,884.07
CMBS												
3136AP3Z3	FANNIE MAE MULTIFAMILY REMIC TRUST 2015-M12	.802	4/25/2020	4/25/2020	Agency	3,839,790	3,842,681.430	2.831	.070	.779	.85%	3,840,639.08
3136ANMF1	FANNIE MAE-ACES	.626	11/25/2018	11/25/2018	Agency	7,367,815	7,363,440.920	2.127	.067	.719	1.63%	7,351,746.10
3136A8G38	FANNIE MAE-ACES	1.246	8/25/2017	8/25/2017	Agency	535,249	535,329.610	.949	.938	.970	.12%	536,211.88
3136ANA98	FANNIE MAE-ACES	.709	3/25/2019	3/25/2019	Agency	843,765	842,211.350	2.366	.069	.704	.19%	843,805.21
3137A7JT8	FHLMC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	2.776	6/25/2017	3/25/2017	Agency	3,533,693	3,562,713.700	.492	.487	.749	.79%	3,562,307.70
3137ANLP8	FHLMC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	1.655	11/25/2016	10/25/2016	Aaa	180,601	180,650.120	.139	.138	.736	.04%	180,632.55
CMBS TOTALS							16,327,027.130					16,315,342.52
CMOS												
62888YAA0	NCUA GUARANTEED NOTES TRUST 2011-R1	.886	1/8/2020		Aaa	5,091,144	5,122,284.700	2.050	.100	.610	1.13%	5,101,472.25
62889FAA0	NCUA GUARANTEED NOTES TRUST 2011-R4	.816	3/6/2020		Agency	762,698	762,926.470	0.000	0.000	0.000	.17%	763,040.51
CMOS TOTALS							5,885,211.170					5,864,512.76
CORPORATES												
025816BH1	AMERICAN EXPRESS CO	1.244	5/22/2018	5/22/2018	A3	1,000,000	1,001,750.400	1.897	.145	1.378	.22%	997,806.00
0258M0DN6	AMERICAN EXPRESS CREDIT CORP	.950	6/5/2017	6/5/2017	A2	1,166,000	1,164,809.340	.936	.185	1.084	.26%	1,164,431.73
0258M0DC0	AMERICAN EXPRESS CREDIT CORP	2.800	9/19/2016	9/19/2016	A2	4,000,000	4,018,491.350	.219	.221	.854	.89%	4,016,992.00
037833AG5	APPLE INC	.887	5/3/2018	5/3/2018	Aa1	1,500,000	1,501,102.800	1.844	.096	.650	.33%	1,502,284.50
037833AN0	APPLE INC	.704	5/5/2017	5/5/2017	Aa1	1,500,000	1,499,743.960	.847	.101	.673	.33%	1,500,738.00
00206RBF8	AT&T INC	1.700	6/1/2017	6/1/2017	BBB+	3,300,000	3,315,259.180	.919	.912	1.249	.74%	3,313,563.00
06050TKW1	BANK OF AMERICA NA	6.100	6/15/2017	6/15/2017	A-	2,175,000	2,268,231.910	.958	.940	1.590	.50%	2,267,896.43
06050TLR1	BANK OF AMERICA NA	1.125	11/14/2016	11/14/2016	A1	8,000,000	8,008,459.700	.372	.373	.961	1.78%	8,004,816.00
084664CA7	BERKSHIRE HATHAWAY FINANCE CORP	.779	1/10/2017	1/10/2017	Aa2	338,000	338,026.000	.539	.031	.824	.08%	337,960.79
084664CH2	BERKSHIRE HATHAWAY FINANCE CORP	1.343	3/15/2019	3/15/2019	Aa2	1,600,000	1,600,000.000	2.714	.223	1.013	.36%	1,614,860.80
10513KAB0	BRANCH BANKING & TRUST CO	.976	9/13/2016	9/13/2016	A2	2,000,000	1,998,193.200	.208	.204	.788	.44%	2,000,780.00
07330NAG0	BRANCH BANKING & TRUST CO	1.050	12/1/2016	12/1/2016	A1	4,025,000	4,028,520.580	.419	.419	.856	.89%	4,028,244.15
14912L6Q9	CATERPILLAR FINANCIAL SERVICES CORP	1.354	2/23/2018	2/23/2018	A	1,215,000	1,215,000.000	1.650	.153	.967	.27%	1,223,119.85
166764AX8	CHEVRON CORP	.992	11/9/2017	11/9/2017	AA-	1,250,000	1,250,000.000	1.361	.110	1.036	.28%	1,249,861.25
172967JQ5	CITIGROUP INC	1.324	4/27/2018	4/27/2018	BBB+	1,500,000	1,494,087.800	1.825	.076	1.403	.33%	1,498,954.50
172967HG9	CITIGROUP INC	1.300	11/15/2016	11/15/2016	BBB+	6,500,000	6,507,168.810	.375	.376	1.182	1.44%	6,502,821.00
202795HX1	COMMONWEALTH EDISON CO	1.950	9/1/2016	9/1/2016	A2	2,500,000	2,511,434.200	.086	.087	1.138	.56%	2,501,730.00
30231GAS1	EXXON MOBIL CORP	1.274	2/28/2018	2/28/2018	AA+	2,355,000	2,355,000.000	1.672	.251	.814	.53%	2,372,521.20
31677QA22	FIFTH THIRD BANK/CINCINNATI OH	1.136	11/18/2016	11/18/2016		1,850,000	1,849,610.040	.306	.133	.908	.41%	1,851,380.10

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FIXED INCOME (Continued)												
CORPORATES (Continued)												
38141EC49	GOLDMAN SACHS GROUP INC/THE	1.452	12/15/2017	12/15/2017	A3	4,900,000	4,900,806.560	1.464	.212	1.547	1.09%	4,894,806.00
38141GER1	GOLDMAN SACHS GROUP INC/THE	5.750	10/1/2016	10/3/2016	A3	3,600,000	3,644,344.000	.253	.259	1.306	.81%	3,640,140.00
437076BJ0	HOME DEPOT INC/THE	1.022	9/15/2017	9/15/2017	A	503,000	504,286.340	1.214	.212	.722	.11%	504,910.39
446438RH8	HUNTINGTON NATIONAL BANK/THE	1.375	4/24/2017	4/24/2017	A3	2,750,000	2,754,504.760	.733	.751	1.161	.61%	2,754,270.75
4581X0CB2	INTER-AMERICAN DEVELOPMENT BANK	.875	11/15/2016	11/15/2016	AAA	9,250,000	9,262,025.000	.375	.376	.519	2.06%	9,262,302.50
459058CG6	INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT	.875	4/17/2017	4/17/2017	AAA	5,000,000	5,003,604.480	.797	.791	.687	1.11%	5,007,455.00
24422ESU4	JOHN DEERE CAPITAL CORP	.923	1/16/2018	1/16/2018	A2	1,309,000	1,305,094.900	1.544	.051	.893	.29%	1,310,345.65
478160BE3	JOHNSON & JOHNSON	.744	11/28/2016	11/28/2016	AAA	850,000	850,243.640	.419	.169	.661	.19%	850,254.15
48121CVZ6	JPMORGAN CHASE BANK NA	6.000	7/5/2017	7/5/2017	A	6,047,000	6,327,553.140	1.014	.967	1.616	1.40%	6,312,535.86
49327M2E3	KEYBANK NA/CLEVELAND OH	1.152	11/25/2016	11/25/2016	A-	138,000	138,200.400	.325	.153	1.036	.03%	138,050.65
59217GBH1	METROPOLITAN LIFE GLOBAL FUNDING I	1.300	4/10/2017	4/10/2017	AA-	5,325,000	5,340,403.300	.778	.771	.896	1.19%	5,341,624.65
61746BDB9	MORGAN STANLEY	5.750	10/18/2016	10/18/2016	A3	5,000,000	5,072,599.350	.300	.300	1.254	1.12%	5,066,965.00
90521APH5	MUFG UNION BANK NA	1.500	9/26/2016	9/26/2016	A	9,000,000	9,010,865.880	.156	.155	.777	2.00%	9,010,062.00
63743HEK4	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	.878	5/12/2017	5/12/2017	A	1,000,000	999,663.500	.869	.118	.806	.22%	1,000,904.00
68389XAT2	ORACLE CORP	.827	7/7/2017	7/7/2017	A+	3,000,000	3,003,875.400	1.019	.020	.756	.67%	3,003,348.00
717081DF7	PFIZER INC	.953	6/15/2018	6/15/2018	A+	500,000	501,247.240	1.969	.216	.875	.11%	500,862.00
69349LAN8	PNC BANK NA	1.300	10/3/2016	10/3/2016	A	4,000,000	4,004,094.880	.175	.177	.706	.89%	4,004,136.00
91159HHB9	US BANCORP	2.200	11/15/2016	11/15/2016	A+	1,675,000	1,682,092.280	.375	.376	1.246	.37%	1,680,941.23
90331HMD2	US BANK NA/CINCINNATI OH	.868	1/30/2017	1/30/2017	A1	3,000,000	3,002,337.000	.500	.082	.884	.67%	3,000,177.00
92343VCD4	VERIZON COMMUNICATIONS INC	1.057	6/9/2017	6/9/2017	BBB+	4,485,000	4,488,672.570	.947	.194	1.009	1.00%	4,487,363.60
94974BFK1	WELLS FARGO & CO	1.268	4/23/2018	4/23/2018	A	1,052,000	1,053,999.680	1.814	.067	1.175	.23%	1,054,416.44
949746JE2	WELLS FARGO & CO	5.125	9/15/2016	9/15/2016	A-	4,000,000	4,034,230.110	.208	.210	1.322	.89%	4,031,440.00
CORPORATES TOTALS							124,809,633.680					124,808,072.17
MUNICIPALS												
004284A62	ACALANES UNION HIGH SCHOOL DISTRICT	.743	8/1/2016	8/1/2016	AA	2,000,000	2,000,046.000	.086	.087	.741	.44%	2,000,000.00
769036AW4	CITY OF RIVERSIDE CA	.980	6/1/2017	6/1/2017	SP-1+	1,695,000	1,695,000.000	.919	.914	.808	.38%	1,697,678.10
190335GF0	COAST COMMUNITY COLLEGE DISTRICT	.844	8/1/2016	8/1/2016	AA	2,000,000	2,000,214.500	.086	.087	.656	.44%	2,000,320.00
544646BA9	LOS ANGELES UNIFIED SCHOOL DISTRICT/CA	5.000	7/1/2017	7/1/2016	Aa2	3,190,000	3,191,542.080	.003	.003	4.879	.71%	3,190,000.00
84247PGY1	SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY	1.498	7/1/2016	7/1/2016	AA-	1,600,000	1,599,999.960	.003	.003	1.487	.36%	1,600,000.00
MUNICIPALS TOTALS							10,486,802.540					10,487,998.10
SOVEREIGN DEBT												
4581X0BV9	INTER-AMERICAN DEVELOPMENT BANK	1.125	3/15/2017	3/15/2017	AAA	1,000,000	1,003,330.000	.708	.700	.440	.22%	1,004,836.00
4581X0CJ5	INTER-AMERICAN DEVELOPMENT BANK	.625	9/12/2016	9/12/2016	AAA	4,250,000	4,250,909.070	.200	.202	.408	.94%	4,251,840.25
45818WAN6	INTER-AMERICAN DEVELOPMENT BANK	.646	12/12/2016	12/12/2016	Aaa	7,000,000	7,000,552.280	.456	.202	.663	1.55%	6,999,552.00
45905UQC2	INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT	.625	9/26/2016	9/26/2016	AAA	4,500,000	4,501,414.720	.239	.240	.432	1.00%	4,502,070.00
459058DS9	INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT	.625	10/14/2016	10/14/2016	AAA	2,500,000	2,500,975.530	.289	.289	.423	.56%	2,501,452.50
45950KBQ2	INTERNATIONAL FINANCE CORP	1.125	11/23/2016	11/23/2016	Aaa	2,000,000	2,004,268.000	.397	.398	.622	.44%	2,003,980.00
45950VCP9	INTERNATIONAL FINANCE CORP	.625	11/15/2016	11/15/2016	Aaa	13,178,000	13,177,716.710	.375	.376	.608	2.93%	13,178,790.68

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CalOptima (OCHA) - Enhanced Cash

Account #: LCEF00238A2

As of 6/30/2016

Portfolio Profile

Security ID	Security Description	Coupon	Maturity Date	Eff. Mat. Date	Rating	Par Value	Amortized Cost (BV)	WAL	Duration	Yield to Worst	% of Market	Market Value
FIXED INCOME (Continued)												
SOVEREIGN DEBT (Continued)												
45950KBY5	INTERNATIONAL FINANCE CORP	.477	8/1/2016	8/1/2016	Aaa	3,700,000	3,699,915.280	.089	.014	.557	.82%	3,699,766.90
SOVEREIGN DEBT TOTALS							38,139,081.590					38,142,288.33
US TREASURIES												
912828M23	UNITED STATES TREASURY FLOATING RATE NOTE	.428	10/31/2017	10/31/2017	Govt	10,500,000	10,508,788.990	1.336	.005	.390	2.33%	10,507,003.50
912828J35	UNITED STATES TREASURY NOTE/BOND	.500	2/28/2017	2/28/2017	Govt	25,000,000	24,967,935.000	.668	.661	.459	5.55%	25,006,825.00
912828D64	UNITED STATES TREASURY NOTE/BOND	.500	8/31/2016	8/31/2016	Govt	25,000,000	25,020,165.200	.168	.169	.303	5.55%	25,008,275.00
912828F47	UNITED STATES TREASURY NOTE/BOND	.500	9/30/2016	9/30/2016	Govt	15,000,000	15,010,847.400	.251	.251	.351	3.33%	15,005,580.00
912828WA4	UNITED STATES TREASURY NOTE/BOND	.625	10/15/2016	10/17/2016	Govt	25,000,000	25,011,174.800	.292	.297	.357	5.55%	25,019,525.00
US TREASURIES TOTALS							100,518,911.390					100,547,208.50
FIXED INCOME TOTALS							361,006,780.860					360,994,076.45
PORTFOLIO TOTALS							449,557,219.250					450,475,915.68

WELLS CAPITAL - OPERATING FUNDS

HoldingName	Ticker	CUSIP	ISIN	SEDOL	% Market Value	Holding Value
AMERICAN EXPRESS CREDIT CORP	AXP	0258M0DN6	US0258M0DN61		0.26%	\$1,165,201.05
APPLE INC	AAPL	037833AN0	US037833AN08		0.33%	\$1,502,380.90
BANK OF AMERICA NA	BAC	06050TLR1	US06050TLR13		1.56%	\$7,014,495.25
BANK OF NEW YORK MELLON CORP	BK	06406HBX6	US06406HBX61		0.33%	\$1,465,604.90
BRANCH BANKING AND TRUST CO	BBT	07330NAC9	US07330NAC92		0.05%	\$234,020.88
BRANCH BANKING AND TRUST CO	BBT	07330NAG0	US07330NAG07		1.11%	\$5,013,413.41
BRANCH BANKING AND TRUST COMPANY	BBT	10513KAB0	US10513KAB08		0.44%	\$2,001,756.05
Cash	---	CCYUSD	---		0.01%	\$66,043.47
CHAIT 153 A	CHAIT	161571GW8	US161571GW88		0.44%	\$2,001,704.76
COMMONWEALTH EDISON CO	EXC	202795HX1	US202795HX13		0.56%	\$2,517,980.00
FEDERAL FARM CREDIT BANKS	FFCB	313312U99	US313312U998		4.43%	\$19,960,000.00
FEDERAL FARM CREDIT BANKS	FFCB	31331K2G4	US31331K2G44		1.11%	\$5,003,972.67
FEDERAL FARM CREDIT BANKS FUNDING CORP	FFCB	3133EDXL1	US3133EDXL19		1.11%	\$5,005,616.52
FEDERAL HOME LOAN BANKS	FHLB	313385AY2	US313385AY28		2.22%	\$9,975,970.00
FEDERAL HOME LOAN BANKS	FHLB	313384R68	US313384R688		4.44%	\$19,966,000.00
FEDERAL HOME LOAN BANKS	FHLB	313384P52	US313384P526		4.44%	\$19,971,280.00
FEDERAL HOME LOAN BANKS	FHLB	313371PV2	US313371PV20		4.02%	\$18,107,677.00
FEDERAL HOME LOAN MORTGAGE CORP	FHLMC	3134G72G5	US3134G72G51		1.11%	\$4,999,277.16
FEDERAL HOME LOAN MORTGAGE CORP	FHLMC	3134G5RS6	US3134G5RS67		0.67%	\$3,003,261.00
FIDELITY INST : GOV PT CL I MMF	FIGXX	316175108	US3161751082		0.17%	\$765,954.47
FIFTH THIRD BANK	FITB	31677QAZ2	US31677QAZ28		0.41%	\$1,853,948.95
FIFTH THIRD BANK	FITB	31677QAY5	US31677QAY52		0.95%	\$4,267,588.75
INTER-AMERICAN DEVELOPMENT BANK	IADB	4581X0CJ5	US4581X0CJ58		0.78%	\$3,508,138.76
INTER-AMERICAN DEVELOPMENT BANK	IADB	4581X0BV9	US4581X0BV95		1.61%	\$7,254,636.61
INTERNATIONAL FIN CORP MEDIUM TERM NTS BOOK ENTRY	---	45950VHJ8	US45950VHJ89		0.56%	\$2,500,157.44
J.P. MORGAN CHASE & CO.	JPM	46625HJA9	US46625HJA95		1.64%	\$7,367,742.40
JOHNSON & JOHNSON	JNJ	478160BE3	US478160BE31		0.19%	\$850,798.75
KEYBANK NATIONAL ASSOCIATION	KEY	49327M2E3	US49327M2E32		0.03%	\$137,212.53
NATIONAL RURAL UTILITIES COOP FINANCE CORP	NRUC	63743HEK4	US63743HEK41		0.22%	\$1,002,123.58
ORACLE CORP	ORCL	68389XAT2	US68389XAT28		0.67%	\$3,009,203.08
PNC BANK NA	PNC	69349LAP3	US69349LAP31		1.07%	\$4,810,908.80
Receivable	---	CCYUSD	---		0.00%	\$4,446.70
Toronto Dominion Holdings (U.S.A.), Inc.	TD	89116EM75	US89116EM757		2.21%	\$9,962,977.80
Toyota Motor Credit Corporation	TOYOTA	89233GM11	US89233GM110		2.21%	\$9,967,061.10
UNION BANK NA (SAN FRANCISCO)	MUFG	90521APH5	US90521APH58		1.04%	\$4,663,554.19
UNITED STATES TREASURY	UST	912828H78	US912828H789		8.91%	\$40,096,796.48
UNITED STATES TREASURY	UST	912828D64	US912828D648		5.56%	\$25,050,054.89
UNITED STATES TREASURY	UST	912828WA4	US912828WA40		5.57%	\$25,052,397.27
UNITED STATES TREASURY	UST	912828J35	US912828J355		5.56%	\$25,048,604.89
UNITED STATES TREASURY	UST	912828J92	US912828J926		3.34%	\$15,020,172.46
UNITED STATES TREASURY	UST	912828F47	US912828F478		3.34%	\$15,024,432.46
UNITED STATES TREASURY	UST	912828SC5	US912828SC51		2.24%	\$10,061,448.46
UNITED STATES TREASURY	UST	912828H29	US912828H292		4.45%	\$20,019,879.67

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WELLS CAPITAL - OPERATING FUNDS

HoldingName	Ticker	CUSIP	ISIN	SEDOL	% Market Value	Holding Value
UNITED STATES TREASURY	UST	912796GW3	US912796GW34		11.77%	\$52,994,594.00
UNITED STATES TREASURY	UST	912828SJ0	US912828SJ05		2.23%	\$10,055,035.92
US BANCORP	USB	91159HHB9	US91159HHB96		0.84%	\$3,773,842.92
US BANK NA	USB	90331HMD2	US90331HMD25		0.67%	\$3,004,735.84
WORLD BANK - INTERNATIONAL BANK FOR RECONSTRUCTIO	IBRD	459058BS1	US459058BS14		3.12%	\$14,059,142.22

CALOPTIMA - OPERATING FUND

Portfolio 2480

Portfolio Positions

as of June 30, 2016

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
Cash							
	CASH OR STIF	USD	(5,062,303.39)	(5,062,303.39)	0.00	1.000	(1.59)%
Total for Cash			(5,062,303.39)	(5,062,303.39)	0.00		(1.59)%
Money Markets							
35,000,000.000	FHLB DISCOUNT NOTE	313384H69	34,966,822.92	34,971,635.42	4,812.50	99.920	11.02%
	Mat: 9/28/16 Cpn: 0.00%		0.00	729.17			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 6/28/16 St Date: 6/29/16						
14,300,000.000	U.S. TREASURY BILL	912796JE0	14,204,571.33	14,231,723.46	27,152.13	99.741	4.49%
	Mat: 3/2/17 Cpn: 0.00%		0.00	31,460.00			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 3/1/16 St Date: 3/3/16						
Total for Money Markets			49,171,394.25	49,203,358.88	31,964.63		15.51%
			0.00	32,189.17			
Treasuries							
32,000,000.000	U.S. TREASURY NOTE	912828H78	31,918,750.00	32,015,036.48	96,286.48	100.047	10.11%
	Mat: 1/31/17 Cpn: 0.50%		72,608.70	66,813.19			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 1/13/16 St Date: 1/14/16						
17,000,000.000	U.S. TREASURY NOTE	912828J35	16,972,830.39	17,006,630.17	33,799.78	100.039	5.37%
	Mat: 2/28/17 Cpn: 0.50%		33,392.86	28,410.33			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 1/20/16 St Date: 1/21/16						
11,000,000.000	U.S. TREASURY NOTE	912828C32	11,017,224.35	11,022,990.00	5,765.65	100.209	3.48%
	Mat: 3/15/17 Cpn: 0.75%		35,357.14	24,211.96			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 2/17/16 St Date: 2/18/16						
18,000,000.000	U.S. TREASURY NOTE	912828J92	17,955,000.00	18,004,680.18	49,680.18	100.026	5.68%
	Mat: 3/31/17 Cpn: 0.50%		28,770.49	22,622.95			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 1/22/16 St Date: 1/25/16						
20,000,000.000	U.S. TREASURY NOTE	912828D98	20,104,687.50	20,108,599.80	3,912.30	100.543	6.35%
	Mat: 9/15/17 Cpn: 1.00%		57,608.70	58,695.65			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 6/24/16 St Date: 6/29/16						
Total for Treasuries			97,968,492.24	98,157,936.63	189,444.39		30.99%
			227,737.89	200,754.07			



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CALOPTIMA - OPERATING FUND

Portfolio 2480

Portfolio Positions

as of June 30, 2016

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
Government Related							
1,400,000.000	HOUSING URBAN DEVELOPMENT	911759LX4	1,400,000.00	1,400,294.00	294.00	100.021	0.44%
	Mat: 8/1/16 Cpn: 0.83%		0.00	4,841.67			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 5/19/15 St Date: 5/28/15						
Total for Government Related			1,400,000.00	1,400,294.00	294.00		0.44%
			0.00	4,841.67			
Agencies							
6,000,000.000	FHLB	3130A2T97	6,001,500.00	6,000,870.00	(630.00)	100.015	1.89%
	Mat: 9/28/16 Cpn: 0.50%		7,666.67	7,750.00			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 6/29/16 St Date: 6/30/16						
7,540,000.000	FHLB C 1/20/17 1X	3130A8L35	7,540,000.00	7,543,958.50	3,958.50	100.053	2.38%
	Mat: 7/20/17 Cpn: 0.75%		0.00	1,099.58			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 6/21/16 St Date: 6/24/16						
Total for Agencies			13,541,500.00	13,544,828.50	3,328.50		4.27%
			7,666.67	8,849.58			
Taxable Muni							
1,175,000.000	CA EARTHQUAKE AUTH TAXABLE	13017HAC0	1,178,090.25	1,175,000.00	(3,090.25)	100.000	0.37%
	Mat: 7/1/16 Cpn: 1.19%		6,196.36	7,014.75			
	Moody's: A3 S&P: Fitch: A						
	Tr Date: 12/7/15 St Date: 12/10/15						
4,905,000.000	NEW YORK UNIVERSITY	650119AC4	4,905,000.00	4,905,000.00	0.00	100.000	1.55%
	Mat: 7/1/16 Cpn: 0.57%		0.00	13,979.25			
	Moody's: S&P: AA- Fitch:						
	Tr Date: 4/10/15 St Date: 4/16/15						
3,250,000.000	CA SAN DIEGO SCHOOL DIST TAXABLE	7973552R4	3,244,670.00	3,250,000.00	5,330.00	100.000	1.03%
	Mat: 7/1/16 Cpn: 0.45%		2,437.50	10,440.63			
	Moody's: MIG1 S&P: Fitch:						
	Tr Date: 12/9/15 St Date: 12/14/15						
1,660,000.000	CA SAN DIEGO USD TAXABLE	7973554U5	1,660,000.00	1,660,000.00	0.00	100.000	0.52%
	Mat: 7/1/16 Cpn: 0.52%		0.00	1,007.07			
	Moody's: Aa2 S&P: Fitch: AAA						
	Tr Date: 5/6/16 St Date: 5/19/16						
3,000,000.000	CA SACRAMENTO CITY USD GO/ULT TAXABLE	785870VZ6	3,000,000.00	3,000,360.00	360.00	100.012	0.95%
	Mat: 8/1/16 Cpn: 0.70%		0.00	8,800.00			
	Moody's: S&P: AA Fitch:						
	Tr Date: 5/15/15 St Date: 6/4/15						



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CALOPTIMA - OPERATING FUND

Portfolio 2480

Portfolio Positions

as of June 30, 2016

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
6,925,000.000	CA STATE GO/ULT TAXABLE Mat: 11/1/16 Cpn: 1.25% Moody's: Aa3 S&P: AA- Fitch: A+ Tr Date: 2/22/16 St Date: 2/25/16	13063CFD7	6,951,652.75 28,748.27	6,936,841.75 14,427.08	(14,811.00)	100.171	2.19%
1,000,000.000	CA SAN FRANCISCO PUB UTILS TAXABLE Mat: 11/1/16 Cpn: 4.00% Moody's: Aa3 S&P: AA- Fitch: Tr Date: 10/22/15 St Date: 10/27/15	79765RSP5	1,034,320.00 19,555.56	1,010,020.00 6,666.67	(24,300.00)	101.002	0.32%
1,000,000.000	CA STATE DEPT OF WATER TXB Mat: 12/1/16 Cpn: 0.99% Moody's: S&P: AAA Fitch: Tr Date: 6/23/16 St Date: 6/28/16	13067WJG8	1,001,740.00 743.25	1,001,740.00 825.83	0.00	100.174	0.32%
750,000.000	NV STATE GO/LT TXB Mat: 2/1/17 Cpn: 1.15% Moody's: Aa2 S&P: AA Fitch: AA+ Tr Date: 6/2/16 St Date: 6/6/16	641461XY9	751,575.00 2,981.77	751,642.50 3,578.13	67.50	100.219	0.24%
Total for Taxable Muni			23,727,048.00 60,662.71	23,690,604.25 66,739.40	(36,443.75)		7.48%
Credit							
1,713,000.000	AMERICAN EXPRESS Mat: 7/29/16 Cpn: 1.30% Moody's: A2 S&P: A- Fitch: A Tr Date: 11/5/15 St Date: 11/10/15	0258M0DG1	1,719,389.49 6,247.69	1,713,609.83 9,402.47	(5,779.66)	100.036	0.54%
5,000,000.000	EXELON-MAKE WHOLE 8/1/16 Mat: 9/1/16 Cpn: 1.95% Moody's: A2 S&P: A- Fitch: A Tr Date: 10/22/15 St Date: 10/27/15	202795HX1	5,044,950.00 15,166.67	5,003,510.00 32,500.00	(41,440.00)	100.070	1.59%
962,000.000	AMERICAN EXPRESS Mat: 9/19/16 Cpn: 2.80% Moody's: A2 S&P: A- Fitch: A Tr Date: 11/5/15 St Date: 11/10/15	0258M0DC0	978,421.34 3,815.93	966,116.40 7,631.87	(12,304.94)	100.428	0.31%
525,000.000	BRANCH BANKING & TRUST FRN Mat: 12/1/16 Cpn: 1.10% Moody's: A1 S&P: A Fitch: A+ Tr Date: 10/13/15 St Date: 10/16/15	07330NAF2	525,225.75 495.08	525,504.00 482.58	278.25	100.096	0.17%
3,245,000.000	ROCKWELL COLLINS FRN Mat: 12/15/16 Cpn: 1.00% Moody's: A3 S&P: A- Fitch: A- Tr Date: 7/31/14 St Date: 8/5/14	774341AD3	3,248,163.75 2,486.30	3,246,275.29 1,445.83	(1,888.47)	100.039	1.02%



CALOPTIMA - OPERATING FUND

Portfolio 2480

Portfolio Positions

as of June 30, 2016

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
2,600,000.000	UNITEDHEALTH GROUP FRN Mat: 1/17/17 Cpn: 1.08% Moody's: A3 S&P: A+ Fitch: A- Tr Date: 7/20/15 St Date: 7/23/15	91324PCJ9	2,600,770.00 1,756.90	2,603,502.20 5,787.23	2,732.20	100.135	0.82%
2,925,000.000	MANUFACTURERS & TRADERS TRUST FRN Mat: 1/30/17 Cpn: 1.01% Moody's: A2 S&P: A Fitch: A Tr Date: 7/29/14 St Date: 8/1/14	55279HAC4	2,928,844.25 170.69	2,926,790.10 4,940.08	(2,054.15)	100.061	0.92%
3,790,000.000	BANK OF AMERICA FRN Mat: 2/14/17 Cpn: 1.10% Moody's: A1 S&P: A Fitch: A+ Tr Date: 7/29/14 St Date: 8/1/14	06050TLU4	3,789,069.10 5,330.30	3,795,620.57 5,308.17	6,551.47	100.148	1.20%
3,380,000.000	AFLAC Mat: 2/15/17 Cpn: 2.65% Moody's: A3 S&P: A- Fitch: A- Tr Date: 12/9/15 St Date: 12/14/15	001055AH5	3,434,451.80 29,607.86	3,417,355.76 33,837.56	(17,096.04)	101.105	1.09%
1,645,000.000	CITIGROUP FRN Mat: 3/10/17 Cpn: 1.20% Moody's: Baa1 S&P: BBB+ Fitch: A Tr Date: 7/29/14 St Date: 8/1/14	172967HL8	1,648,125.50 1,828.66	1,646,166.31 1,149.58	(1,959.20)	100.071	0.52%
225,000.000	AT&T FRN Mat: 3/30/17 Cpn: 1.05% Moody's: Baa1 S&P: BBB+ Fitch: A- Tr Date: 8/4/14 St Date: 8/7/14	00206RCF7	225,614.25 155.35	225,146.03 6.57	(468.23)	100.065	0.07%
2,240,000.000	HUNTINGTON NATL BANK FRN Mat: 4/24/17 Cpn: 1.06% Moody's: A3 S&P: BBB+ Fitch: A- Tr Date: 1/29/15 St Date: 2/3/15	446438RJ4	2,237,827.20 339.04	2,238,212.48 4,431.95	385.28	99.920	0.71%
1,150,000.000	GOLDMAN SACHS FRN Mat: 5/22/17 Cpn: 1.32% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 5/19/15 St Date: 5/22/15	38148LAD8	1,150,000.00 0.00	1,151,041.90 1,649.36	1,041.90	100.091	0.36%
2,000,000.000	BRANCH BANKING & TRUST FRN Mat: 5/23/17 Cpn: 0.95% Moody's: A2 S&P: A- Fitch: A Tr Date: 10/21/15 St Date: 10/26/15	10513KAC8	1,990,700.00 2,201.85	1,997,816.00 2,066.78	7,116.00	99.891	0.63%
1,020,000.000	PACCAR FINANCIAL FRN Mat: 6/6/17 Cpn: 0.87% Moody's: A1 S&P: A+ Fitch: Tr Date: 7/31/14 St Date: 8/5/14	69371RL95	1,020,549.90 702.89	1,020,107.10 616.32	(442.80)	100.011	0.32%



CALOPTIMA - OPERATING FUND

Portfolio 2480

Portfolio Positions

as of June 30, 2016

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
1,800,000.000	VERIZON COMMUNICATIONS FRN Mat: 6/9/17 Cpn: 1.06% Moody's: Baa1 S&P: BBB+ Fitch: A- Tr Date: 1/29/15 St Date: 2/3/15	92343VCD4	1,797,038.00 1,693.87	1,801,198.80 1,162.26	4,160.80	100.067	0.57%
730,000.000	AMERICAN EXPRESS FRN Mat: 9/22/17 Cpn: 0.95% Moody's: A2 S&P: A- Fitch: A Tr Date: 9/18/14 St Date: 9/23/14	0258M0DS5	730,000.00 0.00	728,579.42 172.74	(1,420.58)	99.805	0.23%
493,000.000	BERKSHIRE HATHAWAY FRN Mat: 1/12/18 Cpn: 0.93% Moody's: Aa2 S&P: AA Fitch: A+ Tr Date: 10/13/15 St Date: 10/16/15	084664CD1	491,895.68 25.50	493,278.05 1,019.74	1,382.37	100.056	0.16%
1,800,000.000	WELLS FARGO FRN Mat: 1/22/18 Cpn: 1.38% Moody's: Aa2 S&P: AA- Fitch: AA Tr Date: 1/22/16 St Date: 1/29/16	94988J5B9	1,800,000.00 0.00	1,808,344.80 4,812.85	8,344.80	100.464	0.57%
5,000,000.000	JPMORGAN CHASE FRN Mat: 1/25/18 Cpn: 1.54% Moody's: A3 S&P: A- Fitch: A+ Tr Date: 4/15/15 St Date: 4/20/15	46625HJF8	5,050,815.70 13,624.35	5,025,450.00 14,312.88	(25,365.70)	100.509	1.59%
2,000,000.000	WELLS FARGO FRN Mat: 4/23/18 Cpn: 1.27% Moody's: A2 S&P: A Fitch: AA- Tr Date: 1/29/15 St Date: 2/3/15	94974BFBK1	2,003,940.00 542.12	2,005,128.00 4,720.15	1,188.00	100.256	0.63%
3,000,000.000	GOLDMAN SACHS FRN Mat: 4/30/18 Cpn: 1.84% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 7/29/14 St Date: 8/1/14	38141GVK7	3,050,390.00 6,625.48	3,016,386.00 9,651.34	(34,004.00)	100.546	0.95%
5,000,000.000	QUALCOMM FRN Mat: 5/18/18 Cpn: 0.91% Moody's: A1 S&P: A+ Fitch: Tr Date: 5/13/15 St Date: 5/20/15	747525AH6	5,000,000.00 0.00	4,986,050.00 5,282.67	(13,950.00)	99.721	1.57%
1,825,000.000	AMERICAN EXPRESS FRN Mat: 5/22/18 Cpn: 1.24% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 4/14/15 St Date: 4/17/15	025816BH1	1,828,522.25 2,330.98	1,821,503.30 2,522.35	(7,018.95)	99.808	0.57%
3,200,000.000	KEYBANK FRN Mat: 6/1/18 Cpn: 1.19% Moody's: A3 S&P: A- Fitch: A- Tr Date: 5/27/15 St Date: 6/1/15	49327M2L7	3,200,000.00 0.00	3,194,460.80 3,181.47	(5,539.20)	99.827	1.01%



CALOPTIMA - OPERATING FUND

Portfolio 2480

Portfolio Positions

as of June 30, 2016

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
3,200,000.000	PNC BANK FRN Mat: 6/1/18 Cpn: 1.09% Moody's: A2 S&P: A Fitch: A+ Tr Date: 5/27/15 St Date: 6/1/15	69353REN4	3,200,000.00 0.00	3,196,294.40 2,914.80	(3,705.60)	99.884	1.01%
2,910,000.000	CISCO SYSTEMS FRN Mat: 6/15/18 Cpn: 0.96% Moody's: A1 S&P: AA- Fitch: Tr Date: 6/10/15 St Date: 6/17/15	17275RAY8	2,910,000.00 0.00	2,915,171.07 1,244.83	5,171.07	100.178	0.92%
3,000,000.000	FIFTH THIRD BANK FRN Mat: 8/20/18 Cpn: 1.55% Moody's: A3 S&P: A- Fitch: A Tr Date: 10/13/15 St Date: 10/16/15	31677QBE8	3,005,250.00 5,903.54	3,004,875.00 5,280.80	(375.00)	100.163	0.95%
680,000.000	LOWES COMPANIES FRN Mat: 9/14/18 Cpn: 1.26% Moody's: A3 S&P: A- Fitch: Tr Date: 9/9/15 St Date: 9/16/15	548661DF1	680,403.20 93.55	686,058.12 403.19	5,654.92	100.891	0.22%
3,000,000.000	VERIZON COMMUNICATIONS FRN Mat: 9/14/18 Cpn: 2.41% Moody's: Baa1 S&P: BBB+ Fitch: A- Tr Date: 4/15/15 St Date: 4/20/15	92343VBM5	3,123,600.00 6,230.18	3,075,840.00 3,407.93	(47,760.00)	102.528	0.97%
1,000,000.000	WELLS FARGO FRN Mat: 9/14/18 Cpn: 1.06% Moody's: A2 S&P: A Fitch: AA- Tr Date: 9/16/14 St Date: 9/23/14	94974BGD6	1,000,000.00 0.00	995,310.00 498.48	(4,690.00)	99.531	0.31%
3,000,000.000	US BANCORP FRN Mat: 11/15/18 Cpn: 1.12% Moody's: A1 S&P: A+ Fitch: AA Tr Date: 10/21/15 St Date: 10/26/15	91159HHF0	3,000,630.00 4,727.92	2,998,377.00 4,278.38	(2,253.00)	99.946	0.95%
5,050,000.000	CHEVRON FRN Mat: 11/16/18 Cpn: 1.14% Moody's: Aa2 S&P: AA- Fitch: Tr Date: 11/9/15 St Date: 11/17/15	166764BB5	5,050,000.00 0.00	5,030,638.30 7,331.00	(19,361.70)	99.617	1.59%
1,000,000.000	AT&T FRN Mat: 11/27/18 Cpn: 1.58% Moody's: Baa1 S&P: BBB+ Fitch: A- Tr Date: 7/30/14 St Date: 8/4/14	00206RCB6	1,019,860.00 2,179.54	1,005,500.00 1,532.76	(14,360.00)	100.550	0.32%
2,220,000.000	CITIGROUP FRN Mat: 12/7/18 Cpn: 1.54% Moody's: Baa1 S&P: BBB+ Fitch: A Tr Date: 12/1/15 St Date: 12/7/15	172967KF7	2,220,000.00 0.00	2,220,794.76 2,282.38	794.76	100.036	0.70%



CALOPTIMA - OPERATING FUND

Portfolio 2480

Portfolio Positions

as of June 30, 2016

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
1,828,000.000	ORACLE FRN Mat: 1/15/19 Cpn: 1.21% Moody's: A1 S&P: AA- Fitch: A+ Tr Date: 7/30/14 St Date: 8/4/14	68389XAR6	1,836,100.79 1,073.19	1,837,498.29 4,724.51	1,397.50	100.520	0.58%
3,000,000.000	MORGAN STANLEY FRN Mat: 1/24/19 Cpn: 1.49% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 4/15/15 St Date: 4/20/15	61746BDN3	3,011,250.00 7,742.70	2,996,172.00 8,308.56	(15,078.00)	99.872	0.95%
1,280,000.000	BRANCH BANKING & TRUST FRN Mat: 5/1/19 Cpn: 1.14% Moody's: A1 S&P: A Fitch: A+ Tr Date: 5/5/16 St Date: 5/10/16	07330NAM7	1,280,000.00 0.00	1,280,858.88 2,100.08	858.88	100.067	0.40%
700,000.000	MORGAN STANLEY FRN Mat: 7/23/19 Cpn: 1.38% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 7/29/14 St Date: 8/1/14	61746BDS2	700,350.00 170.30	694,465.10 1,795.36	(5,884.90)	99.209	0.22%
Total for Credit			89,532,147.95 123,268.42	89,295,006.04 204,197.84	(237,141.91)		28.19%
Mortgage-Backed							
13,717,396.900	FHMS K501 A2 CMBS Mat: 11/25/16 Cpn: 1.66% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 9/17/15 St Date: 9/22/15	3137ANLP8	13,794,134.73 13,243.00	13,720,730.23 18,918.58	(73,404.51)	100.024	4.33%
4,854,676.000	NGN 2011-R3 1A 1MO FRN NCUA GNTD Mat: 3/11/20 Cpn: 0.85% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 5/18/15 St Date: 5/21/15	62889EAA3	4,876,004.78 742.07	4,859,098.61 2,393.80	(16,906.17)	100.091	1.53%
2,286,471.000	FHMS KF02 A1 1MOFRN CMBS Mat: 7/25/20 Cpn: 0.83% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 11/19/15 St Date: 11/24/15	3137B5J79	2,286,471.00 1,099.32	2,289,205.62 317.55	2,734.62	100.120	0.72%
Total for Mortgage-Backed			20,956,610.51 15,084.39	20,869,034.46 21,629.93	(87,576.06)		6.58%
Asset-Backed							
3,682,354.896	BMW 2016-1 A1 LEASE Mat: 2/21/17 Cpn: 0.63% Moody's: P-1 S&P: Fitch: F1+ Tr Date: 2/9/16 St Date: 2/17/16	05581RAA4	3,682,354.90 0.00	3,680,053.42 708.85	(2,301.47)	99.938	1.16%



CALOPTIMA - OPERATING FUND

Portfolio 2480

Portfolio Positions

as of June 30, 2016

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
2,336,137.561	HONDA 2016-1 A1 CAR Mat: 2/21/17 Cpn: 0.62% Moody's: S&P: A-1+ Fitch: F1+ Tr Date: 2/16/16 St Date: 2/25/16	43814NAA3	2,336,137.56 0.00	2,334,871.37 442.57	(1,266.19)	99.946	0.74%
3,400,000.000	HARLEY 2016-A A1 CYCLE Mat: 6/15/17 Cpn: 0.59% Moody's: P-1 S&P: A-1+ Fitch: Tr Date: 6/7/16 St Date: 6/15/16	41284DAA0	3,400,000.00 0.00	3,400,078.20 891.56	78.20	100.002	1.07%
2,898,704.072	HONDA 2016-2 A1 CAR Mat: 6/15/17 Cpn: 0.62% Moody's: P-1 S&P: Fitch: F1+ Tr Date: 5/24/16 St Date: 5/31/16	43814QAA6	2,898,704.07 0.00	2,897,275.01 798.75	(1,429.06)	99.951	0.91%
6,047,574.740	NISSAN 2016-A A1 LEASE Mat: 6/15/17 Cpn: 0.65% Moody's: P-1 S&P: Fitch: F1+ Tr Date: 6/28/16 St Date: 7/1/16	65478QAA6	6,047,574.74 1,666.44	6,047,701.74 1,666.44	127.00	100.002	1.91%
1,231,662.222	HARLEY 2015-1 A2B 1MOFRN CYCLE Mat: 1/15/19 Cpn: 0.74% Moody's: Aaa S&P: AAA Fitch: AAA Tr Date: 1/22/15 St Date: 1/28/15	41284BAC0	1,231,662.22 0.00	1,231,870.37 406.20	208.15	100.017	0.39%
6,200,000.000	GEDFT 2014-2 A 1MOFRN FLOOR Mat: 10/20/19 Cpn: 0.90% Moody's: Aaa S&P: Fitch: AAA Tr Date: 1/29/15 St Date: 2/3/15	36159LCN4	6,199,741.60 1,060.04	6,193,384.60 1,701.31	(6,357.00)	99.893	1.95%
Total for Asset-Backed			25,796,175.09 2,726.48	25,785,234.72 6,615.68	(10,940.37)		8.13%
Grand Total			317,031,064.66 437,146.56	316,883,994.09 545,817.34	(147,070.57)		100.00%



Disclaimer, Glossary, and Notes

As of June 30, 2016

The material contained in this report is confidential and may not be reproduced, disclosed, or distributed, in whole or in part, to any person or entity other than the intended recipient. The data are provided for informational purposes only, may not be complete, and cannot be relied upon for any purpose other than for discussion.

Meketa Investment Group has prepared this report on the basis of sources believed to be reliable. The data are based on matters as they are known as of the date of preparation of the report, and not as of any future date, and will not be updated or otherwise revised to reflect information that subsequently becomes available.

In general, the valuation numbers presented in this report are prepared by the custodian bank for listed securities, and by the fund manager or appropriate General Partner in the case of unlisted securities. The data used in the market comparison sections of this report are sourced from various databases. These data are continuously updated and are subject to change.

This report does not contain all the information necessary to fully evaluate the potential risks of any of the investments described herein. Because of inherent uncertainties involved in the valuations of investments that are not publicly traded, any estimated fair values shown in this report may differ significantly from the values that would have been used had a ready market for the underlying securities existed, and the differences could be material. Note that for unlisted securities the valuations may be lagged by one or more calendar quarters, or may reflect original cost.

This document may contain certain forward-looking statements, forecasts, estimates, projections, and opinions (“Forward Statements”). No representation is made or will be made that any Forward Statements will be achieved or will prove to be correct. A number of factors, in addition to any risk factors stated in this material, could cause actual future results to vary materially from the Forward Statements. No representation is given that the assumptions disclosed in this document upon which Forward Statements may be based are reasonable. There can be no assurance that the investment strategy or objective of any fund or investment will be achieved, or that the Fund will receive a return of the amount invested.

In some cases Meketa Investment Group assists the Trustees in handling capital calls or asset transfers among investment managers. In these cases we do not make any representations as to the managers’ use of the funds, but do confirm that the capital called or transferred is within the amounts authorized by the Trustees.

Credit Risk: Refers to the risk that the issuer of a fixed income security may default (i.e., the issuer will be unable to make timely principal and/or interest payments on the security.)

Duration: Measure of the sensitivity of the price of a bond to a change in its yield to maturity. Duration summarizes, in a single number, the characteristics that cause bond prices to change in response to a change in interest rates. For example, the price of a bond with a duration of three years will rise by approximately 3% for each 1% decrease in its yield to maturity. Conversely, the price will decrease 3% for each 1% increase in the bond's yield. Price changes for two different bonds can be compared using duration. A bond with a duration of six years will exhibit twice the percentage price change of a bond with a three-year duration. The actual calculation of a bond's duration is somewhat complicated, but the idea behind the calculation is straightforward. The first step is to measure the time interval until receipt for each cash flow (coupon and principal payments) from a bond. The second step is to compute a weighted average of these time intervals. Each time interval is measured by the present value of that cash flow. This weighted average is the duration of the bond measured in years.

Information Ratio: This statistic is a measure of the consistency of a portfolio's performance relative to a benchmark. It is calculated by subtracting the benchmark return from the portfolio return (excess return), and dividing the resulting excess return by the standard deviation (volatility) of this excess return. A positive information ratio indicates outperformance versus the benchmark, and the higher the information ratio, the more consistent the outperformance.

Market Capitalization: For a firm, market capitalization is the total market value of outstanding common stock. For a portfolio, market capitalization is the sum of the capitalization of each company weighted by the ratio of holdings in that company to total portfolio holdings; thus it is a weighted-average capitalization. Meketa Investment Group considers the largest 65% of the broad domestic equity market as large capitalization, the next 25% of the market as medium capitalization, and the smallest 10% of stocks as small capitalization.

Market Weighted: Stocks in many indices are weighted based on the total market capitalization of the issue. Thus, the individual returns of higher market-capitalization issues will more heavily influence an index's return than the returns of the smaller market-capitalization issues in the index.

Maturity: The date on which a loan, bond, mortgage or other debt/security becomes due and is to be paid off.

Prepayment Risk: The risk that prepayments will increase (homeowners will prepay all or part of their mortgage) when mortgage interest rates decline; hence, investors' monies will be returned to them in a lower interest rate environment. Also, the risk that prepayments will slow down when mortgage interest rates rise; hence, investors will not have as much money as previously anticipated in a higher interest rate environment. A prepayment is any payment in excess of the scheduled mortgage payment.

Price-Book Value (P/B) Ratio: The current market price of a stock divided by its book value per share. Meketa Investment Group calculates P/B as the current price divided by Compustat's quarterly common equity. Common equity includes common stock, capital surplus, retained earnings, and treasury stock adjusted for both common and nonredeemable preferred stock. Similar to high P/E stocks, stocks with high P/B's tend to be riskier investments.

Price-Earnings (P/E) Ratio: A stock's market price divided by its current or estimated future earnings. Lower P/E ratios often characterize stocks in low growth or mature industries, stocks in groups that have fallen out of favor, or stocks of established blue chip companies with long records of stable earnings and regular dividends. Sometimes a company that has good fundamentals may be viewed unfavorably by the market if it is an industry that is temporarily out of favor. Or a business may have experienced financial problems causing investors to be skeptical about its future. Either of these situations would result in lower relative P/E ratios. Some stocks exhibit

above-average sales and earnings growth or expectations for above average growth. Consequently, investors are willing to pay more for these companies' earnings, which results in elevated P/E ratios. In other words, investors will pay more for shares of companies whose profits, in their opinion, are expected to increase faster than average. Because future events are in no way assured, high P/E stocks tend to be riskier and more volatile investments. Meketa Investment Group calculates P/E as the current price divided by the I/B/E/S consensus of twelve-month forecast earnings per share.

Quality Rating: The rank assigned a security by such rating services as Fitch, Moody's, and Standard & Poor's. The rating may be determined by such factors as (1) the likelihood of fulfillment of dividend, income, and principal payment of obligations; (2) the nature and provisions of the issue; and (3) the security's relative position in the event of liquidation of the company. Bonds assigned the top four grades (AAA, AA, A, BBB) are considered investment grade because they are eligible bank investments as determined by the controller of the currency.

Sharpe Ratio: A commonly used measure of risk-adjusted return. It is calculated by subtracting the risk free return (usually three-month Treasury bill) from the portfolio return and dividing the resulting excess return by the portfolio's total risk level (standard deviation). The result is a measure of return per unit of total risk taken. The higher the Sharpe ratio, the better the fund's historical risk adjusted performance.

Standard Deviation: A measure of the total risk of an asset or a portfolio. Standard deviation measures the dispersion of a set of numbers around a central point (e.g., the average return). If the standard deviation is small, the distribution is concentrated within a narrow range of values. For a normal distribution, about two thirds of the observations will fall within one standard deviation of the mean, and 95% of the observations will fall within two standard deviations of the mean.

STIF Account: Short-term investment fund at a custodian bank that invests in cash-equivalent instruments. It is generally used to safely invest the excess cash held by portfolio managers.

Style: The description of the type of approach and strategy utilized by an investment manager to manage funds. For example, the style for equities is determined by portfolio characteristics such as price-to-book value, price-to-earnings ratio, and dividend yield. Equity styles include growth, value, and core.

Yield to Maturity: The yield, or return, provided by a bond to its maturity date; determined by a mathematical process, usually requiring the use of a "basis book." For example, a 5% bond pays \$5 a year interest on each \$100 par value. To figure its current yield, divide \$5 by \$95—the market price of the bond—and you get 5.26%. Assume that the same bond is due to mature in five years. On the maturity date, the issuer is pledged to pay \$100 for the bond that can be bought now for \$95. In other words, the bond is selling at a discount of 5% below par value. To figure yield to maturity, a simple and approximate method is to divide 5% by the five years to maturity, which equals 1% pro rata yearly. Add that 1% to the 5.26% current yield, and the yield to maturity is roughly 6.26%.

$$\frac{5\% \text{ (discount)}}{5 \text{ (yrs. to maturity)}} = 1\% \text{ pro rata, plus } 5.26\% \text{ (current yield)} = 6.26\% \text{ (yield to maturity)}$$

Sources: [Investment Terminology](#), International Foundation of Employee Benefit Plans, 1999.
[The Handbook of Fixed Income Securities](#), Fabozzi, Frank J., 1991.

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Throughout this report, numbers may not sum due to rounding.

Returns for periods greater than one year are annualized throughout this report.

Values shown are in millions of dollars, unless noted otherwise.

MINUTES
REGULAR MEETING
OF THE
CALOPTIMA BOARD OF DIRECTORS’
FINANCE AND AUDIT COMMITTEE

CALOPTIMA
505 CITY PARKWAY WEST
ORANGE, CALIFORNIA

THURSDAY, MAY 19, 2016, 2:00 P.M.

CALL TO ORDER

Chair Lee Penrose called the meeting to order at 2:04 p.m., and led the Pledge of Allegiance.

Members Present: Lee Penrose, Chair; Peter Agarwal, Mark Refowitz

Members Absent: Mike Ryan (non-voting)

Others Present: Michael Schrader, Chief Executive Officer; Richard Bock, M.D., Deputy Chief Medical Officer; Gary Crockett, Chief Counsel; Ladan Khamseh, Chief Operating Officer; Len Rosignoli, Chief Information Officer; Javier Sanchez, Chief Network Officer; Chet Uma, Chief Financial Officer; Suzanne Turf, Clerk of the Board

MANAGEMENT REPORTS

Chief Financial Officer Report

Chief Financial Officer Chet Uma presented an update on the Governor’s May Revision to the Fiscal Year 2016-17 State Budget proposal that was released on May 13, 2016. The May Revision proposes a total budget of \$173 billion, an increase of 1.37 percent compared with the governor’s budget proposed in January. It was noted that the outlook for Medi-Cal program spending is positive, due primarily to funding related to California’s Section 1115 Waiver and the Managed Care Organization tax.

PUBLIC COMMENT

There were no requests for public comment.

INVESTMENT ADVISORY COMMITTEE UPDATE

1. Treasurer’s Report

Mr. Uma presented an overview of the Treasurer’s Report for the period January 1, 2016 through March 31, 2016, and noted that based on a review by the Board of Directors’ Investment Advisory Committee, all investments were compliant with Government Code Section 53600, *et seq*, and with CalOptima’s Annual Investment Policy for Calendar Year 2016.

CONSENT CALENDAR

2. Approve the Minutes of the February 18, 2016 Regular Meeting of the CalOptima Board of Directors' Finance and Audit Committee; Receive and File Minutes of the January 25, 2016 Meeting of the CalOptima Board of Directors' Investment Advisory Committee

Action: On motion of Director Refowitz, seconded and carried, the Committee approved the Consent Calendar as presented. (Motion carried 3-0-0)

REPORTS

3. Receive and File Quarterly Internal Audit Report

John Valenta of Deloitte presented a summary of the Fiscal Year (FY) 2015-16 Internal Audit Plan. Caitlin Holleran of Deloitte provided an overview of the observations and management action plans for the following internal audits reported during this period: Phishing Awareness, Telework, Procurement, Vendor Contract Management, and Payroll.

After discussion of the matter, the Committee took the following action.

Action: On motion of Director Agarwal, seconded and carried, the Committee received and filed the Quarterly Internal Audit Report as presented. (Motion carried 3-0-0)

4. Recommend Adoption of Resolution Approving Updated CalOptima Policy GA.8058, Salary Schedule

Ron Santos, Executive Director, Human Resources, presented the action to recommend adoption of a resolution approving updates to CalOptima Policy GA.8058, Salary Schedule.

Director Agarwal suggested revising sections III. B, and IV. D, of Policy GA.8058 as follows: 1) section III. B., The Chief Executive Officer (CEO) is authorized and directed to take all steps necessary and proper to implement the salary schedule for all other employees not inconsistent therewith; and 2) section IV. D., insert the following language in line 3, No changes to the salary schedule or CEO compensation shall be effective unless and until approved by the CalOptima Board of Directors.

Action: On motion of Director Agarwal, seconded and carried, the Committee recommended Board adoption of a resolution approving updates to CalOptima Policy GA.8058, Salary Schedule as revised. (Motion carried 3-0-0)

5. Recommend Approval of the CalOptima FY 2016-17 Operating Budget

Mr. Uma presented the action to recommend that the CalOptima Board of Directors: 1) Approve the CalOptima FY 2016-17 Operating Budget; 2) Authorize the expenditure and appropriate the funds for items listed in Attachment B: Administrative Budget Details, which shall be procured in accordance with CalOptima policy; and 3) Approve continued Medi-Cal medical expenditures at payment rates in effect on June 30, 2016, until the Board approves a final FY 2016-17 Medi-Cal medical budget. In authorizing continued Medi-Cal medical expenditures, the Board expressly reserves the right to consider retroactive adjustments based on Board approved rate amendments from the State.

Mr. Uma reported that the proposed FY 2016-17 Operating Budget assumes an average monthly enrollment of approximately 805,000 members, revenue at approximately \$3.4 billion, medical costs of approximately \$3.2 billion, operating income of \$6.5 million, and a total change in net assets of \$9 million. A detailed review of the proposed FY 2016-17 Operating Budget by line of business was presented to the Committee for discussion.

Chair Penrose directed staff to present a detailed presentation on the PACE Program at the next Board of Directors' Finance and Audit Committee meeting.

After considerable discussion of the matter, the Committee took the following action.

Action: ***On motion of Director Refowitz, seconded and carried, the Committee recommended that the Board of Directors: 1) Approve the CalOptima FY 2016-17 Operating Budget; 2) Authorize the expenditure and appropriate the funds for items listed in Attachment B: Administrative Budget Details, which shall be procured in accordance with CalOptima policy; and 3) Approve continued Medi-Cal medical expenditures at payment rates in effect on June 30, 2016, until the Board approves a final FY 2016-17 Medi-Cal medical budget. In authorizing continued Medi-Cal medical expenditures, the Board expressly reserves the right to consider retroactive adjustments based on Board approved rate amendments from the State. (Motion carried 3-0-0)***

6. Recommend Approval of the CalOptima FY 2016-17 Capital Budget

Mr. Uma presented the action to recommend that the CalOptima Board of Directors approve the CalOptima FY 2016-17 Capital Budget composed of the following: information systems hardware, software and professional fees, \$9.5 million; 505 Building improvements, \$552,000; and PACE, \$61,000. As proposed, the FY 2016-17 Capital Budget will enable necessary system upgrades, enhance operational efficiencies, support strategic initiatives, comply with federal and state requirements, and provide expansion of building capacity to accommodate CalOptima's growth.

Action: ***On motion of Director Refowitz, seconded and carried, the Committee recommended that the Board of Directors approve the CalOptima FY 2016-17 Capital Budget authorize the expenditure and appropriate the funds for the items listed in Attachment A: Capital Budget by Project, which shall be procured in accordance with CalOptima policy. (Motion carried 3-0-0)***

INFORMATION ITEMS

7. Behavioral Health Request for Proposal Update

Edwin Poon, PhD, Director of Behavioral Health Services, presented an overview of CalOptima Behavioral Health Services and Managed Behavioral Health Organizations (MBHOs) that provide expertise and specialization in the management of behavioral health benefits. Dr. Poon reported that a Request for Proposal (RFP) process will be conducted with a potential to contract with one vendor for all services that will provide better coordination among lines of business and products, operational efficiencies, and administrative simplicity. Key RFP evaluation metrics include the following: local

support, Medi-Cal and managed Medicare experience, NCQA accreditation, demonstrated success, operational efficiency and flexibility, and ability to manage all lines of business and products.

Chair Penrose requested that staff include a member of the Member and Provider Advisory Committees in the RFP evaluation process.

8. 2016 Audit Planning

John Blakey and Aparna Venkateswaran of Moss-Adams LLP, presented a review of the scope of services for the annual consolidated financial statement audit for the year ending June 30, 2016. The interim fieldwork is scheduled to begin on May 23, 2016, and the draft audited financial statements will be presented to the Finance and Audit Committee for review at the September meeting.

9. March 2016 Financial Summary

Mr. Uma presented a summary of the consolidated enrollment, revenues, and medical expenses for the month ending March 31, 2016. Overall enrollment reached 793,328 members; revenues, \$265.3 million; medical expenses, \$251.3 million; and a change in net assets of \$7.2 million.

10. CalOptima Computer Systems Security Update

Len Rosignoli, Chief Information Officer, presented a brief update on CalOptima's information systems, including a report on commonly triggered attempts against entire areas of the Internet, and a summary of a recent Ransomware attack involving a single user. The following enhancements to CalOptima information security infrastructure are in progress to maximize protection against future Ransomware attacks: additional user defined rules added to anti-virus software; updated filters to block all web traffic to specific countries known for malicious computer activity; the installation of intrusion prevention system software; and ensuring all systems and applications are up to date with all patches and security enhancements.

11. CalOptima Insurance Coverage Summary for 2016-17

Kelly Klipfel, Financial Compliance Director, provided a review of business insurance coverage for policy year 2017. It was reported that staff conducted an RFP process for insurance broker services, and AON was awarded a three-year contract effective April 1, 2016, with two options for annual renewals. Policy year 2016 coverage for 505 City Parkway West, Data Center and PACE Center includes the following: Managed Care and Excess E&O, PACE Medical Malpractice, D&O/Excess D&O, Umbrella and Excess Liability, Network & Privacy, Pollution, Earthquake, and Workers Comp.

The following Information Items were accepted as presented:

- 12. Cost Containment Improvements/Initiatives
- 13. Catastrophic Claims Update
- 14. Quarterly Reports: Shared Risk Pool Performance, Reinsurance Report, Health Network Financial Report, and Purchasing Report

COMMITTEE MEMBER COMMENTS

Committee members thanked staff for their work on the proposed FY 2016-17 Operating and Capital Budget.

ADJOURNMENT

Hearing no further business, Chair Penrose adjourned the meeting at 4:25 p.m.

/s/ Suzanne Turf
Suzanne Turf
Clerk of the Board

Approved: September 15, 2016

MINUTES

REGULAR MEETING OF THE CALOPTIMA BOARD OF DIRECTORS' INVESTMENT ADVISORY COMMITTEE

April 25, 2016

A Regular Meeting of the CalOptima Board of Directors' Investment Advisory Committee was held on Monday, April 25, 2016, at CalOptima, 505 City Parkway West, Orange, California.

CALL TO ORDER

The meeting was called to order at 3:10 p.m. Chair Patrick Moore led the Pledge of Allegiance.

ROLL CALL

Members Present: Patrick Moore, Lisa Laird, Chet Uma, Rodney Johnson, Peggy Eckroth, David Young

Members Absent: Caroline Harkins

Others Present: Laura Wirick, Colleen Smiley, Ted Benedict, Meketa Investment Group; Asha Joshi, Larry Manis, Thomas Elder, Payden & Rygel; Scott Pavlak, Logan Circle Partners; Nancy Huang, Controller; Gary Crockett, Chief Counsel; Pamela Reichardt, Executive Assistant

MINUTES

Approve Minutes of the January 25, 2015 Regular Meeting of the CalOptima Board of Directors' Investment Advisory Committee

Action: On motion of Chair Patrick Moore, seconded and carried, the Minutes of the January 25, 2015, Regular Meeting of the CalOptima Board of Directors' Investment Advisory Committee were approved as presented. (Motion carried 6-0-0; Member Harkins absent)

PUBLIC COMMENT

There were no requests for public comment.

MANAGEMENT REPORTS

Chet Uma, Chief Financial Officer, announced that Ladan Khamseh has been selected as the new Chief Operating Officer, and that she would be invited to a future IAC meeting to meet the members.

Mr. Uma reported on the state's plan to decrease Medi-Cal Expansion (MCE) rates to be close to Medi-Cal Classic TANF rate in Fiscal Year 2016-17. It is anticipated that draft rates will be released by the end of April. Staff will present a proposal to implement rate reductions to contracted specialists, health networks and hospitals to the Board of Directors for consideration. Mr. Uma also explained the risk corridor calculation for the MCE population, and noted that health plans are required to have a minimum medical loss ratio of 85%. CalOptima currently has approximately \$200 million in reserves to reimburse the State related to the 85% medical loss ratio requirements.

Chair Moore updated the IAC on the on the comments he made at the February 18, 2016 Board of Directors' Finance and Audit Committee meeting related to the decision to add a third investment manager contrary to the recommendation of the IAC. Mr. Moore noted that his presentation was well received, but resulted in no change of the final recommendation.

REPORTS

Consider Recommending Approval of Plan to Transfer Assets to New Operating and Tier One Asset Managers

CalOptima Controller Nancy Huang presented the recommended action to consider approval of the plan to transfer assets to a new Operating and Tier One asset manager. Ms. Huang noted that CalOptima staff worked with Meketa to review the several options and recommendations. Laura Wirick, Consultant/Sr. Vice President from Meketa Investment Group provided a summary of five options, and recommended approval of Option 2- 100% security in-kind transfer for both Operating and Tier One assets. As proposed, Payden & Rygel will distribute 67% of Operating and Tier One securities in-kind to Logan Circle and Wells Capital in equal amounts. In addition, staff recommended a three (3) month rotation period for investment manager cash flows.

Member David Young suggested giving the Investment Managers a 30-day grace period for portfolio performance evaluations.

Action: On motion of Chair Moore, seconded and carried, the Committee approved a 100% security in-kind transfer for both Operating and Tier One assets; Payden & Rygel to distribute 67% of Operating and Tier One securities in-kind to Logan Circle and Wells Capital in equal amounts. (Motion carried 5-0-1); Member Young, abstaining; Member Harkins absent.

INFORMATION ITEMS

Presentation by Meketa Investment Group

Ted Benedict, Principal, Meketa Investment Group presented a corporate update, and. Laura Wirick, Consultant/Sr. Vice President, Meketa Investment Group, presented the investment report and performance for the quarter ending March 31, 2015. Ms. Wirick reported that the portfolio was in compliance during this period.

Presentation by Logan Circle Partners

Scott Pavlak, Senior Portfolio Manager, Logan Circle Partners, provided an organizational overview of the firm, and a review of CalOptima's portfolio performance during the first quarter, reporting that the portfolio was in compliance during the quarter.

Presentation by Payden & Rygel

Asha Joshi, Managing Principal, Payden & Rygel, provided an overview of the economy and the highlights of CalOptima's portfolio, noting that the portfolio was in compliance during this period. Larry Manis, Portfolio Manager, Payden & Rygel, presented a detailed overview of the investment strategy and performance for the quarter ending February 2016.

February 2016 Financial Update

Nancy Huang, Controller, presented the unaudited financial statements as of February 29, 2016. Ms. Huang also reviewed cash flow forecast summary for next 12 months.

ADJOURNMENT

Hearing no further business, Chair Moore, adjourned the meeting at 4:59 p.m.

/s/ Pamela Reichardt
Pamela Reichardt
Executive Assistant

Approved: July 25, 2016

CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action To Be Taken September 15, 2016 **Regular Meeting of the CalOptima Board of Directors'** **Finance and Audit Committee**

Report Item

3. Consider Recommending Board of Directors Receive and File the Fiscal Year 2016 CalOptima Audited Financial Statements

Contact

Chet Uma, Chief Financial Officer, (714) 246-8400

Recommended Action

Consider recommending to the CalOptima Board of Directors (Board) acceptance of the Fiscal Year (FY) 2016 CalOptima consolidated audited financial statements as submitted by Moss-Adams, LLP.

Background

At the May 19, 2016, Finance and Audit Committee (FAC) meeting, CalOptima's contracted financial auditor, Moss-Adams, LLP presented on the 2016 Audit Plan. The plan included performing the mandatory annual consolidated financial statement audit, and drafting of the consolidated financial statements for the year ending June 30, 2016.

Discussion

Moss-Adams, LLP performed the interim audit from May 23, 2016, through May 27, 2016, and the on-site audit from July 25, 2016, through August 12, 2016. The significant audit areas that Moss-Adams, LLP reviewed included:

- Internal Control;
- Capitation revenue, receivables and unearned revenue;
- Cash and cash equivalents;
- Investments; and
- Medical claims liability, capitation payable and payable to Sate of California.

CalOptima Consolidated Financial Statement Summary

The following table shows key operating indicators and CalOptima's financial position, including CalOptima Foundation, for the fiscal years ended June 30, 2016 and 2015.

Key Financial Indicators	FY 2015-16	FY 2014-15
Average member months	782,577	712,385
Operating revenues (in millions)	\$3,164	\$3,117
Operating expenses (in millions)		
Medical expenses	3,038	2,801
Administrative expenses	107	88

Key Financial Indicators	FY 2015-16	FY 2014-15
Operating Income (in millions)	\$19	\$228
<i>Medical Loss Ratio</i>	<i>96%</i>	<i>90%</i>
<i>Administrative Loss Ratio</i>	<i>3%</i>	<i>3%</i>
Financial Position (in millions)		
Total assets and deferred outflows of resources	\$2,308	\$1,869
Total liabilities and deferred inflows of resources	\$1,645	\$1,240
Net position*	\$662	\$630

*Figures may not total due to rounding

FY 2016 Audit Results

Results from CalOptima's FY 2016 Audit were very positive. The auditor made no changes in CalOptima's approach to applying the critical accounting policies. They did not encounter any significant difficulties during the audit. And, there were no material misstatements identified by the auditor. As such, Management recommends the Board to accept the CalOptima Fiscal 2016 audited financial statements as presented.

Fiscal Impact

There is no fiscal impact related to this recommended action.

Concurrence

Gary Crockett, Chief Counsel

Attachments

1. FY 2016 CalOptima Audited Financial Statements
2. Presentation by Moss-Adams, LLP

/s/ Michael Schrader
Authorized Signature

09/09/2016
Date

Report of Independent Auditors and
Consolidated Financial Statements
with Supplementary Information for

Orange County Health Authority, a Public
Agency/dba Orange Prevention and
Treatment Integrated Medical
Assistance/dba CalOptima

June 30, 2016 and 2015

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ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE PREVENTION AND TREATMENT INTEGRATED MEDICAL ASSISTANCE/DBA CALOPTIMA MANAGEMENT'S DISCUSSION AND ANALYSIS

The intent of management's discussion and analysis of CalOptima's consolidated financial performance is to provide readers with an overview of the agency's financial activities for the fiscal years ended June 30, 2016 and 2015. Readers should review this summation in conjunction with CalOptima's consolidated financial statements and accompanying notes to the consolidated financial statements to enhance their understanding of CalOptima's financial performance.

Key Operating Indicators

The table below compares key operating indicators for CalOptima for the fiscal years ended June 30, 2016, 2015 and 2014:

Key Operating Indicators	2016	2015	2014 (as restated)
Members (at end of fiscal period):			
Medi-Cal program	\$ 776,713	\$ 739,567	\$ 603,623
OneCare	1,174	12,951	15,121
OneCare Connect	29,416	-	-
PACE	168	95	40
Average member months			
Medi-Cal program	765,938	698,718	542,487
OneCare	6,879	13,595	15,764
OneCare Connect	9,626	-	-
PACE	135	71	17
Operating revenues (in millions)	\$ 3,164	\$ 3,117	\$ 1,908
Operating expenses (in millions)			
Medical expenses	3,038	2,801	1,638
Administrative expenses	107	88	87
Operating income (in millions)	<u>\$ 19</u>	<u>\$ 228</u>	<u>\$ 183</u>
Operating revenues PMPM (per member per month)	\$ 337	\$ 365	\$ 285
Operating expenses PMPM			
Medical expenses PMPM	323	328	244
Administrative expenses PMPM	11	10	12
Operating income (loss) PMPM	<u>\$ 3</u>	<u>\$ 27</u>	<u>\$ 29</u>
Medical loss ratio	96%	90%	86%
Administrative expenses ratio	3%	3%	4%
Premium tax revenue and expenses not included above			
Operating revenues (in millions)	\$ 114	\$ 125	\$ 102
Administrative expenses (in millions)	114	125	103

ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE PREVENTION AND TREATMENT INTEGRATED MEDICAL ASSISTANCE/DBA CALOPTIMA MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Consolidated Financial Statements

This annual report consists of consolidated financial statements and notes to those statements, which reflect CalOptima's financial position and results of its operations for the fiscal years ended June 30, 2016 and 2015. The consolidated financial statements of CalOptima, including the consolidated statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows, represent the consolidated accounts and transactions of the five (5) programs – Medi-Cal, OneCare, OneCare Connect, Program of All-inclusive Care for the Elderly (PACE), and CalOptima Foundation.

- The consolidated statements of net position include all of CalOptima's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, using the accrual basis of accounting, as well as an indication about which assets and deferred outflows of resources are utilized to fund obligations to providers and which are restricted as a matter of Board of Directors' policy.
- The consolidated statements of revenues, expenses and changes in net position present the results of operating activities during the fiscal year and the resulting increase or decrease in net position.
- The consolidated statements of cash flows report the net cash provided by or used in operating activities, as well as other sources and uses of cash from investing and capital and related financing activities.

The following discussion and analysis addresses CalOptima's overall program activities. CalOptima's Medi-Cal program accounted for 89.4 percent, 93.8 percent, and 88.7 percent of its annual revenues during fiscal years 2016, 2015, and 2014, respectively. CalOptima's OneCare accounted for 3.3 percent, 6.0 percent, and 11.2 percent of its annual revenues during fiscal years 2016, 2015, and 2014, respectively. CalOptima's new OneCare Connect program accounted for 7.0 percent of its annual revenues during fiscal year 2016. All other programs consolidated accounted for 0.3 percent, 0.4 percent, and 0.1 percent of CalOptima's annual revenues during fiscal years 2016, 2015, and 2014, respectively.

CalOptima Foundation (the Foundation) was formed as a not-for-profit benefit corporation in 2010 and is dedicated to the betterment of public health care services in Orange County. The activities of the Foundation are included in the consolidated financial statements of CalOptima.

ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE PREVENTION AND TREATMENT INTEGRATED MEDICAL ASSISTANCE/DBA CALOPTIMA MANAGEMENT'S DISCUSSION AND ANALYSIS

2016 and 2015 Financial Highlights

As of June 30, 2016 and 2015, total assets and deferred outflows of resources were approximately \$2,307.8 million and \$1,869.5 million, respectively, and exceeded liabilities and deferred inflows of resources by approximately \$662.5 million and \$629.9 million, respectively.

Net position increased by approximately \$32.5 million, or 5.2 percent, during fiscal year 2016 and increased by approximately \$231.0 million, or 57.9 percent, during fiscal year 2015.

Table 1a: Condensed Consolidated Statements of Net Position as of June 30,
(Dollars in Thousands)

Financial Position	2016	2015	Change From 2015	
			Amount	Percentage
Assets				
Current assets	\$ 1,771,671	\$ 1,350,744	\$ 420,927	31.2%
Board-designated assets and restricted cash	476,146	460,449	15,697	3.4%
Capital assets, net	54,996	53,349	1,647	3.1%
Total assets	<u>\$ 2,302,813</u>	<u>\$ 1,864,542</u>	<u>\$ 438,271</u>	<u>23.5%</u>
Deferred outflows of resources	<u>\$ 5,003</u>	<u>\$ 4,951</u>	<u>\$ 52</u>	<u>1.1%</u>
Total assets and deferred outflows of resources	<u><u>\$ 2,307,816</u></u>	<u><u>\$ 1,869,493</u></u>	<u><u>\$ 438,323</u></u>	<u><u>23.4%</u></u>
Liabilities				
Current liabilities	\$ 1,609,330	\$ 1,206,097	\$ 403,233	33.4%
Other liabilities	33,864	27,861	6,003	21.5%
Total liabilities	<u>\$ 1,643,194</u>	<u>\$ 1,233,958</u>	<u>\$ 409,236</u>	<u>33.2%</u>
Deferred inflows of resources	<u>\$ 2,155</u>	<u>\$ 5,581</u>	<u>\$ (3,426)</u>	<u>-</u>
Net position				
Net investment in capital assets	\$ 54,995	\$ 53,349	\$ 1,646	3.1%
Restricted	89,284	86,144	3,140	3.6%
Unrestricted	518,188	490,461	27,727	5.7%
Total net position	<u>\$ 662,467</u>	<u>\$ 629,954</u>	<u>\$ 32,513</u>	<u>5.2%</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 2,307,816</u></u>	<u><u>\$ 1,869,493</u></u>	<u><u>\$ 438,323</u></u>	<u><u>23.4%</u></u>

Current assets increased \$420.9 million from \$1,350.7 million in 2015 to \$1,771.7 million in 2016. The increase in current assets is primarily due to the delay of Medi-Cal Expansion capitation rate recoupment in fiscal 2016 that resulted in increased cash and investments. Current liabilities increased \$ 403.2 million from \$1,206.1 million in 2015 to \$1,608.9 million in 2016. Current liabilities increased in unearned revenue category from the above Medi-Cal Expansion rate changes. Moreover, additional payables to the health networks of approximately \$163.1 million were recorded for shared risk payout estimate in 2016. Deferred outflows of resources – pension contributions and deferred inflows of resources – excess earnings were added since 2015 consolidated statement of net position related to GASB 68 reporting requirements. Refer to Note 6 for additional information.

ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE PREVENTION AND TREATMENT INTEGRATED MEDICAL ASSISTANCE/DBA CALOPTIMA MANAGEMENT'S DISCUSSION AND ANALYSIS

2016 and 2015 Financial Highlights (continued)

Board-designated assets and restricted cash increased by \$15.7 million and \$305.4 million in fiscal years 2016 and 2015, respectively. The Board of Directors' policy is to augment Board-designated assets to provide a desired level of funds between 1.4 months and 2 months of capitation revenue to meet future contingencies. CalOptima reserve level as of June 30, 2016 is at 1.8 times of monthly capitation revenue. CalOptima is also required to maintain a \$300,000 restricted deposit as a part of the Knox-Keene Health Care Service Plan Act of 1975.

2015 and 2014 Financial Highlights

As of June 30, 2015 and 2014, total assets were \$1,869.5 million and \$1,036.9 million, respectively, and exceeded liabilities by \$629.9 million and \$398.9 million, respectively.

Net position increased by \$231.0 million, or 57.9 percent, during fiscal year 2015 and increased by \$187.0 million, or 88.2 percent, during fiscal year 2014.

Financial Position	2015	2014 (as restated)	Change From 2014 Amount	Percentage
Assets				
Current assets	\$ 1,350,744	\$ 826,076	\$ 524,668	63.5%
Board-designated assets and restricted cash	460,449	156,212	304,237	194.8%
Capital assets, net	53,349	51,523	1,826	3.5%
Total assets	<u>\$ 1,864,542</u>	<u>\$ 1,033,811</u>	<u>\$ 830,731</u>	<u>80.4%</u>
Deferred outflows of resources - pension contributions	<u>\$ 4,951</u>	<u>\$ 3,120</u>	<u>\$ 1,831</u>	<u>58.7%</u>
Total assets and deferred outflows of resources	<u>\$ 1,869,493</u>	<u>\$ 1,036,931</u>	<u>\$ 832,562</u>	<u>80.3%</u>
Liabilities				
Current liabilities	\$ 1,206,097	\$ 605,702	\$ 600,395	99.1%
Other liabilities	27,861	32,302	(4,441)	-13.7%
Total liabilities	<u>\$ 1,233,958</u>	<u>\$ 638,004</u>	<u>\$ 595,954</u>	<u>93.4%</u>
Deferred inflows of resources - excess earnings	<u>\$ 5,581</u>	<u>\$ -</u>	<u>\$ 5,581</u>	<u>-</u>
Net position				
Net investment in capital assets	\$ 53,349	\$ 51,523	\$ 1,826	3.5%
Restricted	86,144	53,728	32,416	60.3%
Unrestricted	490,461	293,676	196,785	67.0%
Total net position	<u>\$ 629,954</u>	<u>\$ 398,927</u>	<u>\$ 231,027</u>	<u>57.9%</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,869,493</u>	<u>\$ 1,036,931</u>	<u>\$ 832,562</u>	<u>80.3%</u>

**ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE
PREVENTION AND TREATMENT INTEGRATED MEDICAL
ASSISTANCE/DBA CALOPTIMA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

2015 and 2014 Financial Highlights (continued)

Current assets increased \$524.7 million from \$826.1 million in 2014 to \$1,350.7 million in 2015. The increase in current assets is primarily due to the timing of retroactive capitation rate increases received for fiscal 2014 and capitation rate increases in 2015 that resulted in increased cash and accounts receivable. Current liabilities increased \$600.4 million from \$605.7 million in 2014 to \$1,206.1 million in 2015. Current liabilities increased from the above retroactive rate changes received late in fiscal 2015 and population increases. Payables to the State of California of approximately \$201.3 million were recorded for newly enrolled Medi-Cal Expansion members in 2015 to meet the 85 percent medical loss ratio requirement.

2016 and 2015 Results of Operations

CalOptima's fiscal year 2016 operations and nonoperating revenues resulted in a \$32.5 million increase in net position, \$198.5 million lower compared to a \$231.0 million increase in fiscal year 2015. The following table shows the changes in revenues and expenses for 2016 compared to 2015:

**Table 2a: Consolidated Revenues, Expenses and Changes in Net Position for Fiscal Years Ended June 30
(Dollars in Thousands)**

Results of Operations	2016	2015	Change From 2015 Amount	Percentage
Capitation revenues	\$ 3,163,753	\$ 3,111,945	\$ 51,808	1.7%
Other income	305	5,233	(4,928)	-94.2%
Total operating revenues	<u>3,164,058</u>	<u>3,117,178</u>	<u>46,880</u>	<u>1.5%</u>
Medical expenses	3,037,911	2,801,158	236,753	8.5%
Administrative expenses	107,182	88,382	18,800	21.3%
Total operating expenses	<u>3,145,093</u>	<u>2,889,540</u>	<u>255,553</u>	<u>8.8%</u>
Operating income	18,965	227,638	(208,673)	-91.7%
Nonoperating revenues and expenses	<u>13,548</u>	<u>3,389</u>	<u>10,159</u>	<u>299.8%</u>
Increase in net position	<u>32,513</u>	<u>231,027</u>	<u>(198,514)</u>	<u>-85.9%</u>
Net position, beginning of year	629,954	398,927	231,027	57.9%
Net position, end of year	<u>\$ 662,467</u>	<u>\$ 629,954</u>	<u>\$ 32,513</u>	<u>5.2%</u>

2016 and 2015 Operating Revenues

The increase in consolidated operating revenues of \$ 46.9 million in fiscal year 2016 is attributable to additional revenue from the new IHSS benefit; and continued growth in Medi-Cal Expansion program; offset by rate reduction from DHCS for the Medi-Cal Expansion population. \$40.8 million revenue was recorded for Hepatitis C drug reimbursement in fiscal year 2016.

ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE PREVENTION AND TREATMENT INTEGRATED MEDICAL ASSISTANCE/DBA CALOPTIMA MANAGEMENT'S DISCUSSION AND ANALYSIS

2016 and 2015 Medical Expenses

Overall medical expenses increased by 8.5 percent in fiscal year 2016, totaling \$3,037.9 million, compared to \$ 2,801.2 million in fiscal year 2015. CalOptima's medical loss ratio, or medical expenses as a percentage of operating revenues, was 96.0 percent in fiscal year 2016, compared to 89.9 percent in fiscal year 2015.

Medi-Cal Provider capitation, comprising capitation payments to CalOptima's contracted health networks, increased by 9.2 percent from fiscal year 2015 to fiscal year 2016 due to an overall increase in enrollment and Affordable Care Act new rates in Medi-Cal. Capitated member enrollment accounted for approximately 80.0 percent of CalOptima's enrollment, averaging members 612,704 during fiscal year 2016, and 79.3 percent of CalOptima's enrollment, averaging 554,271 members during fiscal year 2015. Included in the capitated environment are 342,498 or 44.7 percent and 306,847, or 43.9 percent members in a Shared Risk Network for fiscal years 2016 and 2015, respectively. Shared Risk Networks receive capitation for professional services and are claim-based for hospital services.

The overall Medi-Cal capitation payments totaled \$935.4 million in fiscal year 2016, compared to \$856.4 million in fiscal year 2015, which reflects the increased enrollment in capitated networks.

Medi-Cal Claim payments to providers and facilities, including LTC facilities increased by 10.7 percent from fiscal year 2015 to fiscal year 2016. This increase is mainly attributable to new IHSS benefits starting July 1, 2015.

Pharmacy costs increased by 30.3 percent in fiscal year 2016, compared to fiscal year 2015. Results from fiscal year 2016 reflect higher enrollment.

Other medical expenses decreased by \$187.1 million during fiscal year 2016. This was mainly attributable to less contingency payables to the State to meet the 85 percent medical loss ratio in fiscal year 2016, compared to fiscal year 2015.

CalOptima did not recognize a premium deficiency reserve in fiscal years 2016 and 2015.

2016 and 2015 Administrative Expenses

Total administrative expenses were \$107.2 million in 2016. Overall administrative expenses increased by 21.2 percent, due to additional administrative expenses related to higher enrollment and new program implementation costs related to OneCare Connect program. During fiscal years 2016 and 2015, respectively, CalOptima's administrative expenses were 3.4 percent and 2.8 percent of operating revenues.

**ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE
PREVENTION AND TREATMENT INTEGRATED MEDICAL
ASSISTANCE/DBA CALOPTIMA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

2015 and 2014 Results of Operations

CalOptima's fiscal year 2015 operations and nonoperating revenues results in a \$231.0 million increase in net position, compared to a \$187.0 million increase in fiscal year 2014. The following table shows the changes in revenues and expenses for 2015 compared to 2014:

Table 2b: Consolidated Revenues, Expenses and Changes in Net Position for Fiscal Years Ended June 30
(Dollars in Thousands)

Results of Operations	2015	2014 (as restated)	Change From 2014 Amount	Percentage
Capitation revenues	\$ 3,111,945	\$ 1,899,208	\$ 1,212,737	63.9%
Other income	5,233	8,672	(3,439)	-39.7%
Total operating revenues	<u>3,117,178</u>	<u>1,907,880</u>	<u>1,209,298</u>	<u>63.4%</u>
Medical expenses	2,801,158	1,638,183	1,162,975	71.0%
Administrative expenses	88,382	86,782	1,600	1.8%
Total operating expenses	<u>2,889,540</u>	<u>1,724,965</u>	<u>1,164,575</u>	<u>67.5%</u>
Operating income	227,638	182,915	44,723	24.5%
Nonoperating revenues and expenses	3,389	4,080	(691)	-16.9%
Increase in net position	<u>231,027</u>	<u>186,995</u>	<u>44,032</u>	<u>23.5%</u>
Net position, beginning of year	398,927	211,932	186,995	88.2%
Net position, end of year	<u>\$ 629,954</u>	<u>\$ 398,927</u>	<u>\$ 231,027</u>	<u>57.9%</u>

2015 and 2014 Operating Revenues

The increase in consolidated operating revenues of \$1,209.3 million in fiscal year 2015 is attributable to the new Medi-Cal Expansion program that started January 1, 2014; \$42.0 million retroactive capitation rate amendment received in fiscal year 2015 for prior years.

2015 and 2014 Medical Expenses

Overall medical expenses increased by 71.0 percent in fiscal year 2015, totaling \$2,801.2 million, compared to \$1,638.2 million in fiscal year 2014. CalOptima's medical loss ratio, or medical expenses as a percentage of operating revenues, was 89.9 percent in fiscal year 2015, compared to 86.0 percent in fiscal year 2014.

ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE PREVENTION AND TREATMENT INTEGRATED MEDICAL ASSISTANCE/DBA CALOPTIMA MANAGEMENT'S DISCUSSION AND ANALYSIS

2015 and 2014 Medical Expenses (continued)

Medi-Cal Provider capitation increased by 141.4 percent from fiscal year 2014 to fiscal year 2015 due to an overall increase in enrollment and Affordable Care Act new rates in Medi-Cal. Capitated member enrollment accounted for approximately 79.3 percent of CalOptima's enrollment, averaging 554,271 members during fiscal year 2015, and 83.1 percent of CalOptima's enrollment, averaging 388,724 members during fiscal year 2014. The overall capitation payments totaled 856.4 million in fiscal year 2015, compared to \$381.9 million in fiscal year 2014, which reflects the increased enrollment and higher capitation rates for Medi-Cal Expansion members.

Claim payments to providers and facilities increased by 61.1 percent from fiscal year 2014 to fiscal year 2015. Similar to provider capitation expenses, this increase is due to higher overall enrollment and the launch of the new Medi-Cal Expansion program starting Jan 1, 2014

In addition to the above Medi-Cal revenues and claims payment in fiscal year 2015, Quality Assurance Fee (QAF) payments received and passed through to hospitals were \$ 107.3 million and \$48.4 million during fiscal years 2014 and 2015, respectively. These receipts and payments are not included in the consolidated statements of revenues, expenses and changes in net position.

Pharmacy costs increased by 48.6 percent in fiscal year 2015, compared to fiscal year 2014. Results from fiscal year 2015 reflect new Hepatitis C drugs introduced to the market this year.

Other medical expenses increased by \$232.4 million during fiscal year 2015. This was mainly attributable to contingency payables to the State to meet 85 percent medical loss ratio for Medi-Cal Expansion members. Moreover, additional medical costs directly related to enrollment increase, such as reinsurance and other high cost items. Also, additional labor and G&A costs had been incurred in fiscal year 2015 to manage the higher membership, which impacted medical management expenses.

CalOptima did not recognize a premium deficiency in fiscal years 2015 and 2014.

2015 and 2014 Administrative Expenses

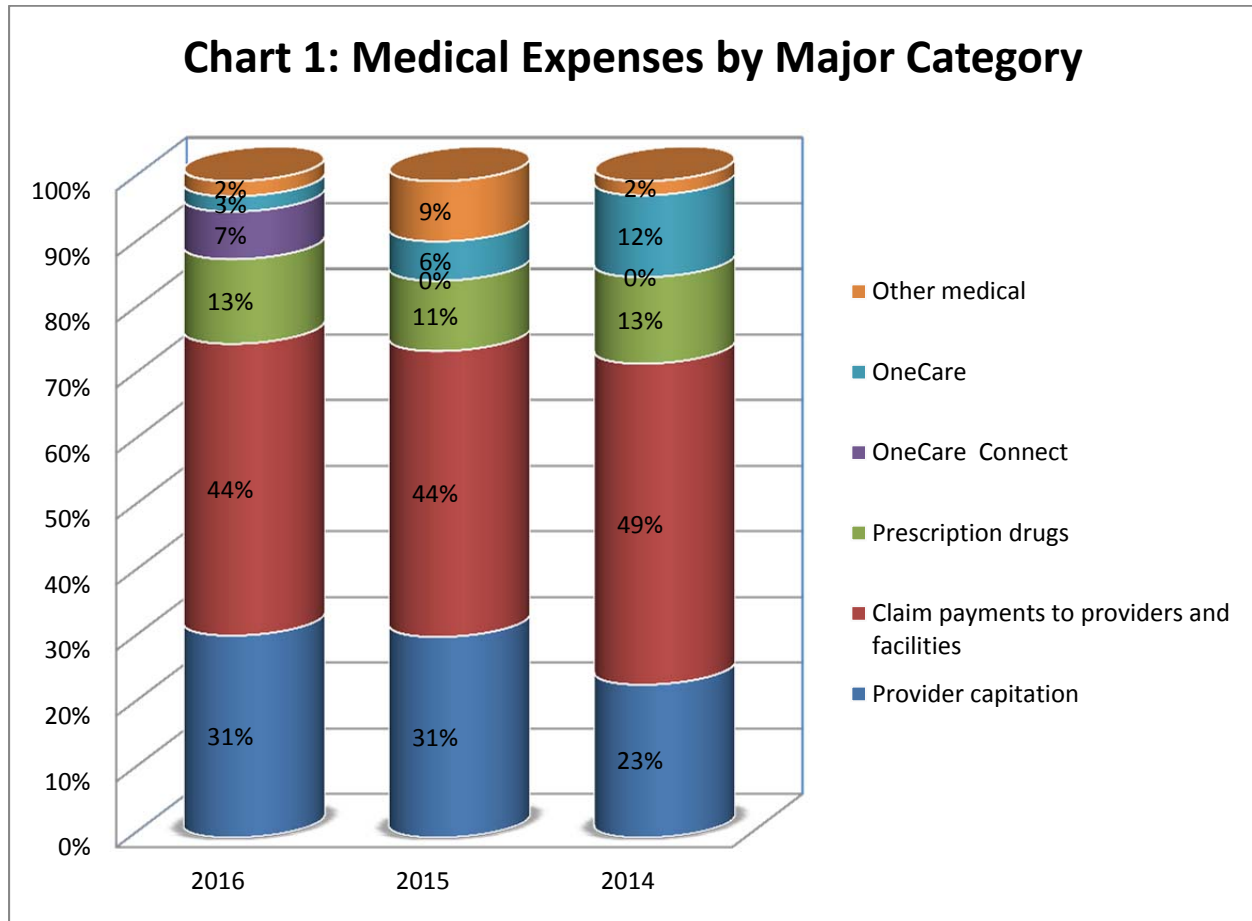
Total administrative expenses were \$88.4 million in 2015, compared to \$86.8 million in 2014, for a net decrease of \$1.6 million, or 1.8 percent. During fiscal years 2015 and 2014, respectively, Cal Optima's administrative expenses were 2.8 percent and 4.2 percent of operating revenues, respectively.

During fiscal year 2015, CalOptima had passed the audit from Centers for Medicare & Medicaid Services (CMS) and the medical review from California Department of Health Care Services (DHCS). CMS sanction had been lifted during fiscal year 2015. Other than administrative expenses, CMS and DHCS findings had no other financial impact in fiscal year 2015.

**ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE
PREVENTION AND TREATMENT INTEGRATED MEDICAL
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MANAGEMENT'S DISCUSSION AND ANALYSIS**

2016, 2015 and 2014 Medical Expenses by Major Category

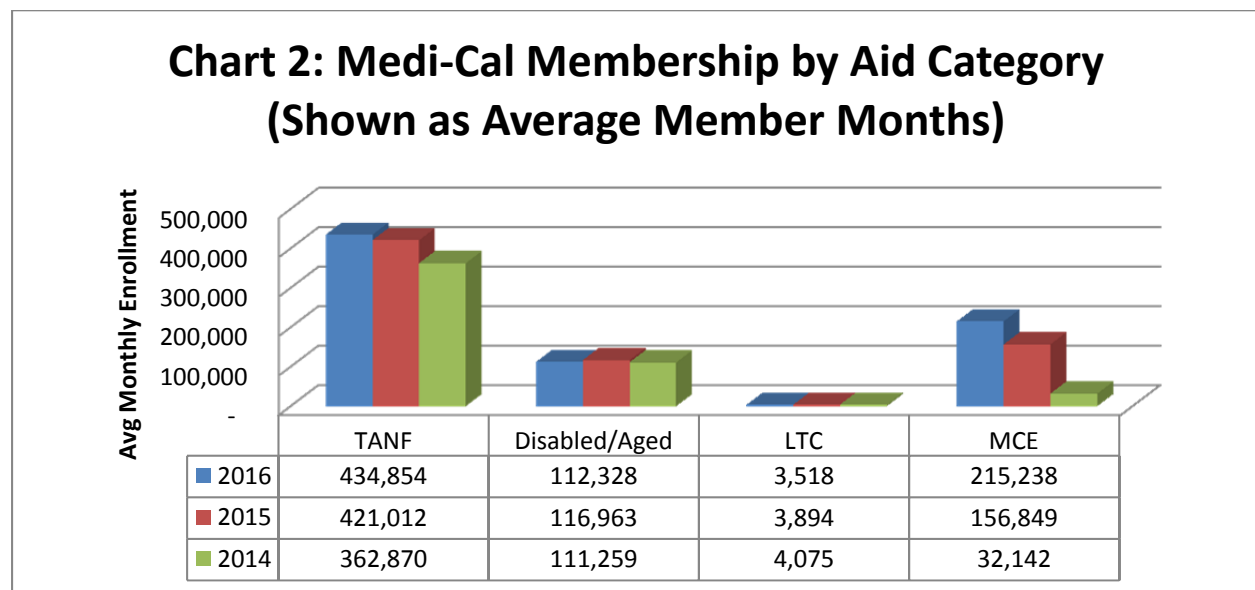
Below is a comparison chart of medical expenses by major category and their respective percentages of the overall medical expenditures by fiscal year.



**ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE
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2016, 2015 and 2014 Enrollment

During fiscal year 2016, CalOptima served an average of 765,938 Medi-Cal members per month compared to an average of 698,718 members per month in 2015, and 510,345 members per month in 2014. The chart below displays a comparative view of average monthly membership by Medi-Cal aid category during 2016, 2015, and 2014:



Significant aid categories are defines as follows:

Temporary Assistance to Needy Families (TANF) includes families, children and poverty-level members who qualify for the TANF federal welfare program, which provides cash aid and job-search assistance to poor families. TANF also includes members who migrated from CalOptima, Health Net and Kaiser Healthy Family programs.

Disabled and Aged includes individuals who have met the criteria for disability set by the Social Security Administration, and individuals of 65 years of age and older who receive supplemental security income (SSI) checks, or are medically needy, or have an income of 100 percent or less of the federal poverty level.

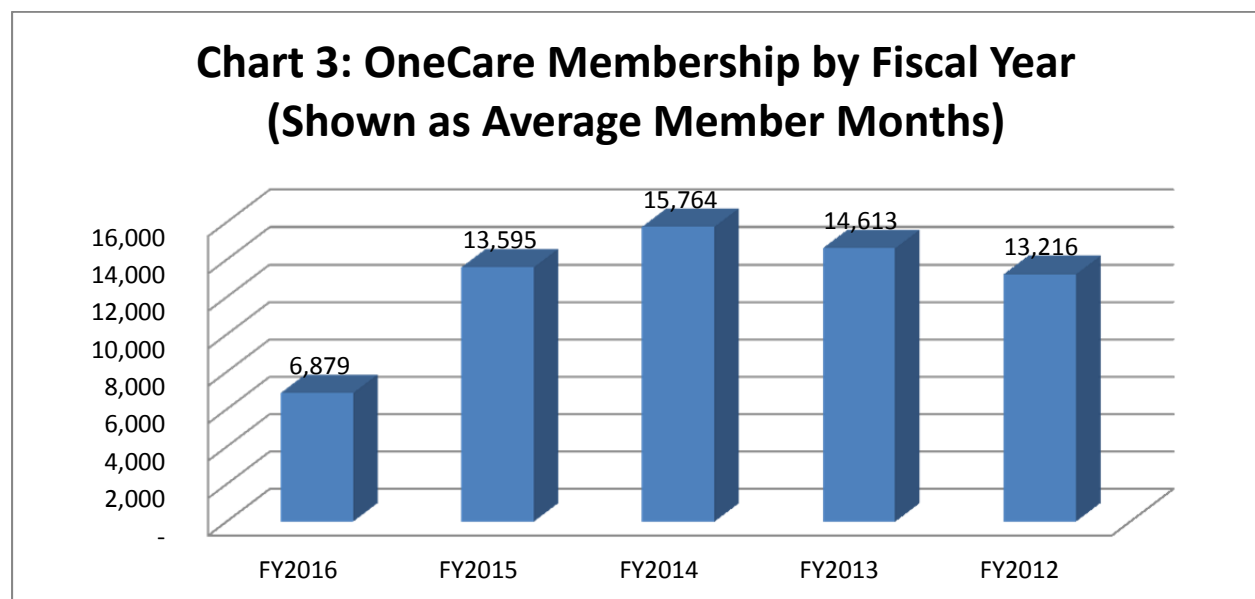
Long Term Care (LTC) includes frail elderly, nonelderly adults with disabilities and children with developmental disabilities and other disabling conditions requiring long-term care services.

Medi-Cal Expansion program (MCX and MSI) includes adults without children, ages 19-64, qualified based upon income, as required by the Patient Protection and Affordable Care Act (ACA).

**ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE
PREVENTION AND TREATMENT INTEGRATED MEDICAL
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MANAGEMENT'S DISCUSSION AND ANALYSIS**

2016, 2015 and 2014 Enrollment (continued)

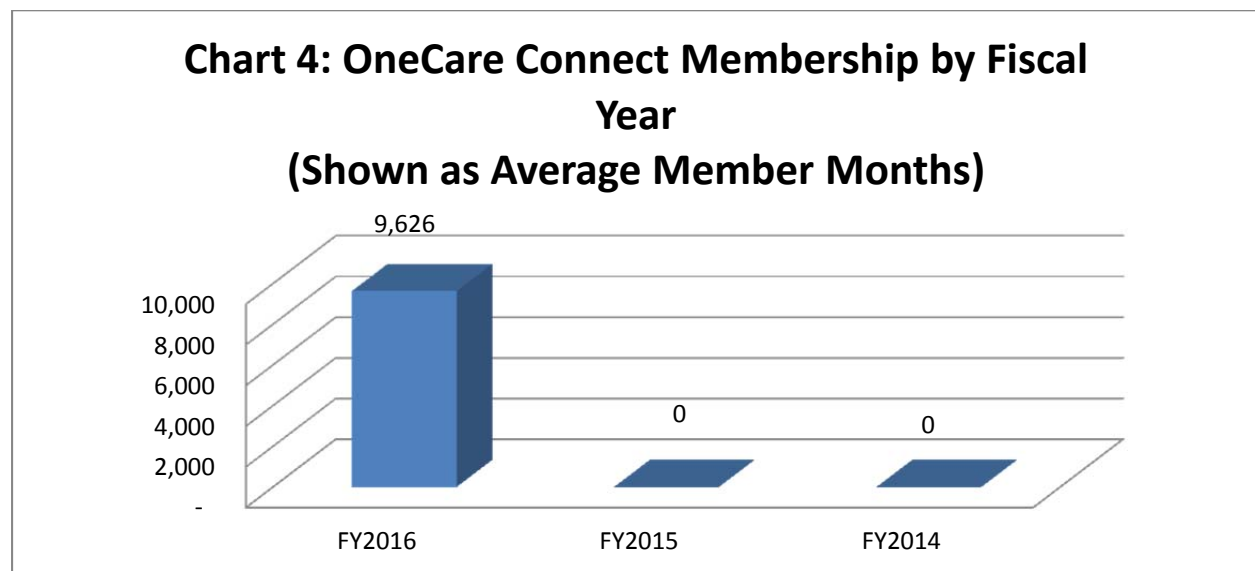
OneCare was introduced in fiscal year 2006 to service the unique Medicare Advantage Special Needs Plan. It provides a full range of health care services to average member months of 6,879, 13,595, and 15,764 for the years ended June 30, 2016, 2015, and 2014, respectively. Members are eligible for both the Medicare and Medi-Cal programs. The membership decrease in 2016 was primarily due to more than 10,000 OneCare members transitioned to CalOptima's new OneCare Connect program on January 1, 2016. The chart below displays the average member months for the past five years.



**ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE
PREVENTION AND TREATMENT INTEGRATED MEDICAL
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MANAGEMENT'S DISCUSSION AND ANALYSIS**

2016, 2015 and 2014 Enrollment (continued)

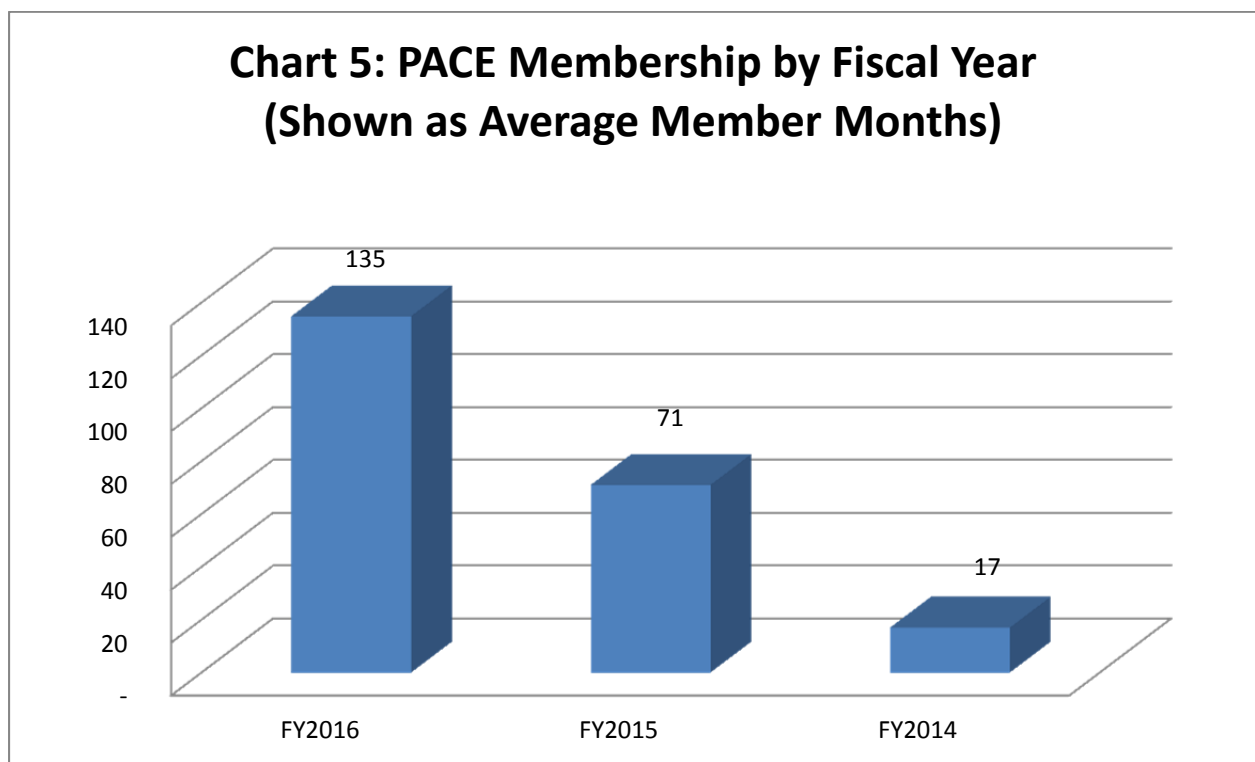
CalOptima launched OneCare Connect (OCC) program to serve dual eligible members in Orange County on July 1, 2015. This new program combines members' Medicare and Medi-Cal coverage and adds other benefits and supports. Average member month was 9,626 in fiscal year 2016. The chart below displays the average member months for the current fiscal year.



**ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE
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2016, 2015 and 2014 Enrollment (continued)

PACE (Program of All-Inclusive Care for the Elderly) started operation in October 2013. It is a community-based Medicare and Medi-Cal program that provides coordinated and integrated health care services to frail elders to help them continue living independently in the community. It provides a full range of health care services to average member months of 135, 71, and 17 for the years ended June 30, 2016, 2015, and 2014, respectively. The chart below displays the average member months for the past three years.



ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE PREVENTION AND TREATMENT INTEGRATED MEDICAL ASSISTANCE/DBA CALOPTIMA MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and the State's Fiscal Year 2017 Budget

On June 27, 2016, Governor Jerry Brown signed the state's FY2016-17 budget into law. The budget is consistent with his overall focus on ensuring the state is prepared for a potential economic slowdown. The budget transfers \$2 billion more than the required amount into the State's Rainy Day Fund and pays down some existing debts and liabilities. As a reflection of the State's current financial health, the budget increases funding for education and programs that address homelessness and poverty.

Related to health care, Medi-Cal spending has increased marginally to account for additional items included in the budget, such as the limitation of Medi-Cal estate recovery and the restoration of acupuncture as a Medi-Cal benefit.

The Governor's FY2016-17 State Budget assumes a \$122.6 billion General Fund, representing a 5.6% increase over the 2015-16 General Fund. The budget proposes a \$19.6 billion expenditure for the Medi-Cal program, representing an 8% increase over last fiscal year. The two main factors contributing to the increase in Medi-Cal funding include the State's anticipated increase in Medi-Cal enrollment and the State's obligation for the \$3.5 million Medi-Cal Expansion (MCE) members. In accordance with the Affordable Care Act, in which the Federal government fully funded the MCE cost obligation for the first three years of implementation, the State would incur this obligation beginning in 2017. The State estimates its cost share burden at \$740 million.

Requests for Information

This financial report has been prepared in the spirit of full disclosure to provide the reader with an overview of CalOptima's operations. If the reader has questions or would like additional information about CalOptima Foundation, please direct the requests to CalOptima, 505 City Parkway West, Orange, CA 92868 or call 714.347.3237.

REPORT OF INDEPENDENT AUDITORS

The Board of Directors

Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance/dba CalOptima

Report on Financial Statements

We have audited the accompanying consolidated financial statements of Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance/dba CalOptima ("CalOptima") (a discrete component unit of the County of Orange, California), as of and for the years ended June 30, 2016 and 2015, and the related notes to the consolidated financial statements, which collectively comprise CalOptima's basic consolidated financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CalOptima as of June 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in net pension liability and related ratios, schedule of plan contributions, and schedule of funding progress for the postemployment health-care plan, as listed in the table of contents, be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated [REDACTED] on our consideration of the CalOptima's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CalOptima's internal control over financial reporting and compliance.

Irvine, California
[REDACTED]

**ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE
PREVENTION AND TREATMENT INTEGRATED MEDICAL
ASSISTANCE/DBA CALOPTIMA
CONSOLIDATED STATEMENTS OF NET POSITION**

	JUNE 30,	
	2016	2015
Current Assets		
Cash and cash equivalents	\$ 258,846,237	\$ 25,430,975
Investments	1,019,264,632	745,792,608
Capitation receivable from the State of California	470,263,571	559,110,130
Prepaid expenses and other	23,296,446	20,410,563
Total current assets	<u>1,771,670,886</u>	<u>1,350,744,276</u>
Board-Designated Assets and Restricted Cash		
Cash and cash equivalents	10,132,014	866,365
Investments	465,713,886	459,282,739
Restricted deposit	300,000	300,000
	<u>476,145,900</u>	<u>460,449,104</u>
Capital Assets, net	<u>54,995,566</u>	<u>53,349,391</u>
Total assets	<u>2,302,812,352</u>	<u>1,864,542,771</u>
Deferred Outflows of Resources	<u>5,003,017</u>	<u>4,950,911</u>
Total assets and deferred outflows of resources	<u>\$ 2,307,815,369</u>	<u>\$ 1,869,493,682</u>

**ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE
PREVENTION AND TREATMENT INTEGRATED MEDICAL
ASSISTANCE/DBA CALOPTIMA
CONSOLIDATED STATEMENTS OF NET POSITION (CONTINUED)**

	JUNE 30,	
	2016	2015
Current Liabilities		
Medical claims liability and capitation payable		
Medical claims liability	\$ 593,810,057	\$ 640,921,119
Capitation and withholds	401,826,300	290,632,911
Accrued insurance costs	4,884,800	29,412,181
Payable to State of California and the Centers for Medicare & Medicaid Services (CMS)	179,113	17,705,126
Unearned revenue	586,185,868	207,946,164
	1,586,886,138	1,186,617,501
Accounts payable and other	10,606,638	10,247,107
Accrued payroll and employee benefits and other	11,837,190	9,232,081
Total current liabilities	1,609,329,966	1,206,096,689
Postemployment health-care plan	27,327,000	26,802,492
Net pension liability	6,536,809	1,059,495
Total Liabilities	1,643,193,775	1,233,958,676
Deferred Inflows of Resources	2,154,540	5,580,552
Net position		
Net investment in capital assets, net of related debt	54,995,566	53,349,391
Restricted - required tangible net equity and restricted deposit	89,283,747	86,144,291
Unrestricted	518,187,741	490,460,772
Total net position	662,467,054	629,954,454
Total liabilities, deferred inflows of resources and net position	\$ 2,307,815,369	\$ 1,869,493,682

**ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE
PREVENTION AND TREATMENT INTEGRATED MEDICAL
ASSISTANCE/DBA CALOPTIMA
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION**

	YEARS ENDED JUNE 30,	
	2016	2015
REVENUES:		
Capitation revenues	\$ 3,163,753,022	\$ 3,111,945,148
Other income	304,591	5,232,786
Total operating revenues	3,164,057,613	3,117,177,934
OPERATING EXPENSES:		
Medical expenses		
Provider capitation	935,360,536	856,409,999
Claim payments to providers and facilities	1,349,950,877	1,219,710,161
Prescription drugs	391,480,137	300,408,516
OneCare	86,724,744	167,697,672
OneCare Connect	205,122,734	-
Other medical	69,272,018	256,931,809
Total medical expenses	3,037,911,046	2,801,158,157
Administrative expenses		
Salaries, wages and employee benefits	64,666,948	54,367,612
Professional fees	4,368,357	4,688,952
Purchased services	10,032,627	6,943,850
Supplies, occupancy, insurance and other	24,972,237	19,266,874
Depreciation	3,142,262	3,114,714
Total administrative expenses	107,182,431	88,382,002
Total operating expenses	3,145,093,477	2,889,540,159
OPERATING INCOME	18,964,136	227,637,775
NON-OPERATING REVENUES (EXPENSES):		
Investment income	13,880,954	3,255,038
Rental income, net of related expenses	(332,490)	134,078
Total non-operating revenues and expenses	13,548,464	3,389,116
Increase in net position	32,512,600	231,026,891
Net position, beginning of year	629,954,454	398,927,563
Net position, end of year	\$ 662,467,054	\$ 629,954,454

See accompanying notes.

**ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE
PREVENTION AND TREATMENT INTEGRATED MEDICAL
ASSISTANCE/DBA CALOPTIMA
CONSOLIDATED STATEMENTS OF CASH FLOWS**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Capitation payments received and other	\$ 3,631,143,876	\$ 3,224,316,944
Payment to providers and facilities	(3,015,522,582)	(2,388,753,456)
Payments to vendors	(42,259,104)	(35,492,101)
Payments of premium tax	-	-
Payments to employees	(59,538,135)	(53,928,304)
Net cash provided by operating activities	<u>513,824,055</u>	<u>746,143,083</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(4,788,437)	(4,940,747)
Net cash used in capital and related financing activities	<u>(4,788,437)</u>	<u>(4,940,747)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	10,003,777	25,380,546
Purchases of securities	(435,633,131)	(7,998,645,037)
Sales of securities	150,008,998	7,203,413,969
Net cash used in investing activities	<u>(275,620,356)</u>	<u>(769,850,522)</u>
Net increase (decrease) in cash and cash equivalents	<u>233,415,262</u>	<u>(28,648,186)</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>25,430,975</u>	<u>54,079,161</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 258,846,237</u>	<u>\$ 25,430,975</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 18,964,136	\$ 227,637,775
ADJUSTMENT TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	3,142,262	3,114,714
Changes in assets and liabilities		
Capitation receivable from the State of California	88,846,559	(79,721,547)
Prepaid expenses and other assets	(2,885,883)	(4,592,425)
Medical claims liability	(47,111,062)	326,157,461
Payable to the State of California and CMS	(17,526,013)	(67,599,283)
Unearned revenue	378,239,704	186,860,557
Capitation and withholds	111,193,389	198,481,000
Accounts payable and other	359,531	(71,647,765)
Accrued payroll and employee benefits and other	2,605,109	1,129,797
Accrued insurance costs	(24,527,381)	27,013,288
Postemployment health-care plan	524,508	2,002,604
Net pension obligation	1,999,196	(2,693,093)
Net cash provided by operating activities	<u>\$ 513,824,055</u>	<u>\$ 746,143,083</u>
SUPPLEMENTAL SCHEDULE OF NON-CASH OPERATING AND INVESTING ACTIVITIES		
Change in unrealized appreciation on investments	<u>\$ 3,007,940</u>	<u>\$ 170,914</u>

**ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE
PREVENTION AND TREATMENT INTEGRATED MEDICAL
ASSISTANCE/DBA CALOPTIMA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 1 – Organization

Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance/dba CalOptima (“CalOptima”) is a county-organized health system (“COHS”) serving primarily Medi-Cal beneficiaries in Orange County, California. Pursuant to the California Welfare and Institutions Code, CalOptima was formed by the Orange County Board of Supervisors as a public/private partnership through the adoption of Ordinance NO. 3896 in August 1992. The agency began operations in October 1995.

As a COHS, CalOptima maintains an exclusive contract with the State of California Department of Health Care Services (“DHCS”) to arrange for the provision of health-care services to Orange County’s approximately 777,000 and 740,000 Medi-Cal beneficiaries for the years ended June 30, 2016 and 2015, respectively. CalOptima also offers OneCare, a Medicare Advantage Special Needs Plan, via a contract with the Centers for Medicare, and Medicaid Services (“CMS”). In January 2016, CalOptima began transferring subscribers from OneCare to the OneCare Connect Cal MediConnect Plan. OneCare serves approximately 1,000 and 13,000 members eligible for both Medicare and Medi-Cal for the years ended June 30, 2016 and 2015, respectively. In January 2016, CalOptima began offering OneCare Connect Cal MediConnect Plan (“OCC”), a Medicare-Medicaid Plan, via a contract with CMS. OCC serves approximately 29,000 members eligible for both Medicare and Medi-Cal for the year ended June 30, 2016. CalOptima also contracts with the California Department of Aging to provide case management of social and health-care services to approximately 500 Medi-Cal eligible seniors under California’s Multipurpose Senior Services program. The Program of All-inclusive Care for the Elderly (“PACE”) provides services to 55 years of age or older members who reside in the PACE service area and meet California nursing facility level of care requirements. The program receives Medicare and Medi-Cal funding.

CalOptima in turn subcontracts the delivery of health-care services through health maintenance organizations and provider-sponsored organizations, known as Physician/Hospital Consortia, and Shared Risk Groups. Additionally, CalOptima has direct contracts with hospitals and providers for its fee-for service network.

CalOptima is licensed by the State of California as Health Care Service Plans pursuant to the Knox-Keene Health Care Services Act of 1975 (the “Act”), as amended. As such, CalOptima is subject to the regulatory requirements of the Department of Managed Health Care under Section 1300, Title 28 of the California Administrative Code, including minimum requirements of Tangible Net Equity, which CalOptima exceeded as of June 30, 2016 and 2015.

CalOptima Foundation (the “Foundation”) was formed as a not-for-profit benefit corporation in 2010 and is dedicated to the betterment of public health-care services in Orange County.

**ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE
PREVENTION AND TREATMENT INTEGRATED MEDICAL
ASSISTANCE/DBA CALOPTIMA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 2 – Summary of Significant Accounting Policies

Basis of presentation – CalOptima is a county-organized health system governed by an 11-member Board of Directors appointed by the Orange County Board of Supervisors. The CalOptima Board of Directors also serves as the Board of Directors of the Foundation. Effective for the fiscal year ended June 30, 2014, CalOptima began reporting as a discrete component unit of the County of Orange, California. The County made this determination based on the County Board of Supervisors having the right to elect 100 percent of the CalOptima Board of Directors.

Principle of consolidation – The consolidated financial statements include the accounts of CalOptima and the Foundation (collectively referred to herein as the “Organization”).

Basis of accounting – CalOptima uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. The accompanying consolidated financial statements have been prepared in accordance with the standards of the Governmental Accounting Standards Board (“GASB”).

Use of estimates – The preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents – The Organization considers all highly liquid investments with original maturities of three months or less to be cash and cash equivalents.

Investments – Investments are stated at fair value in accordance with GASB Codification Section 150. The fair value of investments is estimated based on quoted market prices, when available. For debt securities not actively traded, fair values are estimated using values obtained from external pricing services or are estimated by discounting the expected future cash flows, using current market rates applicable to the coupon rate, credit and maturity of the investments.

All investments with an original maturity of one year or less when purchased are recorded as current investments, unless designated or restricted.

Board-designated assets and restricted cash – CalOptima’s Board of Directors designated the establishment of certain reserve funds for contingencies. According to policy, the desired level for these funds is between 1.4 months and 2 months of capitation revenues. CalOptima is required to maintain a \$300,000 restricted deposit as a part of the Knox-Keene Health Care Service Plan Act of 1975 (see Note 9).

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Note 2 – Summary of Significant Accounting Policies (continued)

Capital assets – Capital assets are stated at cost at the date of acquisition. The costs of normal maintenance, repairs and minor replacements are charged to expense when incurred.

Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets. Long-lived assets are periodically reviewed for impairment. The following estimated useful lives are used:

	Years
Furniture	5 years
Vehicles	5 years
Computers and software	3 years
Leasehold improvements	15 years or life of lease, whichever is less
Building	40 years
Building components	10 to 30 years
Land improvements	8 to 25 years
Tenant improvements	7 years or life of lease, whichever is less

Fair value of financial instruments – The consolidated financial statements include financial instruments for which the fair market value may differ from amounts reflected on a historical basis. Financial instruments of the Organization consist of cash deposits, investments, capitation receivable, accounts payable, and certain accrued liabilities. The Organization's other financial instruments generally approximate fair market value based on the relatively short period of time between origination of the instruments and their expected realization.

Medical claims liability and expenses – CalOptima establishes a claims liability based on estimates of the ultimate cost of claims in process and a provision for incurred but not yet reported ("IBNR") claims, which is actuarially determined based on historical claim payment experience and other statistics. Such estimates are continually monitored and analyzed with any adjustments made as necessary in the period the adjustment is determined. CalOptima retains an outside actuary to perform an annual review of the actuarial projections. Amounts for claims payment incurred related to prior years vary from previously estimated liabilities as the claims ultimately are settled.

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Note 2 – Summary of Significant Accounting Policies (continued)

Effective with the enrollment of the Medi-Cal Expansion Population per the Affordable Care Act (“ACA”) CalOptima is subject to DHCS requirements to meet the minimum 85% medical loss ratio for this population. Specifically, CalOptima will be required to expend at least 85% of the Medi-Cal capitation revenue received for this population on allowable medical expenses as defined by DHCS. In the event CalOptima expends less than the 85% requirement, CalOptima will be required to return to DHCS the difference between the minimum threshold and the actual allowed medical expenses. Approximately \$15,493,000 and \$201,290,000 for the years ended June 30, 2016 and 2015, respectively, is included in other medical expenses in the consolidated statements of revenues, expenses, and changes in net position to meet the 85% requirement. As of June 30, 2016 and 2015, approximately \$299,654,000 and \$284,160,000, respectively, were accrued. This liability is presented in the Medical Claims Liability line item in the accompanying consolidated statements of net position.

Capitation and withholds – CalOptima has provider services agreements with several health networks in Orange County, whereby the health networks provide care directly to covered members or through subcontracts with other health-care providers. Payment for the services provided by the health networks is on a fully capitated basis. The capitation amount is based on contractually agreed-upon terms with each health network. CalOptima withholds amounts from providers at an agreed upon percentage of capitation payments made to ensure the financial solvency of each contract. CalOptima also records a liability related to quality incentive payments and risk-share provisions. The quality incentive liability is estimated based on member months and rates agreed upon by the Board of Directors. For the risk-share provision liability, management allocates surplus or deficits, multiplied by a contractual rate, with the shared-risk groups. Estimated amounts due to health networks pertaining to risk-share provisions are approximately \$359,800,000 and \$196,700,000 as of June 30, 2016 and 2015, respectively. During the years ended June 30, 2016 and 2015, CalOptima incurred approximately \$973,118,000 and \$921,933,000, respectively, of capitation expense relating to health-care services provided by health networks. The Capitation expense is included in the provider capitation and OneCare line items in the consolidated statements of revenues, expenses and changes in net position. Estimated amounts due to health networks as of June 30, 2016 and 2015, related to the capitation withhold arrangements, quality incentive payments, and risk-share provisions are approximately \$401,823,000 and \$290,633,000, respectively.

Premium deficiency reserves – CalOptima performs periodic analyses of its expected future health care costs and maintenance costs to determine whether such costs will exceed anticipated future revenues under its contracts. Should expected costs exceed anticipated revenues, a premium deficiency reserve is accrued. Investment income is not included in the calculation to estimate premium deficiency reserves. CalOptima’s management determined that no premium deficiency reserves were necessary as of June 30, 2016 and 2015.

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Note 2 – Summary of Significant Accounting Policies (continued)

Accrued compensated absences – CalOptima’s policy permits employees who are regularly scheduled to work more than 20 hours per week to accrue 18 days of paid time off (PTO) (23 days for exempt employees) based on their years of continuous service, with an additional week of accrual after three years of service and another after 10 years of service. Unused PTO may be carried over into subsequent years, not to exceed two and a half times the annual accrual. If an employee reaches his/her PTO maximum accrual, a portion of the accrued PTO equal to half of the employees’ annual PTO accruals will be automatically paid out to the employees. Accumulated PTO will be paid to the employees upon separation from service with CalOptima. All compensated absences are accrued and recorded in accordance with GASB Codification Section C60, and are included in accrued payroll and employee benefits.

Net position – Net position is reported in three categories, defined as follows:

- **Net investment in capital assets** – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation, and is reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable (if any) to the acquisition, construction or improvement of those assets.
- **Restricted** – This component of net position consists of external constraints placed on net asset use by creditors (such as through debt covenants), grantors, contributors, or the law or regulations of other governments. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation (see also Note 9).
- **Unrestricted** – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets, net of related debt.”
- **Restricted resources** – When CalOptima has both restricted and unrestricted resources available to finance a particular program, it is CalOptima’s policy to use restricted resources before unrestricted resources.

Operating revenues and expenses – CalOptima’s consolidated statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with arranging for the provision of health-care services. Operating expenses are all expenses incurred to arrange for the provision of health-care services as well as the costs of administration. Unpaid claims adjustment expenses are an estimate of the cost to process the IBNR claims and are included in operating expenses. Non-exchange revenues and expenses are reported as nonoperating revenues and expenses.

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Note 2 – Summary of Significant Accounting Policies (continued)

Revenue recognition and receivable from the State of California and CMS – Capitation revenue is recognized in the period the members are eligible to receive healthcare services. Capitation revenue is generally received from the State of California (the “State”) each month following the month of coverage based on estimated enrollment and capitation rates as provided for in the State contract. As such, capitation revenue includes an estimate for amounts receivable from or refundable to the State for these retrospective adjustments. These estimates are continually monitored and analyzed, with any adjustments recognized in the period when determined. OneCare capitation revenue is generally received from CMS each month for the month of coverage. Premiums received in advance are recorded in unearned revenue on the consolidated statements of net position. CalOptima recognized a decrease to capitation revenue in the amount of approximately \$1,000,000 and an increase of approximately \$42,000,000 related to retroactive capitation rate adjustments during the years ended June 30, 2016 and 2015, respectively.

Capitation revenue and related net receivables as a percent of the totals were as follows:

Revenue	Years Ended June 30,			
	2016		2015	
	Revenue	%	Revenue	%
Medi-Cal	\$ 2,829,513,864	89.4%	\$ 2,918,762,758	93.8%
OneCare	104,201,695	3.3%	188,307,271	6.1%
OneCare Connect	220,185,400	7.0%	-	0.0%
PACE	9,852,063	0.3%	4,875,119	0.1%
	<u>\$ 3,163,753,022</u>	<u>100.0%</u>	<u>\$ 3,111,945,148</u>	<u>100.0%</u>

Receivables	As of June 30,			
	2016		2015	
	Receivables	%	Receivables	%
Medi-Cal	\$ 447,869,626	95.2%	\$ 555,594,348	99.4%
OneCare	-	0.0%	1,923,428	0.3%
OneCare Connect	21,241,317	0.0%	-	0.0%
PACE	1,152,628	0.2%	1,592,354	0.3%
	<u>\$ 470,263,571</u>	<u>100.0%</u>	<u>\$ 559,110,130</u>	<u>100.0%</u>

Administrative services contract – CalOptima previously contracted with a specialty managed mental health-care organization to arrange, coordinate and manage mental health outpatient services for its Mental Health Program. Revenue was recognized based on contractual terms, which could not exceed a prescribed budgeted administrative rate. The contract ended June 30, 2015. Revenue of approximately \$4,984,000 is included in other income during the year ended June 30, 2015. Medical expenses of approximately \$4,679,000 is included in other medical for the year ended June 30, 2015.

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Note 2 – Summary of Significant Accounting Policies (continued)

Intergovernmental transfer – CalOptima entered into an agreement with DHCS and the University of California, Irvine (“UCI”) to receive an intergovernmental transfer (“IGT”) through a capitation rate increase of approximately \$30,457,000 and \$25,200,000 during the years ended June 30, 2016 and 2015, respectively. Under the agreement, approximately \$23,500,000 of the funds that were received from the IGT passed through to UCI. Under GASB, the amounts that will be passed through to UCI are not reported in the consolidated statements of revenues, expenses, and changes in net position or the consolidated statements of net position. CalOptima accounts for the IGT transfer for CalOptima purposes as an exchange transaction requiring funds to be expended prior to revenue recognition. The funds were not yet expended for the required purpose during the years ended June 30, 2016 or 2015 as the revenue recognition criteria had not been met. CalOptima retains a portion of the IGT, which must be used to enhance provider reimbursement rates and strengthen the delivery system. A retainer in the amount of approximately \$6,996,000 and \$4,881,000 as of June 30, 2016 and 2015, respectively, is included in unearned revenues in the consolidated statements of net position.

Medicare Part D – CalOptima covers prescription drug benefits in accordance with Medicare Part D under multiple contracts with CMS. The payments CalOptima receives monthly from CMS and members, which are determined from its annual bid, represent amounts for providing prescription drug insurance coverage. CalOptima recognizes premiums for providing this insurance coverage ratably over the term of its annual contract. CalOptima’s CMS payment is subject to risk sharing through the Medicare Part D risk corridor provisions. In addition, receipts for reinsurance and low-income cost subsidies, as well as receipts for certain discounts on brand name prescription drugs in the coverage gap represent payments for prescription drug costs for which CalOptima is not at risk.

The risk corridor provisions compare costs targeted in CalOptima’s bids to actual prescription drug costs, limited to actual costs that would have been incurred under the standard coverage as defined by CMS. Variances exceeding certain thresholds may result in CMS making additional payments to CalOptima or require CalOptima to refund to CMS a portion of the premiums CalOptima received. The Company estimates and recognizes an adjustment to premiums revenue related to these risk corridor provisions based upon pharmacy claims experience to date as if the annual contract were to terminate at the end of the reporting period. Accordingly, this estimate provides no consideration to future pharmacy claims experience. CalOptima records a receivable or payable at the contract level and classifies the amount as current or long-term in the accompanying consolidated statements of net position based on the timing of expected settlement.

Grant revenue recognition – The Foundation recognized approximately \$653,323 and \$484,761 in grant revenues during the years ended June 30, 2016 and 2015, respectively. Grant revenue is recognized when all eligibility requirements are met, and is included in other income in the consolidated statements of revenues, expenses, and changes in net position.

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Note 2 – Summary of Significant Accounting Policies (continued)

Income taxes – CalOptima operates under the purview of the Internal Revenue Code, Section 501(a), and corresponding California Revenue and Taxation Code provisions. As such, CalOptima is not subject to federal or state taxes on related income. The Foundation is operated as a tax-exempt organization under Section 501(c)(3) of the federal Internal Revenue Code and applicable sections of the California statutes. Accordingly, no provision for income tax has been recorded in the accompanying consolidated financial statements.

Premium taxes – California passed Senate Bill 78 *Public health: Medi-Cal managed care plan taxes* (SB 78) pursuant of Section 1 Article V of the Revenue and Taxation Code. Effective July 1, 2013, SB 78 levies a tax on all sellers of Medi-Cal managed care plans for the privilege of selling Medi-Cal health care services at retail at a rate of 3.94 percent of gross receipts. CalOptima recognized premium tax expense of \$113,654,434 and \$124,649,170 in the consolidated statements of revenue, expenses, and change in net position for the years ended June 30, 2016 and 2015, respectively.

Pensions – For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of CalOptima's California Public Employees' Retirement System Plan (the "CalPERS Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Recent accounting pronouncements – In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*, ("GASB 72") which is effective for periods beginning after June 15, 2015. GASB 72 addresses accounting and financial reporting issues related to fair value measurements. GASB 72 provides guidance for determining a fair value measurement for financial reporting purposes as well as guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Organization has adopted GASB 72 effective July 1, 2015.

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Note 2 – Summary of Significant Accounting Policies (continued)

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB No. 75"), which is effective for periods beginning after June 15, 2017. GASB No. 75 replaces requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. GASB No. 75 also lays out requirements for methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service for defined benefit OPEB. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. In addition, GASB 75 includes the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a non-employer entity provides financial support for OPEB of employees of another entity. The Organization is currently evaluating the impact of the adoption of GASB No. 75 for the year ending June 30, 2017.

In June 2015, GASB also issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* ("GASB No. 76"), which is effective for periods beginning after June 15, 2015. The objective of GASB No. 76 is to identify the hierarchy of generally accepted accounting principles ("GAAP") in the context of the current governmental financial reporting environment. The Statement reduces GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specific within a source of authoritative GAAP. The Organization has adopted GASB No. 76 effective July 1, 2015.

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants* ("GASB No. 79"), which is effective for periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. The objective of GASB No. 79 is to address for certain external investment pools and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. Those provisions were based on the Investment Company Act of 1940, Rule 2a7. The Organization has adopted GASB No. 79 effective July 1, 2015.

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Note 3 – Cash and Investments

The Organization categorizes its fair value investments within the fair value hierarchy established by GAAP. The hierarchy for fair value measurements is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly
- Level 3** Significant unobservable inputs

The following is a description of the valuation methodologies used for instruments at fair value on a recurring basis and recognized in the accompanying consolidated statements of net position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Marketable securities – Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. These securities are classified within Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

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Note 3 – Cash and Investments (continued)

The following table presents the fair value measurements of assets recognized in the accompanying consolidated statements of net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall:

Investment Assets at Fair Value as of June 30, 2016				
	Level 1	Level 2	Level 3	Total
U.S. treasury notes	\$ 594,011,051	\$ -	\$ -	\$ 594,011,051
Money market funds	14,231,723	34,971,635	-	49,203,358
Government	7,576,010	72,625,568	-	80,201,578
U.S. agencies	-	202,911,440	-	202,911,440
Asset-backed securities	-	115,567,448	-	115,567,448
Corporate bonds	-	332,854,276	-	332,854,276
Mortgage-backed securities	-	39,116,801	-	39,116,801
Municipal bonds	-	67,822,241	-	67,822,241
Tax exempt	-	70,000	-	70,000
	<u>\$ 615,818,784</u>	<u>\$ 865,939,409</u>	<u>\$ -</u>	<u>\$ 1,481,758,193</u>

Investment Assets at Fair Value as of June 30, 2015				
	Level 1	Level 2	Level 3	Total
U.S. treasury notes	\$ 332,526,432	\$ -	\$ -	\$ 332,526,432
Money market funds	49,905,643	161,248,377	-	211,154,020
Government	-	2,698,727	-	2,698,727
U.S. agencies	-	50,937,353	-	50,937,353
Asset-backed securities	-	111,541,227	-	111,541,227
Corporate bonds	-	339,824,175	-	339,824,175
Mortgage-backed securities	-	63,675,293	-	63,675,293
Municipal bonds	-	63,109,279	-	63,109,279
Tax exempt	-	27,064,882	-	27,064,882
	<u>\$ 382,432,075</u>	<u>\$ 820,099,313</u>	<u>\$ -</u>	<u>\$ 1,202,531,388</u>

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Note 3 – Cash and Investments (continued)

Cash and investments are reported in the June 30 consolidated statements of net position as follows:

	June 30,	
	2016	2015
Current assets:		
Cash and cash equivalents	\$ 258,846,237	\$ 25,430,975
Investments	1,019,264,632	745,792,608
Board-designated assets and restricted cash:		
Cash and cash equivalents	10,132,014	866,365
Investments	465,713,886	459,282,739
Restricted deposit	300,000	300,000
	<u>\$ 1,754,256,769</u>	<u>\$ 1,231,672,687</u>

Custodial credit risk-deposits – Custodial credit risk is the risk that in the event of a bank failure the Organization may not be able to recover its deposits or collateral securities that are in the possession of an outside party. The California Government Code requires that a financial institution secure deposits made by public agencies by pledging securities in an undivided collateral pool held by a depository regulated under the state law. At June 30, 2016 and 2015, no deposits were exposed to custodial credit risk, as CalOptima has pledged collateral to cover the amounts.

Investments – CalOptima invests in obligations of the U.S. Treasury, other U.S. government agencies and instrumentalities, state obligations, corporate securities, money market funds, and mortgage or asset-backed securities.

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Note 3 – Cash and Investments (continued)

Interest rate risk – In accordance with its Annual Investment Policy (“investment policy”), CalOptima manages its exposure to decline in fair value from increasing interest rates by matching maturity dates to the extent possible with CalOptima’s expected cash flow draws. Its investment policy limits maturities to five years, while also staggering maturities. CalOptima maintains a low-duration strategy, targeting a portfolio duration of three years or less, with the intent of reducing interest rate risk. Portfolios with low duration are less volatile because they are less sensitive to interest rate changes. As of June 30, 2016 and 2015, CalOptima’s investments, including cash equivalents, had the following modified duration:

Investment Type	June 30, 2016			
	Fair Value	Investment Maturities (In Years)		
		Less Than 1	1-5	More Than 5
U.S. agencies	\$ 207,911,621	\$ 134,250,313	\$ 73,661,308	\$ -
Asset-backed securities	115,567,448	33,757,195	81,810,253	-
Corporate bonds	342,562,050	182,151,144	160,410,906	-
Government	103,571,333	86,462,088	17,109,245	-
Money market funds	49,203,359	49,203,359	-	-
Mortgage-backed securities	39,116,803	4,571,701	34,545,102	-
Municipal bonds	74,647,560	38,093,490	36,554,070	-
Tax exempt	70,000	70,000	-	-
U.S. treasury notes	609,519,716	443,005,155	166,514,561	-
Cash equivalents	145,777,389	102,544,320	43,233,069	-
Cash	2,434,995	2,434,995	-	-
		<u>\$ 1,076,543,760</u>	<u>\$ 613,838,514</u>	<u>\$ -</u>
Accrued interest receivable	3,544,687			
	<u>\$ 1,693,926,961</u>			

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Note 3 – Cash and Investments (continued)

Investment Type	June 30, 2015			
	Fair Value	Investment Maturities (In Years)		
		Less Than 1	1-5	More Than 5
U.S. agencies	\$ 50,937,353	\$ -	\$ 50,937,353	\$ -
Asset-backed securities	111,541,227	21,833,637	89,707,590	-
Corporate bonds	339,824,175	82,113,170	257,711,005	-
Government	30,932,107	1,399,958	29,532,149	-
Money market funds	216,154,016	216,154,016	-	-
Mortgage-backed securities	63,675,293	256,985	63,418,308	-
Municipal bonds	63,109,279	27,467,154	35,642,125	-
Tax exempt	28,068,172	23,061,987	5,006,185	-
U.S. treasury notes	305,693,010	50,052,498	255,640,512	-
Cash	2,165,479	2,165,479	-	-
		<u>\$ 424,504,884</u>	<u>\$ 787,595,227</u>	<u>\$ -</u>
Accrued interest receivable	2,543,960			
	<u>\$ 1,214,644,071</u>			

Investment with fair values highly sensitive to interest rate fluctuations – When interest rates fall, debt is refinanced and paid off early. The reduced stream of future interest payments diminishes the fair value of the investment. The mortgage-backed and asset-backed securities in the CalOptima portfolio are of high credit quality, with relatively short average lives that represent limited prepayment and interest rate exposure risk. CalOptima's investments include the following investments that are highly sensitive to interest rate and prepayment fluctuations to a greater degree than already indicated in the information provided above:

	June 30,	
	2016	2015
Asset-backed securities	\$ 115,567,448	\$ 111,541,227
Mortgage-backed securities	39,116,803	63,675,293
	<u>\$ 154,684,251</u>	<u>\$ 175,216,520</u>

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Note 3 – Cash and Investments (continued)

Credit risk – CalOptima’s investment policy conforms to the California Government Code as well as to customary standards of prudent investment management. Credit risk is mitigated by investing in only permitted investments. The investment policy sets minimum acceptable credit ratings for investments from the three nationally recognized rating services: Standard and Poor’s Corporation (“S&P”), Moody’s Investor Service (“Moody’s”) and Fitch Ratings (“Fitch”). For an issuer of short-term debt, the rating must be no less than A-1 (“S&P”), P-1 (“Moody’s”) or F-1 (“Fitch”), while an issuer of long-term debt shall be rated no less than an “A.”

As of June 30, 2016, following are the credit ratings of investments and cash equivalents:

Investment Type	Fair Value	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year-End					
				AAA	Aa & Aa+	Aa-	A+	A/A-1	A-
U.S. Treasury notes	\$ 616,851,820	N/A	\$ 616,851,820	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Agency notes	309,299,967	N/A	309,299,967	-	-	-	-	-	-
Corporate bonds	291,879,044	A-	-	6,770,725	20,108,792	33,512,510	81,895,966	100,120,087	49,470,964
FRN securities	109,240,846	A-	-	29,305,294	10,348,080	7,764,295	22,470,192	23,481,111	15,871,874
Asset-backed securities	124,658,150	AAA	-	87,932,577	15,578,743	15,523,429	1,836,149	3,787,252	-
Mortgage-backed securities	73,327,090	A	-	73,327,090	-	-	-	-	-
Municipal bonds	36,798,228	AAA	-	4,763,191	17,750,954	12,009,958	2,274,125	-	-
Supranational	27,322,075	AAA	-	27,322,075	-	-	-	-	-
Commercial Paper	19,930,039	A1/P1	-	19,930,039	-	-	-	-	-
Money market mutual funds	84,619,702	AAA	-	84,619,702	-	-	-	-	-
Total	\$ 1,693,926,961		\$ 926,151,787	\$ 333,970,693	\$ 63,786,569	\$ 68,810,192	\$ 108,476,432	\$ 127,388,450	\$ 65,342,838

As of June 30, 2015, following are the credit ratings of investments and cash equivalents:

Investment Type	Fair Value	Legal Rating	From Disclosure	Rating as of Year-End					
				AAA	Aa & Aa+	Aa-	A+	A/A-1	A-
U.S. Treasury notes	\$ 383,009,469	N/A	\$ 383,009,469	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Agency notes	135,084,602	N/A	-	135,084,602	-	-	-	-	-
Corporate bonds	341,140,654	A-	-	2,433,630	40,442,001	64,229,653	83,075,867	114,650,510	36,308,993
Asset-backed securities	111,574,036	AAA	-	111,574,036	-	-	-	-	-
Mortgage-backed securities	91,633,861	A	-	18,484,165	33,259,721	25,544,397	8,370,941	5,974,637	-
Municipal bonds	63,728,926	AAA	-	63,728,926	-	-	-	-	-
Certificates of Deposit	76,527,940	A1/P1	-	76,527,940	-	-	-	-	-
Commercial Paper	9,779,103	A1/P1	-	9,779,103	-	-	-	-	-
Money market mutual funds	19,194,096	AAA	-	19,194,096	-	-	-	-	-
Total	\$ 1,231,672,687		\$ 383,009,469	\$ 436,806,498	\$ 73,701,722	\$ 89,774,050	\$ 91,446,808	\$ 120,625,147	\$ 36,308,993

17,028,616 2015 check

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Note 3 – Cash and Investments (continued)

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of CalOptima’s investment in a single issuer. CalOptima’s investment policy limits to no more than 5 percent of the total fair value of investments in the securities of any one issuer, except for obligations of the U.S. government, U.S. government agencies or government-sponsored enterprises; and no more than 10 percent may be invested in one money market mutual fund unless approved by the governing board. The investment policy also places a limit of 35 percent of the amount of investment holdings with any one government-sponsored issuer and 5 percent of all other issuers. At June 30, 2016 and 2015, all holdings complied with the foregoing limitations. The following holdings exceeded 5 percent of the portfolio at June 30, 2016 and 2015:

Investment Type	Issuer	Percentage of Portfolio June 30,	
		2016	2015
U.S agency notes	Federal Home Loan Bank	5.28	-
U.S. Treasury notes	United States Treasury	35.14	25.22

Note 4 – Capital Assets

Capital assets activity during the year ended June 30, 2016 consisted of the following:

	June 30, 2015	Additions	Retirements	Transfers	June 30, 2016
Capital assets not being depreciated:					
Land	\$ 5,876,002	\$ -	\$ -	\$ -	\$ 5,876,002
Construction in progress	3,011,170	3,263,116	-	(18,050)	6,256,236
	<u>8,887,172</u>	<u>3,263,116</u>	<u>-</u>	<u>(18,050)</u>	<u>12,132,238</u>
Capital assets being depreciated:					
Furniture and equipment	6,633,398	3,842,809	(216,612)	-	10,259,595
Computers and software	18,470,898	-	-	-	18,470,898
Land improvement	45,665	-	-	-	45,665
Leasehold improvements	5,043,363	-	-	-	5,043,363
Building	40,747,980	81,285	-	18,050	40,847,315
	<u>70,941,304</u>	<u>3,924,094</u>	<u>(216,612)</u>	<u>18,050</u>	<u>74,666,836</u>
Less accumulated depreciation for:					
Furniture and equipment	2,185,730	970,613	-	-	3,156,343
Computers and software	17,611,500	2,273,204	(216,612)	-	19,668,092
Land improvement	1,126,651	1,114,011	-	-	2,240,662
Leasehold improvements	1,560,341	578,631	-	-	2,138,972
Building	3,994,863	604,576	-	-	4,599,439
	<u>26,479,085</u>	<u>5,541,035</u>	<u>(216,612)</u>	<u>-</u>	<u>31,803,508</u>
Total depreciable assets, net	<u>44,462,219</u>	<u>(1,616,941)</u>	<u>-</u>	<u>18,050</u>	<u>42,863,328</u>
Capital assets, net	<u>\$ 53,349,391</u>	<u>\$ 1,646,175</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,995,566</u>

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Note 4 – Capital Assets (continued)

Capital asset activity during the year ended June 30, 2015 consisted of the following:

	June 30, 2014	Additions	Retirements	Transfers	June 30, 2015
Capital assets not being depreciated:					
Land	\$ 5,876,002	\$ -	\$ -	\$ -	\$ 5,876,002
Construction in progress	1,831,233	1,179,937	-	-	3,011,170
	<u>7,707,235</u>	<u>1,179,937</u>	<u>-</u>	<u>-</u>	<u>8,887,172</u>
Capital assets being depreciated:					
Furniture and equipment	4,140,487	3,333,808	(840,897)	-	6,633,398
Computers and software	18,470,898	-	-	-	18,470,898
Land improvement	45,665	-	-	-	45,665
Leasehold improvements	5,028,202	15,161	-	-	5,043,363
Building	37,566,076	3,181,904	-	-	40,747,980
	<u>65,251,328</u>	<u>6,530,873</u>	<u>(840,897)</u>	<u>-</u>	<u>70,941,304</u>
Less accumulated depreciation for:					
Furniture and equipment	1,733,057	865,577	(412,904)	-	2,185,730
Computers and software	15,326,699	2,284,801	-	-	17,611,500
Land improvement	5,137	1,121,514	-	-	1,126,651
Leasehold improvements	980,025	580,316	-	-	1,560,341
Building	3,390,287	604,576	-	-	3,994,863
	<u>21,435,205</u>	<u>5,456,784</u>	<u>(412,904)</u>	<u>-</u>	<u>26,479,085</u>
Total depreciable assets, net	<u>43,816,123</u>	<u>1,074,089</u>	<u>(427,993)</u>	<u>-</u>	<u>44,462,219</u>
Capital assets, net	<u>\$ 51,523,358</u>	<u>\$ 2,254,026</u>	<u>\$ (427,993)</u>	<u>\$ -</u>	<u>\$ 53,349,391</u>

Note 5 – Medical Claims Liability

Medical claims liability consists of the following:

	June 30,	
	2016	2015
Claims payable or pending approval	\$ 18,004,864	\$ 26,252,320
Provisions for IBNR claims	575,805,193	614,668,799
	<u>\$ 593,810,057</u>	<u>\$ 640,921,119</u>

The cost of health-care services is recognized in the period in which care is provided and includes an estimate of the cost of services that has been incurred but not yet reported. CalOptima estimates accrued claims payable based on historical claims payments and other relevant information. Unpaid claims adjustment expenses are an estimate of the cost to process the IBNR claims and are included in medical claims liability. Estimates are continually monitored and analyzed, and as settlements are made or estimates adjusted, differences are reflected in current operations. Such estimates are subject to the impact of changes in the regulatory environment and economic conditions. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts provided.

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Note 5 – Medical Claims Liability (continued)

The following is a reconciliation of the accrued claims liability:

	For the years ended June 30,	
	2016	2015
Beginning balance	\$ 640,921,119	\$ 314,763,658
Incurred:		
Current	1,654,655,048	1,685,700,529
Prior	(16,801,929)	(2,618,015)
	1,637,853,119	1,683,082,514
Paid		
Current	1,453,165,737	1,221,651,387
Prior	231,798,444	135,273,666
	1,684,964,181	1,356,925,053
Ending balance	\$ 593,810,057	\$ 640,921,119

Amounts incurred related to prior years vary from previously estimated liabilities as the claims are ultimately adjudicated and paid. Liabilities at any year-end are continually reviewed and re-estimated as information regarding actual claim payments becomes known. This information is compared to the originally established prior reporting period liability. Negative amounts reported for incurred, related to prior years, result from claims being adjudicated and paid for amounts less than originally estimated. The year ended June 30, 2016 results included a decrease of prior year incurred of approximately \$16,802,000. The year ended June 30, 2015 results included a decrease of prior year incurred of approximately \$2,618,015. Original estimates are increased or decreased as additional information becomes known regarding individual claims. Included within the Medical Claims Liability is a payable to the State of California pertaining to the accrual to meet the 85% medical loss ratio requirement described in Note 2.

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Note 6 – Defined Benefit Pension Plan

Plan description – CalOptima’s defined benefit pension plan, Miscellaneous Plan of the Orange County Health Authority (the “CalPERS Plan”), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The CalPERS Plan is part of the public agency portion of the California Public Employees Retirement Systems (“CalPERS”), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the state of California. A menu of benefit provisions as well as other requirements is established by state statutes within the Public Employees’ Retirement Law. CalOptima selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through the Board of Directors’ approval. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for CalPERS. Copies of the report can be obtained from CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Benefits provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one full year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the plan are applied as specified by the Public Employees’ Retirement Law.

The CalPERS Plan’s provisions and benefits in effect at June 30, 2016 are summarized as follows:

Hire Date	Prior to January 1, 2014	On or after January 1, 2014
Benefit formula	2.7% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	7.0%	7.0%
Required employer contribution rates	8.4%	8.4%

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Note 6 – Defined Benefit Pension Plan (continued)

The following is a summary of plan participants:

	June 30, 2016	June 30, 2015
Active employees	1100	986
Retirees and beneficiaries:		
Receiving benefits	102	91
Deferred Retirement benefits:		
Terminated employees	1	2
Surviving spouses	5	4
Beneficiaries	0	2

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law (“PERL”) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The average active employee contribution rate is 6.82 percent and 6.95 percent of annual pay for the years ended June 30, 2016 and 2015, respectively. The employer’s contribution rate is 8.65 percent and 8.41 percent of annual payroll for the years ended June 30, 2016 and 2015, respectively.

Net pension liability – Effective July 1, 2014 CalOptima adopted GASB 68 Accounting and Financial Reporting for Pensions. The impact of the adoption was retrospectively reflected in the first period presented. Accordingly, the pension benefit expense was increased by approximately \$4,382,000 for the year ended June 30, 2015 to reflect the adoption of GASB 68.

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Note 6 – Defined Benefit Pension Plan (continued)

CalOptima's net pension liability for the CalPERS Plan is measured as the total pension liability, less the pension plan's fiduciary net position. For the measurement period ended June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. Total pension liabilities were based on the following actuarial methods and assumptions as of June 30, 2015 and June 30, 2014, respectively:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.50%; Net of Pension Plan Investment and Administrative Expenses; includes inflation
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50%
Mortality Rate Table	Derived using CalPERS' Membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

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Note 6 – Defined Benefit Pension Plan (continued)

The underlying mortality table was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period 1997 to 2011, including updates to salary increase mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website.

Changes in the Net Pension Liability are as follows:

	Increase (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2015	\$ 83,711,464	\$ 82,651,970	\$ 1,059,494
Changes during the year:			
Service Cost	8,363,183	-	8,363,183
Interest on the total pension liability	6,620,025	-	6,620,025
Changes of benefit terms	-	-	-
Differences between expected and actual experience	1,444,808	-	1,444,808
Changes of assumptions	(1,963,270)	-	(1,963,270)
Contributions from the employer	-	3,033,171	(3,033,171)
Contributions from employees	-	4,142,126	(4,142,126)
Net investment income	-	1,913,380	(1,913,380)
Benefit payments, including refunds of employee contributions	(1,676,666)	(1,676,666)	-
Administrative expenses	-	(101,246)	101,246
Net changes during the year	12,788,080	7,310,765	5,477,315
Balance at June 30, 2016	\$ 96,499,544	\$ 89,962,735	\$ 6,536,809

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Note 6 – Defined Benefit Pension Plan (continued)

	Increase (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2014	\$ 72,912,613	\$ 65,410,580	\$ 7,502,033
Changes during the year:			
Service Cost	6,464,105	-	6,464,105
Interest on the total pension liability	5,661,111	-	5,661,111
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions from the employer	-	3,119,804	(3,119,804)
Contributions from employees	-	3,385,296	(3,385,296)
Net investment income	-	12,062,654	(12,062,654)
Benefit payments, including refunds of employee contributions	(1,326,364)	(1,326,364)	-
Net changes during the year	10,798,852	17,241,390	(6,442,538)
Balance at June 30, 2015	\$ 83,711,465	\$ 82,651,970	\$ 1,059,495

Discount rate and long term rate of return – The discount rate used to measure the total pension liability was 7.50 percent for the CalPERS Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website.

GASB 68 requires that the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the CalPERS Plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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Note 6 – Defined Benefit Pension Plan (continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make the required contributions as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>New Strategic Asset Class</u>	<u>Real Return Allocation</u>	<u>Real Return Years 1-10 (a)</u>	<u>Years 11+ (b)</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%

(a) An expected inflation of 2.5% was used for this period

(b) An expected inflation of 3.0% was used for this period

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Note 6 – Defined Benefit Pension Plan (continued)

The following presents the net pension liability of the CalPERS Plan calculated using the discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

June 30, 2016			
	Discount Rate -1%	Current Discount Rate	Discount Rate +1%
	6.65%	7.65%	8.65%
Net PensionLiability	\$ 23,232,749	\$ 6,536,809	\$ (6,906,026)

June 30, 2015			
	Discount Rate -1%	Current Discount Rate	Discount Rate +1%
	6.50%	6.50%	8.50%
Net PensionLiability	\$ 15,037,009	\$ 1,059,495	\$ (10,244,910)

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Note 6 – Defined Benefit Pension Plan (continued)

Pension expense and deferred outflows/inflows of resources related to pensions – CalOptima recognized pension expense of approximately \$9,219,000 and \$2,256,000 for the years ended June 30, 2016 and 2015, respectively. At June 30, 2016, CalOptima recognized deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
June 30, 2015		
subsequent to the measurement date	\$ 4,950,911	-
Net differences between projected and actual earnings on plan investments	-	\$ 5,580,552
June 30, 2016		
Contributions from employers subsequent to the measurement date	3,787,544	
Net differences between projected and actual earnings on plan investments		502,900
Changes in assumptions		1,651,640
Differences between expected and actual experiences	1,215,473	
	\$ 5,003,017	\$ 2,154,540

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Note 6 – Defined Benefit Pension Plan (continued)

The deferred outflows of resources related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ended June 30, 2016. The net differences reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Years ending June 30,</u>	<u>Deferred Inflows / (Outflows) of Resources</u>
2017	\$ 556,805
2018	556,805
2019	556,805
2020	(838,335)
2021	82,295
Thereafter	<u>24,692</u>
	<u>\$ 939,067</u>

Note 7 – Employee Benefit Plans

Deferred compensation plan – CalOptima sponsors a deferred compensation plan created in accordance with Internal Revenue Code Section 457 (the “457 Plan”) under which employees are permitted to defer a portion of their annual salary until future years. CalOptima may make discretionary contributions to the 457 Plan as determined by the Board of Directors. For the years ended June 30, 2016 and 2015, no discretionary employer contributions were made.

Defined contribution plan – Effective January 1, 1999, CalOptima established a supplemental retirement plan for its employees called the CalOptima Public Agency Retirement System Defined Contribution Supplemental Retirement Plan (“PARS Plan”). All regular and limited-term employees are eligible to participate in the PARS Plan. The current PARS Plan design does not require employee contributions. CalOptima makes discretionary employer contributions to the PARS Plan as authorized by the CalOptima Board of Directors. Vesting occurs over 16 quarters of service. For the years ended June 30, 2016 and 2015, CalOptima contributed approximately \$2,467,000 and \$2,187,000, respectively.

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Note 8 – Postemployment Health-Care Plan

Plan description – CalOptima sponsors and administers a single-employer, defined benefit postemployment health-care plan (the “Plan”) to provide medical and dental insurance benefits to eligible retired employees and their beneficiaries. Benefit provisions are established and may be amended by the CalOptima Board of Directors.

Effective January 1, 2004 CalOptima terminated postemployment health-care benefits for employees hired on or after January 1, 2004. For employees hired prior to January 1, 2004, the employee’s eligibility for retiree health benefits remains similar to the eligibility requirements for the defined benefit pension plan.

During the year ended June 30, 2006, CalOptima modified the benefit offered to eligible participants, requiring participants to enroll in Medicare and specifying that CalOptima would be responsible only for the cost of Medicare supplemental coverage, subject to a cost sharing between the participant and CalOptima.

Funding policy – The contribution requirements of Plan members and CalOptima are established and may be amended by the CalOptima Board of Directors. Plan members receiving benefits contribute at the same rate as current active employees. CalOptima’s contribution is based on projected pay-as-you-go financing requirements, with no additional amount to prefund benefits. CalOptima contributed \$537,000, including \$510,000 in premium payments for retirees and \$27,000 for implied subsidies for the year ended June 30, 2016. CalOptima contributed \$526,000, including \$497,000 in premium payments for retirees and \$29,000 for implied subsidies for the year ended June 30, 2015. The most recent actuarial report for the Plan was June 30, 2016. As of that point the actuarial accrued liability and unfunded actuarial accrued liability for benefits were approximately \$26,057,000 and a funded ratio of 0.0 percent with a covered payroll of \$7,397,000.

**ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 8 – Postemployment Health-Care Plan (continued)

Annual other postemployment benefit cost and net obligation – CalOptima’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameter of GASB Codification Section P50. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a 20-year closed amortization period. The following table shows the components of CalOptima’s annual OPEB costs for the years, the amount actually contributed to the Plan, and changes in CalOptima’s net OPEB obligation (dollars in thousands):

	Years Ended June 30,	
	2016	2015
ARC:		
Normal cost	\$ 872	\$ 899
Actuarial accrued liability (AAL) amortization	2,694	2,472
Total, end of year	<u>\$ 3,566</u>	<u>\$ 3,371</u>
Annual OPEB costs (ACC):		
ARC	\$ 3,566	\$ 3,371
Interest on net OPEB obligation (NOO)	1,032	982
Amortization of NOO	(2,791)	(1,824)
Total	<u>\$ 1,807</u>	<u>\$ 2,529</u>
Beginning NOO	\$ 26,057	\$ 24,799
AOC	1,807	2,529
Contributions	(537)	(526)
Ending NOO	<u>\$ 27,327</u>	<u>\$ 26,802</u>

CalOptima reported approximately \$27,327,000 and \$26,802,000 at June 30, 2016 and 2015, respectively, in postemployment health-care plan liabilities on the consolidated statements of net position.

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Note 8 – Postemployment Health-Care Plan (continued)

CalOptima’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net postemployment health-care plan obligation at June 30, 2016 were as follows:

<u>Years Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2014	\$ 2,446,000	22.1	\$ 24,799,000
2015	2,529,000	29.5	26,802,000
2016	1,807,000	29.7	27,327,000

Projections of benefits for consolidated financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective calculations.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future and are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. In the January 1, 2015 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and annual health-care cost trend rates for medical from 8.0 percent to 8.3 percent (respective of the plan type and the population selected) initially, decreasing to 5.0 percent over six years; dental of 3.0 percent for all years; and vision of 3.0 percent for all years. Salary scale and demographic assumptions for withdrawal, mortality, disability and retirement rates were based on the CalPERS 1997-2002 experience study (2.0 percent at 60).

The required schedule of funding progress immediately following the notes to the consolidated financial statements presents multiyear trend information about the actuarial accrued liability for benefits.

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Note 9 – Restricted Net Position

On June 28, 2000, CalOptima became a fully licensed health-care service plan under the Act, as required by statutes governing the Healthy Families program. Under the Act, CalOptima is required to maintain and meet a minimum level of tangible net equity as of June 30, 2016 and 2015 of \$89,283,747 and \$86,144,291, respectively. As of June 30, 2016, the Organization is in compliance with its TNE requirement.

The Act further required the CalOptima maintain a restricted deposit in the amount of \$300,000. Both CalOptima and the Foundation meet the requirement as of June 30, 2016 and 2015.

Note 10 – Lease Commitments

CalOptima leases office space and equipment under noncancelable, long-term operating leases, with minimum annual payments as follows:

<u>Years ending June 30,</u>	<u>Minimum Lease Payments</u>
2017	\$ 486,316
2018	500,906
2019	515,933
2020	531,411
2021	547,353
Thereafter	<u>277,721</u>
	<u>\$ 2,859,640</u>

Rental expense under operating leases was approximately \$471,000 and \$471,000 for the years ended June 30, 2016 and 2015, respectively.

Note 11 – Contingencies

Litigation – CalOptima is party to various legal actions and is subject to various claims arising in the ordinary course of business. Management believes that the disposition of these matters will not have a material adverse effect on CalOptima’s financial position or results of operations.

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Note 11 – Contingencies (continued)

Regulatory matters – The health-care industry is subject to numerous laws and regulations of federal, state and local governments. Violations of these laws and regulations could result in expulsion from government health-care programs together with the imposition of significant fines and penalties. Management believes that CalOptima is in compliance with fraud and abuse, as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time (see Note 12).

Patient protection and affordable care act – In March 2010, the President signed into law the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively referred to as the Healthcare Reform Legislation), which considerably transforms the U.S. health-care system and increases regulations within the U.S. health insurance industry. This legislation is intended to expand the availability of health insurance coverage to millions of Americans. The Healthcare Reform Legislation contains provisions that take effect from 2010 through 2018, with most measures effective in 2015. Under the Healthcare Reform Legislation, Medi-Cal coverage expanded as of January 2015 for low-income families, children, pregnant women, seniors, and persons with disabilities. For the years ending June 30, 2016 and 2015, CalOptima served an average of 199,000 and 156,800 Medi-Cal Expansion members per month, with increased revenues by approximately \$100,431,000 and \$111,123,000, respectively.

Note 12 – CMS and DHCS Audits

CMS audit (November 2013) – CMS conducted an audit from November 4, 2013 through November 15, 2013 on the OneCare program. The audit focused on CalOptima's performance in Part D formulary and benefit administration; Part D coverage determinations, appeals, and grievances; Part C organizational determinations, appeals, grievances, and dismissals; outbound enrollment verification; compliance program effectiveness, and special needs plan model of care. CMS had identified Corrective Actions Required in different operational areas.

CMS notified CalOptima on Jan 24, 2014 of its determination to impose intermediate sanctions on Medicare Advantage-Prescription Drug Plan (MA-PD) Contract H5433 – OneCare. These intermediate sanctions (effective January 24, 2014) consist of suspension of enrollment of Medicare beneficiaries into CalOptima plans, and the suspension of all marketing activities to Medicare beneficiaries.

In January 2015, CMS conducted a validation audit to evaluate whether deficiencies that were the basis for sanctions were corrected and not likely to recur. CMS determined that CalOptima's deficiencies have been sufficiently corrected. On February 5, 2015, CalOptima received a notice of release of intermediate sanctions from CMS.

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Note 12 – CMS and DHCS Audits (continued)

DHCS medical review (February 2014) – DHCS conducted a Focused Medical Review of CalOptima's Medi-Cal program in February 2014. The corrective actions from the DHCS report were received in March 2014 and were consistent with the corrective actions that were identified by CMS.

DHCS listed its findings and recommendations in seven areas: Utilizations Management, Prior Authorization Procedures, Referral Tracking System, Delegation of Utilization Management, Pharmaceutical Services, Grievances and Appeals, and Antifraud and Abuse Program.

During the year ended June 30, 2015, CalOptima had passed the audit from CMS and the medical review from DHCS. CMS sanction had been lifted during the year ended June 30, 2015.

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ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE PREVENTION AND TREATMENT INTEGRATED MEDICAL ASSISTANCE/DBA CALOPTIMA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 13 - Consolidating Information

The consolidating assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2016 are as follows:

ASSETS	CalOptima	CalOptima Foundation	Eliminations	Consolidated
Current Assets				
Cash and cash equivalents	\$ 255,951,392	\$ 2,894,845	\$ -	\$ 258,846,237
Investments	1,019,264,632	-	-	1,019,264,632
Capitation receivable from the State of California, net	470,263,571	-	-	470,263,571
Prepaid expenses and other	23,261,087	35,359	-	23,296,446
Due From Affiliates	61	-	(61)	-
Total current assets	1,768,740,743	2,930,204	(61)	1,771,670,886
Board-Designated Assets and Restricted Cash				
Cash and cash equivalents	10,132,014	-	-	10,132,014
Investments	465,713,886	-	-	465,713,886
Restricted deposit	300,000	-	-	300,000
	476,145,900	-	-	476,145,900
Capital Assets, net	54,995,566			54,995,566
Total assets	2,299,882,209	2,930,204	(61)	2,302,812,352
Deferred Outflows of Resources	5,003,017	-	-	5,003,017
Total assets and deferred outflows of resources	\$ 2,304,885,226	\$ 2,930,204	\$ (61)	\$ 2,307,815,369
LIABILITIES AND NET POSITION				
Current Liabilities				
Medical claims liability and capitation payable				
Medical claims liability	\$ 593,810,057	\$ -	\$ -	\$ 593,810,057
Capitation and withholdings	401,826,300	-	-	401,826,300
Accrued insurance costs	4,884,800	-	-	4,884,800
Payable to State of California and the Centers for Medicare & Medicaid Services (CMS)	179,113	-	-	179,113
Unearned revenue	586,185,868	-	-	586,185,868
	1,586,886,138	-	-	1,586,886,138
Accounts payable and other	10,571,340	35,298	-	10,606,638
Accrued payroll and employee benefits and other	11,837,190	-	-	11,837,190
Due to affiliates	-	61	(61)	-
Total current liabilities	1,609,294,668	35,359	(61)	1,609,329,966
Postemployment health-care plan	27,327,000	-	-	27,327,000
Net pension liability	6,536,809			6,536,809
Total Liabilities	1,643,158,477	35,359	(61)	1,643,193,775
Deferred Inflows of Resources	2,154,540	-	-	2,154,540
Net position				
Net investment in capital assets, net of related debt	54,995,566	-	-	54,995,566
Restricted - required tangible net equity and restricted deposit	89,283,747	-	-	89,283,747
Unrestricted	515,292,896	2,894,845	-	518,187,741
Total net position	659,572,209	2,894,845	-	662,467,054
Total liabilities, deferred inflows of resources and net position	\$ 2,304,885,226	\$ 2,930,204	\$ (61)	\$ 2,307,815,369

**ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE
PREVENTION AND TREATMENT INTEGRATED MEDICAL
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Note 13 - Consolidating Information (continued)

The consolidating assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2015 are as follows:

	CalOptima	CalOptima Foundation	Eliminations	Consolidated
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 22,518,055	\$ 2,912,920	\$ -	\$ 25,430,975
Investments	745,792,608	-	-	745,792,608
Capitation receivable from the State of California, net	559,110,130	-	-	559,110,130
Prepaid expenses and other	20,360,500	50,063	-	20,410,563
Due From Affiliates	5,035	-	(5,035)	-
Total current assets	1,347,786,328	2,962,983	(5,035)	1,350,744,276
Board-Designated Assets and Restricted Cash				
Cash and cash equivalents	866,365	-	-	866,365
Investments	459,282,739	-	-	459,282,739
Restricted deposit	300,000	-	-	300,000
	460,449,104	-	-	460,449,104
Capital Assets, net	53,349,391	-	-	53,349,391
Total assets	1,861,584,823	2,962,983	(5,035)	1,864,542,771
Deferred outflows of resources - pension contributions	4,950,911	-	-	4,950,911
Total assets and deferred outflows of resources	\$ 1,866,535,734	\$ 2,962,983	\$ (5,035)	\$ 1,869,493,682
LIABILITIES AND NET POSITION				
Current Liabilities				
Medical claims liability and capitation payable				
Medical claims liability	\$ 640,921,119	\$ -	\$ -	\$ 640,921,119
Capitation and withholds	290,632,911	-	-	290,632,911
Accrued insurance costs	29,412,181	-	-	29,412,181
Payable to State of California and the Centers for Medicare & Medicaid Services (CMS)	17,705,126	-	-	17,705,126
Unearned revenue	207,946,164	-	-	207,946,164
	1,186,617,501	-	-	1,186,617,501
Accounts payable and other	10,195,763	51,344	-	10,247,107
Accrued payroll and employee benefits and other	9,232,081	-	-	9,232,081
Due to affiliates	-	5,035	(5,035)	-
Total current liabilities	1,206,045,345	56,379	(5,035)	1,206,096,689
Postemployment Health-Care Plan	26,802,492	-	-	26,802,492
Net Pension Liability	1,059,495	-	-	1,059,495
Total Liabilities	1,233,907,332	56,379	(5,035)	1,233,958,676
Deferred inflows of resources - excess earnings	5,580,552	-	-	5,580,552
Net position				
Net investment in capital assets, net of related debt	53,349,391	-	-	53,349,391
Restricted - required tangible net equity and restricted deposit	86,144,291	-	-	86,144,291
Unrestricted	487,554,168	2,906,604	-	490,460,772
Total net position	627,047,850	2,906,604	-	629,954,454
Total liabilities, deferred inflows of resources and net position	\$ 1,866,535,734	\$ 2,962,983	\$ (5,035)	\$ 1,869,493,682

**ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE
PREVENTION AND TREATMENT INTEGRATED MEDICAL
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Note 13 – Consolidating Information (continued)

The consolidating statements of revenues, expenses, and changes in net position for the year ended June 30, 2016 are as follows:

	CalOptima	CalOptima Foundation	Eliminations	Consolidated
Operating revenues				
Capitation revenues	\$ 3,163,753,022	\$ -	\$ -	\$ 3,163,753,022
Other income	-	653,323	(348,732)	304,591
Total operating revenues	<u>3,163,753,022</u>	<u>653,323</u>	<u>(348,732)</u>	<u>3,164,057,613</u>
Operating expenses				
Medical expenses				
Provider capitation	935,360,536	-	-	935,360,536
Claim payments to providers and facilities	1,349,950,877	-	-	1,349,950,877
Prescription drugs	391,480,137	-	-	391,480,137
OneCare	86,724,744	-	-	86,724,744
OneCare Connect	205,122,734	-	-	205,122,734
Other medical	69,272,018	-	-	69,272,018
Total medical expenses	<u>3,037,911,046</u>	<u>-</u>	<u>-</u>	<u>3,037,911,046</u>
Administrative expenses				
Salaries, wages and employee benefits	64,645,790	363,086	(341,928)	64,666,948
Professional fees	4,368,357	-	-	4,368,357
Purchased services	10,032,627	-	-	10,032,627
Supplies, occupancy, insurance and other	24,677,045	301,996	(6,804)	24,972,237
Depreciation	3,142,262	-	-	3,142,262
Total administrative expenses	<u>106,866,081</u>	<u>665,082</u>	<u>(348,732)</u>	<u>107,182,431</u>
Total operating expenses	<u>3,144,777,127</u>	<u>665,082</u>	<u>(348,732)</u>	<u>3,145,093,477</u>
Operating income	<u>18,975,895</u>	<u>(11,759)</u>	<u>-</u>	<u>18,964,136</u>
Non-operating revenues and expenses				
Investment income and other	13,880,954	-	-	13,880,954
Rental income, net of related expenses	(332,490)	-	-	(332,490)
Total non-operating revenues and expenses	<u>13,548,464</u>	<u>-</u>	<u>-</u>	<u>13,548,464</u>
Increase in net position	<u>32,524,359</u>	<u>(11,759)</u>	<u>-</u>	<u>32,512,600</u>
Net position, beginning of year	627,047,850	2,906,604	-	629,954,454
Net position, end of year	<u>\$ 659,572,209</u>	<u>\$ 2,894,845</u>	<u>\$ -</u>	<u>\$ 662,467,054</u>

**ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE
PREVENTION AND TREATMENT INTEGRATED MEDICAL
ASSISTANCE/DBA CALOPTIMA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 13 – Consolidating Information (continued)

The consolidating statements of revenues, expenses, and changes in net position for the year ended June 30, 2015 are as follows:

	CalOptima	CalOptima Foundation	Eliminations	Consolidated
Operating revenues				
Capitation revenues	\$ 3,111,945,148	\$ -	\$ -	\$ 3,111,945,148
Other income	4,983,502	484,761	(235,477)	5,232,786
Total operating revenues	3,116,928,650	484,761	(235,477)	3,117,177,934
Operating expenses				
Medical expenses				
Provider capitation	856,409,999	-	-	856,409,999
Claim payments to providers and facilities	1,219,710,161	-	-	1,219,710,161
Prescription drugs	300,408,516	-	-	300,408,516
OneCare	167,697,672	-	-	167,697,672
Other medical	256,931,809	-	-	256,931,809
Total medical expenses	2,801,158,157	-	-	2,801,158,157
Administrative expenses				
Salaries, wages and employee benefits	54,288,798	303,396	(224,582)	54,367,612
Professional fees	4,688,952	-	-	4,688,952
Purchased services	6,943,850	-	-	6,943,850
Supplies, occupancy, insurance and other	19,002,983	274,786	(10,895)	19,266,874
Depreciation	3,114,714	-	-	3,114,714
Total administrative expenses	88,039,297	578,182	(235,477)	88,382,002
Total operating expenses	2,889,197,454	578,182	(235,477)	2,889,540,159
Operating income	227,731,196	(93,421)	-	227,637,775
Non-operating revenues and expenses				
Investment income	3,255,038	-	-	3,255,038
Rental income, net of related expenses	134,078	-	-	134,078
Total non-operating revenues and expenses	3,389,116	-	-	3,389,116
Increase in net position	231,120,312	(93,421)	-	231,026,891
Net position, beginning of year	395,927,538	3,000,025	-	398,927,563
Net position, end of year	\$ 627,047,850	\$ 2,906,604	\$ -	\$ 629,954,454

ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE PREVENTION AND TREATMENT INTEGRATED MEDICAL ASSISTANCE/DBA CALOPTIMA NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 13 - Consolidating Information (continued)

The consolidating statement of cash flows for the year ended June 30, 2016 is as follows:

	CalOptima	CalOptima Foundation	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES				
Capitation payments received and other	\$ 3,630,477,289	\$ 666,587	\$ -	\$ 3,631,143,876
Payment to providers and facilities	(3,015,522,582)	-	-	(3,015,522,582)
Payments to vendors	(41,937,528)	(321,576)	-	(42,259,104)
Payments of premium tax	-	-	-	-
Payments to employees	(59,175,049)	(363,086)	-	(59,538,135)
Net cash provided by operating activities	513,842,130	(18,075)	-	513,824,055
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(4,788,437)	-	-	(4,788,437)
Net cash used in capital and related financing activities	(4,788,437)	-	-	(4,788,437)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	10,003,777	-	-	10,003,777
Purchases of securities	(435,633,131)	-	-	(435,633,131)
Sales of securities	150,008,998	-	-	150,008,998
Net cash provided by (used in) investing activities	(275,620,356)	-	-	(275,620,356)
Net increase (decrease) in cash and cash equivalents	233,433,337	(18,075)	-	233,415,262
CASH AND CASH EQUIVALENTS, beginning of year	22,518,055	2,912,920	-	25,430,975
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 255,951,392</u>	<u>\$ 2,894,845</u>	<u>\$ -</u>	<u>\$ 258,846,237</u>

The consolidating statement of cash flows for the year ended June 30, 2015 is as follows:

	CalOptima	CalOptima Foundation	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES				
Capitation payments received and other	\$ 3,223,788,685	\$ 528,259	\$ -	\$ 3,224,316,944
Payment to providers and facilities	(2,388,753,456)	-	-	(2,388,753,456)
Payments to vendors	(35,155,123)	(336,978)	-	(35,492,101)
Payments of premium tax	-	-	-	-
Payments to employees	(53,624,908)	(303,396)	-	(53,928,304)
Net cash provided by operating activities	746,255,198	(112,115)	-	746,143,083
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(4,940,747)	-	-	(4,940,747)
Net cash used in capital and related financing activities	(4,940,747)	-	-	(4,940,747)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	25,380,546	-	-	25,380,546
Purchases of securities	(7,998,645,037)	-	-	(7,998,645,037)
Sales of securities	7,203,413,969	-	-	7,203,413,969
Net cash provided by (used in) investing activities	(769,850,522)	-	-	(769,850,522)
Net increase (decrease) in cash and cash equivalents	(28,536,071)	(112,115)	-	(28,648,186)
CASH AND CASH EQUIVALENTS, beginning of year	51,054,126	3,025,035	-	54,079,161
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 22,518,055</u>	<u>\$ 2,912,920</u>	<u>\$ -</u>	<u>\$ 25,430,975</u>

SUPPLEMENTARY INFORMATION

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**ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE
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SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

	JUNE 30,	
	2016	2015
Total Pension Liability		
Service Cost	\$ 8,363,183	\$ 6,464,105
Interest	6,620,025	5,661,111
Changes in Benefit Terms	-	-
Differences Between Expected and Actual Experience	1,444,808	-
Changes in Assumptions	(1,963,270)	-
Benefit Payments, Including Refunds of Employee Contributions	(1,676,666)	(1,326,364)
Net Change in Total Pension Liability	12,788,080	10,798,852
Total Pension Liability - Beginning	83,711,464	72,912,613
Total Pension Liability - Ending	\$ 96,499,544	\$ 83,711,465
Plan Fiduciary Net Position		
Contributions - Employer	\$ 3,033,171	\$ 3,119,804
Contributions - Employee	4,142,126	3,385,296
Net Investment Income	1,913,380	12,062,654
Benefit Payments, Including Refunds of Employee Contributions	(1,676,666)	(1,326,364)
Other Changes in Fiduciary Net Position	(101,246)	-
Net Change in Fiduciary Net Position	7,310,765	17,241,390
Plan Fiduciary Net Position - Beginning	82,651,970	65,410,580
Plan Fiduciary Net Position - Ending	\$ 89,962,735	\$ 82,651,970
Plan Net Pension Liability - Ending	\$ 6,536,809	\$ 1,059,495
Plan Fiduciary Net Position as Percentage of the Total Liability	93.23%	98.73%
Covered-Employee Payroll	\$ 55,676,606	\$ 40,940,556
Plan Net Pension Liability as a Percentage of Covered Employee Payroll	11.74%	2.59%

See accompanying report of independent auditors.

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**ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE
PREVENTION AND TREATMENT INTEGRATED MEDICAL
ASSISTANCE/DBA CALOPTIMA
SCHEDULE OF PLAN CONTRIBUTIONS**

	YEARS ENDED JUNE 30,	
	2016	2015
Actuarially Determined Contributions	\$ 3,033,171	\$ 3,119,804
Contributions in Relation To the Actuarially Determined Contribution	<u>(3,033,171)</u>	<u>(3,119,804)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 55,676,606	\$ 40,940,556
Contributions as a Percentage of Covered-Employee Payroll	5.45%	7.62%

**ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC AGENCY/DBA ORANGE PREVENTION AND
TREATMENT INTEGRATED MEDICAL ASSISTANCE/DBA CALOPTIMA
SCHEDULE OF FUNDING PROGRESS – POSTEMPLOYMENT HEALTH CARE PLAN
JUNE 30, 2016
(IN THOUSANDS)
(UNAUDITED)**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)-- Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2009	\$ -	\$ 17,618	\$ 17,618	0.0%	\$ 9,476	185.9%
6/30/2012	-	19,184	19,184	0.0%	8,547	224.5%
6/30/2013	-	24,799	24,799	0.0%	7,606	326.0%
6/30/2014	-	26,057	26,057	0.0%	7,379	353.1%

DRAFT



2016 Audit Results

COMMUNICATION WITH THOSE IN CHARGE OF GOVERNANCE

CalOptima

SEPTEMBER 15, 2016

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Finance and Audit Committee

CalOptima

Dear Audit Committee Members:

Thank you for your continued engagement of Moss Adams LLP. We are pleased to have the opportunity to meet with you to discuss the results of our audit of the consolidated financial statements and federal program compliance of CalOptima (the “Organization”) for the year ended June 30, 2016.

The accompanying report, which is intended solely for the use of the Finance and Audit Committee, presents important information regarding the Organization’s consolidated financial statements and our audit that we believe will be of interest to you.

We conducted our audit with the objectivity and independence that you expect. We received the full support and assistance of the Organization’s personnel. We are pleased to serve and be associated with the Organization as its independent public accountants, and look forward to our continued relationship.

We look forward to discussing our report with you, or any other matters of interest, during this meeting.

Sincerely,

A handwritten signature in black ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

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Agenda

- Scope of Services
- Areas of Audit Emphasis
- Communication with *Those Charged with Governance*
- Accounting Update





Scope of Services

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Scope of Services

We have performed the following services for CalOptima:

- Annual consolidated financial statement audit for the fiscal year ending June 30, 2016
- Non-Attest Services
 - Assist management with drafting the consolidated financial statements for the year ending June 30, 2016





Areas of Audit Emphasis

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Areas of Audit Emphasis

- Capitation Revenue and Receivables
- Cash and Investments
- Medical Claims Liability
- Payable to State of California



Capitation Revenue and Receivables

Accounting Issue	Description of Circumstances	Audit Risk	Moss Adams Audit Response	Moss Adams Audit Results
<ul style="list-style-type: none"> Program revenue recognition 	<ul style="list-style-type: none"> Revenue recognized in the period CalOptima is obligated to provide services 	<ul style="list-style-type: none"> Revenue recognition could be inappropriate 	<ul style="list-style-type: none"> Developed independent expectation of revenue using membership data and rates 	<ul style="list-style-type: none"> Revenue recognition is considered appropriate
<ul style="list-style-type: none"> Valuation of premium receivables 	<ul style="list-style-type: none"> Receivables, primarily arising from the timing of receipt of premium payments 	<ul style="list-style-type: none"> Receivables can be overstated 	<ul style="list-style-type: none"> Verifying subsequent receipt of cash 	<ul style="list-style-type: none"> Receivables are valued properly

Cash and Investments

Accounting Issue	Description of Circumstances	Audit Risk	Moss Adams Audit Response	Moss Adams Audit Results
<ul style="list-style-type: none"> Existence of cash investments 	<ul style="list-style-type: none"> All cash and investments included in the financial statements exist 	<ul style="list-style-type: none"> Cash and investments have been misappropriated Cash and investments recorded in financial statements do not exist, or FV of investments has been impaired 	<ul style="list-style-type: none"> Confirmation of cash and investments with financial institutions or other custodian Tested the FV of investments Tested the bank reconciliation 	<ul style="list-style-type: none"> Cash and investments recorded in the financial statements exist There were no fair value impairments of the investments
<ul style="list-style-type: none"> Restrictions on cash and investments have not been properly disclosed 	<ul style="list-style-type: none"> Temporary or permanent restriction on cash and investment balances are required disclosures 	<ul style="list-style-type: none"> Restrictions on cash and investments are not disclosed 	<ul style="list-style-type: none"> Performed testing to determine whether all restrictions have been disclosed 	<ul style="list-style-type: none"> All restrictions have been properly disclosed in the financial statements


Medical Claims Liability

Accounting Issue	Description of Circumstances	Audit Risk	Moss Adams Audit Response	Moss Adams Audit Results
<ul style="list-style-type: none"> Claims are accurately recorded in the period the service was provided 	<ul style="list-style-type: none"> Outside provider claims are recorded in the period in which the service is provided 	<ul style="list-style-type: none"> Claims expense is understated Medical Claims Liability for claims incurred prior to the balance sheet date but not received is understated 	<ul style="list-style-type: none"> We tested the internal controls for the claims system We tested the data used by the actuary to estimate the accrual We reviewed the experience and qualifications of the actuary We performed a retrospective review of the prior year estimate 	<ul style="list-style-type: none"> Claims expense is properly stated The current year accrual is materially correct Normal estimation differences between actual payments and the amount accrued in the prior year is considered immaterial

Payable to State of California

Accounting Issue	Description of Circumstances	Audit Risk	Moss Adams Audit Response	Moss Adams Audit Results
<ul style="list-style-type: none"> Completeness of liabilities recorded for 85% minimum medical loss ratio requirements 	<ul style="list-style-type: none"> CalOptima is subject to DHCS requirements to meet the minimum 85% medical loss ratio ("MLR") for the Medi-Cal Expansion Population per the Affordable Care Act. If not met, CalOptima will be required to return to DHCS the difference between the minimum threshold and actual allowed medical expenses. 	<ul style="list-style-type: none"> Allowable expenses, defined by DHCS, to meet the MLR requirement are overstated Estimated payable to State of California is understated 	<ul style="list-style-type: none"> We obtained an understanding of the methodology to calculate the additional reserves and reviewed for significant assumptions for reasonableness We tested allowable expenses We obtained management's estimation methodology and agreed significant inputs to supporting documentation 	<ul style="list-style-type: none"> Expense recorded for amounts due back to State of California is properly stated The liability is properly stated

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Communication with *Those Charged with Governance*

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Our Responsibility Under U.S. and Government Auditing Standards

1 To express our opinion on whether the consolidated financial statements with your oversight are fairly presented, in all material respects, and conform to U.S. GAAP. However, our audit does not relieve you or management of your responsibilities.

2 To perform an audit in accordance with generally accepted auditing standards issued by the AICPA and the Comptroller General of the United States, and design the audit to obtain reasonable, rather than absolute, assurance about whether the consolidated financial statements are free of material misstatement.

3 To consider internal control over financial reporting as a basis for designing audit procedures but not for the purpose of expressing an opinion on its effectiveness or to provide assurance concerning such internal control.

4 To communicate findings that, in our judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, **we** are not required to design procedures for the purpose of identifying other matters to communicate to you.

Significant Accounting Policies & Unusual Transactions

The auditor should determine that the audit committee is informed about the initial selection of and changes in significant accounting policies or their application. The auditor should also determine that the audit committee is informed about the methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.



Our Comments

- Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in the Footnotes to the consolidated financial statements. Throughout the course of an audit, we review changes, if any, to significant accounting policies or their application, and the initial selection and implementation of new policies. There were no changes to significant accounting policies for the year ended June 30, 2016.
- We believe management has selected and applied significant accounting policies appropriately and consistent with those of the prior year.

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Difficulties Encountered in Performing the Audit



The audit committee should be informed of any significant difficulties encountered in dealing with management related to the performance of the audit.

Our Comments

- No significant difficulties were encountered during our audit of the Organization's financial statements.



Disagreements with Management

Disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the Organization's consolidated financial statements, or the auditor's report.

Our Comments

- We are pleased to report that there were no disagreements with management.

Significant Audit Adjustments & Unadjusted Differences Considered by Management To Be Immaterial



The audit committee should be informed of all significant audit adjustments arising from the audit. Consideration should be given to whether an adjustment is indicative of a significant deficiency or a material weakness in the Organization's internal control over financial reporting, or in its process for reporting interim financial information, that could cause future consolidated financial statements to be materially misstated.

The audit committee should also be informed of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole.

Our Comments

- There were no material misstatements identified as a result of our audit.



Representations Requested of Management

We requested certain representations from management that are included in the management representation letter.

Our Comments

- We have requested certain representations from management that will be included in the representation letter, which we will receive prior to issuance.

Management's Consultation with Other Accountants

In some cases, management may decide to consult about auditing and accounting matters. If management has consulted with other accountants about an auditing and accounting matter that involves application of an accounting principle to the Organization's consolidated financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

Our Comments

- We are not aware of any significant accounting or auditing matters for which management consulted with other accountants.





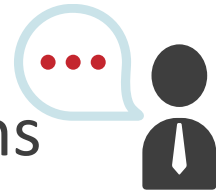
Significant Issues Arising during the Audit

Other findings or issues, if any, arising from the audit that are, in the auditor's professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process.

Our Comments

- No significant issues arose during the audit that have not been addressed elsewhere in this presentation.
- We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Fraud & Noncompliance with Laws and Regulations



Fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the consolidated financial statements should be communicated. We are also required to communicate any noncompliance with laws and regulations involving senior management that come to our attention, unless clearly inconsequential. Additionally, we are required to communicate risks identified pertaining to related parties.

Our Comments

- We have not become aware of any instances of fraud or noncompliance with laws and regulations.
- No additional risks were identified pertaining to related parties.

Management Letter Comments

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During the course of our fieldwork, we did not identify any deficiencies in internal control that we would consider to be Material Weaknesses or significant deficiencies.

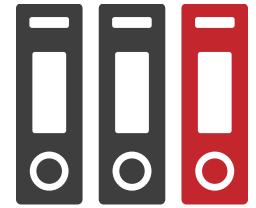


Accounting Update

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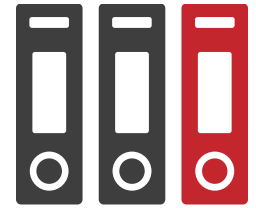
New Standards



GASB 74 / 75 | Financial Reporting for Postemployment Benefits other than Pension Plans (OPEB)

- Effectively replaces GASB 43 and 45.
- Reporting essentially the same as pensions under GASB 67 and 68, respectively. Significant note disclosure and required supplementary information.
- Effective for OPEB plan annual periods beginning after June 15, 2016 and Employers for annual periods beginning after June 15, 2017.

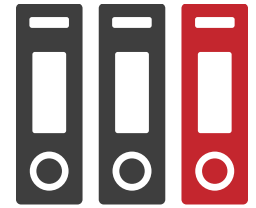
New Standards



GASB 76 | The Hierarchy of GAAP for Governments

- Establishes two categories:
 - Category A: Formally approved statements by the GASB Board.
 - Category B: GASB Technical Bulletins and Implementation Guides.
- Effective for annual periods beginning after June 15, 2016.

New Standards



GASB 80 | Blending Requirements for Certain Component Units an amendment to GASB 14

- Permits blending of a not-for-profit organization (which may be legally separate and have their own board) if the primary government is the sole corporate member.
 - This standard was established specifically because it was already common practice among healthcare entities.
- Effective for annual periods beginning after June 15, 2016.

John Blakey, Partner

John.blakey@mossadams.com

(949) 221-4005

Aparna Venkateswaran, Senior Manager

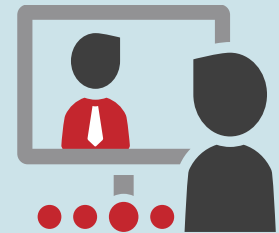
Aparna.venkateswaran@mossadams.com

(949) 517-9473

Chris Pritchard, Partner

Chris.Pritchard@mossadams.com

(415) 677-8262



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CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action To Be Taken September 15, 2016 **Regular Meeting of the CalOptima Board of Directors'** **Finance and Audit Committee**

Report Item

4. Consider Reappointment to the Board of Directors' Investment Advisory Committee

Contact

Chet Uma, Chief Financial Officer, (714) 246-8400

Recommended Action

Recommend that the CalOptima Board of Directors reappoint the following individual to fill a current vacancy on the CalOptima Investment Advisory Committee:

1. David Young for a two-year term beginning October 6, 2016.

Background

At the September 10, 1996, Special meeting, the CalOptima Board of Directors authorized the creation of the CalOptima Investment Advisory Committee (IAC), established qualifications for committee members, and directed staff to begin recruitment of volunteer members to the IAC. IAC members do not make recommendations on individual investments. However, their role is to make recommendations to the Finance and Audit Committee (FAC) on changes to the Annual Investment Policy (AIP), and to monitor the performance of CalOptima's investments, investment advisor and investment managers.

When creating the IAC, the CalOptima Board stipulated that the committee would consist of five members. One member would automatically serve on the committee by virtue of his or her position as CalOptima's Chief Financial Officer (CFO). The remaining four members would be Orange County residents possessing experience in one or more of the following areas: investment banking, investment brokerage and sales, investment management, financial management and planning, commercial banking, or financial accounting.

At the September 5, 2000, meeting, the Board approved expanding the composition of the IAC from five members to seven members in order to have more diverse opinions and backgrounds to advise CalOptima on its investment activities.

Discussion

The following candidate recommended for reappointment has consistently provided leadership and service to CalOptima's investment strategies through his participation as a member of the IAC.

David Young has served as a member of the IAC since June 4, 2009. Mr. Young is founder and Chief Executive Officer of Anfield Group, LLC, a financial consulting and investment advisory firm. In 2008, he retired as Executive Vice President and Account Manager of Pacific Investment Management Company (PIMCO) and rejoined the University of California, Irvine (UCI) Paul Merage School of Business as Adjunct Professor. From 1999 to 2006, he was head of PIMCO's account management group in London. Prior to that, Mr. Young held positions at Analytic Investment Management, Smith Barney, and Harris Upham. He has over 30 years of investment experience, and is a Certified Financial

Advisor (CFA). In addition, Mr. Young is a member of the CFA Society of Orange County Board of Directors, and the chair of its Investment Committee. He also is board member of the UCI Paul Merage School of Business Center for Investment & Wealth Management Executive Committee, and chairs its Journal editorial board. Mr. Young received his undergraduate degree and M.B.A from UCI. His current IAC term expired on June 5, 2016.

Mr. Young was previously appointed to the IAC by the CalOptima Board of Directors on June 4, 2015, for a one-year term beginning June 6, 2015.

Fiscal Impact

There is no fiscal impact. An individual appointed to the IAC would assist and advise CalOptima in safely maintaining an acceptable return on investment on invested funds.

Rationale for Recommendation

The individual recommended for re-appointment for CalOptima's IAC has extensive experience that meets or exceeds the specified qualifications for membership on the IAC. In addition, the candidate has a long history of providing outstanding service as a member of the IAC.

Concurrence

Gary Crockett, Chief Counsel

Attachments

None

/s/ Michael Schrader
Authorized Signature

09/09/2016
Date



Operational Analysis and Business Plan

**Board of Directors' Finance and Audit Committee Meeting
September 15, 2016**

**Richard Helmer, M.D.
Chief Medical Officer**

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Objective

- Background
- Current performance
- Opportunities for improvement
- Intervention plan
- Considerations on Alternative Care Settings (ACS)

Program Information

Regulatory Agencies	<ul style="list-style-type: none">• Regulated by CMS and DHCS
Eligibility	<ul style="list-style-type: none">• Members must:<ul style="list-style-type: none">➤ Be age 55+➤ Have chronic illness and functional impairments➤ Qualify for nursing home care but wish to continue living in their own homes
Benefits/Services	<ul style="list-style-type: none">• A “one-stop shop” for all necessary medical, restorative and social services• Additional services available, including nursing facility, personal care, nutritional counseling and recreational therapy
Regulatory Climate	<ul style="list-style-type: none">• New regulatory changes allow for-profit entities to operate PACE organizations• New proposed PACE regulation may allow community-based PCP service without waiver requirements

CalOptima PACE Model

- Initial Board Action: February 3, 2011
- Program Launch: October 2013
- In Orange County (a COHS county), CalOptima is the ONLY entity authorized to operate PACE
- CalOptima PACE is a public-private partnership
 - Primary Care
 - Transportation
 - Home Care
 - Meals

PACE Participant Demographics

- Average Age: 73

- Gender:

- Male: 44%

- Female: 56%

- Languages:

- Arabic

- Armenian

- Cantonese

- Chamorran

- English

- Korean

- Samoan

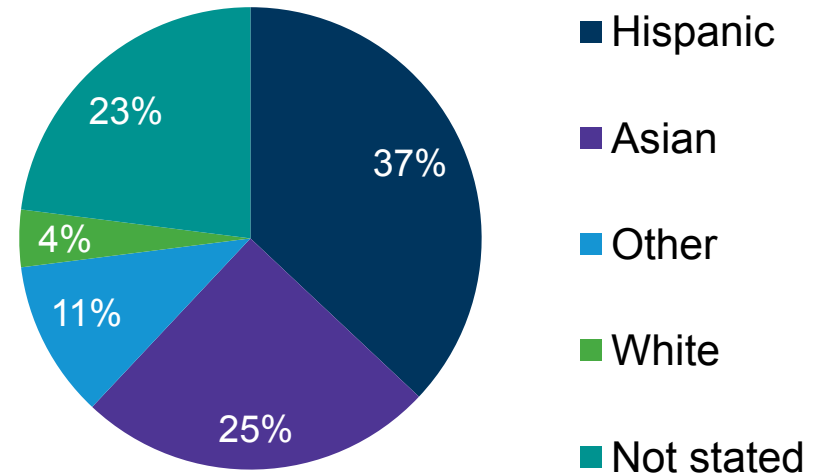
- Spanish

- Tagalog

- Urdu

- Vietnamese

- Ethnicity:



Center Capacity

- There is no regulatory cap on enrollment
- Average daily attendance is 50 percent of enrollment and participants stay four to five hours per day
- Opportunities to maximize enrollment:
 - One shift = ~ 300 participants
 - Two shifts (AM and PM) = ~ 500 participants
 - Two shifts and six days per week = ~ 600 participants
 - Satellite sites = limited only by number of sites

Financial Background

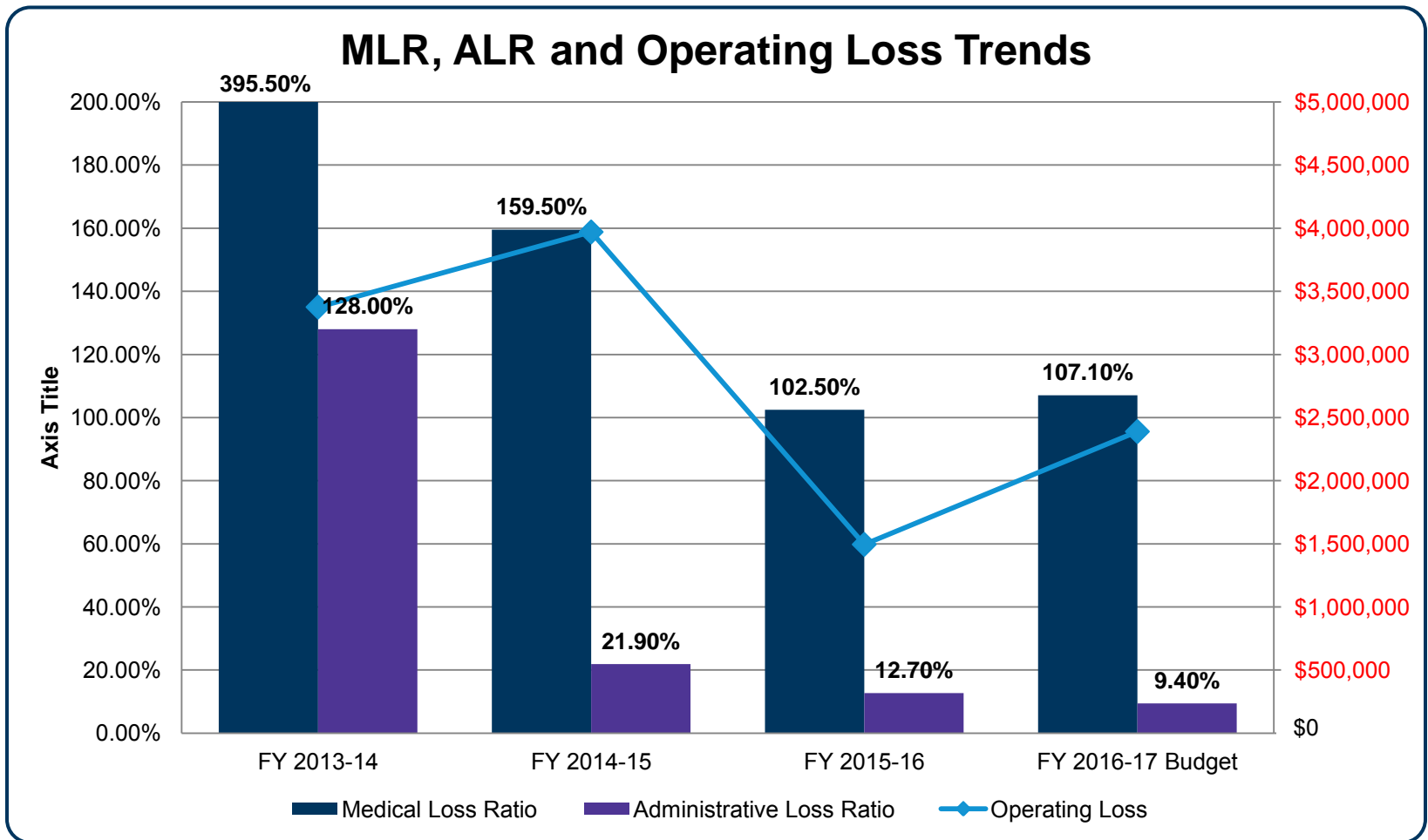
Historical Trends and Comparison Data

Improving Financial Trends

- Final FY 2015–16 results have exceeded budgeted projections
- Significant improvement in cost trends in prior six months
- Expect additional economies of scale as enrollment continues to increase

Financial Metric	FY 2013–14	FY 2014–15	FY 2015–16	FY 2016–17 Budget
Avg. Monthly Enrollment	13	71	135	193
Revenue	\$797,182	\$4,875,119	\$9,852,063	\$14,540,515
Medical Costs	\$3,152,485	\$7,777,084	\$10,095,084	\$15,567,769
Administrative Costs	\$1,020,060	\$1,068,574	\$1,252,136	\$1,361,996
Operating Loss	(\$3,375,363)	(\$3,970,539)	(\$1,495,157)	(\$2,389,250)
Medical Loss Ratio	395.5%	159.5%	102.5%	107.1%
Administrative Loss Ratio	128.0%	21.9%	12.7%	9.4%

Improving Financial Trends (Cont.)



Capital Investment Summary

- Monthly PACE depreciation expense is \$50,300
 - Initial tenant improvement (TI) costs were \$4.8 million
 - Monthly depreciation of TI costs is \$47,200
 - 5.2 years of remaining life for TI
- National average PACE plan depreciation is \$14,500 per month

Type	Cost	Remaining Life	Monthly Depreciation	% Total Depreciation
Hardware	\$431,816	0.4 years	\$224	0.4%
Software	\$30,068	0.0 years	\$0	0.0%
Furniture	\$84,694	1.8 years	\$1,411	2.8%
Equipment	\$89,019	3.5 years	\$1,483	2.9%
Building	\$4,816,056	5.2 years	\$47,236	93.8%
Total	\$5,451,653		\$50,354	100%

Building Lease Summary

Space	<ul style="list-style-type: none">• 23,650 square feet
Lease Terms	<ul style="list-style-type: none">• 10-year lease• Effective CY 2012 through CY 2021• Current monthly rent is \$39,927• 3 percent annual rent increase• Currently in Year 5 of lease
Market Comparison	<ul style="list-style-type: none">• PACE center average rent/sq ft = \$1.69• Current market rate for unimproved commercial space is \$1.00–\$1.25 per sq ft• Current PACE rent is approximately 35 percent higher than market rate

Operating Performance

Comparison to State and National Benchmarks

(Refer to “Dashboard” attachment)

Opportunities for Improvement

Revenue

Revenue Opportunities Summary

- Medicare/Medi-Cal mix
- Hierarchical Condition Category (HCC)/Risk Adjustment Factor (RAF) score
- Additional revenue factors

Medicare/Medi-Cal Mix

Budget (FY 16–17)	Actual (FY 15–16)	Benchmark	Benchmark Source	Goal
61/39	62/38	80/20	CalPACE	61/39

Proposed Interventions

- Increased outreach to community and practitioners – CalOptima has a Medicare program as well as a Medi-Cal line of business

HCC/RAF Score

Budget (FY 16–17)	Actual (FY 15–16)	Benchmark	Benchmark Source	Goal
2.2	2.1	2.5	CalPACE	2.5

Proposed Interventions

- PACE Team increased RAF scores – most recent RAF is 2.3
- Finalize contract with vendor with expertise in PACE data capture (Capstone)
 - Training on appropriately capturing condition codes (HCC)
 - Maximizing EHR capture
- Contractual incentives for PCPs to capture appropriate HCCs

Additional Revenue Factors

- Medi-Cal rate methodology change
 - Based on actual plan experience, similar to current Medi-Cal Rate Development Template (RDT) process
 - Will not exceed 95 percent of Upper Payment Limit (UPL)
 - Probably effective for CY 2018
- Medicare RAF methodology for duals
 - Reflect participants' acuity accurately
 - Some adjustments occurred in 2016 for non-PACE programs
 - Expected adjustment for PACE in 2018

Opportunities for Improvement

Expense

Expense Opportunities Summary

- Clinic operations
 - Center days per month
 - Meals
 - Staffing efficiencies
- Contracted medical care services
 - Specialty referrals
 - Laboratory
 - Inpatient utilization
 - Skilled nursing/long-term care/residential care facility for the elderly (SNF/LTC/RCFE)
 - Pharmacy

Center Days Per Month

Budget (FY 16–17)	Actual (FY 15–16)	Benchmark	Benchmark Source	Goal
N/A	9.5	8.4	CalPACE	9

Proposed Interventions

- Ongoing training of Interdisciplinary Team (IDT)
- Manage balance between home care hours and center days

Meals

Budget (FY 16–17)	Actual (FY 15–16)	Benchmark	Benchmark Source	Goal
\$155 PMPM	\$139 PMPM	\$137 PMPM	National PACE Association (NPA)	\$126 PMPM

Proposed Interventions

- Leverage community programs
- Purchased freezer, which enables bulk purchases and eliminates some delivery fees
- Alignment to benchmark in center days

Staffing Efficiencies

Budget (FY 16–17)	Actual (FY 15–16)	Benchmark	Benchmark Source	Goal
\$2,587 PMPM	N/A	N/A	Internal staffing review	\$2,531 PMPM

Proposed Interventions

- Re-evaluate the need for some budgeted positions
- Delay the start dates for several budgeted positions
- Changed one open position to a lower graded position

Specialty Referrals

Budget (FY 16–17)	Actual (FY 15–16)	Benchmark	Benchmark Source	Goal
\$287 PMPM	\$222 PMPM	N/A	CY 2015–16 Experience/NPA	\$223 PMPM

Proposed Interventions

- Continue to use community specialists as appropriate
- Utilization management support from PACE RN case manager
- Enhanced review of external referrals

Laboratory

Budget (FY 16–17)	Actual (FY 15–16)	Benchmark	Benchmark Source	Goal
\$91 PMPM	\$81 PMPM	\$81 PMPM	CY 2015–16 Experience/NPA	\$81 PMPM

Proposed Interventions

- Based on current expense rate
- Consider capitated laboratory contract

Inpatient Utilization

Budget (FY 16–17)	Actual (FY 15–16)	Benchmark	Benchmark Source	Goal
\$675 PMPM	PMPM N/A 2,740 annual bed days/1,000 participants	PMPM N/A 2,100 annual bed days/1,000 participants	CalPACE and Internal Assessment	\$550 PMPM

Proposed Interventions

- Enhance case management of high-risk members
- Performance goals in PCP contracts
- Increased use of CalOptima's health plan concurrent review staff

SNF/LTC/RCFE

Budget (FY 16–17)	Actual (FY 15–16)	Benchmark	Benchmark Source	Goal
\$456 PMPM	\$400 PMPM	\$1,006 PMPM	NPA	\$400 PMPM

Proposed Interventions

- Ongoing assessments to place participants in the appropriate level of care
- Enhanced support from PACE RN case manager

Pharmacy

Budget (FY 16–17)	Actual (FY 15–16)	Benchmark	Benchmark Source	Goal
\$692 PMPM	\$545 PMPM (excludes reinsurance)	\$643 PMPM	OCC Experience	\$682 PMPM

Proposed Interventions

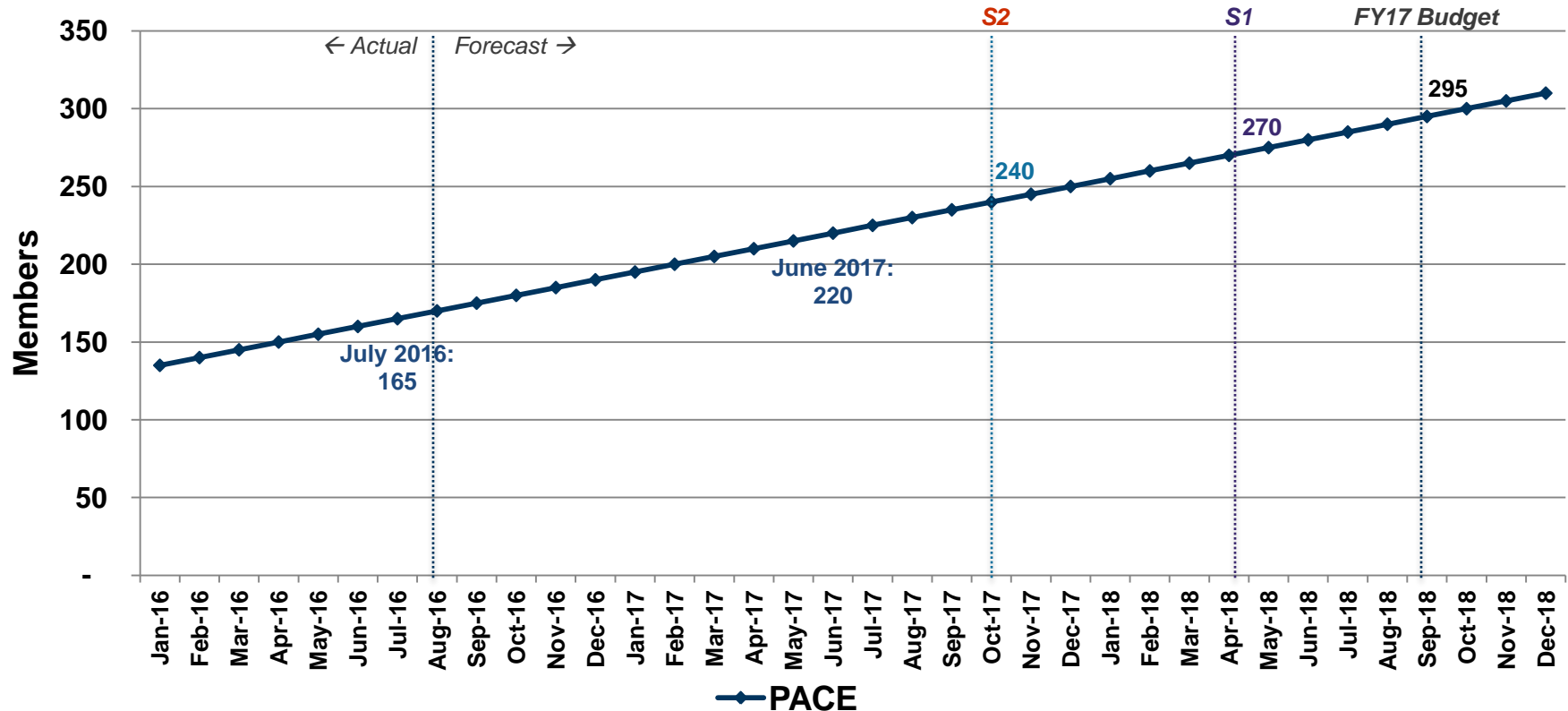
- Increased pharmacist involvement in care planning
- Manage high-cost medications
- Explore use of 340B medication pricing program for high-cost medications

Summary: Impact of Interventions

Item	Intervention	Projected Improvement to 2016–17 Budget (PMPM)
Revenue	HCC/RAF Score	\$151
Expense (Center Operations)	Meals	\$29
	Staffing Efficiencies*	\$56
Expense (Contracted Medical Care Services)	Specialty Referrals*	\$64
	Laboratory*	\$10
	Inpatient Utilization	\$125
	SNF/LTC/RCFE*	\$56
	Pharmacy*	\$10
	Total Expense Savings	\$350
Total Impact		\$501

**Significant improvement or fully achieved goal*

PACE Enrollment Breakeven



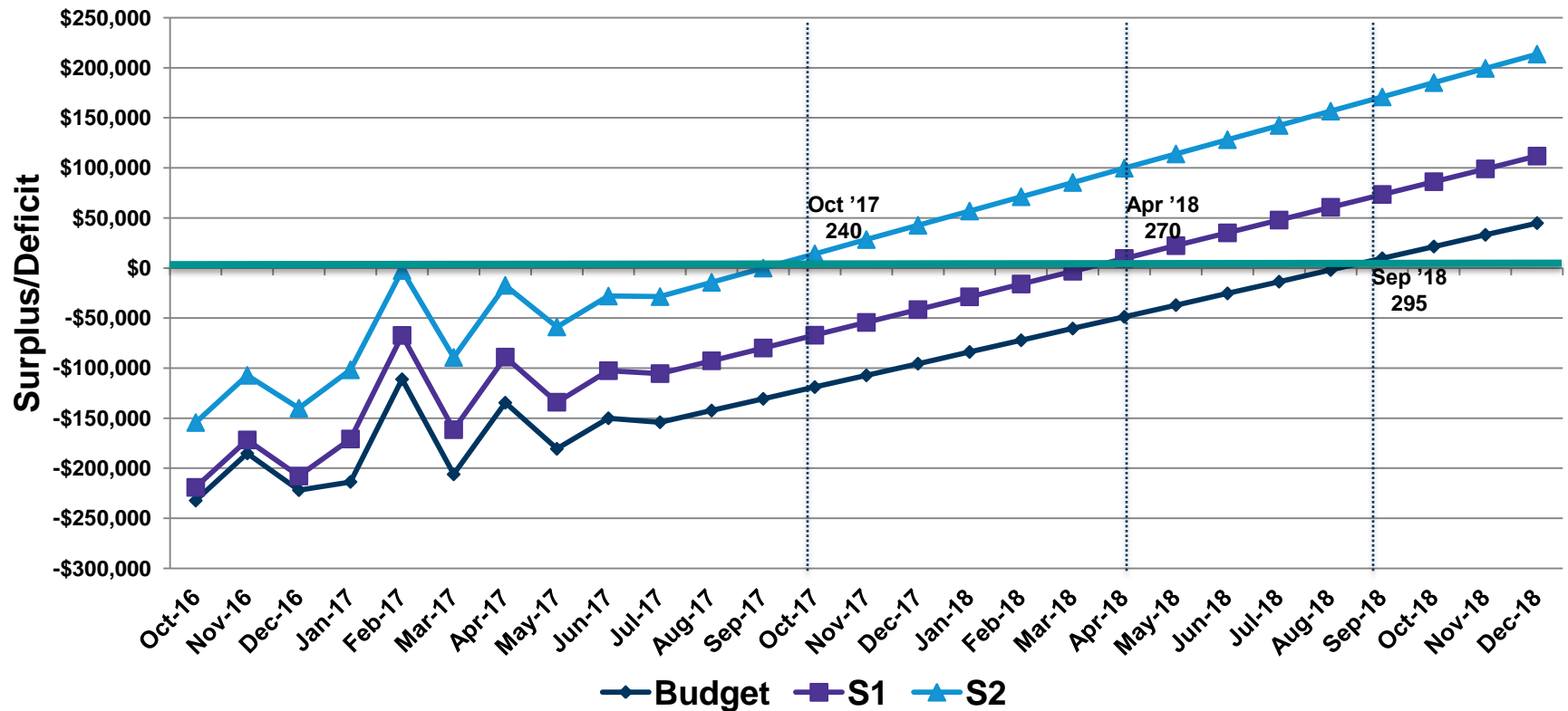
FY17 Budget = Fiscal Year 2016–17 Budget

S1 = Scenario 1 (1. Budget with Part C Revenue Improvement)

S2 = Scenario 2 (2. #1 & Managed Utilization on Target Categories, Improve Staffing Efficiencies)

[Back to Agenda](#)

PACE Surplus/Deficit by Scenario



FY17 Budget = Fiscal Year 2016–17 Budget

S1 = Scenario 1 (1. Budget with Part C Revenue Improvement)

S2 = Scenario 2 (2. #1 & Managed Utilization on Target Categories, Improve Staffing Efficiencies)

Possible Next Step: ACS

- Board approved RFP for ACS expansion model in February 2016
 - Uses and strengthens existing community resources (CBAS centers) without capital investment
 - Uses scalable model responsive to demand
 - Allows for rapid countywide expansion
- Proposed federal PACE legislation may allow greater participation of community physicians
 - Decrease need for transportation to PACE clinic
 - Lower the barrier for enrollment in PACE
- “ACS model is common and becoming more common because of cost-effectiveness and flexibility/scalability.”
—Peter Fitzgerald, EVP of Policy and Strategy, NPA

Summary

- Public-private model (selected outsourcing) has been effective
- Data shows CalOptima PACE is well run:
 - Generally meeting benchmarks
 - Performance consistent with start-up experience
 - Growth rate ahead of budget and national benchmarks
 - Projection show breakeven sooner than budget (late 2017)
- Actions to improve performance (revenue and expense) and implement identified opportunities are ongoing
- ACS planning should begin when breakeven performance is assured

PACE Operational and Financial Dashboard

Reporting Period	July 2015–June 2016					
	Actual			Benchmarks		
	Membership / Revenue					
	Amount	PMPM	% Total	% of Revenue	PMPM	% Total
Dual Members		Average Mbrs				
Member Months	1001	83	62%			80%
Ending Member Count	94					
Medicare Capitation	\$ 3,117,873	\$ 3,114.76		32%	\$ 2,947	
Medi-Cal Capitation	\$ 3,073,841	\$ 3,070.77		31%		
Total Capitation	\$ 6,191,714	\$ 6,185.53	62.8%	62.8%		
Part C Avg RAF	2.10					2.50
Medi-Cal Only Members		Average Mbrs				
Member Months	620	52	38%			20%
Ending Member Count	74					
Medicare Capitation	\$ -	\$ -				
Medi-Cal Capitation	\$ 3,660,349	\$ 5,903.79				
Total Capitation	\$ 3,660,349	\$ 5,903.79	37%	37%		
Total Membership and Revenue		Average Mbrs				
Member Months	1,621	135				
Ending Member Count	168					
Medicare Capitation	\$ 3,117,873	\$ 1,923.43	32%	32%	\$ 2,947.45	
Medi-Cal Capitation	\$ 6,734,190	\$ 4,154.34	68%	68%	\$ 3,766.25	
Total Capitation	\$ 9,852,063	\$ 6,077.77	100%	100%	\$ 6,713.70	
Expense / Utilization						
Clinic						Benchmarks
	Amount	PMPM	Mbrs / FTE	% of Revenue	\$PMPM	Units
Center Utilization						
	Count	Average days / participants / month				
Center Days	15,468	9.5				8.4
Staffing						
	Fully weighted cost					
Licensed Clinical Staff	\$ 1,461,232	\$ 901.44		14.8%		
FTEs	12.0		14.0			
Unlicensed Clinical Staff	\$ 790,732	\$ 487.81		8.0%		
FTEs	15.0		11.2			
All Clinical Staff	\$ 2,251,964	\$ 1,389.24		22.9%		
FTEs	\$ 27		6.2			
Contracted PCPs	\$ 667,412	\$ 411.73		6.8%	\$ 545.00	
FTEs	2.2		76.4			
Clinical + Contracted	\$ 2,919,376	\$ 1,800.97		29.6%	\$ 1,356.41	
FTEs	29.2		5.8			
Non-Clinical Staff	\$ 353,222	\$ 217.90				
FTEs	6.0		28.0			
All Non-Management Staff	\$ 3,272,598	\$ 2,018.88		33.2%		
All Non-Management FTEs	35.2		4.8			
Services						
Contracted PCP encounters	\$ 667,412	\$ 411.73		6.8%	\$ 545.00	
	Clinic Visits		Cost / Visit			
	1,297		\$ 514.58			
	Visits / hour	Visits / K / Y	Cost / Hour			
	0.38	9,735	\$ 158.00			@ 7% incr
Transportation	\$ 609,687	\$ 376.12		6.2%	\$ 421.00	\$ 393.46
	Trips	Trips / mbr / mo	\$ / Trip			
	30,553	18.85	\$ 19.96			
Meal	Amount	PMPM				@ 7% incr
	\$ 224,654	\$ 138.59		2.3%	\$ 137.00	\$ 128.04
	Meals	Meals / mbr / mo	\$ / Meal			
	14,857	9.2	\$ 15.12			
Other Clinic Operations	Amount	PMPM				
Total	\$ 2,032,352	\$ 1,253.76		20.6%		
Total Clinic Costs	\$ 6,139,291	\$ 3,787.35		62.3%		

PACE Operational and Financial Dashboard

Reporting Period		July 2015–June 2016				
		Actual		Benchmarks		
Home Care	\$ 425,057	\$ 262.22		4.3%	\$ 840.00	
Board & Care	\$ 109,857	\$ 67.77		1.1%	\$ 278.00	
Outside Medical Cost		Benchmarks				
	Amount	PMPM	Visits / K / Y	% of Revenue	PMPM	Visits / K / Y
Specialty Care	\$ 323,739	\$ 199.72		3.3%	\$201.21	
Visits	2,048		15,372			
Cost / Visit	\$ 158.08					
Dialysis	\$146,863	\$ 90.60				
Outpatient	\$121,586	\$ 75.01				
Behavioral Health	\$35,821	\$ 22.10				
Outpatient Specialist	\$628,009	\$ 387.42			\$ 353.00	
Ancillary						
Labs & Diagnostics	\$ 130,802	\$ 80.69		1.3%	\$ 81.00	
Visits	530		3,978			
DME & Supplies	\$ 96,641	\$ 59.62			\$ 139.00	
Visits	1,031		7,738			
Other	\$ 47,610	\$ 29.37		0.5%		
Visits	454		3,408			
Total	\$ 275,053	\$ 169.68		2.8%		
Visits	2015	-	15,124			
Total Specialty & Ancillary		\$ 369.40			\$ 433.55	
Inpatient - Acute	\$ 852,953	\$ 526.19		8.7%		
Days	365		2,740			2,100
Cost / day	2,336.86					
ED	\$ 65,170	\$ 40.20	\$ 917.89	0.7%		
Visits	71		533			460
Cost / visit	\$ 917.89					
Emerg Transport	\$ 50,872	\$ 31.38		0.5%		
All Hospital for Benchmarks	\$ 968,995	\$ 597.78			\$641.25	
Inpatient - SNF	\$ 45,530	\$ 28.09		0.5%	\$ 55.00	
Days	245		1,839			
Cost / day	185.84					
LTC	\$ 491,273	\$ 303.07		5.0%	\$ 673.00	
Days	1849		13,878			
Cost / day	265.70					
Pharmacy	Amount	PMPM	\$ / Rx			
	\$ 883,643	\$ 545.12	\$ 50	9.0%	\$ 643.00	
Prescriptions	Count	Rx / Member / Month				
	17,847	11.0				
Total Medical Cost	\$ 9,966,708	\$ 6,148.49	MLR	101.2%		
General and Administrative		Benchmarks				
Direct						
Staffing	Amount	PMPM	Members / FTE	% of Revenue	PMPM	Members / FTE
Management	\$ 705,070	\$ 434.96		7.2%		
FTEs	6.0		28.0			
Other	\$ -	\$ -				
Allocated 505	\$ 101,870	\$ 62.84				
Depreciation (admin)	\$ 27,850	\$ 17.18				
Other Admin Costs	\$ 203,338	\$ 125.44				
Total Administrative	\$ 1,038,128	\$ 640.42	ALR	10.5%		
	11%					
Depreciation (for benchmark)	\$ 696,236	\$ 429.51		7.1%	\$ 107.80	
Net Margin		Benchmarks				
Total Medical and Admin Cost	\$ 11,004,836			111.7%		
Net Surplus / Deficit	\$ (1,152,773)		Net Margin	-11.7%		

CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action To Be Taken September 15, 2016 **Regular Meeting of the CalOptima Board of Directors'** **Finance and Audit Committee**

Report Item

6. Consider Recommending that the Board of Directors Authorize Contract with Vendor to Conduct a Medical Loss Ratio Audit of CalOptima's Contracted Health Networks Participating in the Medi-Cal and OneCare Connect Programs and to Approve Budget Allocation

Contact

Chet Uma, Chief Financial Officer, (714) 246-8400

Recommended Actions

1. Recommend that the Board of Directors authorize the Chief Executive Officer (CEO) to enter into a contract with Provencio Advisory Services, with the assistance of legal counsel, to conduct a Medical Loss Ratio (MLR) audit of CalOptima's contracted health networks participating in the Medi-Cal and OneCare Connect Programs effective October 10, 2016. As recommended, the contract will be for a three (3) year term, with two additional one-year extension options, each exercisable at CalOptima's sole discretion; and
2. Approve allocation of \$233,200 from existing reserves to fund the contract through June 30, 2017.

Background

Minimum MLR requirement for Medi-Cal Classic

At the May 7, 2002, meeting, the CalOptima Board of Directors (Board) established a minimum MLR for CalOptima's contracted health networks at eighty-five percent (85%) as part of a health network's participation requirement. At the time, the minimum MLR requirement for health networks was not a state-mandated requirement. The Board approved the minimum MLR of 85% for medical services to ensure that a reasonable portion of capitated payments went to medical care for members.

The Centers for Medicare & Medicaid Services (CMS) published the Medicaid and Children's Health Insurance Program (CHIP) managed care final rule (CMS-2390-F) in the May 6, 2016, Federal Register. The regulations stipulate that states must ensure through its Medicaid managed care contracts beginning on or after July 1, 2017, that plans calculate and report an MLR. If a state elects to mandate a minimum MLR, it must be equal to or higher than 85%.

Minimum MLR requirement for Medi-Cal Expansion

At the December 5, 2013, meeting, the Board authorized the CEO to execute amendment 17 (A-17) to the Primary Agreement with the California Department of Health Care Services (DHCS). A-17 incorporated provisions to implement Medi-Cal Expansion in accordance with the Affordable Care Act (ACA), including MLR requirements for medical services provided to the Medi-Cal Expansion population. CalOptima is required to spend at least 85% of net capitation payments received on allowed medical expenses for adult expansion members. Specifically:

CalOptima MLR	Action
≤85%	CalOptima returns payment to DHCS Amount: Difference between 85% of total net capitation payments received and the actual allowed medical expenses incurred
>85% and ≤95%	No action required
>95%	DHCS makes payment to CalOptima Amount: Difference between the actual allowed medical expenses incurred and 95% percent of total net capitation payments received

In addition, CalOptima's current Physician Hospital Consortium (PHC), Shared Risk Group (SRG) and Health Maintenance Organization (HMO) contracts include the requirement to maintain a minimum acceptable MLR of 85% in accordance with CalOptima Policy FF.3003 Minimum Medical Loss Ratio.

Minimum MLR requirement for OneCare Connect

Although not a program requirement from CMS, CalOptima includes a minimum MLR ratio requirement of 85% in all health network contracts, in accordance with CalOptima Policy FF.3003 Minimum Medical Loss Ratio, to ensure adequate and efficient delivery of services to this vulnerable population.

Previous MLR audits

KPMG performed CalOptima's initial Agreed-Upon Procedures (AUP) audit of health networks' MLRs for Calendar Year 2003 data. After this initial AUP audit, CalOptima conducted a Request for Proposal (RFP), and awarded a five year contract to Provencio on March 15, 2005. This contract was extended on an annual basis, until it expired in 2014 while CalOptima Finance staff evaluated the usefulness of the AUP audits.

Discussion

Since Provencio's contract expired in 2014, CalOptima has not conducted an audit of health networks' MLR. At the Board's request during the May 5, 2016 meeting, and in order to ensure compliance with contractual requirements, as well as federal and state regulations, on June 6, 2016, CalOptima initiated an RFP for a consultant to conduct an MLR audit performed under the American Institute of Certified Public Accountants (AICPA) Standards for Consulting Services. The selected vendor will use the CMS definition of MLR to determine allowable expenses for Accounting Years 2014 and 2015 for each health network or other standards as appropriate. The audit results will report MLR by each line of business (Medi-Cal Classic, Medi-Cal Expansion, and OneCare Connect) and in aggregate (Medi-Cal overall and CalOptima overall).

Three RFP responses were received by the June 29, 2016, deadline, and each potential vendor was interviewed between August 3, 2016, and August 11, 2016. The evaluation team selected Provencio Advisory Services on August 29, 2016, after reviewing best and final offers. Projected expenses of \$233,200, to audit CalOptima's thirteen (13) health networks during Fiscal Year (FY) 2016-17, is subject to final contract negotiation and execution by both parties.

Funding for a consultant to conduct an MLR audit was not included in the CalOptima FY 2016-17 Operating Budget approved by the Board on June 2, 2016. Management proposes to make an allocation of \$233,200 from existing reserves to fund the recommended actions.

Fiscal Impact

The recommended action to contract with Provencio Advisory Services to conduct an MLR audit of contracted health networks participating in the Medi-Cal and OneCare Connect programs is an unbudgeted item. An allocation of \$233,200 from existing reserves will fund this action.

Management will include expenses for the period of July 1, 2017 through October 10, 2019, related to the proposed contract in the CalOptima FY 2017-18 and FY 2018-19 Operating Budgets.

Rationale for Recommendation

The MLR audit of contracted health networks participating in the Medi-Cal and OneCare Connect programs will ensure CalOptima's compliance with federal and state MLR regulations, and health networks' compliance with contractual provisions.

Concurrence

Gary Crockett, Chief Counsel

Attachments

None

/s/ Michael Schrader
Authorized Signature

09/09/2016
Date

CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action To Be Taken September 15, 2016 **Regular Meeting of the CalOptima Board of Directors'** **Finance and Audit Committee**

Report Item

7. Consider Recommending that the Board of Directors Authorize Modifications to the Process by Which CalOptima Makes Payments to the Long-Term Care (LTC) Facilities and Hospice Agencies for LTC Services

Contact

Chet Uma, Chief Financial Officer, (714) 246-8400

Ladan Khamseh, Chief Operating Officer, (714) 246-8400

Recommended Action

Recommend that the Board of Directors authorize and direct staff to implement a process to ensure that rates for LTC facilities and Hospice agencies are paid in accordance with both interim and final annual changes to the California Department of Health Care Services (DHCS) rates within 90 days of notification from DHCS, subject to reconciliation of interim payments to final rates and retroactive adjustments, as appropriate.

Background

CalOptima has administered the Medi-Cal LTC facility benefit since 1998. The LTC benefit was included in the agreement between DHCS and CalOptima with the understanding that CalOptima would receive funding for this benefit on a "pass-through" basis. Specifically, CalOptima understands that capitation rates received from DHCS are based on the actuarial equivalent amount of Medi-Cal fee-for-service (FFS) funding for covered LTC facility services furnished to CalOptima members. CalOptima also understands that it is required to pay LTC facilities at the same per diem amount that Medi-Cal FFS would pay for covered Medi-Cal services. The current agreement between DHCS and CalOptima specifies that CalOptima's capitation rates shall be adjusted for any enacted increase or decrease in LTC payment rates. Consistent with the above understanding, on November 1, 2005, the CalOptima Board authorized the "passing through" of funding to LTC facilities. The Board specified that CalOptima would pass through the payments to the LTC facilities when, and to the extent, CalOptima receives funding for the payments from the state. This "pass through" approach has been consistently followed since that time.

LTC and hospice rate changes have historically been effective August 1 of each year. DHCS typically notifies CalOptima of the revised rates via Operating Instruction Letter (OIL). Although revised rates are effective August 1 of each year, the OIL is usually released sometime in October or November. Moreover, revisions to the rates are not uncommon, and notice of which could occur as late as April of the following year. To address these timing challenges, on July 10, 2007, the Board authorized the implementation of a standardized process to update LTC facility rates. While the Board committed to implementation of rate changes within 90 days after notification from the state, the Board also specified that such payments would be made by CalOptima to the LTC facilities only after CalOptima's full and timely receipt of state funding of such rates. This process is consistent with the "pass through" nature of the LTC facility rate payments.

Since that time, DHCS has begun to publicly post LTC Facility FFS Medi-Cal rates on its website. In addition to the annual rate revisions effective in August, DHCS has also begun publishing “Interim” rates from time to time for certain LTC facilities. DHCS has informed Plans, including CalOptima, that when it releases interim FFS rates, these rates are considered the DHCS Medi-Cal FFS rates. DHCS has instructed Plans to pay LTC facilities no less than the DHCS Medi-Cal FFS interim rates when the rates are in effect for FFS reimbursement.

In the case of hospice, Medi-Cal guidelines provide that when a member who resides in an LTC facility elects hospice, payments go to the hospice agency (rather than the LTC) for the room and board. In such situations, Plans are obligated to factor in the current rate (whether interim or final) for the LTC in which the member resides when calculating the appropriate payment to the hospice agency. The hospice agency is then responsible for reimbursing the LTC facility, as appropriate. Because of this payment arrangement, hospice agencies are also impacted by any changes to LTC Facility FFS Medi-Cal annual and interim rates.

Discussion

In light of the background information presented above and DHCS’ instruction to CalOptima that it is to develop a mechanism to ensure timely payment of interim LTC Facility Medi-Cal rates, Staff recommends that the Board authorize CalOptima staff to modify its existing process for updating LTC Facility rates. Instead of updating LTC Facility rates only once annually, and upon notification of the rate finalization, staff plans to develop a process to ensure timely payment of the interim LTC rates on behalf of eligible recipients, subject to reconciliation of interim payments to final rates and retroactive adjustments, as appropriate.

Consistent with CalOptima’s previous processes for updating LTC Facility rates, it is recommended that the Board authorize Staff to develop a process to promptly update and pay rates in accordance with both final annual and interim changes to the DHCS rates for LTC facilities and hospice agencies within 90 days of notification from DHCS, subject to reconciliation of interim payments to final rates and retroactive adjustments, as appropriate.

Fiscal Impact

Management has included projected expenses associated with LTC services in the CalOptima Fiscal Year (FY) 2016-17 Operating Budget approved by the Board on June 2, 2016. The Operating Budget included assumptions related to expected adjustments to the LTC facility rates. The anticipated Medi-Cal revenue for FY 2016-17 is projected to be sufficient to cover the costs associated with providing LTC and hospice services to members.

Rationale for Recommendation

Staff recommends approval of the proposed change to ensure that CalOptima’s payments to LTC Facility rates and Hospice services providers are in line with DHCS requirements.

Concurrence

Gary Crockett, Chief Counsel

CalOptima Board Action Agenda Referral
Consider Recommending that the Board of Directors Authorize
Modifications to the Process by Which CalOptima Makes
Payments to the Long-Term Care (LTC) Facilities and Hospice
Agencies for LTC Services
Page 3

Attachments

None

/s/ Michael Schrader
Authorized Signature

09/09/2016
Date



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Intergovernmental Transfer (IGT) Update

**Board of Directors' Finance and Audit Committee Meeting
September 15, 2016**

**Cheryl Meronk
Director, Strategic Development**

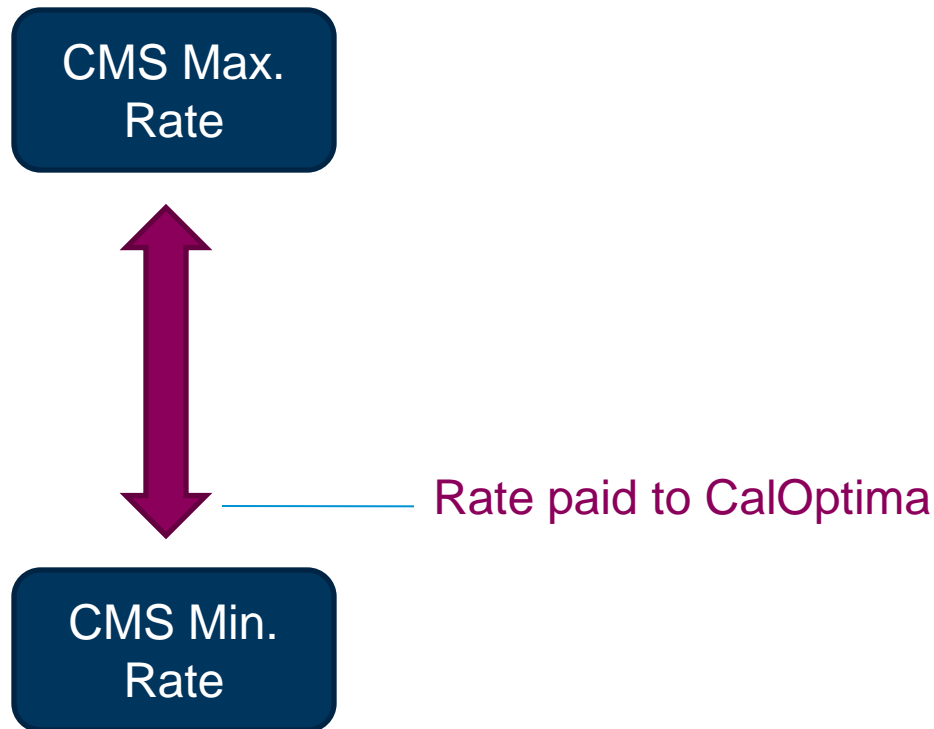
Intergovernmental Transfers (IGT)

Background

- Medi-Cal program is funded by State and Federal funds
- IGT process allows CalOptima to secure additional federal revenue to increase California's low Medi-Cal managed care capitation rates
- Funds are used to deliver enhanced benefits/services for the Medi-Cal population

Low Medi-Cal Managed Care Rates

- CMS approves a rate range for Medi-Cal managed care
- California pays near bottom of the range



IGT Funds Availability

- Maximum IGT funds available based on difference in rates paid to CalOptima and the maximum allowable rate
- IGT funds contingent on availability of local government dollars to be used as match for federal dollars

IGT Funding Process

- Funds secured through cooperative transactions between eligible governmental funding entities, CalOptima, DHCS and CMS
- Funding entities contribute to matching dollar pool
 - Past IGT transactions included only one funding entity – UCI
 - Current IGT transaction includes five funding entities, allowing CalOptima to access a greater amount of available dollars

IGT 5 Funding Entities

Funding Entities	Initial Investment*
Children & Families Commission	\$6,269,000
Orange County Health Care Agency	\$2,610,190
City of Orange, Fire Department	\$383,596
City of Newport Beach, Fire Department	\$257,087
UCI	\$29,500,000
Totals	\$39,019,873

* To be confirmed by funding entities and approved by DHCS

Cumulative IGT 5 Funds Flow

*Estimates Based On Potential Funding Partners LOI	Amount
1. Funding Entities' Initial Investments to DHCS (IGT) - a separate 20% admin fee is paid by each funder to DHCS (\$7.8m total)	\$ 39,019,873
2. Federal Match of Funding Entities' IGT	39,019,873
3. Additional payment to cover Managed Care Tax	3,072,815
4. Payment from DHCS to CalOptima*	81,112,561
5. CalOptima pays Managed Care Tax (3.9375% Tax)	(3,072,815)
6. IGT Funds Available (After Tax)	78,039,746
7. CalOptima Returns Original Funds to Funding Entities (Initial Investment + 20% State Fee of \$7.8 million)	(46,823,847)
8. Net IGT Revenue for Transaction to Orange County	31,215,898
50% Share for Funding Entities	(15,607,949)
50% Share for CalOptima	\$ 15,607,949

IGT 5 Approved Funding Categories

Adult Mental Health

Children's Mental Health

Childhood Obesity

Strengthening the Safety Net

Improving Children's Health

Pilot Programming Planning & Implementation

IGT 1-5 CalOptima Share Totals

IGTs	CalOptima Amount
IGT 1	\$12.52 M
IGT 2	\$8.60 M
IGT 3	\$4.88 M
IGT 4	\$6.96 M
IGT 5	≈\$15M
Total	\$47.96 M*

IGT 1 Status*

Project	Budget	Balance	Notes
Personal Care Coordinators	\$3,850,000	\$125,136	Complete by 12/31/2016
Case Management System	\$2,099,000	\$3,620	Complete
Strategies to Reduce Re-admissions	\$533,585	\$442,874	Complete by 10/31/2016
Program for High Risk Children	\$500,000	\$500,000	Reallocate
Telemedicine	\$1,100,000	\$1,069,190	IGT Ad Hoc/Reallocate
Case Management System Consulting	\$866,415	\$252,285	Complete by 12/31/2017
OCC PCC Program	\$3,550,000	\$2,264,233	Complete by 12/31/2016
Unallocated	\$28,231	\$28,231	IGT Ad Hoc/Reallocate
Total	\$12,527,231	\$4,685,569	

*As of 7/31/2016

IGT 2 Status*

Project	Budget	Balance	Notes
Facets System Upgrade & Reconfiguration	\$1,250,000	\$268,575	Complete by 12/31/2016
Security Audit Remediation	\$101,000	\$0	Complete
Continuation of COREC	\$1,000,000	\$548,845	Complete by 6/30/2017
OCC PCC Program	\$2,400,000	\$2,400,000	Complete by 6/30/2017
Children's Health/Safety Net Services	\$1,300,000	\$140,409	Complete by 5/31/2017
Wraparound Services	\$1,400,000	\$936,000	Complete by 11/1/2017
Expansion of IGT 1 Initiatives - Recuperative Care	\$500,000	\$322,100	Complete by 3/1/2017
Provider Network Management Solution	\$500,000	\$500,000	Reallocate
Project Management	\$100,427	\$26,325	Complete by 9/30/2016
PACE EHR System	\$50,000	\$13,990	Complete by 12/31/2016
Total	\$8,601,427	\$5,156,244	

*As of 7/31/2016

IGT 3 Status*

Project	Budget	Balance	Notes
Pay for Performance for PCPs	\$4,200,000	\$4,200,000	IGT Ad Hoc/Reallocate
Recuperative Case (Phase 2)	\$500,000	\$500,000	Complete by 6/30/2018
Project Management	\$180,552	\$180,552	Complete by 6/30/2017
Total	\$4,880,552	\$4,880,552	

*As of 7/31/2016

IGT Timeline

Date	Activity
September 15	FAC Update and Review
September 21	QAC Update and Review
October/November	IGT Ad Hoc
November 10	PAC and MAC Update and Review
December 1	Board of Directors IGT Expenditure Plan Presentation



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Financial Summary

July 2016

Board of Directors' Finance and Audit Committee Meeting
September 15, 2016

Chet Uma
Chief Financial Officer

FY 2016-17: Consolidated Enrollment

- July 2016 MTD:
 - Overall enrollment was 799,083 member months
 - Actual higher than budget by 588 or 0.1%
 - Medi-Cal: favorable variance of 4,041 members
 - Medi-Cal Expansion (MCE) growth higher than budget
 - SPD enrollment higher than budget due to less than anticipated dual eligible members transferring to OneCare Connect
 - Offset by lower than budget TANF enrollment
 - OneCare Connect: unfavorable variance of 3,384 members
 - 1.0% decrease from prior month
 - OneCare Connect: decrease of 10,514 due to YTD true-up in June
 - Medi-Cal: increase of 2,120 from June 2016
 - 5.6% or 42,271 increase in enrollment from prior year

FY 2016-17: Consolidated Revenues

- July 2016 MTD:
 - Actual lower than budget by \$1.5 million or 0.5%
 - Medi-Cal: favorable to budget by \$7.7 million
 - Favorable price variance of \$6.5 million due to higher enrollment and IHSS estimated revenue \$4.1 million higher than budget
 - Favorable volume variance of \$1.2 million
 - OneCare Connect: unfavorable variance of \$9.7 million
 - Unfavorable price variance of \$2.7 million due to cohort mix
 - Unfavorable volume variance of \$7.0 million due to enrollment variance
 - OneCare: favorable to budget by \$0.5 million

FY 2016-17: Consolidated Medical Expenses

- July 2016 MTD:
 - Actual lower than budget by \$0.3 million or 0.1%
 - Medi-Cal: unfavorable variance of \$9.8 million
 - Price variance of (\$8.6) million due to IHSS estimated expenses \$4.1 million higher than budget
 - Volume variance of (\$1.2) million
 - OneCare Connect: favorable variance of \$10.1 million
 - Price variance of \$3.6 million mainly in Rx category
 - Volume variance of \$6.6 million
- Medical Loss Ratio (MLR):
 - July 2016 MTD: Actual: 96.3% Budget: 95.9%

FY 2016-17: Consolidated Administrative Expenses

- July 2016 MTD:
 - Actual lower than budget by \$3.4 million or 27.6%
 - Salaries and Benefits: favorable variance of \$1.8 million driven by lower than budgeted FTE of 91
 - Other categories: favorable variance of \$1.7 million
- Administrative Loss Ratio (ALR):
 - July 2016 MTD: Actual: 3.2% Budget: 4.5%

FY 2016-17: Change in Net Assets

- July 2016 MTD:
 - \$1.7 million surplus
 - \$2.6 million favorable to budget
 - Attributable to:
 - Lower administrative expenses of \$3.4 million
 - Savings in medical expenses of \$0.2 million
 - Higher investment income of \$0.3 million
 - Offset by lower than budgeted revenue of \$1.5 million

Enrollment Summary:

July 2016

Enrollment (By Aid Category)	Month-to-Date			
	Actual	Budget	Variance	%
Aged	56,934	54,758	2,176	4.0%
BCCTP	635	675	(40)	(5.9%)
Disabled	48,453	47,539	914	1.9%
TANF Child	335,030	337,897	(2,867)	
MCE	230,537	221,527	9,010	4.1%
TANF Adult	104,008	109,730	(5,722)	(5.2%)
LTC	3,236	2,669	567	21.2%
Medi-Cal	778,833	774,792	4,041	0.5%
OneCare Connect	18,902	22,286	(3,384)	(15.2%)
PACE	177	165	12	7.3%
OneCare	1,171	1,252	(81)	(6.5%)
CalOptima Total	799,083	798,495	588	0.1%

Financial Highlights: July 2016

	Month-to-Date			
	Actual	Budget	\$ Variance	% Variance
Member Months	799,083	798,495	588	0.1%
Revenues	279,561,710	281,047,454	(1,485,744)	(0.5%)
Medical Expenses	269,283,475	269,536,193	252,718	0.1%
Administrative Expenses	9,068,157	12,517,994	3,449,837	27.6%
Operating Margin	1,210,078	(1,006,734)	2,216,812	(220.2%)
Non Operating Income (Loss)	513,913	143,250	370,663	258.8%
Change in Net Assets	1,723,991	(863,484)	2,587,475	(299.7%)
Medical Loss Ratio	96.3%	95.9%	(0.4%)	
Administrative Loss Ratio	3.2%	4.5%	1.2%	
Operating Margin Ratio	<u>0.4%</u>	<u>(0.4%)</u>	<u>0.8%</u>	
Total Operating	100.0%	100.0%	0.0%	

Consolidated Performance Actual vs. Budget: July 2016 (in millions)

MONTH-TO-DATE			
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Medi-Cal	0.1	(0.7)	0.9
OneCare	0.2	0.0	0.2
OCC	1.0	0.0	1.0
PACE	<u>(0.1)</u>	<u>(0.3)</u>	<u>0.2</u>
Operating	1.2	(1.0)	2.2
Inv./Rental Inc, MCO tax	<u>0.5</u>	<u>0.1</u>	<u>0.4</u>
Non-Operating	0.5	0.1	0.4
TOTAL	1.7	(0.9)	2.6

Consolidated Revenue & Expense:

July 2016 MTD

	Medi-Cal Classic	Medi-Cal Expansion	Total Medi-Cal	OneCare	OneCare Connect	PACE	Consolidated
Member Months	548,296	230,537	\$ 778,833	1,171	18,902	177	799,083
REVENUES							
Capitation Revenue	135,855,683	104,512,152	\$ 240,367,835	\$ 1,909,332	\$ 36,216,029	\$ 1,068,515	\$ 279,561,710
Other Income	-	-	-	-	-	-	-
Total Operating Revenues	<u>135,855,683</u>	<u>104,512,152</u>	<u>240,367,835</u>	<u>1,909,332</u>	<u>36,216,029</u>	<u>1,068,515</u>	<u>279,561,710</u>
MEDICAL EXPENSES							
Provider Capitation	32,531,374	42,062,700	74,594,073	372,155	8,173,122	113	83,139,464
Facilities	26,736,302	34,828,873	61,565,175	605,024	9,385,123	325,487	71,880,809
Ancillary	-	-	-	36,727	524,096	-	560,824
Skilled Nursing	-	-	-	42,814	5,054,277	-	5,097,091
Professional Claims	12,706,695	4,304,271	17,010,966	-	-	214,223	17,225,188
Prescription Drugs	16,769,736	15,993,602	32,763,338	487,704	8,401,395	96,410	41,748,847
Quality Incentives	-	-	-	-	378,780	-	378,780
Long-term Care Facility Payments	38,010,650	6,032,845	44,043,496	-	-	5,601	44,049,097
Contingencies	-	-	-	-	-	-	-
Medical Management	3,061,704	-	3,061,704	28,089	972,124	353,698	4,415,616
Reinsurance & Other	(378,657)	972,456	593,799	5,209	107,004	81,748	787,759
Total Medical Expenses	<u>129,437,804</u>	<u>104,194,747</u>	<u>233,632,551</u>	<u>1,577,722</u>	<u>32,995,922</u>	<u>1,077,280</u>	<u>269,283,475</u>
Medical Loss Ratio	95.3%	99.7%	97.2%	82.6%	91.1%	100.8%	96.3%
GROSS MARGIN	6,417,879	317,404	6,735,283	331,610	3,220,107	(8,766)	10,278,235
ADMINISTRATIVE EXPENSES							
Salaries, Wages & Employee Benefits	-	-	5,307,828	17,843	1,093,502	89,921	6,509,095
Professional Fees	-	-	185,211	22,000	103,950	4,938	316,099
Purchased Services	-	-	591,820	20,280	116,934	0	729,034
Printing and Postage	-	-	122,064	2,385	14,418	222	139,089
Depreciation and Amortization	-	-	264,591	-	-	2,014	266,605
Other Expenses	-	-	726,221	714	1,492	9,037	737,463
Indirect Cost Allocation, Occupancy Expense	-	-	(598,659)	29,494	937,491	2,446	370,771
Total Administrative Expenses	-	-	<u>6,599,076</u>	<u>92,716</u>	<u>2,267,787</u>	<u>108,578</u>	<u>9,068,157</u>
Admin Loss Ratio	-	-	2.7%	4.9%	6.3%	10.2%	3.2%
INCOME (LOSS) FROM OPERATIONS	-	-	136,207	238,894	952,320	(117,344)	1,210,078
INVESTMENT INCOME	-	-	-	-	-	-	510,861
NET RENTAL INCOME	-	-	-	-	-	-	2,800
OTHER INCOME	-	-	252	-	-	-	252
CHANGE IN NET ASSETS	-	-	<u>\$ 136,459</u>	<u>\$ 238,894</u>	<u>\$ 952,320</u>	<u>\$ (117,344)</u>	<u>\$ 1,723,991</u>
BUDGETED CHANGE IN ASSETS	-	-	(713,688)	29,395	(29,527)	(292,914)	(863,484)
VARIANCE TO BUDGET - FAV (UNFAV)	-	-	<u>850,147</u>	<u>209,499</u>	<u>981,847</u>	<u>175,570</u>	<u>2,587,475</u>

Balance Sheet:

As of July 2016

ASSETS

Current Assets

Operating Cash	\$475,725,744
Catastrophic Reserves	11,633,210
Investments	1,134,227,219
Capitation receivable	234,516,162
Receivables - Other	20,291,900
Prepaid Expenses	11,935,241

Total Current Assets	<u>1,888,329,476</u>
-----------------------------	-----------------------------

Capital Assets

Furniture and equipment	28,851,790
Leasehold improvements	11,762,557
505 City Parkway West	46,707,144
	<u>87,321,491</u>
Less: accumulated depreciation	<u>(32,262,681)</u>
Capital assets, net	<u>55,058,810</u>

Other Assets

Restricted deposit & Other	279,518
Board-designated assets	
Cash and cash equivalents	3,104,519
Long term investments	472,836,571
Total Board-designated Assets	<u>475,941,090</u>

Total Other Assets	<u>476,220,608</u>
---------------------------	---------------------------

Deferred outflows of Resources - Pension contributions	3,787,544
Deferred outflows of Resources - Difference in Experience	1,215,473

TOTAL ASSETS & OUTFLOWS	<u>2,424,611,911</u>
------------------------------------	-----------------------------

LIABILITIES & FUND BALANCES

Current Liabilities

Accounts payable	\$14,887,899
Medical claims liability	613,681,231
Accrued payroll liabilities	8,867,872
Deferred revenue	673,243,791
Deferred revenue - CMS	0
Deferred lease obligations	267,070
Capitation and withholds	414,314,900

Total Current Liabilities	<u>1,725,262,764</u>
----------------------------------	-----------------------------

Other (than pensions) post employment benefits liability	27,594,452
Net Pension Liabilities	8,158,985
Long Term Liabilities	150,000

TOTAL LIABILITIES	<u>1,761,166,201</u>
--------------------------	-----------------------------

Deferred inflows of Resources - Excess Earnings	502,900
Deferred inflows of Resources - changes in Assumptions	1,651,640

Tangible net equity (TNE)	89,012,314
Funds in excess of TNE	572,278,856

Net Assets	<u>661,291,170</u>
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TOTAL LIABILITIES, INFLOWS & FUND BALANCES	<u>2,424,611,911</u>
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Board Designated Reserve and TNE Analysis As of July 2016

CalOptima Board Designated Reserve and TNE Analysis as of July 31, 2016

Type	Reserve Name	Market Value	Benchmark		Variance	
			Low	High	Mkt - Low	Mkt - High
	Tier 1 - Payden & Rygel	135,383,499				
	Tier 1 - Logan Circle	125,385,604				
	Tier 1 - Wells Capital	125,378,616				
Board-designated Reserve						
		386,147,719	286,467,328	447,387,174	99,680,391	(61,239,455)
TNE Requirement	Tier 2 - Logan Circle	89,793,371	89,012,314	89,012,314	781,057	781,057
Consolidated:		475,941,090	375,479,642	536,399,488	100,461,449	(60,458,398)
<i>Current reserve level</i>		<i>1.77</i>	<i>1.40</i>	<i>2.00</i>		



CalOptima
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UNAUDITED FINANCIAL STATEMENTS

July 2016

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CalOptima - Consolidated
Financial Highlights
For the One Month Ended July 31, 2016

	Month-to-Date			
	Actual	Budget	\$ Variance	% Variance
Member Months	799,083	798,495	588	0.1%
Revenues	279,561,710	281,047,454	(1,485,744)	(0.5%)
Medical Expenses	269,283,475	269,536,193	252,718	0.1%
Administrative Expenses	9,068,157	12,517,994	3,449,837	27.6%
Operating Margin	1,210,078	(1,006,734)	2,216,812	(220.2%)
Non Operating Income (Loss)	513,913	143,250	370,663	258.8%
Change in Net Assets	1,723,991	(863,484)	2,587,475	(299.7%)
Medical Loss Ratio	96.3%	95.9%	(0.4%)	
Administrative Loss Ratio	3.2%	4.5%	1.2%	
Operating Margin Ratio	<u>0.4%</u>	<u>(0.4%)</u>	<u>0.8%</u>	
Total Operating	100.0%	100.0%	0.0%	

CalOptima
Financial Dashboard
For the One Month Ended July 31, 2016

MONTH

Enrollment					
	Actual	Budget	Fav / (Unfav)		
Medi-Cal	778,833	774,792	↑	4,041	0.5%
OneCare	1,171	1,252	↓	(81)	(6.5%)
OneCare Connect	18,902	22,286	↓	(3,384)	(15.2%)
PACE	177	165	↑	12	7.3%
Total	799,083	798,495	↑	588	0.1%

Change in Net Assets (\$000)					
	Actual	Budget	Fav / (Unfav)		
Medi-Cal (w/ MSSP)	\$ 136	\$ (714)	↑	\$ 850	119.1%
OneCare	239	29	↑	209	712.7%
OneCare Connect	952	(30)	↑	982	3325.2%
PACE	(117)	(293)	↑	176	59.9%
505 Bldg.	3	(65)	↑	68	104.3%
Investment Income & Other	511	208	↑	303	145.3%
Total	\$ 1,724	\$ (863)	↑	\$ 2,588	299.7%

MLR				
	Actual	Budget	% Point Var	
Medi-Cal (w/ MSSP)	97.2%	96.2%	↓	(1.0)
OneCare	82.6%	91.3%	↑	8.7
OneCare Connect	91.1%	93.9%	↑	2.8

Administrative Cost (\$000)					
	Actual	Budget	Fav / (Unfav)		
Medi-Cal (w/ MSSP)	\$ 6,599	\$ 9,474	↑	\$ 2,875	30.3%
OneCare	93	96	↑	3	3.4%
OneCare Connect	2,268	2,829	↑	561	19.8%
PACE	109	119	↑	10	8.5%
Total	\$ 9,068	\$ 12,518	↑	\$ 3,450	27.6%

Total FTE's Month			
	Actual	Budget	Fav / (Unfav)
Medi-Cal (w/ MSSP)	793	886	92
OneCare	7	3	(4)
OneCare Connect	248	240	(8)
PACE	38	57	18
Total	1,087	1,185	98

MM per FTE			
	Actual	Budget	Fav / (Unfav)
Medi-Cal (w/ MSSP)	982	875	107
OneCare	164	417	(254)
OneCare Connect	76	93	(17)
PACE	5	3	2
Total	1,226	1,388	(162)

**CalOptima - Consolidated
Statement of Revenue and Expenses
For the One Month Ended July 31, 2016**

	Actual		Month Budget		Variance	
	\$	PMPM*	\$	PMPM*	\$	PMPM
Member Months**	799,083		798,495		588	
Revenues						
Medi-Cal	\$ 240,367,835	\$ 308.63	\$ 232,618,271	\$ 300.23	\$ 7,749,564	\$ 8.39
OneCare	1,909,332	1,630.51	1,443,251	1,152.76	466,081	477.76
OneCare Connect	36,216,029	1,915.99	45,941,706	2,061.46	(9,725,677)	(145.47)
PACE	1,068,515	6,036.81	1,044,226	6,328.64	24,288	(291.84)
Total Operating Revenue	279,561,710	349.85	281,047,454	351.97	(1,485,744)	(2.12)
Medical Expenses						
Medi-Cal	233,632,551	299.98	223,857,585	288.93	(9,774,966)	(11.05)
OneCare	1,577,722	1,347.33	1,317,865	1,052.61	(259,857)	(294.72)
OneCare Connect	32,995,922	1,745.63	43,142,302	1,935.85	10,146,380	190.22
PACE	1,077,280	6,086.33	1,218,441	7,384.49	141,161	1,298.16
Total Medical Expenses	269,283,475	336.99	269,536,193	337.56	252,718	0.56
Gross Margin	10,278,235	12.86	11,511,260	14.42	(1,233,026)	(1.55)
Administrative Expenses						
Salaries and benefits	6,509,095	8.15	8,267,086	10.35	1,757,991	2.21
Professional fees	316,099	0.40	337,898	0.42	21,799	0.03
Purchased services	729,034	0.91	956,717	1.20	227,683	0.29
Printing and Postage	139,089	0.17	458,772	0.57	319,683	0.40
Depreciation and amortization	266,605	0.33	385,117	0.48	118,512	0.15
Other	737,463	0.92	1,684,234	2.11	946,770	1.19
Indirect Cost Allocation, Occupancy Expense	370,771	0.46	428,170	0.54	57,399	0.07
Total Administrative Expenses	9,068,157	11.35	12,517,994	15.68	3,449,837	4.33
Income (Loss) From Operations	1,210,078	1.51	(1,006,734)	(1.26)	2,216,812	2.78
Investment income						
Interest income	735,703	0.92	208,333	0.26	527,369	0.66
Realized gain/(loss) on investments	54,735	0.07	-	-	54,735	0.07
Unrealized gain/(loss) on investments	(279,576)	(0.35)	-	-	(279,576)	(0.35)
Total Investment Income	510,861	0.64	208,333	0.26	302,528	0.38
Net Rental Income	2,800	0.00	(65,083)	(0.08)	67,884	0.09
Total Net Operating Tax	-	-	-	-	-	-
Total Net Grant Income	-	-	-	-	-	-
QAF/IGT	-	-	-	-	-	-
Other Income	252	0.00	-	-	252	0.00
Change In Net Assets	1,723,991	2.16	(863,484)	(1.08)	2,587,475	3.24
Medical Loss Ratio	96.3%		95.9%		(0.4%)	
Administrative Loss Ratio	3.2%		4.5%		1.2%	

* PMPMs for Revenues and Medical Expenses are calculated using line of business enrollment

** Includes MSSP

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CalOptima - Consolidated - Month to Date
Statement of Revenues and Expenses by LOB
For the One Month Ended July 31, 2016

	<u>Medi-Cal Classic</u>	<u>Medi-Cal Expansion</u>	<u>Total Medi-Cal</u>	<u>OneCare</u>	<u>OneCare Connect</u>	<u>PACE</u>	<u>Consolidated</u>
Member Months	548,296	230,537	\$ 778,833	1,171	18,902	177	799,083
REVENUES							
Capitation Revenue	135,855,683	104,512,152	\$ 240,367,835	\$ 1,909,332	\$ 36,216,029	\$ 1,068,515	\$ 279,561,710
Other Income	-	-	-	-	-	-	-
Total Operating Revenues	<u>135,855,683</u>	<u>104,512,152</u>	<u>240,367,835</u>	<u>1,909,332</u>	<u>36,216,029</u>	<u>1,068,515</u>	<u>279,561,710</u>
MEDICAL EXPENSES							
Provider Capitation	32,531,374	42,062,700	74,594,073	372,155	8,173,122	113	83,139,464
Facilities	26,736,302	34,828,873	61,565,175	605,024	9,385,123	325,487	71,880,809
Ancillary	-	-	-	36,727	524,096	-	560,824
Skilled Nursing	-	-	-	42,814	5,054,277	-	5,097,091
Professional Claims	12,706,695	4,304,271	17,010,966	-	-	214,223	17,225,188
Prescription Drugs	16,769,736	15,993,602	32,763,338	487,704	8,401,395	96,410	41,748,847
Quality Incentives	-	-	-	-	378,780	-	378,780
Long-term Care Facility Payments	38,010,650	6,032,845	44,043,496	-	-	5,601	44,049,097
Contingencies	-	-	-	-	-	-	-
Medical Management	3,061,704	-	3,061,704	28,089	972,124	353,698	4,415,616
Reinsurance & Other	(378,657)	972,456	593,799	5,209	107,004	81,748	787,759
Total Medical Expenses	<u>129,437,804</u>	<u>104,194,747</u>	<u>233,632,551</u>	<u>1,577,722</u>	<u>32,995,922</u>	<u>1,077,280</u>	<u>269,283,475</u>
Medical Loss Ratio	95.3%	99.7%	97.2%	82.6%	91.1%	100.8%	96.3%
GROSS MARGIN	6,417,879	317,404	6,735,283	331,610	3,220,107	(8,766)	10,278,235
ADMINISTRATIVE EXPENSES							
Salaries, Wages & Employee Benefits	-	-	5,307,828	17,843	1,093,502	89,921	6,509,095
Professional Fees	-	-	185,211	22,000	103,950	4,938	316,099
Purchased Services	-	-	591,820	20,280	116,934	0	729,034
Printing and Postage	-	-	122,064	2,385	14,418	222	139,089
Depreciation and Amortization	-	-	264,591	-	-	2,014	266,605
Other Expenses	-	-	726,221	714	1,492	9,037	737,463
Indirect Cost Allocation, Occupancy Expense	-	-	(598,659)	29,494	937,491	2,446	370,771
Total Administrative Expenses	-	-	<u>6,599,076</u>	<u>92,716</u>	<u>2,267,787</u>	<u>108,578</u>	<u>9,068,157</u>
Admin Loss Ratio	-	-	2.7%	4.9%	6.3%	10.2%	3.2%
INCOME (LOSS) FROM OPERATIONS	-	-	136,207	238,894	952,320	(117,344)	1,210,078
INVESTMENT INCOME	-	-	-	-	-	-	510,861
NET RENTAL INCOME	-	-	-	-	-	-	2,800
NET OPERATING TAX	-	-	-	-	-	-	0
NET GRANT INCOME	-	-	-	-	-	-	0
QAF/IGT	-	-	-	-	-	-	0
OTHER INCOME	-	-	252	-	-	-	252
CHANGE IN NET ASSETS	-	-	<u>\$ 136,459</u>	<u>\$ 238,894</u>	<u>\$ 952,320</u>	<u>\$ (117,344)</u>	<u>\$ 1,723,991</u>
BUDGETED CHANGE IN ASSETS	-	-	(713,688)	29,395	(29,527)	(292,914)	(863,484)
VARIANCE TO BUDGET - FAV (UNFAV)	-	-	<u>850,147</u>	<u>209,499</u>	<u>981,847</u>	<u>175,570</u>	<u>2,587,475</u>

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July 31, 2016 Unaudited Financial Statements

SUMMARY

MONTHLY RESULTS:

- Change in Net Assets is \$1.7 million, \$2.6 million favorable to budget
- Operating surplus is \$1.2 million with a surplus in non-operating of \$0.5 million

Change in Net Assets by LOB (\$millions)

	MONTH-TO-DATE		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Medi-Cal	0.1	(0.7)	0.9
OneCare	0.2	0.0	0.2
OCC	1.0	0.0	1.0
PACE	<u>(0.1)</u>	<u>(0.3)</u>	<u>0.2</u>
Operating	1.2	(1.0)	2.2
Inv./Rental Inc, MCO tax	<u>0.5</u>	<u>0.1</u>	<u>0.4</u>
Non-Operating	0.5	0.1	0.4
TOTAL	1.7	(0.9)	2.6

CalOptima
Enrollment Summary
For the One Month Ended July 31, 2016

Month-to-Date				Enrollment (By Aid Category)	Month-to-Date			
Actual	Budget	Variance	%		Actual	Budget	Variance	%
56,934	54,758	2,176	4.0%	Aged	56,934	54,758	2,176	4.0%
635	675	(40)	(5.9%)	BCCTP	635	675	(40)	(5.9%)
48,453	47,539	914	1.9%	Disabled	48,453	47,539	914	1.9%
335,030	337,897	(2,867)		TANF Child	335,030	337,897	(2,867)	
230,537	221,527	9,010	4.1%	MCE	230,537	221,527	9,010	4.1%
104,008	109,730	(5,722)	(5.2%)	TANF Adult	104,008	109,730	(5,722)	(5.2%)
3,236	2,669	567	21.2%	LTC	3,236	2,669	567	21.2%
778,833	774,792	4,041	0.5%	Medi-Cal	778,833	774,792	4,041	0.5%
18,902	22,286	(3,384)	(15.2%)	OneCare Connect	18,902	22,286	(3,384)	(15.2%)
177	165	12	7.3%	PACE	177	165	12	7.3%
1,171	1,252	(81)	(6.5%)	OneCare	1,171	1,252	(81)	(6.5%)
799,083	798,495	588	0.1%	CalOptima Total	799,083	798,495	588	0.1%

Enrollment (By Network)				Enrollment (By Network)	Enrollment (By Network)			
Actual	Budget	Variance	%		Actual	Budget	Variance	%
47,280	46,631	649	1.4%	HMO	47,280	46,631	649	1.4%
232,018	233,539	(1,521)	(0.7%)	PHC	232,018	233,539	(1,521)	(0.7%)
345,323	341,925	3,398	1.0%	Shared Risk Group	345,323	341,925	3,398	1.0%
154,212	152,700	1,512	1.0%	Fee for Service	154,212	152,700	1,512	1.0%
778,833	774,792	4,038	0.5%	Medi-Cal	778,833	774,792	4,038	0.5%
18,902	22,286	(3,384)	(15.2%)	OneCare Connect	18,902	22,286	(3,384)	(15.2%)
177	165	12	7.3%	PACE	177	165	12	7.3%
1,171	1,252	(81)	(6.5%)	OneCare	1,171	1,252	(81)	(6.5%)
799,083	798,495	588	0.1%	CalOptima Total	799,083	798,495	588	0.1%

CalOptima
Enrollment Trend by Network Type
Fiscal Year 2017

Network Type	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	MMs
HMO													
Aged	351	-	-	-	-	-	-	-	-	-	-	-	351
BCCTP	1	-	-	-	-	-	-	-	-	-	-	-	1
Disabled	1,799	-	-	-	-	-	-	-	-	-	-	-	1,799
TANF Child	24,211	-	-	-	-	-	-	-	-	-	-	-	24,211
MCE	12,989	-	-	-	-	-	-	-	-	-	-	-	12,989
TANF Adult	7,929	-	-	-	-	-	-	-	-	-	-	-	7,929
	47,280	-	-	-	-	-	-	-	-	-	-	-	47,280
PHC													
Aged	1,495	-	-	-	-	-	-	-	-	-	-	-	1,495
BCCTP	-	-	-	-	-	-	-	-	-	-	-	-	-
Disabled	7,903	-	-	-	-	-	-	-	-	-	-	-	7,903
TANF Child	169,358	-	-	-	-	-	-	-	-	-	-	-	169,358
MCE	38,002	-	-	-	-	-	-	-	-	-	-	-	38,002
TANF Adult	15,260	-	-	-	-	-	-	-	-	-	-	-	15,260
	232,018	-	-	-	-	-	-	-	-	-	-	-	232,018
Shared Risk Group													
Aged	7,658	-	-	-	-	-	-	-	-	-	-	-	7,658
BCCTP	-	-	-	-	-	-	-	-	-	-	-	-	-
Disabled	14,428	-	-	-	-	-	-	-	-	-	-	-	14,428
TANF Child	118,748	-	-	-	-	-	-	-	-	-	-	-	118,748
MCE	140,640	-	-	-	-	-	-	-	-	-	-	-	140,640
TANF Adult	63,849	-	-	-	-	-	-	-	-	-	-	-	63,849
	345,323	-	-	-	-	-	-	-	-	-	-	-	345,323
Fee for Service (Dual)													
Aged	43,684	-	-	-	-	-	-	-	-	-	-	-	43,684
BCCTP	27	-	-	-	-	-	-	-	-	-	-	-	27
Disabled	19,790	-	-	-	-	-	-	-	-	-	-	-	19,790
TANF Child	3	-	-	-	-	-	-	-	-	-	-	-	3
MCE	2,960	-	-	-	-	-	-	-	-	-	-	-	2,960
TANF Adult	1,179	-	-	-	-	-	-	-	-	-	-	-	1,179
LTC	2,868	-	-	-	-	-	-	-	-	-	-	-	2,868
	70,511	-	-	-	-	-	-	-	-	-	-	-	70,511
Fee for Service (Non-Dual)													
Aged	3,746	-	-	-	-	-	-	-	-	-	-	-	3,746
BCCTP	607	-	-	-	-	-	-	-	-	-	-	-	607
Disabled	4,533	-	-	-	-	-	-	-	-	-	-	-	4,533
TANF Child	22,710	-	-	-	-	-	-	-	-	-	-	-	22,710
MCE	35,946	-	-	-	-	-	-	-	-	-	-	-	35,946
TANF Adult	15,791	-	-	-	-	-	-	-	-	-	-	-	15,791
LTC	368	-	-	-	-	-	-	-	-	-	-	-	368
	83,701	-	-	-	-	-	-	-	-	-	-	-	83,701
MEDI-CAL TOTAL													
Aged	56,934	-	-	-	-	-	-	-	-	-	-	-	56,934
BCCTP	635	-	-	-	-	-	-	-	-	-	-	-	635
Disabled	48,453	-	-	-	-	-	-	-	-	-	-	-	48,453
TANF Child	335,030	-	-	-	-	-	-	-	-	-	-	-	335,030
MCE	230,537	-	-	-	-	-	-	-	-	-	-	-	230,537
TANF Adult	104,008	-	-	-	-	-	-	-	-	-	-	-	104,008
LTC	3,236	-	-	-	-	-	-	-	-	-	-	-	3,236
	778,833	-	-	-	-	-	-	-	-	-	-	-	778,833
PACE	177	-	-	-	-	-	-	-	-	-	-	-	177
OneCare	1,171	-	-	-	-	-	-	-	-	-	-	-	1,171
OneCare Connect	18,902	-	-	-	-	-	-	-	-	-	-	-	18,902
TOTAL	799,083	-	-	-	-	-	-	-	-	-	-	-	799,083

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ENROLLMENT:

Overall MTD enrollment was 799,083

- Favorable to budget by 588
- Decreased 8,388 or 1.0% from prior month
- Increased 42,271 or 5.6% from prior year (July 2015)

Medi-Cal enrollment was 778,833

- Favorable to budget by 4,041 primarily driven by:
 - Medi-Cal Expansion favorable by 9,010 and SPD by 3,616
 - Offset by TANF unfavorable by 8,587
- Increased 2,120 from prior month

OneCare enrollment was 1,171

- Unfavorable to budget by 81
- Decreased 3 from prior month

OneCare Connect enrollment was 18,902

- Unfavorable to budget by 3,384
- Decreased 10,514 from prior month (YTD true-up done in June)

PACE enrollment at 177

- Favorable to budget by 12
- Increased 9 from prior month

**CalOptima - MediCal Total
Statement of Revenues and Expenses
For the One Month Ended July 31, 2016**

Month			
Actual	Budget	\$ Variance	% Variance
778,833	774,792	4,041	0.5%
240,367,835	232,618,271	7,749,564	3.3%
240,367,835	232,618,271	7,749,564	3.3%
74,594,073	74,846,297	252,224	0.3%
61,565,175	56,311,770	(5,253,406)	(9.3%)
17,010,966	16,471,521	(539,445)	(3.3%)
32,763,338	34,361,134	1,597,796	4.7%
44,043,496	37,218,911	(6,824,585)	(18.3%)
3,061,704	4,601,286	1,539,582	33.5%
593,799	46,667	(547,132)	(1172.4%)
233,632,551	223,857,585	(9,774,966)	(4.4%)
6,735,283	8,760,686	(2,025,402)	(23.1%)
5,307,828	7,149,604	1,841,776	25.8%
185,211	279,427	94,216	33.7%
591,820	707,003	115,183	16.3%
122,064	314,582	192,519	61.2%
264,591	383,061	118,470	30.9%
726,221	1,180,533	454,312	38.5%
(598,659)	(539,837)	58,822	10.9%
6,599,076	9,474,374	2,875,298	30.3%
10,319,388	8,789,850	(1,529,539)	(17.4%)
10,281,461	0	(10,281,461)	0.0%
37,927	8,789,850	8,751,923	99.6%
0	0	0	0.0%
0	287,500	(287,500)	(100.0%)
0	250,000	250,000	100.0%
0	37,500	37,500	100.0%
0	0	0	0.0%
252	0	252	0.0%
136,459	(713,688)	850,147	119.1%
97.2%	96.2%	(1.0%)	(1.0%)
2.7%	4.1%	1.3%	32.6%

Year - To - Date			
Actual	Budget	\$ Variance	% Variance
778,833	774,792	4,041	0.5%
240,367,835	232,618,271	7,749,564	3.3%
240,367,835	232,618,271	7,749,564	3.3%
74,594,073	74,846,297	252,224	0.3%
61,565,175	56,311,770	(5,253,406)	(9.3%)
17,010,966	16,471,521	(539,445)	(3.3%)
32,763,338	34,361,134	1,597,796	4.7%
44,043,496	37,218,911	(6,824,585)	(18.3%)
3,061,704	4,601,286	1,539,582	33.5%
593,799	46,667	(547,132)	(1172.4%)
233,632,551	223,857,585	(9,774,966)	(4.4%)
6,735,283	8,760,686	(2,025,402)	(23.1%)
5,307,828	7,149,604	1,841,776	25.8%
185,211	279,427	94,216	33.7%
591,820	707,003	115,183	16.3%
122,064	314,582	192,519	61.2%
264,591	383,061	118,470	30.9%
726,221	1,180,533	454,312	38.5%
(598,659)	(539,837)	58,822	10.9%
6,599,076	9,474,374	2,875,298	30.3%
10,319,388	8,789,850	(1,529,539)	(17.4%)
10,281,461	0	(10,281,461)	0.0%
37,927	8,789,850	8,751,923	99.6%
0	0	0	0.0%
0	287,500	(287,500)	(100.0%)
0	250,000	250,000	100.0%
0	37,500	37,500	100.0%
0	0	0	0.0%
252	0	252	0.0%
136,459	(713,688)	850,147	119.1%
97.2%	96.2%	(1.0%)	(1.0%)
2.7%	4.1%	1.3%	32.6%

MEDI-CAL INCOME STATEMENT – JULY MONTH:

REVENUES of \$240.4 million are favorable to budget by \$7.7 million, driven by:

- Price related variance of: \$6.5 million due to IHSS and aid code mix variances
- Volume related variance of: \$1.2 million due to the higher enrollment

MEDICAL EXPENSES: Overall \$233.6 million, unfavorable to budget by \$9.8 million due to:

- **Facility claim payments** are unfavorable to budget \$5.3 million due to:
 - Price related unfavorable variance of: \$5.0 million related to claims actuarial experience
 - Volume related unfavorable variance of: \$0.3 million
- **Long term care claim payments** are unfavorable to budget \$6.8 million due to:
 - Price related unfavorable variance of: \$6.6 million related to actuarial experience and County IHSS expense reporting
 - Volume related unfavorable variance of: \$0.2 million

ADMINISTRATION EXPENSES are \$6.6 million, favorable to budget \$2.9 million, driven by:

- Salary & Benefits: \$1.8 million favorable to budget
- Non-Salary: \$1.0 million favorable to budget across all categories

CHANGE IN NET ASSETS is \$0.1 million for the month, favorable to budget by \$0.9 million

**CalOptima - OneCare Connect
Statement of Revenues and Expenses
For the One Month Ended July 31, 2016**

Month					Year - To - Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
18,902	22,286	(3,384)	(15.2%)	Member Months	18,902	22,286	(3,384)	(15.2%)
36,216,029	45,941,706	(9,725,677)	(21.2%)	Revenues	36,216,029	45,941,706	(9,725,677)	(21.2%)
36,216,029	45,941,706	(9,725,677)	(21.2%)	Capitation revenue	36,216,029	45,941,706	(9,725,677)	(21.2%)
				Total Operating Revenue	36,216,029	45,941,706	(9,725,677)	(21.2%)
8,173,122	9,723,130	1,550,008	15.9%	Medical Expenses	8,173,122	9,723,130	1,550,008	15.9%
9,385,123	11,648,615	2,263,492	19.4%	Provider capitation	9,385,123	11,648,615	2,263,492	19.4%
524,096	630,460	106,363	16.9%	Facilities	524,096	630,460	106,363	16.9%
5,054,277	10,526,741	5,472,464	52.0%	Ancillary	5,054,277	10,526,741	5,472,464	52.0%
8,401,395	8,217,757	(183,638)	(2.2%)	Skilled nursing facilities	8,401,395	8,217,757	(183,638)	(2.2%)
378,780	459,915	81,135	17.6%	Prescription drugs	378,780	459,915	81,135	17.6%
972,124	1,293,879	321,755	24.9%	Quality incentives	972,124	1,293,879	321,755	24.9%
107,004	641,806	534,802	83.3%	Medical management	107,004	641,806	534,802	83.3%
				Other medical expenses				
32,995,922	43,142,302	10,146,380	23.5%	Total Medical Expenses	32,995,922	43,142,302	10,146,380	23.5%
3,220,107	2,799,404	420,703	15.0%	Gross Margin	3,220,107	2,799,404	420,703	15.0%
1,093,502	996,673	(96,829)	(9.7%)	Administrative Expenses	1,093,502	996,673	(96,829)	(9.7%)
103,950	41,804	(62,146)	(148.7%)	Salaries, wages & employee benefits	103,950	41,804	(62,146)	(148.7%)
116,934	229,333	112,399	49.0%	Professional fees	116,934	229,333	112,399	49.0%
14,418	131,444	117,026	89.0%	Purchased services	14,418	131,444	117,026	89.0%
1,492	492,187	490,694	99.7%	Printing and postage	1,492	492,187	490,694	99.7%
937,491	937,491	0	0.0%	Other operating expenses	937,491	937,491	0	0.0%
				Indirect cost allocation, Occupancy Expense				
2,267,787	2,828,931	561,144	19.8%	Total Administrative Expenses	2,267,787	2,828,931	561,144	19.8%
756,071	0	756,071	0.0%	Operating Tax	756,071	0	756,071	0.0%
757,560	0	(757,560)	0.0%	Tax Revenue	757,560	0	(757,560)	0.0%
(1,489)	0	1,489	0.0%	Premium tax expense	(1,489)	0	1,489	0.0%
				Sales tax expense				
0	0	0	0.0%	Total Net Operating Tax	0	0	0	0.0%
952,320	(29,527)	981,847	3325.2%	Change in Net Assets	952,320	(29,527)	981,847	3325.2%
91.1%	93.9%	2.8%	3.0%	Medical Loss Ratio	91.1%	93.9%	2.8%	3.0%
6.3%	6.2%	(0.1%)	(1.7%)	Admin Loss Ratio	6.3%	6.2%	(0.1%)	(1.7%)

ONECARE CONNECT INCOME STATEMENT – JULY MONTH:

REVENUES of \$36.2 million are unfavorable to budget by \$9.7 million driven by:

- Price related variance of: \$2.7 million due to cohort experience
- Volume related variance of: \$7.0 million due to the higher enrollment

MEDICAL EXPENSES are favorable to budget \$10.1 million due to:

- Corresponding to revenue, along with higher prescription drug experience

ADMINISTRATIVE EXPENSES are favorable to budget by \$0.6 million

CHANGE IN NET ASSETS is \$1.0 million, favorable to budget by \$1.0 million

**CalOptima - OneCare
Statement of Revenues and Expenses
For the One Month Ended July 31, 2016**

Month				Year - To - Date			
Actual	Budget	\$ Variance	% Variance	Actual	Budget	\$ Variance	% Variance
1,171	1,252	(81)	(6.5%)	1,171	1,252	(81)	(6.5%)
Member Months				Member Months			
Revenues				Revenues			
1,909,332	1,443,251	466,081	32.3%	1,909,332	1,443,251	466,081	32.3%
1,909,332	1,443,251	466,081	32.3%	1,909,332	1,443,251	466,081	32.3%
Total Operating Revenue				Total Operating Revenue			
Medical Expenses				Medical Expenses			
372,155	393,478	21,323	5.4%	372,155	393,478	21,323	5.4%
605,024	322,709	(282,315)	(87.5%)	605,024	322,709	(282,315)	(87.5%)
36,727	49,175	12,448	25.3%	36,727	49,175	12,448	25.3%
42,814	23,817	(18,997)	(79.8%)	42,814	23,817	(18,997)	(79.8%)
487,704	478,471	(9,233)	(1.9%)	487,704	478,471	(9,233)	(1.9%)
28,089	18,500	(9,589)	(51.8%)	28,089	18,500	(9,589)	(51.8%)
5,209	31,715	26,507	83.6%	5,209	31,715	26,507	83.6%
1,577,722	1,317,865	(259,857)	(19.7%)	1,577,722	1,317,865	(259,857)	(19.7%)
Total Medical Expenses				Total Medical Expenses			
331,610	125,386	206,224	164.5%	331,610	125,386	206,224	164.5%
Gross Margin				Gross Margin			
Administrative Expenses				Administrative Expenses			
17,843	22,668	4,825	21.3%	17,843	22,668	4,825	21.3%
22,000	13,333	(8,667)	(65.0%)	22,000	13,333	(8,667)	(65.0%)
20,280	19,382	(898)	(4.6%)	20,280	19,382	(898)	(4.6%)
2,385	11,025	8,640	78.4%	2,385	11,025	8,640	78.4%
714	89	(625)	(705.6%)	714	89	(625)	(705.6%)
29,494	29,494	0	0.0%	29,494	29,494	0	0.0%
92,716	95,991	3,275	3.4%	92,716	95,991	3,275	3.4%
Total Administrative Expenses				Total Administrative Expenses			
238,894	29,395	209,499	712.7%	238,894	29,395	209,499	712.7%
Change in Net Assets				Change in Net Assets			
82.6%	91.3%	8.7%	9.5%	82.6%	91.3%	8.7%	9.5%
4.9%	6.7%	1.8%	27.0%	4.9%	6.7%	1.8%	27.0%
Medical Loss Ratio				Medical Loss Ratio			
Admin Loss Ratio				Admin Loss Ratio			

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CalOptima - PACE
Statement of Revenues and Expenses
For the One Month Ended July 31, 2016

Month			
Actual	Budget	\$ Variance	% Variance
177	165	12	7.3%
779,409	737,856	41,553	5.6%
289,106	306,370	(17,265)	(5.6%)
1,068,515	1,044,226	24,288	2.3%

245,211	417,027	171,816	41.2%
0	0	0	0.0%
113	0	(113)	0.0%
325,487	214,807	(110,679)	(51.5%)
214,223	225,589	11,366	5.0%
96,410	122,748	26,338	21.5%
5,601	22,000	16,399	74.5%
55,435	68,291	12,856	18.8%
48,342	49,349	1,007	2.0%
37,655	37,214	(441)	(1.2%)
22,340	13,833	(8,507)	(61.5%)
150	250	100	40.0%
21,040	24,547	3,507	14.3%
5,273	22,785	17,512	76.9%
1,077,280	1,218,441	141,161	11.6%

(8,766)	(174,215)	165,449	95.0%
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89,921	98,141	8,219	8.4%
4,938	3,333	(1,605)	(48.1%)
0	1,000	1,000	100.0%
222	1,720	1,498	87.1%
2,014	2,056	42	2.0%
9,037	11,426	2,389	20.9%
2,446	1,023	(1,423)	(139.1%)
108,578	118,699	10,121	8.5%

(117,344)	(292,914)	175,570	59.9%
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100.8%	116.7%	15.9%	13.6%
10.2%	11.4%	1.2%	10.6%

Year - To - Date			
Actual	Budget	\$ Variance	% Variance
177	165	12	7.3%
779,409	737,856	41,553	5.6%
289,106	306,370	(17,265)	(5.6%)
1,068,515	1,044,226	24,288	2.3%

Member Months	177	165	12	7.3%
Revenues				
Medi-Cal capitation revenue	779,409	737,856	41,553	5.6%
MediCare Part D Revenue	289,106	306,370	(17,265)	(5.6%)
Total Operating Revenues	1,068,515	1,044,226	24,288	2.3%
Medical Expenses				
Clinical salaries & benefits	245,211	417,027	171,816	41.2%
Pace Center Support salaries & benefits	0	0	0	0.0%
Provider capitation	113	0	(113)	0.0%
Claims payments to hospitals	325,487	214,807	(110,679)	(51.5%)
Professional Claims	214,223	225,589	11,366	5.0%
Prescription drugs	96,410	122,748	26,338	21.5%
Long-term care facility payments	5,601	22,000	16,399	74.5%
Patient Transportation	55,435	68,291	12,856	18.8%
Depreciation & amortization	48,342	49,349	1,007	2.0%
Occupancy expenses	37,655	37,214	(441)	(1.2%)
Utilities & Facilities Expense	22,340	13,833	(8,507)	(61.5%)
Purchased Services	150	250	100	40.0%
Indirect Allocation	21,040	24,547	3,507	14.3%
Other Expenses	5,273	22,785	17,512	76.9%
Total Medical Expenses	1,077,280	1,218,441	141,161	11.6%

Gross Margin	(8,766)	(174,215)	165,449	95.0%
--------------	---------	-----------	---------	-------

Administrative Expenses				
Salaries, wages & employee benefits	89,921	98,141	8,219	8.4%
Professional fees	4,938	3,333	(1,605)	(48.1%)
Purchased services	0	1,000	1,000	100.0%
Printing and postage	222	1,720	1,498	87.1%
Depreciation & amortization	2,014	2,056	42	2.0%
Other operating expenses	9,037	11,426	2,389	20.9%
Indirect cost allocation, Occupancy Expense	2,446	1,023	(1,423)	(139.1%)
Total Administrative Expenses	108,578	118,699	10,121	8.5%

Change in Net Assets	(117,344)	(292,914)	175,570	59.9%
----------------------	-----------	-----------	---------	-------

Medical Loss Ratio	100.8%	116.7%	15.9%	13.6%
Admin Loss Ratio	10.2%	11.4%	1.2%	10.6%

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**CalOptima - Building 505 City Parkway
Statement of Revenues and Expenses
For the One Month Ended July 31, 2016**

	Month		
		\$	%
Actual	Budget	Variance	Variance
24,056	21,285	2,772	13.0%
24,056	21,285	2,772	13.0%
1,235	2,085	850	40.8%
36,665	22,405	(14,261)	(63.6%)
144,226	210,141	65,914	31.4%
16,000	14,300	(1,700)	(11.9%)
123,855	189,537	65,682	34.7%
65,105	0	(65,105)	0.0%
(365,830)	(352,100)	13,730	3.9%
21,256	86,368	65,112	75.4%
2,800	(65,083)	67,884	104.3%
=====	=====	=====	=====

Revenues

Rental income

Total Operating Revenue

Administrative Expenses

Professional fees

Purchase services

Depreciation & amortization

Insurance expense

Repair and maintenance

Other Operating Expense

Indirect allocation, Occupancy Expense

Total Administrative Expenses

Change in Net Assets

	Year - To - Date		
		\$	%
Actual	Budget	Variance	Variance
24,056	21,285	2,772	13.0%
24,056	21,285	2,772	13.0%
1,235	2,085	850	40.8%
36,665	22,405	(14,261)	(63.6%)
144,226	210,141	65,914	31.4%
16,000	14,300	(1,700)	(11.9%)
123,855	189,537	65,682	34.7%
65,105	0	(65,105)	0.0%
(365,830)	(352,100)	13,730	3.9%
21,256	86,368	65,112	75.4%
2,800	(65,083)	67,884	104.3%
=====	=====	=====	=====

OTHER STATEMENTS – JULY MONTH:

ONECARE INCOME STATEMENT

REVENUES of \$1.9 million are favorable to budget by \$0.5 million due to Part D experience

CHANGE IN NET ASSETS is \$0.2 million, \$0.2 million favorable to budget

PACE INCOME STATEMENT

- **Change in Net Assets** for the month is (\$117.3) thousand, which is operating favorable to budget by \$175.6 thousand

505 CITY PARKWAY BUILDING INCOME STATEMENT

- **Change in Net Assets** for the month is \$2.8 thousand which is favorable to budget \$67.9 thousand

**CalOptima
BALANCE SHEET
July 31, 2016**

ASSETS

Current Assets

Operating Cash	\$475,725,744
Catastrophic Reserves	11,633,210
Investments	1,134,227,219
Capitation receivable	234,516,162
Receivables - Other	20,291,900
Prepaid Expenses	11,935,241

Total Current Assets

1,888,329,476

Capital Assets Furniture and equipment

28,851,790

Leasehold improvements

11,762,557

505 City Parkway West

46,707,144

Less: accumulated depreciation

87,321,491

Capital assets, net

(32,262,681)

55,058,810

Other Assets Restricted deposit & Other

279,518

Board-designated assets

Cash and cash equivalents

3,104,519

Long term investments

472,836,571

Total Board-designated Assets

475,941,090

Total Other Assets

476,220,608

Deferred outflows of Resources - Pension contributions

3,787,544

Deferred outflows of Resources - Difference in Experience

1,215,473

TOTAL ASSETS & OUTFLOWS

2,424,611,911

LIABILITIES & FUND BALANCES

Current Liabilities

Accounts payable	\$14,887,899
Medical claims liability	613,681,231
Accrued payroll liabilities	8,867,872
Deferred revenue	673,243,791
Deferred revenue - CMS	0
Deferred lease obligations	267,070
Capitation and withholds	414,314,900

Total Current Liabilities

1,725,262,764

Other (than pensions) post

27,594,452

employment benefits liability

Net Pension Liabilities

8,158,985

Long Term Liabilities

150,000

TOTAL LIABILITIES

1,761,166,201

Deferred inflows of Resources - Excess Earnings

502,900

Deferred inflows of Resources - changes in Assumptions

1,651,640

Tangible net equity (TNE)

89,012,314

Funds in excess of TNE

572,278,856

Net Assets

661,291,170

TOTAL LIABILITIES, INFLOWS & FUND BALANCES

2,424,611,911

CalOptima
Board Designated Reserve and TNE Analysis
as of July 31, 2016

Type	Reserve Name	Market Value	Benchmark		Variance	
			Low	High	Mkt - Low	Mkt - High
	Tier 1 - Payden & Rygel	135,383,499				
	Tier 1 - Logan Circle	125,385,604				
	Tier 1 - Wells Capital	125,378,616				
Board-designated Reserve						
		386,147,719	286,467,328	447,387,174	99,680,391	(61,239,455)
TNE Requirement	Tier 2 - Logan Circle	89,793,371	89,012,314	89,012,314	781,057	781,057
Consolidated:		475,941,090	375,479,642	536,399,488	100,461,449	(60,458,398)
<i>Current reserve level</i>		<i>1.77</i>	<i>1.40</i>	<i>2.00</i>		

CalOptima
Statement of Cash Flows
July 31, 2016

	<u>Month Ended</u>	<u>Year-To-Date</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	1,723,991	1,723,991
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	410,832	410,832
Changes in assets and liabilities:		
Prepaid expenses and other	(5,150,994)	(5,150,994)
Catastrophic reserves		
Capitation receivable	231,942,945	231,942,945
Medical claims liability	14,986,373	14,986,373
Deferred revenue	82,541,150	82,541,150
Payable to providers	12,488,598	12,488,598
Accounts payable	6,508,702	6,508,702
Other accrued liabilities	1,477,871	1,477,871
Net cash provided by/(used in) operating activities	<u>346,929,468</u>	<u>346,929,468</u>
 GASB 68 CalPERS Adjustments	 -	 -
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(114,962,586)	(114,962,586)
Purchase of property and equipment	(474,077)	(474,077)
Change in Board designated reserves	(85,243)	(85,243)
Net cash provided by/(used in) investing activities	<u>(115,521,907)</u>	<u>(115,521,906)</u>
 NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	 231,407,562	 231,407,562
 CASH AND CASH EQUIVALENTS, beginning of period	 <u>\$255,951,393</u>	 <u>255,951,393</u>
 CASH AND CASH EQUIVALENTS, end of period	 <u>\$ 487,358,954</u>	 <u>\$ 487,358,954</u>

BALANCE SHEET:

ASSETS Increased \$119.7 million from June

- **Cash and Cash Equivalents** increased by \$231.2 million from June based upon timing of state checks received, month-end cut-off and cash funding requirements
- **Net Capitation Receivables** decreased \$230.6 million based upon receipt timing and receivables
- **Investments** increased \$115.0 million due to month-end cut-off and cash funding requirements

LIABILITIES increased \$118.0 million from June

- **Deferred Revenue** increased by \$82.5 million from June due to:
 - Payment differentials for Medi-Cal Expansion and aged and disabled members
- **Medical Claim Liability** increased by \$15.0 million from June based upon payment timing and actuarial estimates
- **Incentives and Risk Pool** increased \$18.1 million based upon timing of pool estimates, recalculations and payouts

NET ASSETS are \$661.3 million

CalOptima Foundation
Statement of Revenues and Expenses
For the One Month Ended July 31, 2016
Consolidated

Actual	Month			% Variance
	Budget	\$ Variance		
19,384	2,264	17,120		756.0%
32,050	0	32,050		100.0%
<hr/>				
51,434	2,264	49,169		2171.4%
<hr/>				
21,166	6,184	(14,982)		(242.3%)
10,793	2,985	(7,809)		(261.6%)
(3)	0	3		100.0%
90	10,000	9,910		99.1%
19,387	17,174	(2,213)		(12.9%)
0	232,065	232,065		100.0%
<hr/>				
51,434	268,408	216,974		80.8%
<hr/>				
0	0	0		0.0%
<hr/>				
0	(266,144)	(266,144)		100.0%
<hr/>				

Revenues

Income - Grant
In Kind Revenue - HITEC Grant

Total Operating Revenue

Operating Expenditures

Personnel
Taxes and Benefits
Travel
Supplies
Contractual
Other

Total Operating Expenditures

Investment Income

Program Income

Actual	Year - To - Date			% Variance
	Budget	\$ Variance		
19,384	2,264	17,120		756.0%
32,050	0	32,050		100.0%
<hr/>				
51,434	2,264	49,169		2171.4%
<hr/>				
21,166	6,184	(14,982)		(242.3%)
10,793	2,985	(7,809)		(261.6%)
(3)	0	3		100.0%
90	10,000	9,910		99.1%
19,387	17,174	(2,213)		(12.9%)
0	232,065	232,065		100.0%
<hr/>				
51,434	268,408	216,974		80.8%
<hr/>				
0	0	0		0.0%
<hr/>				
0	(266,144)	(266,144)		100.0%
<hr/>				

**CalOptima Foundation
Balance Sheet
July 31, 2016**

<u>ASSETS</u>		<u>LIABILITIES & NET ASSETS</u>	
Operating cash	2,870,525	Accounts payable-Current	29,386
Grants receivable	54,743	Deferred Revenue	0
Prepaid expenses	0	Payable to CalOptima	0
Total Current Assets	<u>2,925,269</u>	Grants-Foundation	1,037
		Total Current Liabilities	<u>30,423</u>
		Total Liabilities	30,423
		Net Assets	2,894,845
TOTAL ASSETS	<u><u>2,925,269</u></u>	TOTAL LIABILITIES & NET ASSETS	<u><u>2,925,269</u></u>

CALOPTIMA FOUNDATION

INCOME STATEMENT:

Revenues

- Revenues from Health Information Technology for Economics and Clinical Health (HITEC) and in-kind contributions from CalOptima
- The Foundation recognized \$51.4 thousand for July, 2016
 - HITEC Grant revenue totaled \$19.4 thousand, which leaves \$7.8 thousand remaining in HITEC Grant funding as of July 2016
 - CalOptima in-kind contribution totaled \$32.0 thousand
- Revenue budget variances attributed to:
 - Grant funding originally allocated July-September 2016 for original extension, later ONC extended it through October 2016
 - CalOptima in-kind revenue was not included in FY17 budget

Expenses

- \$51.4 thousand for grant related activities incurred in July, 2016
- Expense categories include staff services, travel and miscellaneous supplies
 - \$217.0 thousand favorable to budget
 - FY17 budget was based on remaining fund balance in Foundation total assets
 - Actual expenses were much lower than anticipated for CalOptima support activities

BALANCE SHEET:

Assets

- Cash of \$2.9 million remains from the FY14 \$3.0 million transfer from CalOptima for grants and programs in support of providers and community
- \$55.0 thousand current month grant receivable for ONC draw down of HITEC grant

Liabilities

- \$29.4 thousand current month provider payable for HITEC grant services

Budget Allocation Changes
Reporting changes for July 2016

Transfer Month	Line of Business	From	To	Amount	Expense Description	Fiscal Year
July	OneCare Connect	Office of Compliance - Professional Fees (Consultant for Annual CPE Audit & CMS Mock Audit)	Office of Compliance - Professional Fees - Consultant for DMHC Mock Audit	\$69,000	Re-purpose \$53,631 from Professional Fees (Consultant for Annual CPE Audit) and \$15,369 from Professional Fees (Consultant for CMS Mock Audit) to pay for consultant for DMHC Mock Audit	2017
July	COREC	REC - Other	REC - Comp Supply/Minor Equip	\$10,000	Re-allocate funds to cover costs for computer equipment upgrade which is approved ONC grant managers	2017
July	Medi-Cal	IS-Application Development - Software Maintenance - Corporate Software Maintenance	IS-Application Development - Software Maintenance - Human Resources Corporate Application Software Maintenance	\$63,810	Re-purpose funds within Software Maintenance (from Corporate Software Maintenance to Human Resources Corporate Application Software Maintenance) to pay for FY17 Ceridian Software Maintenance	2017
July	Medi-Cal	IS-Application Development - Software Maintenance - Corporate Software Maintenance	IS-Application Development - Software Maintenance - Human Resources Corporate Application Software Maintenance	\$15,010	Re-purpose funds within Software Maintenance (from Corporate Software Maintenance to Human Resources Corporate Application Software Maintenance) to pay for FY17 Talentova Learning Management System	2017
July	Medi-Cal	IS-Application Development - Software Maintenance - Corporate Software Maintenance	IS-Application Development - Software Maintenance - Human Resources Corporate Application Software Maintenance	\$23,900	Re-purpose funds within Software Maintenance (from Corporate Software Maintenance to Human Resources Corporate Application Software Maintenance) to pay for Silk Road	2017
July	Medi-Cal	Claims Administration - Purchased Services - Integration of Claim Editing Software	Claims Administration - Purchased Services - LTC Rate Adjustments	\$98,000	Re-purpose funds from within Purchased Services (Integration of Claim Editing Software) to pay for LTC Adjustments (TriZetto Robot Process)	2017
July	Medi-Cal	Human Resources - Advertising, Travel, Comp Supply/Minor Equip, Subscriptions, Courier/Delivery	Human Resources - Professional Fees (Salary & Compensation Research), Public Activities, Office Supplies, Food Service Supplies, Professional Dues, Training & Seminars, Cert./Cont. Education	\$84,491	Re-allocate HR FY17 Budget based on HR dept's past spending trends to better meet department's need	2017
July	Medi-Cal	IS-Infrastructure - Telephone - General Telecommunication and Network Connectivity	IS-Infrastructure - Purchased Services - Disaster Recovery Services	\$35,575	Re-allocate funds from Telephone (General Telecommunication and Network Connectivity) to Purchased Services to pay for Disaster Recovery Services	2017

This report summarizes budget transfers between general ledger classes that are greater than \$10,000 and less than \$100,000.
This is the result of Board Resolution No. 12-0301-01 which permits the CEO to make budget allocation changes within certain parameters.

Board of Directors' Finance and Audit Committee Meeting September 15, 2016

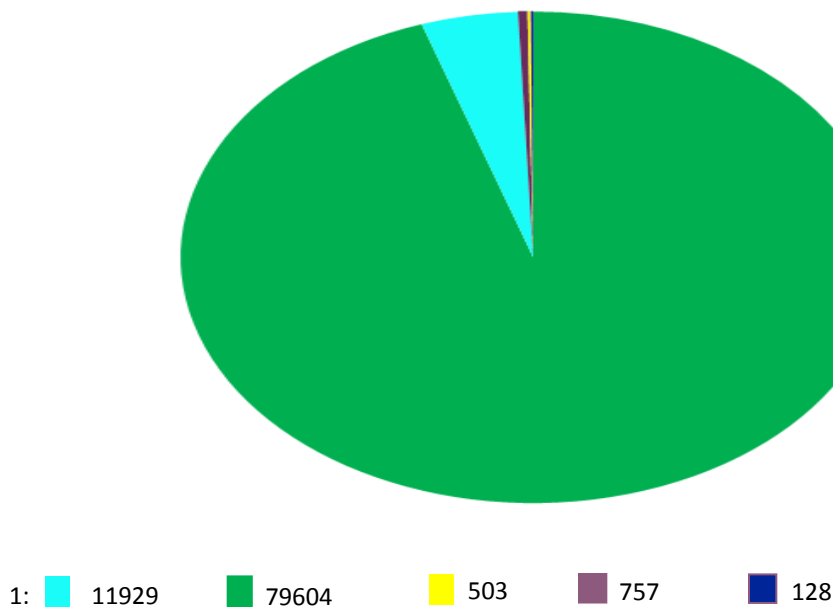
CalOptima Information Systems Security Update

Top External Attempts – Fourth Quarter Fiscal Year 2015 - 2016 Quarterly Executive Report

Background:

The following report shows the malicious activities that were prevented from accessing CalOptima's network. **None of the attempts were successful.** Also, it is important to note that these attempts are not specifically targeted at CalOptima, but rather are commonly triggered attempts against entire areas of the Internet. The results are typical of many organizations and are not considered out of the ordinary.

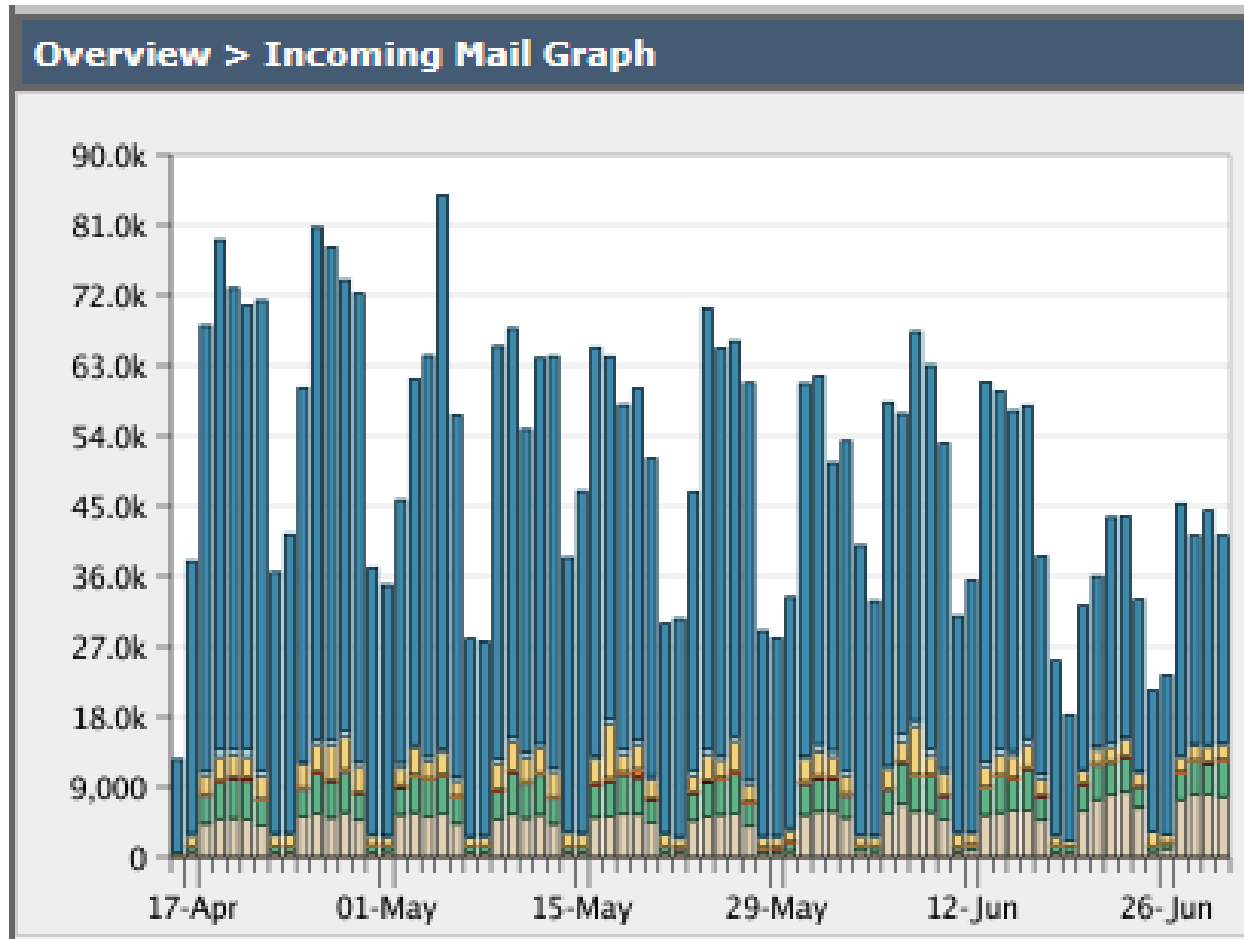
Top Attempts















1	<i>Web Server Coding Vulnerability:</i>	An attacker attempted to execute unauthorized commands on a web server.
2	<i>Suspicious DNS Lookup: "NOERROR"</i>	A compromised host on the Internet attempted to contact CalOptima's systems to use them to launch an attack on other hosts but was unsuccessful. This is usually a false positive.
3	<i>Suspicious DNS Lookup: "NXDOMAIN"</i>	A compromised host on the Internet attempted to contact CalOptima's systems to use them to launch an attack on other hosts but was unsuccessful.
4	<i>DNS Version Request:</i>	These are attempts to determine the version of a running program on the web server in order to compromise it with other malicious program(s).
5	<i>Cross Site Scripting:</i>	The attacker attempted to obtain sensitive information, such as credentials or session information from a web application, for example, online banking, by adding malicious code to the website.

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The following charts show the inbound email traffic through our IronPort appliances with the ultimate goal of delivering clean messages to the intended CalOptima email recipients. The majority of the messages that are stopped are from senders of poor reputation and spammers. Other protection that is applied protects CalOptima against malicious emails containing known viruses, malware and malicious URLs.



Overview > Incoming Mail Summary ✕		
Message Category	%	Messages
 Stopped by Reputation Filtering	79.8%	3.1M
 Stopped as Invalid Recipients	1.1%	41.0k
 Spam Detected	4.4%	170.3k
 Virus Detected	0.0%	46
 Detected by Advanced Malware Protection	0.0%	0
 Messages with Malicious URLs	0.2%	6,278
 Stopped by Content Filter	0.3%	11.9k
 Stopped by DMARC	0.0%	0
 S/MIME Verification/Decryption Failed	0.0%	0
Total Threat Messages:	85.6%	3.3M
 Marketing Messages	6.1%	232.5k
 S/MIME Verification/Decryption Successful	0.0%	0
 Clean Messages	8.3%	317.9k
Total Attempted Messages:		3.8M



CalOptima
Better. Together.

Cost Containment Improvements/Initiatives

**Board of Directors' Finance & Audit Committee Meeting
September 15 , 2016**

**Chet Uma, Chief Financial Officer
Ken Wong, Director, Budget and Procurement**

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Resources Committee - Labor

Report of Open Position/Temporary - July 2016

Line of Business	July		YTD Open Position (\$)	Temporary Help		Variance
	FTE's	Dollars		Actual	Budget	
MC	56.50	\$ 574,351	\$ 574,351	\$ 113,581	\$ 71,137	\$ (42,444)
EX		\$ -	\$ -	\$ -	\$ -	\$ -
OC	1.00	\$ 5,942	\$ 5,942	\$ -	\$ -	\$ -
OCC	17.00	\$ 145,843	\$ 145,843	\$ -	\$ 23,608	\$ 23,608
PACE	17.00	\$ 126,437	\$ 126,437	\$ 42,392	\$ 44,716	\$ 2,323
MSSP		\$ -	\$ -	\$ 1,568	\$ 2,083	\$ 515
Total	91.50	\$ 852,573	\$ 852,573	\$ 157,541	\$ 141,544	\$ (15,997)

Notes:

- Dollars include Employee Benefits.
- FTE's and Dollars include Medical and Administrative Positions.

Resources Committee – Non-Labor

Professional Fees

LOB	July MTD		Variance		YTD		Variance		FY 2017
	Actual	Budget	\$	%	Actual	Budget	\$	%	
MC	\$ 187,715	\$ 333,184	\$ 145,469	44%	\$ 187,715	\$ 333,184	\$ 145,469	44%	\$ 4,061,348
OC	\$ 22,000	\$ 13,333	\$ (8,667)	-65%	\$ 22,000	\$ 13,333	\$ (8,667)	-65%	\$ 160,000
OCC	\$ 103,950	\$ 49,596	\$ (54,354)	-110%	\$ 103,950	\$ 49,596	\$ (54,354)	-110%	\$ 595,146
PACE	\$ 4,938	\$ 3,333	\$ (1,605)	-48%	\$ 4,938	\$ 3,333	\$ (1,605)	-48%	\$ 40,000
MSSP	\$ 710	\$ 833	\$ 124	15%	\$ 710	\$ 833	\$ 124	15%	\$ 10,000
Total	\$ 319,313	\$ 400,280	\$ 80,967	20%	\$ 319,313	\$ 400,280	\$ 80,967	20%	\$ 4,866,494

Purchased Services

LOB	July MTD		Variance		YTD		Variance		FY 2017
	Actual	Budget	\$	%	Actual	Budget	\$	%	
MC	\$ 922,987	\$ 1,090,597	\$ 167,610	15%	\$ 922,987	\$ 1,090,597	\$ 167,610	15%	\$ 13,154,584
OC	\$ (4,238)	\$ 33,277	\$ 37,516	113%	\$ (4,238)	\$ 33,277	\$ 37,516	113%	\$ 437,330
OCC	\$ 79,234	\$ 310,750	\$ 231,515	75%	\$ 79,234	\$ 310,750	\$ 231,515	75%	\$ 2,853,447
PACE	\$ 150	\$ 1,250	\$ 1,100	88%	\$ 150	\$ 1,250	\$ 1,100	88%	\$ 15,435
MSSP	\$ -	\$ 417	\$ 417	100%	\$ -	\$ 417	\$ 417	100%	\$ 5,000
Total	\$ 998,134	\$ 1,436,291	\$ 438,157	31%	\$ 998,134	\$ 1,436,291	\$ 438,157	31%	\$ 16,465,796

Resources Committee – Non-Labor (Cont'd)

Printing and Postage

LOB	July MTD		Variance		YTD		Variance		FY 2017 Budget
	Actual	Budget	\$	%	Actual	Budget	\$	%	
MC	\$ 111,975	\$ 351,081	\$ 239,106	68%	\$ 111,975	\$ 351,081	\$ 239,106	68%	\$ 4,144,564
OC	\$ 3,038	\$ 15,579	\$ 12,541	80%	\$ 3,038	\$ 15,579	\$ 12,541	80%	\$ 164,953
OCC	\$ 15,724	\$ 150,225	\$ 134,501	90%	\$ 15,724	\$ 150,225	\$ 134,501	90%	\$ 1,812,549
PACE	\$ 222	\$ 1,720	\$ 1,498	87%	\$ 222	\$ 1,720	\$ 1,498	87%	\$ 20,738
MSSP	\$ -	\$ 333	\$ 333	100%	\$ -	\$ 333	\$ 333	100%	\$ 4,000
Total	\$ 130,959	\$ 518,939	\$ 387,980	75%	\$ 130,959	\$ 518,939	\$ 387,980	75%	\$ 6,146,804

Other Operating Expenses

LOB	July MTD		Variance		YTD		Variance		FY 2017 Budget
	Actual	Budget	\$	%	Actual	Budget	\$	%	
MC	\$ 866,200	\$ 1,406,631	\$ 540,431	38%	\$ 866,200	\$ 1,406,631	\$ 540,431	38%	\$ 15,760,203
OC	\$ 714	\$ 731	\$ 17	2%	\$ 714	\$ 731	\$ 17	2%	\$ 8,773
OCC	\$ 2,587	\$ 523,395	\$ 520,808	100%	\$ 2,587	\$ 523,395	\$ 520,808	100%	\$ 770,290
PACE	\$ 36,650	\$ 37,656	\$ 1,006	3%	\$ 36,650	\$ 37,656	\$ 1,006	3%	\$ 451,872
MSSP	\$ 9,194	\$ 8,288	\$ (906)	-11%	\$ 9,194	\$ 8,288	\$ (906)	-11%	\$ 99,456
Total	\$ 915,344	\$ 1,976,701	\$ 1,061,357	54%	\$ 915,344	\$ 1,976,701	\$ 1,061,357	54%	\$ 17,090,594

Contingency Contract Report

CalOptima Active Contingency Contracts			Q4 FY16		invoiced and paid as of 8/25/2016								
Quarterly & Annual Medical Cost Savings or Additional Revenue and Fees Paid													
	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16					
	Total	Total	Total	Total	Total	Total	Total	Qtr 1 *	Qtr 2	Qtr 3 *	Qtr 4 ***	Total	
MEDICAL COST													
HMS - Coordination of Benefits i.e. ensure Medi-Cal is the payor of last resort - (expires 5/14/17)													
Savings	\$ 1,189,393	\$ 2,811,751	\$ 1,937,748	\$ 2,565,125	\$ 2,346,048	\$ 1,444,807	\$ 3,336,995	\$ 1,295,027	\$ 634,428	\$ 1,267,954	\$ 757,156	\$ 3,954,564	
Fee	297,348	702,938	484,359	641,281	586,762	\$ 361,202	\$ 794,557	297,856	145,918	\$ 291,629	\$ 174,146	\$ 909,550	
Net Savings	892,045	2,108,813	1,453,389	1,923,843	1,759,286	1,083,605	2,542,438	997,171	488,509	976,324	583,010	3,045,014	
Verisk (HCI) - Claims review for appropriate billing - (expires 12/31/16)													
Savings	164,913	2,397,831	3,385,560	2,517,497	2,817,113	\$ 2,647,841	\$ 3,562,859	\$ 782,907	839,106	907,052	347,321	\$ 2,876,386	
Fee	37,165	483,209	691,554	559,136	595,632	\$ 727,333	\$ 1,371,137	153,389	145,029	161,189	82,725	\$ 542,332	
Net Savings	127,748	1,914,622	2,694,006	1,958,361	2,221,482	1,920,508	2,191,722	629,518	694,078	745,863	264,596	2,334,054	
Verisk (HCI)/ TAG - Facility claims forensic review **													
Savings		-	900,976	1,362,980	3,516,297	\$ 3,727,308	\$ 16,538,781	\$ 1,877,049	1,296,711	452,182	100,533	\$ 3,726,475	
Fee		-	270,293	408,904	1,054,889	\$ 1,118,193	\$ 2,008,000	237,123	388,860	135,655	30,160	\$ 791,798	
Net Savings	-	-	630,683	954,076	2,461,408	2,609,114	14,530,781	1,639,925	907,852	316,527	70,373	2,934,678	
TOTAL													
Savings	1,354,306	5,209,582	6,238,068	6,767,087	8,758,803	\$ 7,853,309	\$ 23,438,635	3,954,983	2,770,245	2,627,187	1,205,010	\$ 10,557,425	
Fee	334,514	1,186,146	1,449,652	1,679,749	2,253,713	\$ 2,211,134	\$ 4,173,694	688,369	679,806	588,472	287,031	\$ 2,243,679	
Net Savings	\$ 1,019,792	\$ 4,023,436	\$ 4,788,416	\$ 5,087,338	\$ 6,505,090	5,642,175	19,264,941	\$ 3,266,614	\$ 2,090,439	\$ 2,038,715	\$ 917,979	8,313,746	
REVENUE													
Human Arc - SSI Outreach & Aid Code Conversion - (expires 12/31/16)													
Capitation Revenue				\$1,723,235	\$4,526,183	\$ 5,231,987	\$ 6,539,353	\$1,808,981	1,902,098	\$1,993,206	\$ 2,077,860	\$ 7,782,145	
Fee				501,700	\$345,100	\$ 285,650	\$ 232,092	\$67,954	93,992	\$67,738	\$ 71,872.00	\$ 301,556	
Total Net Revenue	-	-	-	\$1,221,535	\$4,181,083	4,946,337	6,307,261	\$ 1,741,027	\$ 1,808,106	\$ 1,925,468	\$ 2,005,988	7,480,589	
Note:													
*Previously outstanding data for HMS for September 2015 and January - March 2016 has been added													
**Verisk (HCI) is completing Forensic Reviews as of 1/1/2015													
*** April and May 2016 Verisk data are outstanding due to invoicing issues at Verisk													

Board of Directors' Finance and Audit Committee Meeting September 15, 2016

Shared Risk Pool Performance Update

Medi-Cal: As of June 30, 2016, Medi-Cal has total seven (7) Shared Risk Groups (SRGs).

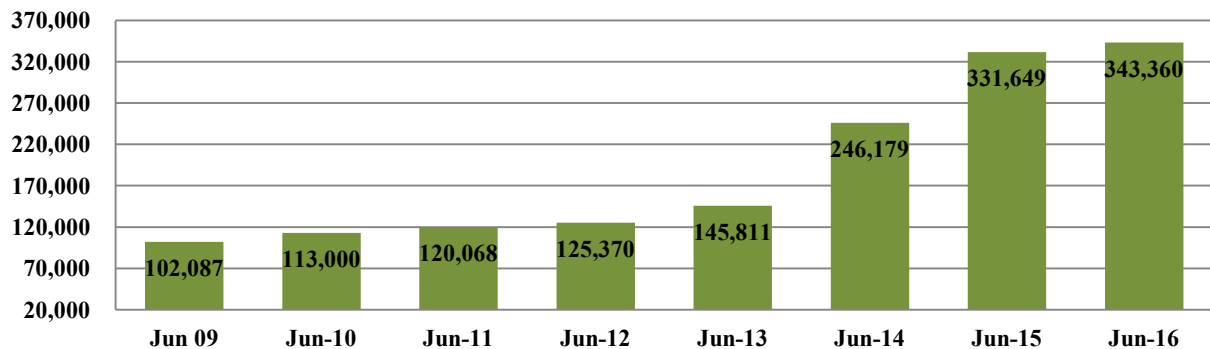
Effective Dates:

- Prospect - May 2007
- Monarch, Arta, and UCMG – July 2008
- Noble and Talbert – January 2008
- AltaMed – March 2014

Enrollment

- SRGs are serving approximately 343,000 members. This represents about 44% of CalOptima's Medi-Cal enrollment.

**Medi-Cal Shared Risk Groups (SRG)
Enrollment**



Pool Performance

Period	Gross Deficit	Gross Surplus	CalOptima Share (40%)	Group Share (60%)	Number of SRGs		
					Total	In Deficit	In Surplus
2007	\$(729,095)	\$ -	\$(573,542)	\$(155,553)	1	1	0
2008	(534,826)	618,829	247,532	(163,529)	3	1	2
2009	(6,786,764)	623,088	(2,465,470)	(3,698,206)	6	3	3
2010	(5,890,543)	1,636,861	(1,701,473)	(2,552,209)	6	4	2
2011	(5,127,172)	5,042,040	(34,053)	(51,079)	6	3	3
2012	(1,688,610)	7,574,810	2,354,480	3,531,720	6	3	3
One-Time Revenue	-	17,233,958	12,917,452	4,316,506	6	3	3
2013	(1,568,113)	10,019,190	3,380,430	5,070,646	6	1	5
2014	-	56,437,281	22,574,913	33,862,369	7	0	7
2015*	-	81,267,678	32,507,071	48,760,607	7	0	7
2016Q4*	-	82,899,128	33,159,651	49,739,477	7	0	7
	\$ (22,325,123)	\$263,352,863	\$102,366,992	\$138,660,750			

*Note: FY 2015 and FY 2016 Pool Performance was presented at 85% MLR level for MCE members. If IBNR is calculated based on Actual Paid Claims experience:

- FY2015 surplus on MCE only = \$326,823,500, CalOptima Shared (40%) = \$130,729,400, and Group Shared (60%) = \$196,094,100
- FY2016-Q4 surplus on MCE only = \$364,440, CalOptima Shared (40%) = \$145,753,388, and Group Shared (60%) = \$218,630,082

OneCare: As of June 30, 2016, OneCare has eight (8) Participating Medical Groups (PMGs). MCMF IPA, GNPs' (four PMGs) and MCMF's contracts were terminated on October 31, 2014.

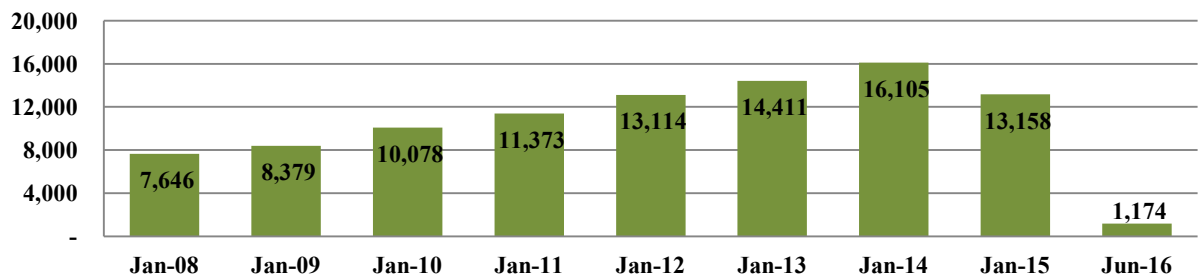
Effective Dates:

- AMVI/Prospect - October 2005
- Talbert, Monarch – October 2005
- MCMF IPA, GNP (four PMGs) - Term
- Noble – December 2012
- Family Choice – October 2005
- Memorial Care (MCMF) – Term
- AltaMed – August 2008
- Arta, UCMG – January 2013

Enrollment

- The overall enrollment decrease is due to members moved from OneCare to OneCare Connect program in January 2016.

**OneCare Shared Risk Groups (PMG)
Enrollment**



Pool Performance

CY	Gross Deficit	Gross Surplus	CalOptima Share (50%)	Group Share (50%)	Total	In Deficit	In Surplus
2005	\$(14,221)	\$163,580	\$67,920	\$81,435	4	1	3
2006	-	15,004,268	7,502,134	7,502,134	5	0	5
2007	(21,936)	3,759,945	1,859,817	1,878,193	8	2	6
2008	(491,522)	3,919,765	1,591,331	1,836,913	8	2	6
2009	(313,648)	5,643,332	2,525,933	2,803,751	9	2	7
2010	(566,705)	4,767,002	1,891,456	2,308,841	8	3	5
2011	-	9,406,281	4,703,141	4,703,141	8	0	8
2012	(433,732)	7,325,076	3,305,088	3,586,257	11	2	9
2013	(1,949,544)	11,124,918	4,015,560	5,159,814	13	2	11
2014	(3,450,630)	10,069,868	2,006,321	4,612,916	13	3	10
2015	(3,445,275)	6,701,823	267,596	2,988,952	8	2	6
2016Q2	(13,378)	207,863	96,690	97,796	8	2	6
	\$ (10,700,591)	\$78,093,721	\$29,832,987	\$37,560,141			

Group shared deficit limited to \$5.00 PMPM

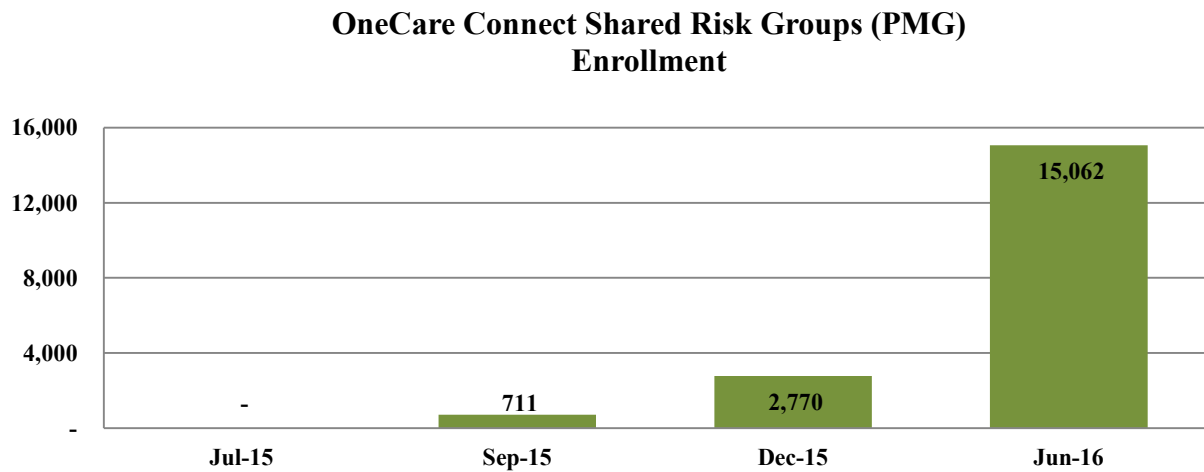
OneCare Connect: OneCare Connect currently has total seven (8) Shared Risk Groups (SRGs).

Effective Dates:

- Monarch – July 2015
- Prospect – July 2015
- Noble – July 2015
- UCMG – July 2015
- AltaMed – July 2015
- Talbert – January 2016
- Arta Western – January 2016
- FCMG – January 2016

Enrollment

- Approximately 15,000 members are enrolled as of June 30, 2016.



Pool Performance

CY	Gross Deficit	Gross Surplus	CalOptima Share (50%)	Group Share (50%)	Total	In Deficit	In Surplus
2015	-	35,163	17,582	17,582	5	0	5
2016Q2	(5,097)	766,425	380,664	380,664	8	1	7
	\$ (5,097)	\$801,588	\$398,245	\$398,245			

Group shared deficit limited to \$5.00 PMPM

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Quarterly Reinsurance Report

Summary of Reinsurance Payments Made by CalOptima to Contracted Medi-Cal Providers for Policy Years (PY) 2015 and 2016

Reinsurance is an after-the-fact payment mechanism CalOptima provides that is intended to mitigate the financial impact of catastrophic claims on participating providers. CalOptima's policy allows participating providers through December 31st following the policy year end (i.e., June 30) to submit reinsurance claims. CalOptima issues payment to providers within forty-five (45) business days after the quarter's end.

The figures reported below reflect the estimated results for PY 2015 and PY 2016 as of June 30, 2016.

	PY 2015	PY 2016
Total Budgeted Reinsurance Costs	\$ 4,582,097	\$ 4,680,964
Amount paid through June 30, 2016	\$ 5,137,176	\$ 758,468
Remaining Budget Amount by PY	\$ (555,079)	\$ 3,922,496
Total Accrued Liability as of June 30, 2016	\$ 293,500	\$ 4,591,300
Under/(Over) Budget	\$ (848,579)	\$ (668,804)

Future claims for PY 2015 are estimated at \$290,000. Claims for PY 2016 will be accepted through December 31, 2016, with future payments estimated at \$4.6 million.

PY 2015 and PY 2016 thresholds remain at \$13,000 Professional and \$100,000 Hospital.

Policy Years:

PY 2015 = Fiscal Year 2015 (July 1, 2014, through June 30, 2015)

PY 2016 = Fiscal Year 2016 (July 1, 2015, through June 30, 2016)



Board of Directors' Finance and Audit Committee Meeting September 15, 2016

Quarterly Health Network Financial Update

On a quarterly basis, CalOptima reviews the unaudited financial statements of the capitated hospitals and physician groups in the health network. After internal review, CalOptima financial staff makes a determination as to whether the capitated entity has the ability to assume the risk of a capitated contract.

With the exception of one entity whose quarter-end financial statements ended as of January 31, 2016, all other Health Network entities were required to submit their unaudited financial statements for the period ending March 31, 2016.

Results of the March 31, 2016 Financial Review

	Physician Groups	Hospitals	HMOs
Total	11	4	2
Passed Review	11	4	2
Failed Review	0	0	0
On Notice	0	0	0
On-Site Review	0	0	0
Did Not Submit Statements	0	0	0

Note 1: Physician Groups and Hospitals must pass the following tests:

- a) Current Ratio - must be ≥ 1.0
- b) Tangible Net Equity - must be ≥ 1.0
- c) Cash to Claims Ratio - must be ≥ 0.75

Note 2: HMOs must pass the following test:

- a) Tangible Net Equity - Greater of \$1M, % of premium revenues, or % of healthcare expenses

Note 3: Financial Security Reserves:

- a) Medi-Cal Current Balance = \$18.0M
- b) OneCare and OneCare Connect requirements are effective June 30, 2016



CalOptima
Better. Together.

Purchasing Report

**Board of Director's Finance and Audit Committee Meeting
September 15, 2016**

Chet Uma, Chief Financial Officer

Ken Wong, Director, Budget and Procurement

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Quarterly Purchasing Reports Commitments

Quarterly Purchasing Report
April 1, 2016 through June 30, 2016
Completed Major Commitments over \$100,000

<i>Nature of Services</i>	<i>FY16 Q4 Budgeted Current Year</i>	<i>Purchase or Contract Highlights</i>	<i>Bidding Outcome</i>	<i>Previous Vendor</i>	<i>Contract Amount</i>	<i>Spent Year 2016</i>	<i>Remaining Amount on Contract</i>	<i>Expires</i>
Member Mail and Fulfillment	\$100,050	Dome Printing	Renewal	Dome Printing	\$ 100,050	46,161	53,889	7/16/2018
Interpreting for Members	\$122,500	Pacific Interpreters	Renewal	Pacific Interpreters	\$ 122,500	62,176	60,324	12/7/2017
New Water Softener for PACE	\$125,345	Muir-Chase Plumbing	One bidder	New	\$ 125,345	-	125,345	5/31/2016
After Hours Phone Services	\$133,582	Ansafone Communications	3 bids received	Ansaphone	\$ 133,583	61,781	71,802	8/31/2016
Gatner Subscription	\$140,528	County of Ventura Info Tech Svc Dept	Sole Source	County of Venura	\$ 140,527	-	140,527	4/30/2017
Support Services	\$181,999	Microsoft Services	Sole Source	Microsoft	\$ 181,999	-	181,999	4/21/2017
HP Server expansion	\$219,702	Nth Generation Computing Inc	3 bids received	New	\$ 219,701	-	219,701	4/10/2017
Fraud Waste and Abuse Software	\$250,000	Verisk Health Inc	Renewal	Verisk Health Inc	\$ 250,000	-	250,000	12/31/2016
Licenses for Reimbursement Payment system	\$255,539	Burgess Group	Renewal	Burgess Group	\$ 255,538	-	255,538	12/31/2016
Desktop and Laptop replacement	\$293,762	Dell Computers	Sole Source	Dell	\$ 293,761	-	293,761	5/19/2016

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Quarterly Purchasing Reports Commitments

<i>Nature of Services</i>	<i>FY16 Q4 Budgeted Current Year</i>	<i>Purchase or Contract Highlights</i>	<i>Bidding Outcome</i>	<i>Previous Vendor</i>	<i>Contract Amount</i>	<i>Spent Year 2016</i>	<i>Remaining Amount on Contract</i>	<i>Expires</i>
CMS Mock Audit	\$316,440	Compliance Strategies	2 bids received	New	\$ 316,440	-	316,440	12/31/2016
Server Load Balancing Project	\$408,965	FusionStorm	2 bids received	New	\$ 408,965	-	408,965	9/30/2016
Member Health Appraisal System	\$431,750	Johnson & Johnson Health and Wellness Solutions, Inc.	Renewal	Johnson & Johnson Health	\$ 431,750	-	431,750	6/30/2017
Microsoft Volume Licensing Agreement	\$451,732	CompuCom Systems Inc	Renewal	CompuCom Systems Inc	\$ 451,731	-	451,731	12/31/2017
PACE Lease	\$486,316	Young S Kim & Soon Y Kim	FY17 payments	Renewal	\$ 486,316	-	486,316	4/26/2021
HP Server Maintenance	\$489,588	Nth Generation Computing Inc	Renewal	Nth Generation	\$ 489,587	-	489,587	6/30/2017
SaaS License Member Web Portal (Software as a Service)	\$500,000	Unlimited Innovations Inc	Renewal	Unlimited Innovations Inc	\$ 500,000	-	500,000	9/30/2016
Investment Management Services	\$500,000	Payden & Rygel	10 bids received	New	\$ 500,000	-	500,000	9/30/2016
Software License for Diagnosis	\$582,337	MCG Health LLC	Renewal	MCG Health LLC	\$ 582,337	-	582,337	3/31/2019
Coordination of Benefits and Overpayment Services	\$825,000	Health Management Systems Inc	Renewal	Health Management	\$ 825,000	-	825,000	5/14/2017

Quarterly Purchasing Report – In Process

Quarterly Purchasing Report
April 1, 2016 through June 30, 2016
Major Commitments Greater than \$100,000 in Process

<i>Nature of Services</i>	<i>Procurement Status</i>
<u>After Hours Answering Services</u> 14-008	RFP issued 3/19/2014 One proposal received Staff is negotiating contract terms
<u>Contracting Contract Management System</u> 16-039	RFP issued 11/2/15 Two proposals received Staff is negotiating contract terms
<u>Temporary Employment and Recruiting services</u> 16-049	RFP issued 1/20/16 19 proposals received Staff is negotiating contract terms
<u>PACE Meal Services</u> 16-044	RFP issued 4/26/2016 One proposal received Staff is negotiating contract terms
<u>Boardroom Sound Equipment</u> 16-045	RFP issued 6/7/16 Staff is awaiting proposals
<u>PACE Transportation</u> 16-052	RFP issued 4/28/16 One proposal received Staff is conducting vendor interview
<u>HP Services Partner</u> 16-068	RFP issued 5/9/2016/8/16 One proposal received Staff is negotiating contract terms
<u>Internal Auditor</u> 16-074	RFP issued 4/8/16 Four proposals received Staff is negotiating contract terms
<u>Behavioral Health Providers</u> 16-088	RFP issued 6/1/16 Staff is awaiting proposals
<u>OCC Fitness benefit</u> 16-091	RFP issued 6/15/16 Staff is awaiting proposals

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