



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

**THURSDAY, NOVEMBER 17, 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. Approve Minutes of the September 15, 2016 Regular Meeting of the CalOptima Board of Directors' Finance and Audit Committee
 - b. Receive and File Minutes of the July 25, 2016 Meeting of the CalOptima Board of Directors' Investment Advisory Committee

REPORTS

3. [Consider Recommending Board of Directors' Approval of Medi-Cal Quality Improvement and Accreditation Activities During CalOptima Fiscal Year 2016-17, Including Contracts and Contract Amendments with Consultant\(s\), Member and Provider Incentives, and Expenditures of Unbudgeted Funds of up to \\$1.1 Million](#)
4. [Recommend Board of Directors' Approval of Extension of the Current Annual Investment Policy for Calendar Year 2017](#)
5. [Consider Options Related to CalOptima's Development Rights at the 505 City Parkway Site; Authorize Vendor Contract\(s\) and Funding to Develop a Site Plan](#)
6. [Recommend Authorizing Proposed Budget Allocation Changes in the CalOptima Fiscal Year 2016-17 Operating Budget](#)

INFORMATION ITEMS

7. [September 2016 Financial Summary](#)
8. [CalOptima Computer Systems Security Update](#)
9. [Cost Containment Improvements/Initiatives](#)
 - a. Resources Committee
 - b. Contingency Contract Report

10. 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

CLOSED SESSION

CS 1 Pursuant to Government Code § 54956.8, Conference with Real Property Negotiators
Property: 1 City Boulevard West, Orange, CA 92868
Agency Negotiators: Chet Uma and Glen Allen, Newport Real Estate Services, Inc.
Negotiating Parties: CalOptima and Greenlaw Partners

ADJOURNMENT

NEXT REGULAR MEETING: Thursday, February 16, 2017 at 2:00 p.m.

**Board of Directors' Finance and Audit Committee Meeting
November 17, 2016**

**Quarterly Treasurer's Report
July 1, 2016, through September 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 July 1, 2016, through September 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 September 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	\$580,640,341	\$551,157,125	\$550,927,157	\$1,682,724,623
Board Designated Reserves				
Tier 1	\$135,408,667	\$125,473,000	\$125,410,994	\$386,292,661
Tier 2	--	\$89,771,559	--	\$89,771,559
Total	\$716,049,008	\$766,401,684	\$676,338,151	\$2,158,788,843

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 September 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	\$135,408,667				
Tier 1 - Logan Circle	\$125,473,000				
Tier 1 - Wells Capital	\$125,410,994				
	\$386,292,661	\$284,976,271	\$446,187,081	\$101,316,390	(\$59,894,420)

B) CalOptima's Regulatory Compliance Requirements

Reserve Name	Market Value	Regulatory Compliance Requirements		Variance	
		TNE	TNE	TNE	TNE
Tier 2 - Logan Circle	\$89,771,559	\$91,182,287	\$91,182,287	(\$1,410,728)	(\$1,410,728)
Consolidated:	\$476,064,220	\$376,158,558	\$537,369,368	\$99,905,662	(\$61,305,148)
<i>Compliance Level</i>	<i>1.77</i>	<i>1.40</i>	<i>2.00</i>	<i>-</i>	<i>-</i>

CalOptima continues to meet the minimum level of Board-designated reserve funds with a surplus of \$99,905,662 for the first quarter of Fiscal Year (FY) 2016-17.

Update on Fund Transfers

Pursuant to CalOptima Policy GA.3001: Board-designated Reserve Funds, CalOptima will monitor liquidity requirements for the next twelve (12) months, and will transfer funds from Short-Term Operating to Board-designated reserves, if necessary. At the October 24, 2016, meeting, Staff notified the Investment Advisory Committee members and CalOptima's investment managers of a transfer of \$50 million from the Short-Term Operating Fund to Tier 1 accounts, and a transfer of \$2 million to the Tier 2 account. The transfers were successfully completed on November 4, 2016. After the transfers, CalOptima's Board-designated Reserve Compliance Level increased from 1.77 to 1.96.

Attachment

Quarterly Investment Report – July 1, 2016, through September 30, 2016

FUND EVALUATION REPORT

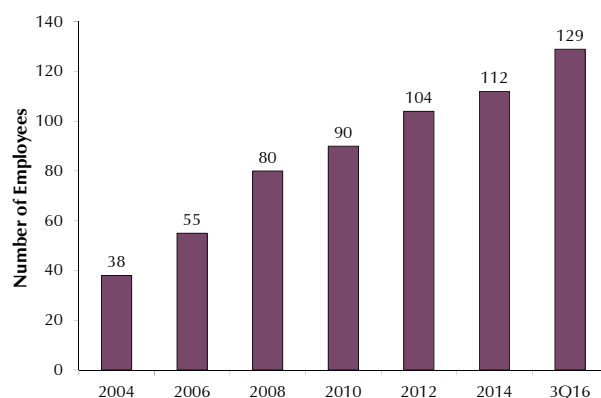
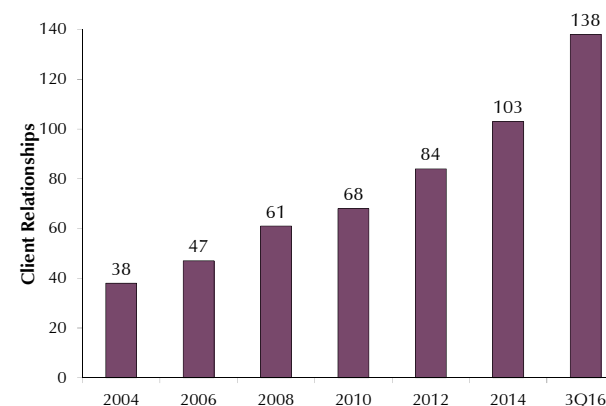
CalOptima Quarterly Review September 30, 2016



1. **Corporate Update**
2. **3Q16 Review**
3. **Quarterly Investment Report Supplement**
4. **Custom Peer Group**
5. **Performance Attribution**
6. **Holdings**
7. **Disclaimer, Glossary, and Notes**

Meketa Investment Group Corporate Update

- Staff of 129, including 81 investment professionals and 26 CFA Charterholders
- 138 clients, with over 235 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 \$870 billion
 - Over \$50 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

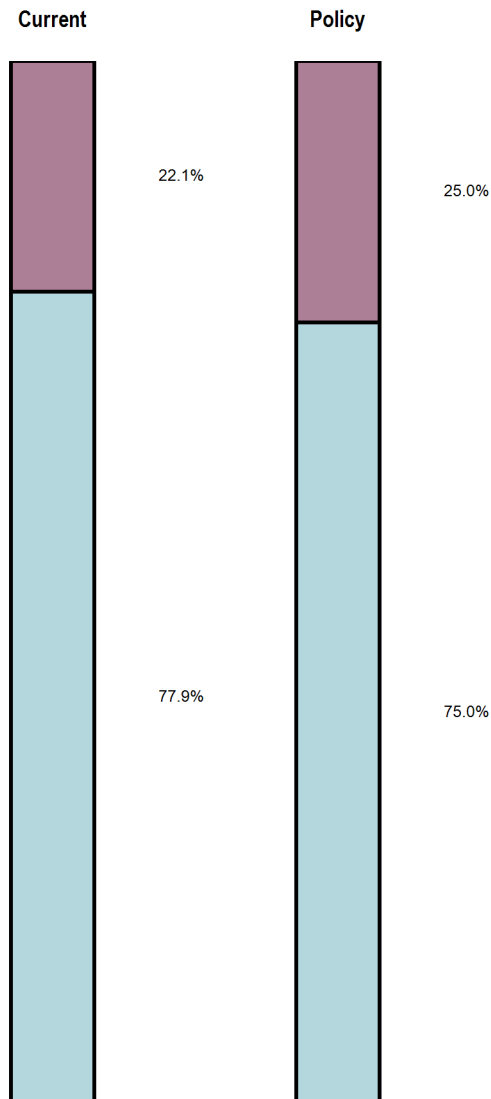


Asset Classes Followed Intensively by Meketa Investment Group

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

3Q16 Review

As of September 30, 2016



Allocation vs. Targets and Policy

	Current Balance	Current Allocation
Fixed Income	\$476,064,220	22%
Cash	\$1,682,724,623	78%
Total	\$2,158,788,843	100%

Asset Allocation History
5 Years Ending September 30, 2016



As of September 30, 2016

Asset Class Performance Summary

	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Fund(Gross)	2,158,788,843	100.000	0.144	0.861	0.808	--	--	--	0.678	Oct-14
Total Fund(Net)			0.105	0.774	0.702	--	--	--	0.588	
Fixed Income(Gross)	476,064,220	22.052	0.043	1.618	1.401	--	--	--	1.364	Oct-14
Fixed Income(Net)			0.031	1.538	1.299	--	--	--	1.316	
<i>BofA Merrill Lynch US Treasuries 1-3 Yrs</i>			-0.107	1.326	0.884	0.847	0.692	2.251	1.021	<i>Oct-14</i>
Cash(Gross)	1,682,724,623	77.948	0.176	0.500	0.501	0.280	0.214	0.976	2.008	Jul-99
Cash(Net)			0.129	0.513	0.498	0.209	0.118	--	--	
<i>Citi 3mth Treasury Bill</i>			0.070	0.188	0.201	0.086	0.075	0.844	1.811	<i>Jul-99</i>

As of September 30, 2016

Trailing Period Performance

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Fund(Gross)	2,158,788,843	100.000	--	0.144	0.861	0.808	--	--	--	0.678	Oct-14
Fixed Income(Gross)	476,064,220	22.052	22.052	0.043	1.618	1.401	--	--	--	1.364	Oct-14
<i>BofA Merrill Lynch US Treasuries 1-3 Yrs</i>				-0.107	1.326	0.884	0.847	0.692	2.251	1.021	Oct-14
Tier One: Payden Low Duration(Gross)	135,408,667	6.272	28.443	0.022	1.323	1.157	1.024	0.957	2.505	3.175	Jul-99
Tier One: Payden Low Duration(Net)				0.003	1.267	1.083	0.928	0.846	--	--	
<i>BofA Merrill Lynch US Treasuries 1-3 Yrs</i>				-0.107	1.326	0.884	0.847	0.692	2.251	3.107	Jul-99
<i>BofA Merrill Lynch US Corp & Gov 1-3 Yrs</i>				0.027	1.678	1.320	1.107	1.108	2.595	3.439	Jul-99
Tier One: Logan Circle STAMP 1-3 Year(Gross)	125,473,000	5.812	26.356	0.101	--	--	--	--	--	0.603	Jun-16
Tier One: Logan Circle STAMP 1-3 Year(Net)				0.077	--	--	--	--	--	0.571	
<i>BofA Merrill Lynch US Treasuries 1-3 Yrs</i>				-0.107	1.326	0.884	0.847	0.692	2.251	0.491	Jun-16
<i>BofA Merrill Lynch US Corp & Gov 1-3 Yrs</i>				0.027	1.678	1.320	1.107	1.108	2.595	0.620	Jun-16
Tier One: Wells Capital Reserve Account(Gross)	125,410,994	5.809	26.343	0.015	--	--	--	--	--	0.567	Jun-16
Tier One: Wells Capital Reserve Account(Net)				-0.003	--	--	--	--	--	0.543	
<i>BofA Merrill Lynch US Treasuries 1-3 Yrs</i>				-0.107	1.326	0.884	0.847	0.692	2.251	0.491	Jun-16
<i>BofA Merrill Lynch US Corp & Gov 1-3 Yrs</i>				0.027	1.678	1.320	1.107	1.108	2.595	0.620	Jun-16
Tier Two: Logan Circle STAMP 1-5 Year(Gross)	89,771,559	4.158	18.857	0.035	2.663	2.222	1.973	--	--	1.577	Apr-13
Tier Two: Logan Circle STAMP 1-5 Year(Net)				-0.007	2.535	2.052	1.804	--	--	1.408	
<i>BofA Merrill Lynch US Treasuries 1-5 Yrs</i>				-0.186	2.202	1.522	1.433	1.107	2.966	1.160	Apr-13
<i>BofA Merrill Lynch US Corp & Gov 1-5 Yrs</i>				0.050	2.661	2.103	1.785	1.686	3.294	1.491	Apr-13

As of September 30, 2016

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Cash(Gross)	1,682,724,623	77.948	77.948	0.176	0.500	0.501	0.280	0.214	0.976	2.008	Jul-99
<i>Citi 3mth Treasury Bill</i>				<i>0.070</i>	<i>0.188</i>	<i>0.201</i>	<i>0.086</i>	<i>0.075</i>	<i>0.844</i>	<i>1.811</i>	<i>Jul-99</i>
Operating: Payden Enhanced Cash(Gross)	580,640,341	26.897	34.506	0.205	0.701	0.702	0.347	0.254	0.996	2.020	Jul-99
Operating: Payden Enhanced Cash(Net)				0.186	0.647	0.632	0.254	0.144	--	--	
<i>Citi 3mth Treasury Bill</i>				<i>0.070</i>	<i>0.188</i>	<i>0.201</i>	<i>0.086</i>	<i>0.075</i>	<i>0.844</i>	<i>1.811</i>	<i>Jul-99</i>
Operating: Logan Circle Enhanced Cash(Gross)	551,157,125	25.531	32.754	0.203	--	--	--	--	--	0.271	Jun-16
Operating: Logan Circle Enhanced Cash(Net)				0.182	--	--	--	--	--	0.244	
<i>Citi 3mth Treasury Bill</i>				<i>0.070</i>	<i>0.188</i>	<i>0.201</i>	<i>0.086</i>	<i>0.075</i>	<i>0.844</i>	<i>0.090</i>	<i>Jun-16</i>
Operating: Wells Capital Enhanced Cash(Gross)	550,927,157	25.520	32.740	0.148	--	--	--	--	--	0.238	Jun-16
Operating: Wells Capital Enhanced Cash(Net)				0.130	--	--	--	--	--	0.214	
<i>Citi 3mth Treasury Bill</i>				<i>0.070</i>	<i>0.188</i>	<i>0.201</i>	<i>0.086</i>	<i>0.075</i>	<i>0.844</i>	<i>0.090</i>	<i>Jun-16</i>

As of September 30, 2016

Asset Class Performance Summary

	Fiscal 2015 (%)	Fiscal 2014 (%)	Fiscal 2013 (%)	Fiscal 2012 (%)	Fiscal 2011 (%)	Fiscal 2010 (%)	Fiscal 2009 (%)	Fiscal 2008 (%)
Total Fund(Gross)	0.422	--	--	--	--	--	--	--
Total Fund(Net)	0.343	--	--	--	--	--	--	--
Fixed Income(Gross)	0.872	--	--	--	--	--	--	--
Fixed Income(Net)	0.839	--	--	--	--	--	--	--
<i>BofA Merrill Lynch US Treasuries 1-3 Yrs</i>	<i>0.541</i>	<i>0.618</i>	<i>0.358</i>	<i>0.429</i>	<i>1.535</i>	<i>2.347</i>	<i>0.783</i>	<i>6.608</i>
Cash(Gross)	0.185	0.137	0.096	0.119	0.184	0.133	0.287	1.838
Cash(Net)	0.098	0.028	-0.029	-0.019	0.042	-0.010	0.146	--
<i>Citi 3mth Treasury Bill</i>	<i>0.028</i>	<i>0.033</i>	<i>0.050</i>	<i>0.072</i>	<i>0.077</i>	<i>0.132</i>	<i>0.165</i>	<i>1.797</i>

As of September 30, 2016

Trailing Period Performance

	Fiscal 2015 (%)	Fiscal 2014 (%)	Fiscal 2013 (%)	Fiscal 2012 (%)	Fiscal 2011 (%)	Fiscal 2010 (%)	Fiscal 2009 (%)	Fiscal 2008 (%)
Total Fund(Gross)	0.422	--	--	--	--	--	--	--
Fixed Income(Gross)	0.872	--	--	--	--	--	--	--
<i>BofA Merrill Lynch US Treasuries 1-3 Yrs</i>	<i>0.541</i>	<i>0.618</i>	<i>0.358</i>	<i>0.429</i>	<i>1.535</i>	<i>2.347</i>	<i>0.783</i>	<i>6.608</i>
Tier One: Payden Low Duration(Gross)	0.846	0.752	0.434	1.118	1.752	2.023	2.485	6.716
Tier One: Payden Low Duration(Net)	0.755	0.642	0.309	0.979	1.608	1.878	2.340	--
<i>BofA Merrill Lynch US Treasuries 1-3 Yrs</i>	<i>0.541</i>	<i>0.618</i>	<i>0.358</i>	<i>0.429</i>	<i>1.535</i>	<i>2.347</i>	<i>0.783</i>	<i>6.608</i>
<i>BofA Merrill Lynch US Corp & Gov 1-3 Yrs</i>	<i>0.668</i>	<i>0.780</i>	<i>0.705</i>	<i>1.475</i>	<i>1.559</i>	<i>2.819</i>	<i>3.834</i>	<i>4.696</i>
Tier One: Logan Circle STAMP 1-3 Year(Gross)	--	--	--	--	--	--	--	--
Tier One: Logan Circle STAMP 1-3 Year(Net)	--	--	--	--	--	--	--	--
<i>BofA Merrill Lynch US Treasuries 1-3 Yrs</i>	<i>0.541</i>	<i>0.618</i>	<i>0.358</i>	<i>0.429</i>	<i>1.535</i>	<i>2.347</i>	<i>0.783</i>	<i>6.608</i>
<i>BofA Merrill Lynch US Corp & Gov 1-3 Yrs</i>	<i>0.668</i>	<i>0.780</i>	<i>0.705</i>	<i>1.475</i>	<i>1.559</i>	<i>2.819</i>	<i>3.834</i>	<i>4.696</i>
Tier One: Wells Capital Reserve Account(Gross)	--	--	--	--	--	--	--	--
Tier One: Wells Capital Reserve Account(Net)	--	--	--	--	--	--	--	--
<i>BofA Merrill Lynch US Treasuries 1-3 Yrs</i>	<i>0.541</i>	<i>0.618</i>	<i>0.358</i>	<i>0.429</i>	<i>1.535</i>	<i>2.347</i>	<i>0.783</i>	<i>6.608</i>
<i>BofA Merrill Lynch US Corp & Gov 1-3 Yrs</i>	<i>0.668</i>	<i>0.780</i>	<i>0.705</i>	<i>1.475</i>	<i>1.559</i>	<i>2.819</i>	<i>3.834</i>	<i>4.696</i>
Tier Two: Logan Circle STAMP 1-5 Year(Gross)	1.332	1.721	--	--	--	--	--	--
Tier Two: Logan Circle STAMP 1-5 Year(Net)	1.164	1.552	--	--	--	--	--	--
<i>BofA Merrill Lynch US Treasuries 1-5 Yrs</i>	<i>0.976</i>	<i>1.239</i>	<i>-0.188</i>	<i>0.905</i>	<i>3.334</i>	<i>3.612</i>	<i>0.232</i>	<i>8.730</i>
<i>BofA Merrill Lynch US Corp & Gov 1-5 Yrs</i>	<i>1.050</i>	<i>1.508</i>	<i>0.317</i>	<i>2.468</i>	<i>3.094</i>	<i>4.170</i>	<i>4.887</i>	<i>4.648</i>

As of September 30, 2016

	Fiscal 2015 (%)	Fiscal 2014 (%)	Fiscal 2013 (%)	Fiscal 2012 (%)	Fiscal 2011 (%)	Fiscal 2010 (%)	Fiscal 2009 (%)	Fiscal 2008 (%)
Cash(Gross)	0.185	0.137	0.096	0.119	0.184	0.133	0.287	1.838
<i>Citi 3mth Treasury Bill</i>	<i>0.028</i>	<i>0.033</i>	<i>0.050</i>	<i>0.072</i>	<i>0.077</i>	<i>0.132</i>	<i>0.165</i>	<i>1.797</i>
Operating: Payden Enhanced Cash(Gross)	0.185	0.137	0.096	0.119	0.184	0.133	0.287	1.838
Operating: Payden Enhanced Cash(Net)	0.098	0.028	-0.029	-0.019	0.042	-0.010	0.146	--
<i>Citi 3mth Treasury Bill</i>	<i>0.028</i>	<i>0.033</i>	<i>0.050</i>	<i>0.072</i>	<i>0.077</i>	<i>0.132</i>	<i>0.165</i>	<i>1.797</i>
Operating: Logan Circle Enhanced Cash(Gross)	--	--	--	--	--	--	--	--
Operating: Logan Circle Enhanced Cash(Net)	--	--	--	--	--	--	--	--
<i>Citi 3mth Treasury Bill</i>	<i>0.028</i>	<i>0.033</i>	<i>0.050</i>	<i>0.072</i>	<i>0.077</i>	<i>0.132</i>	<i>0.165</i>	<i>1.797</i>
Operating: Wells Capital Enhanced Cash(Gross)	--	--	--	--	--	--	--	--
Operating: Wells Capital Enhanced Cash(Net)	--	--	--	--	--	--	--	--
<i>Citi 3mth Treasury Bill</i>	<i>0.028</i>	<i>0.033</i>	<i>0.050</i>	<i>0.072</i>	<i>0.077</i>	<i>0.132</i>	<i>0.165</i>	<i>1.797</i>

As of September 30, 2016

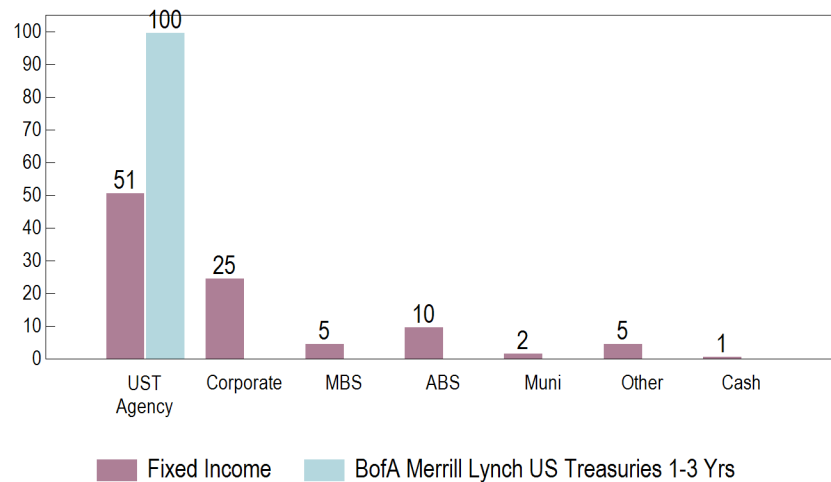
Asset Allocation on September 30, 2016

	Actual (\$)	Actual %
Tier One: Payden Low Duration	\$135,408,667	28.4%
Tier One: Logan Circle STAMP 1-3 Year	\$125,473,000	26.4%
Tier One: Wells Capital Reserve Account	\$125,410,994	26.3%
Tier Two: Logan Circle STAMP 1-5 Year	\$89,771,559	18.9%
Total	\$476,064,220	100.0%

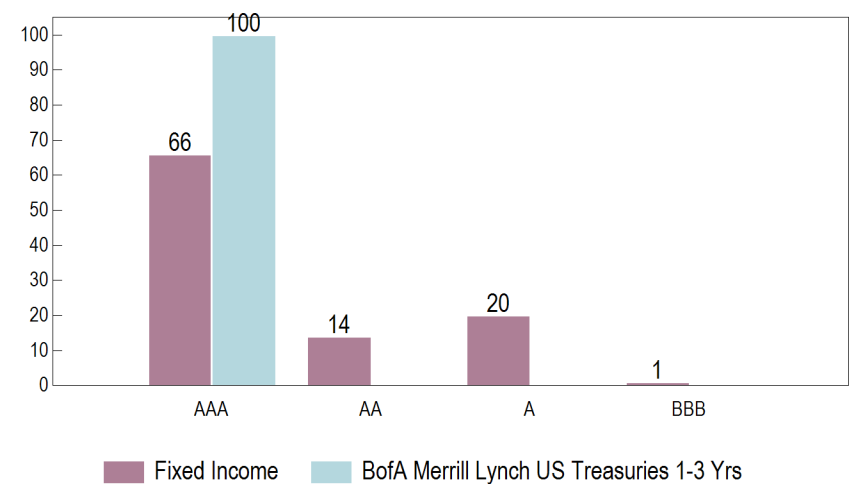
Fixed Income Characteristics
vs. BofA Merrill Lynch US Treasuries 1-3 Yrs

	Portfolio Q3-16	Index Q3-16	Portfolio Q2-16
Fixed Income Characteristics			
Yield to Maturity	1.0	0.8	0.8
Average Duration	1.8	1.9	1.3
Average Quality	AA	AAA	AA

Sector Allocation



Credit Quality Allocation



Tier One: Payden Low Duration

As of September 30, 2016

Account Information

Account Name	Tier One: Payden Low Duration
Account Structure	Separate Account
Investment Style	Active
Inception Date	7/01/99
Account Type	US Fixed Income Short Term
Benchmark	BofA Merrill Lynch US Treasuries 1-3 Yrs
Universe	eA US Short Duration Fixed Inc Net

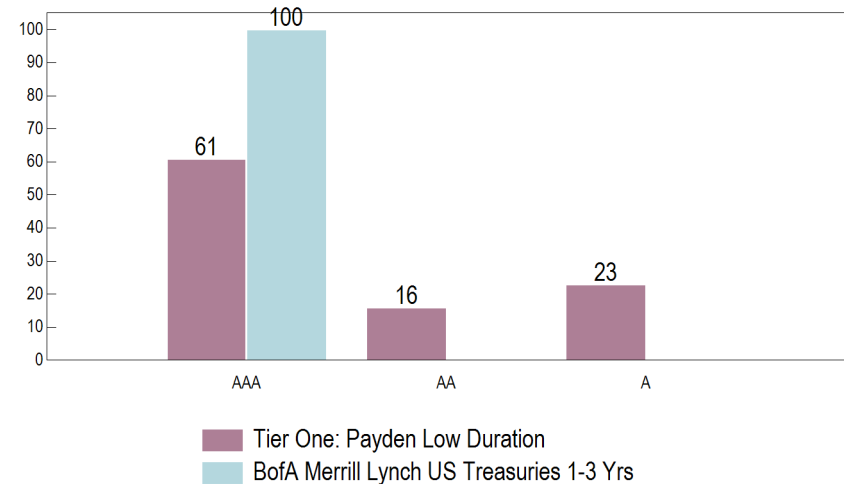
Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Tier One: Payden Low Duration(Gross)	0.022	1.323	1.157	1.024	0.957	2.505	3.175	Jul-99
Tier One: Payden Low Duration(Net)	0.003	1.267	1.083	0.928	0.846	--	--	
BofA Merrill Lynch US Treasuries 1-3 Yrs	-0.107	1.326	0.884	0.847	0.692	2.251	3.107	Jul-99
BofA Merrill Lynch US Corp & Gov 1-3 Yrs	0.027	1.678	1.320	1.107	1.108	2.595	3.439	Jul-99

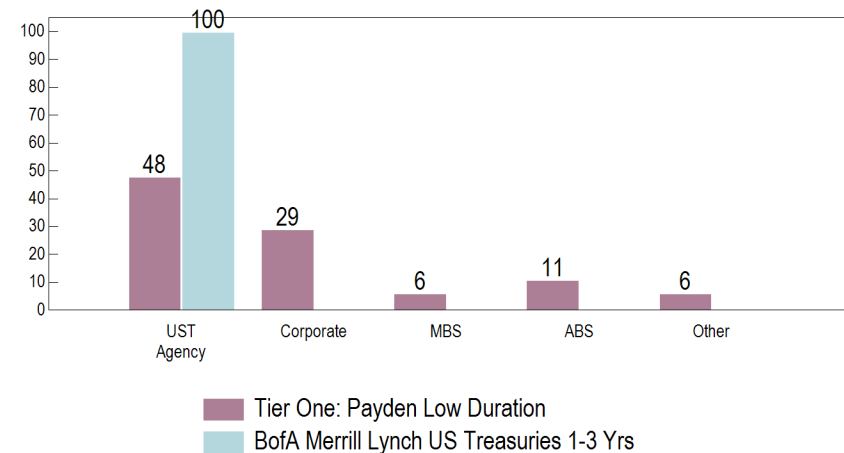
Tier One: Payden Low Duration Fixed Income Characteristics
vs. BofA Merrill Lynch US Treasuries 1-3 Yrs

	Portfolio Q3-16	Index Q3-16	Portfolio Q2-16
Fixed Income Characteristics			
Yield to Maturity	1.12	0.78	0.90
Average Duration	1.54	1.90	1.48
Average Quality	AA	AAA	AA

Credit Quality Allocation



US Sector Allocation



Tier One: Wells Capital Reserve Account

As of September 30, 2016

Account Information

Account Name	Tier One: Wells Capital Reserve Account
Account Structure	Separate Account
Investment Style	Active
Inception Date	6/01/16
Account Type	US Fixed Income
Benchmark	BofA Merrill Lynch US Treasuries 1-3 Yrs
Universe	eA US Short Duration Fixed Inc Net

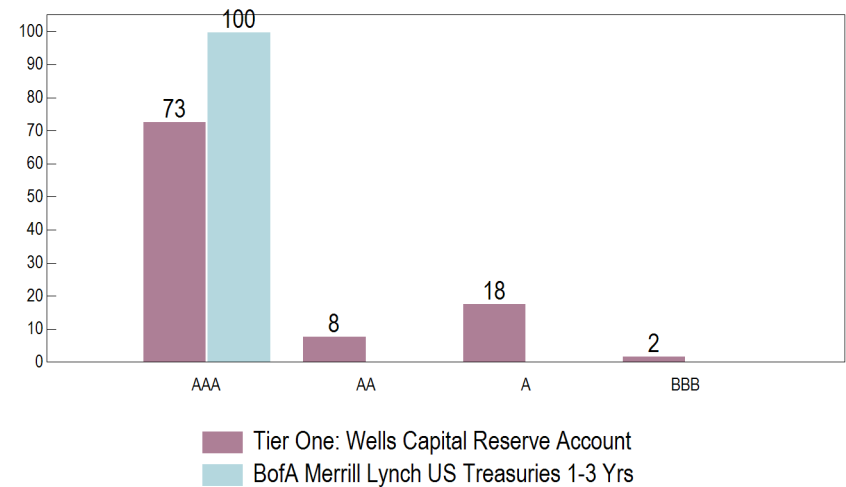
Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Tier One: Wells Capital Reserve Account(Gross)	0.015	--	--	--	--	--	0.567	Jun-16
Tier One: Wells Capital Reserve Account(Net)	-0.003	--	--	--	--	--	0.543	
BofA Merrill Lynch US Treasuries 1-3 Yrs	-0.107	1.326	0.884	0.847	0.692	2.251	0.491	Jun-16
BofA Merrill Lynch US Corp & Gov 1-3 Yrs	0.027	1.678	1.320	1.107	1.108	2.595	0.620	Jun-16

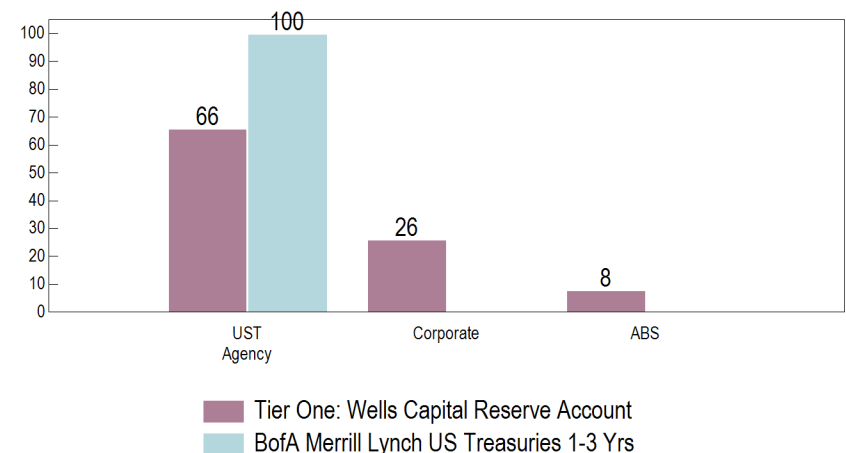
Tier One: Wells Capital Reserve Account Fixed Income Characteristics
vs. BofA Merrill Lynch US Treasuries 1-3 Yrs

	Portfolio Q3-16	Index Q3-16	Portfolio Q2-16
Fixed Income Characteristics			
Yield to Maturity	0.82	0.78	0.53
Average Duration	1.78	1.90	0.36
Average Quality	AA	AAA	AA

Credit Quality Allocation



US Sector Allocation



Tier One: Logan Circle STAMP 1-3 Year

As of September 30, 2016

Account Information

Account Name	Tier One: Logan Circle STAMP 1-3 Year
Account Structure	Separate Account
Investment Style	Active
Inception Date	6/01/16
Account Type	US Fixed Income
Benchmark	BofA Merrill Lynch US Treasuries 1-3 Yrs
Universe	eA US Short Duration Fixed Inc Net

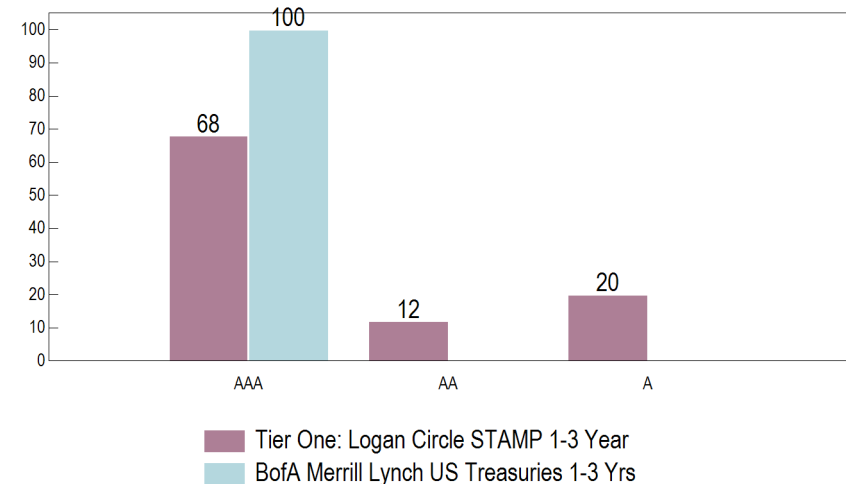
Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Tier One: Logan Circle STAMP 1-3 Year(Gross)	0.101	--	--	--	--	--	0.603	Jun-16
Tier One: Logan Circle STAMP 1-3 Year(Net)	0.077	--	--	--	--	--	0.571	
BofA Merrill Lynch US Treasuries 1-3 Yrs	-0.107	1.326	0.884	0.847	0.692	2.251	0.491	Jun-16
BofA Merrill Lynch US Corp & Gov 1-3 Yrs	0.027	1.678	1.320	1.107	1.108	2.595	0.620	Jun-16

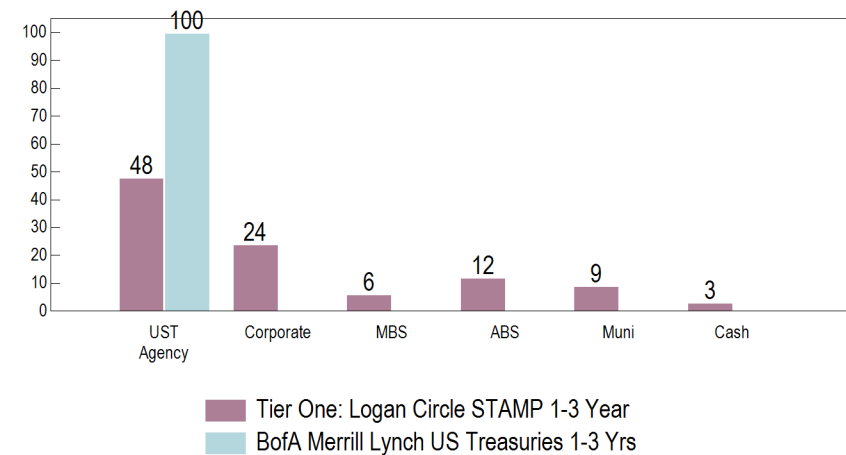
Tier One: Logan Circle STAMP 1-3 Year Fixed Income Characteristics
vs. BofA Merrill Lynch US Treasuries 1-3 Yrs

	Portfolio Q3-16	Index Q3-16	Portfolio Q2-16
Fixed Income Characteristics			
Yield to Maturity	1.05	0.78	0.88
Average Duration	1.55	1.90	1.52
Average Quality	AA	AAA	AA

Credit Quality Allocation



US Sector Allocation



Tier Two: Logan Circle STAMP 1-5 Year

As of September 30, 2016

Account Information

Account Name	Tier Two: Logan Circle STAMP 1-5 Year
Account Structure	Separate Account
Investment Style	Active
Inception Date	4/01/13
Account Type	US Fixed Income Short Term
Benchmark	BofA Merrill Lynch US Treasuries 1-5 Yrs
Universe	eA US Short Duration Fixed Inc Net

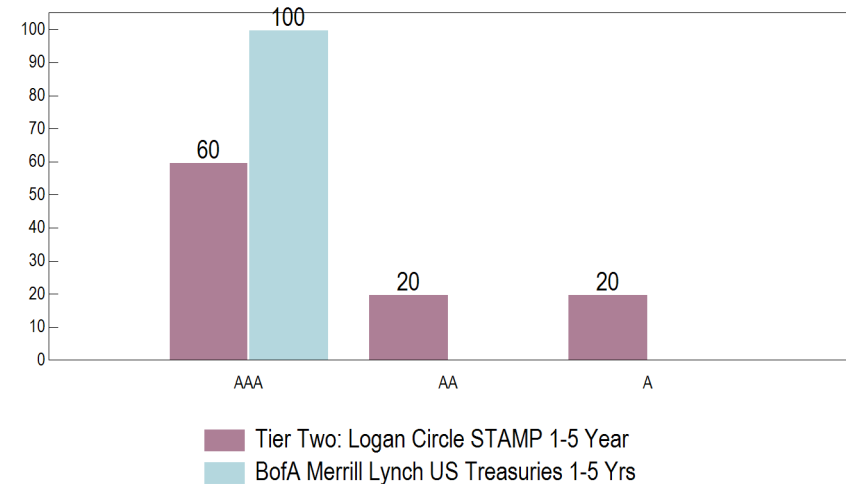
Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Tier Two: Logan Circle STAMP 1-5 Year(Gross)	0.035	2.663	2.222	1.973	--	--	1.577	Apr-13
Tier Two: Logan Circle STAMP 1-5 Year(Net)	-0.007	2.535	2.052	1.804	--	--	1.408	
BofA Merrill Lynch US Treasuries 1-5 Yrs	-0.186	2.202	1.522	1.433	1.107	2.966	1.160	Apr-13
BofA Merrill Lynch US Corp & Gov 1-5 Yrs	0.050	2.661	2.103	1.785	1.686	3.294	1.491	Apr-13

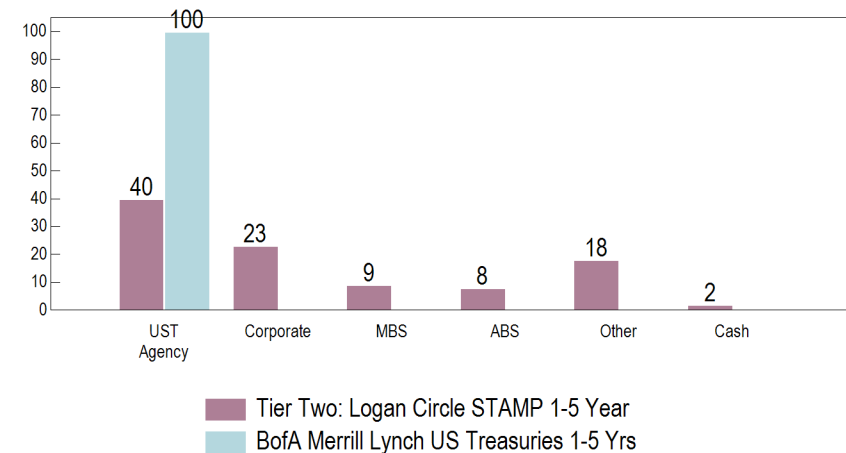
Tier Two: Logan Circle STAMP 1-5 Year Fixed Income Characteristics
vs. BofA Merrill Lynch US Treasuries 1-5 Yrs

	Portfolio Q3-16	Index Q3-16	Portfolio Q2-16
Fixed Income Characteristics			
Yield to Maturity	1.22	0.90	1.02
Average Duration	2.43	2.72	2.15
Average Quality	AA	AAA	AA

Credit Quality Allocation



US Sector Allocation



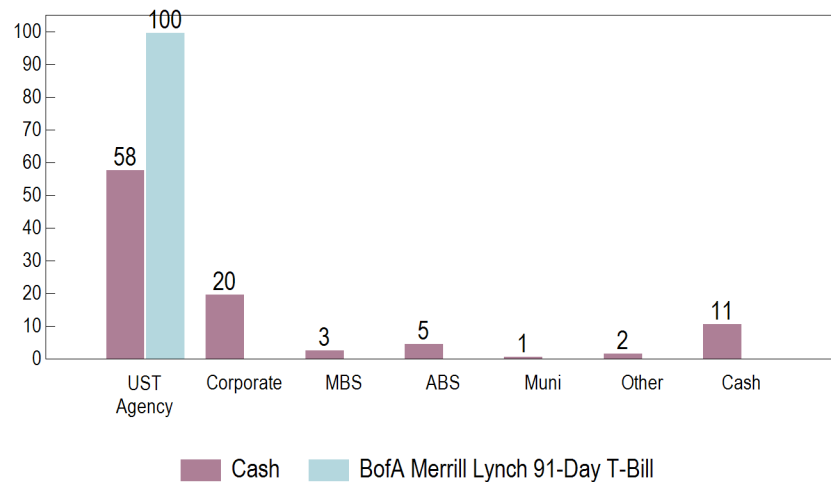
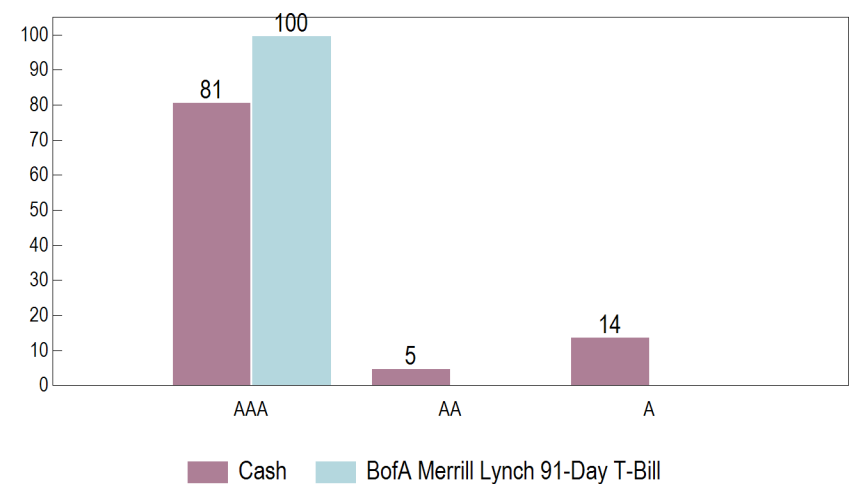
As of September 30, 2016

Asset Allocation on September 30, 2016

	Actual (\$)	Actual %
Operating: Logan Circle Enhanced Cash	\$551,157,125	32.8%
Operating: Payden Enhanced Cash	\$580,640,341	34.5%
Operating: Wells Capital Enhanced Cash	\$550,927,157	32.7%
Total	\$1,682,724,623	100.0%

**Cash Characteristics
vs. BofA Merrill Lynch 91-Day T-Bill**

	Portfolio Q3-16	Index Q3-16	Portfolio Q2-16
Fixed Income Characteristics			
Yield to Maturity	0.7	0.3	0.6
Average Duration	0.4	0.2	0.3
Average Quality	AAA	AAA	AAA

Sector Allocation**Credit Quality Allocation**

Operating: Payden Enhanced Cash

As of September 30, 2016

Account Information

Account Name	Operating: Payden Enhanced Cash
Account Structure	Separate Account
Investment Style	Active
Inception Date	7/01/99
Account Type	Cash Alternatives
Benchmark	Citi 3mth Treasury Bill
Universe	eA US Enh Cash Management Net

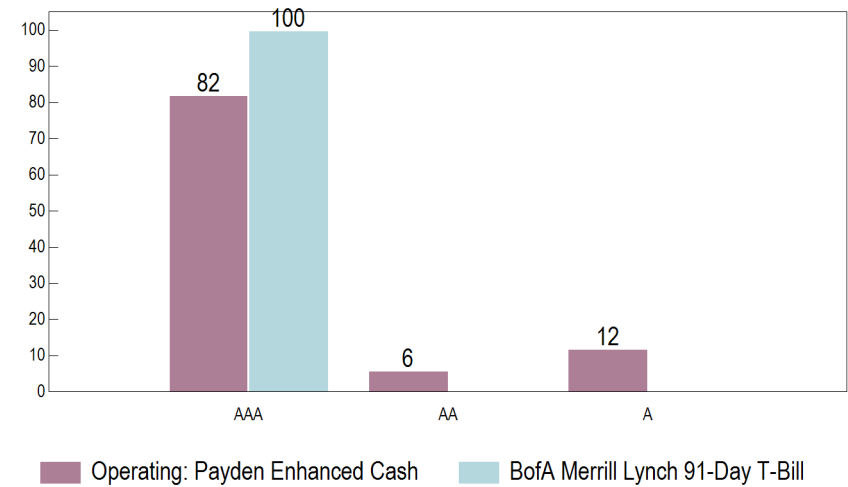
Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Operating: Payden Enhanced Cash(Gross)	0.205	0.701	0.702	0.347	0.254	0.996	2.020	Jul-99
Operating: Payden Enhanced Cash(Net)	0.186	0.647	0.632	0.254	0.144	--	--	
Citi 3mth Treasury Bill	0.070	0.188	0.201	0.086	0.075	0.844	1.811	Jul-99

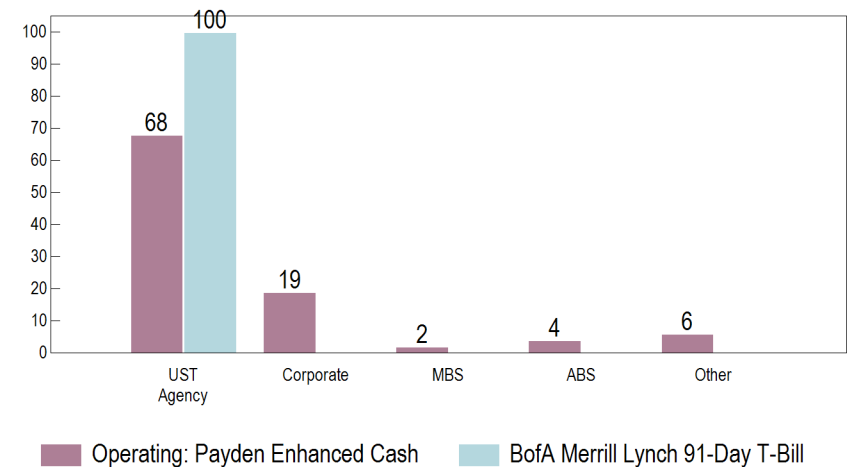
Operating: Payden Enhanced Cash Fixed Income Characteristics
vs. BofA Merrill Lynch 91-Day T-Bill

	Portfolio Q3-16	Index Q3-16	Portfolio Q2-16
Fixed Income Characteristics			
Yield to Maturity	0.71	0.28	0.73
Average Duration	0.50	0.24	0.40
Average Quality	AAA	AAA	AAA

Credit Quality Allocation



US Sector Allocation



Operating: Logan Circle Enhanced Cash

As of September 30, 2016

Account Information

Account Name	Operating: Logan Circle Enhanced Cash
Account Structure	Separate Account
Investment Style	Active
Inception Date	6/01/16
Account Type	Cash
Benchmark	Citi 3mth Treasury Bill
Universe	eA US Enh Cash Management Net

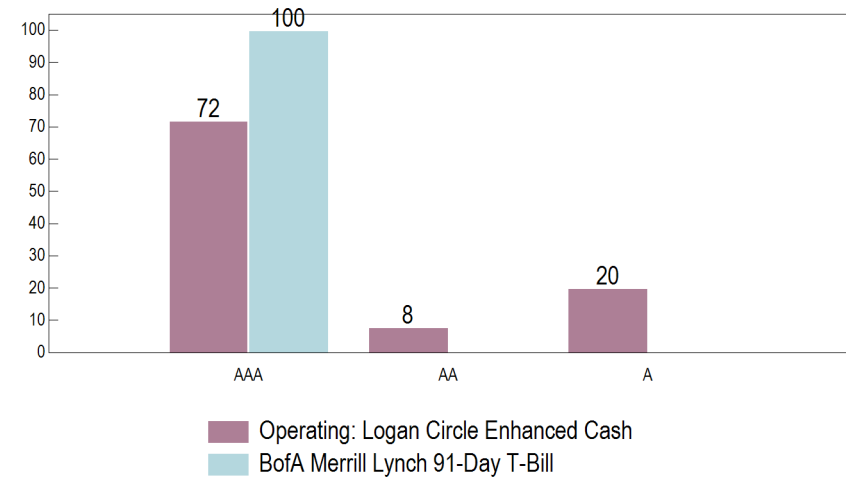
Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Operating: Logan Circle Enhanced Cash(Gross)	0.203	--	--	--	--	--	0.271	Jun-16
Operating: Logan Circle Enhanced Cash(Net)	0.182	--	--	--	--	--	0.244	
Citi 3mth Treasury Bill	0.070	0.188	0.201	0.086	0.075	0.844	0.090	Jun-16

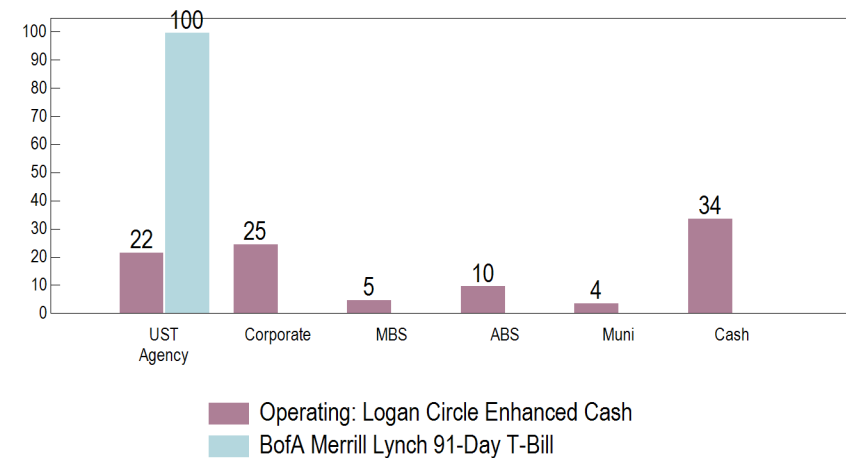
Operating: Logan Circle Enhanced Cash Fixed Income Characteristics
vs. BofA Merrill Lynch 91-Day T-Bill

	Portfolio Q3-16	Index Q3-16	Portfolio Q2-16
Fixed Income Characteristics			
Yield to Maturity	0.87	0.28	0.67
Average Duration	0.25	0.24	0.23
Average Quality	AAA	AAA	AAA

Credit Quality Allocation



US Sector Allocation



Operating: Wells Capital Enhanced Cash

As of September 30, 2016

Account Information

Account Name	Operating: Wells Capital Enhanced Cash
Account Structure	Separate Account
Investment Style	Active
Inception Date	6/01/16
Account Type	Cash
Benchmark	Citi 3mth Treasury Bill
Universe	eA US Enh Cash Management Net

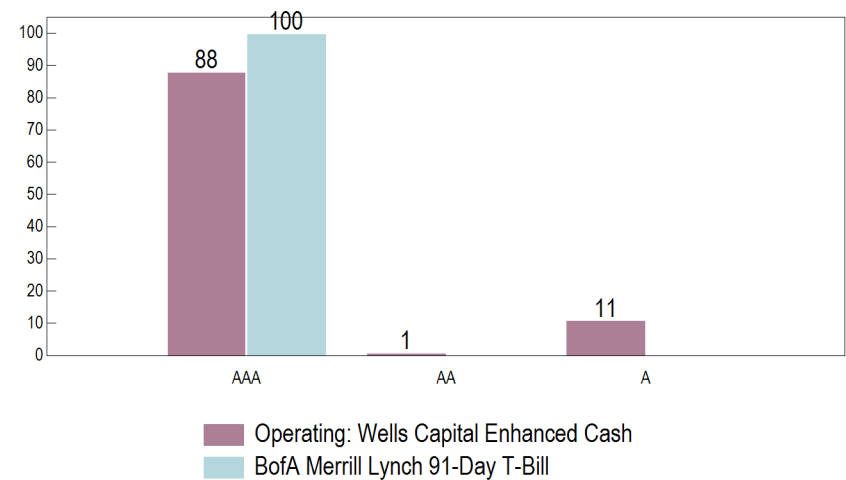
Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Operating: Wells Capital Enhanced Cash(Gross)	0.148	--	--	--	--	--	0.238	Jun-16
Operating: Wells Capital Enhanced Cash(Net)	0.130	--	--	--	--	--	0.214	
Citi 3mth Treasury Bill	0.070	0.188	0.201	0.086	0.075	0.844	0.090	Jun-16

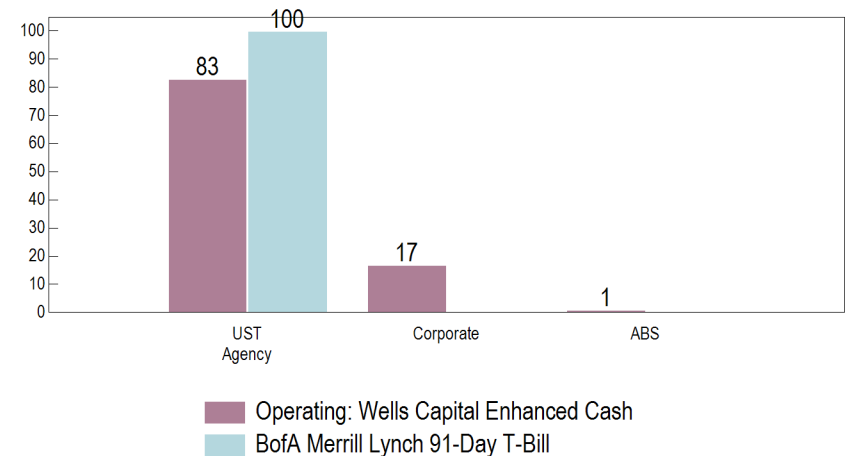
Operating: Wells Capital Enhanced Cash Fixed Income Characteristics
vs. BofA Merrill Lynch 91-Day T-Bill

	Portfolio Q3-16	Index Q3-16	Portfolio Q2-16
Fixed Income Characteristics			
Yield to Maturity	0.53	0.28	0.53
Average Duration	0.36	0.24	0.36
Average Quality	AAA	AAA	AAA

Credit Quality Allocation



US Sector Allocation



As of September 30, 2016

Annual Investment Expense Analysis

As Of September 30, 2016

Name	Fee Schedule	Market Value
Fixed Income		\$476,064,220
Tier One: Payden Low Duration	0.10% of First \$100.0 Mil, 0.08% of Next \$250.0 Mil, 0.07% Thereafter	\$135,408,667
Tier One: Logan Circle STAMP 1-3 Year	0.10% of First \$50.0 Mil, 0.09% of Next \$250.0 Mil, 0.07% Thereafter	\$125,473,000
Tier One: Wells Capital Reserve Account	0.09% of First \$100.0 Mil, 0.07% of Next \$200.0 Mil, 0.06% Thereafter	\$125,410,994
Tier Two: Logan Circle STAMP 1-5 Year	0.10% of First \$50.0 Mil, 0.09% of Next \$250.0 Mil, 0.07% Thereafter	\$89,771,559
Cash		\$1,682,724,623
Operating: Payden Enhanced Cash	0.10% of First \$100.0 Mil, 0.08% of Next \$250.0 Mil, 0.07% Thereafter	\$580,640,341
Operating: Logan Circle Enhanced Cash	0.10% of First \$50.0 Mil, 0.09% of Next \$250.0 Mil, 0.07% Thereafter	\$551,157,125
Operating: Wells Capital Enhanced Cash	0.09% of First \$100.0 Mil, 0.07% of Next \$200.0 Mil, 0.06% Thereafter	\$550,927,157
Total		\$2,158,788,843

Please note that Logan Circle, Payden, and Wells Capital charge their investment management fees on an aggregate basis across Operating Cash, Tier One, and Tier Two portfolios.



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	151 days	411 days	182 days	4.34 years	2.79 years	2.62 years	4.86 years	Yes	
U.S. Agencies	450 days	5 years	5 years	291 days	300 days	343 days	2.08 years	2.91 years	2.99 years	2.48 years	Yes	
State & Local Obligations ¹	450 days	5 years	5 years	305 days	336 days	NA	4.84 years	3.09 years	1.75 years	4.83 years	Yes	
Supranationals	450 days	5 years	5 years	NA	NA	NA	NA	2.62 years	NA	NA	Yes	
Negotiable Cert of Deposit	1 year	1 year	1 year	122 days	365 days	NA	NA	0.95 years	NA	NA	Yes	
Commercial Paper	270 days	270 days	270 days	91 days	NA	153 days	NA	NA	NA	21 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	278 days	349 days	206 days	4.19 years	3.02 years	2.99 years	4.95 years	Yes	
Mortgage/ Asset-Backed	450 days	5 years	5 years	390 days	350 days	206 days	4.71 years	4.16 years	2.24 years	4.66 years	Yes	
Variable & Floating Rate	450 days	5 years	5 years	79 days	101 days ²	365 days	3.31 years	75 days	3.00 years	3.94 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	38.5 ²	295.4	40.0	286.4	35.6	240.9	38.1	822.6
U.S. Agencies	100	3.2	24.8	19.7	141.2	22.4	151.8	14.7	317.8
State & Local Obligations ³	25	6.4	49.2	4.4	31.7	0.4	2.6	3.9	83.4
Supranationals	30	6.1	47.0	0.4	2.6	0.0	0.0	2.3	49.6
Negotiable Certificate of Deposit	30	0.0	0.0	5.6	39.8	0.0	0.0	1.8	39.8
Commercial Paper	25	0.0	0.0	0.0	0.0	11.3	76.4	3.5	76.4
Repurchase Agreements	100	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Medium Term Notes	30	18.8	143.9	6.5	46.3	15.3	103.7	13.6	293.9
Money Market Funds	20	0.0	0.0	0.1	0.5	0.0	0.0	0.0	0.5
Mortgage/Asset-Backed	20	8.3	64.0	5.7	40.5	5.9	40.0	6.7	144.4
Variable & Floating Rate	30	18.5	142.1	17.8	127.1	9.0	61.0	15.3	330.2
Total		100.0	766.4	100.0	716.0	100.0	676.3	100.0	2,158.8

- 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.

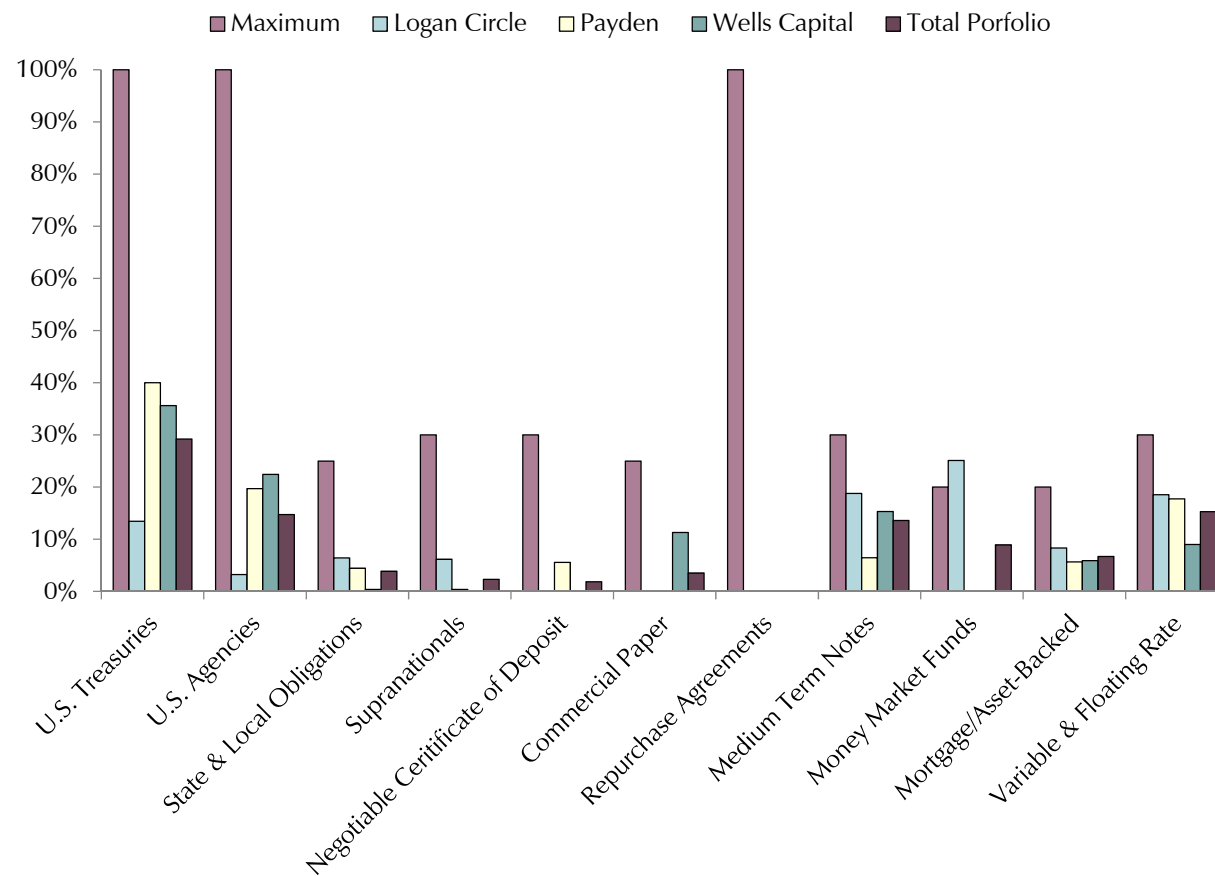
² 25.1% of the 38.5% represent holdings in cash.

³ Includes CA and any other state in the U.S.



Annual Investment Policy (2016) Actual vs. Diversity Requirements

As of September 30, 2016



Custom Peer Group

Custom Peer Group

- 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 comparison¹.
 - 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 eleven strategies with an average effective duration of 2.1 years as of June 30, 2016.
- Please note that the analysis is as of June 30, 2016, as the universe of investment managers that had reported data as of September 30, 2016 was very small at the date that these materials were submitted.
- 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.

¹ Though this comparison is more accurate than ranking the managers relative to the broad short duration peer group, these peer managers are not subject to the restrictions of the California Government Code. They are likely to have more degrees of freedom to invest across fixed income securities and sectors.

Custom Peer Group (continued)

Gross of Fees Returns as of 6/30/2016 ¹	2Q 2016 (%)	1 Year (%)	3 Years (%)	5 Years (%)	10 Years (%)
Tier One: Payden Low Duration	0.57	1.46	1.13	1.04	2.71
Peer Group Median Return	0.52	1.60	1.22	1.12	2.82
Peer Group Rank (percentile)	44	71	73	80	65

Standard Deviation as of 6/30/2016 ²	3 Years (%)	5 Years (%)	10 Years (%)
Tier One: Payden Low Duration	0.57	0.53	1.29
Median Standard Deviation	0.71	0.64	1.25
Peer Group Rank (percentile)	19	18	77

- The Tier One portfolio outperformed the short duration peer group in the second quarter of 2016, though performance ranks in the third quartile over the one-, three-, five-, and ten-year trailing periods.
- 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 6/30/2016	2Q 2016 (%)	1 Year (%)	3 Years (%)
Tier Two: Logan Circle STAMP 1-5 Year	0.90	3.02	2.20
Peer Group Median Return	0.68	2.16	1.84
Peer Group Rank (percentile)	17	4	31

Standard Deviation as of 6/30/2016 ¹	3 Years (%)
Tier Two: Logan Circle STAMP 1-5 Year	1.23
Median Standard Deviation	1.02
Peer Group Rank (percentile)	88

- Logan Circle has performed well over the trailing three-year period ended June 30, 2016, ranking in the 31st percentile of the peer group.
- Standard deviation for the strategy over the trailing three year period exceeds the peer group median, ranking in the 88th 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 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 strategies are 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 investment management fees as of September 30, 2016.

Payden & Rygel Tier One Performance Attribution
Gross of Fees as of 9/30/2016

Benchmark Relative Attribution (basis points)	3Q 2016	6 Month	1 Year
Duration	3	-2	-1
Yield Curve	1	-4	-16
Sector Selection	9	23	45
Treasury ¹	0	0	0
Agency	2	1	2
Corporate	4	13	28
Financial	2	9	17
Industrial	2	3	10
Utilities	0	1	1
MBS	0	0	0
CMBS	-1	0	-1
ABS	3	6	9
Municipal	1	3	7
Total Excess Return	0.13	0.17	0.28
Payden & Rygel Tier Two Return (%)	0.02	0.59	1.16
Merrill Lynch 1-3 Year U.S. Treasury Return (%)	-0.11	0.42	0.88

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 9/30/2016

Benchmark Relative Attribution (basis points)	3Q 2016 ¹
Interest Rates	1
Sector Selection	14
Agency	2
Corporate	4
Financial	-1
Industrial	5
Utilities	0
MBS	0
CMBS	0
ABS	3
Municipal	1
Total Excess Return	0.11
Wells Capital Tier One Return	0.01
Merrill Lynch 1-3 Year U.S. Treasury Index Return	-0.11

¹ Since inception performance unavailable.



Logan Circle Tier One Performance Attribution

Gross of Fees as of 9/30/2016

Benchmark Relative Attribution (basis points)	3Q 2016
Duration	9
Yield Curve	1
Sector Selection	11
Treasury	-5
Agency	3
Corporate	8
Financial	7
Industrial	0
Utilities	1
MBS	1
CMBS	0
ABS	3
Municipal	1
Total Excess Return (%)	0.21
Logan Circle Tier One Return (%)	0.10
Merrill Lynch 1-3 Year Treasury Return (%)	-0.11

Logan Circle Tier Two Performance Attribution

Gross of Fees as of 9/30/2016

Benchmark Relative Attribution (basis points)	3Q 2016	6 Month	1 Year
Duration	7	1	3
Yield Curve	0	2	2
Sector Selection	15	43	65
Treasury	-4	-7	-1
Agency	1	1	1
Corporate	11	29	40
Financial	10	25	34
Industrial	0	1	3
Utilities	1	3	3
MBS	1	1	1
CMBS	2	4	3
ABS	2	4	5
Municipal	2	11	16
Total Excess Return (%)	0.22	0.46	0.70
Logan Circle Tier Two Return (%)	0.03	2.66	2.22
Merrill Lynch 1-5 Year U.S. Treasury Return (%)	-0.19	2.20	1.52

Holdings

CALOPTIMA - RESERVE ACCOUNT TIER ONE

Portfolio 2481

Portfolio Positions

as of September 30, 2016

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
Cash							
	CASH OR STIF	USD	438,019.21	438,019.21	0.00	1.000	0.32%
Total for Cash			438,019.21	438,019.21	0.00		0.32%
Money Markets							
740,000.000	BANK OF AMERICA BNST	06053PRX7	740,000.00	740,256.11	256.11	100.035	0.55%
	Mat: 3/3/17 Cpn: 1.18%		0.00	776.18			
	Moody's: P-1 S&P: A-1 Fitch: F1						
	Tr Date: 8/26/16 St Date: 8/30/16						
1,150,000.000	SVENSKA HANDELSBANKEN NY YCD FRN	86958JCV9	1,150,000.00	1,150,000.00	0.00	100.000	0.85%
	Mat: 3/14/17 Cpn: 1.09%		69.49	590.69			
	Moody's: P-1 S&P: A-1+ Fitch: F1+						
	Tr Date: 9/14/16 St Date: 9/16/16						
1,350,000.000	BANK OF TOKYO-MITSUBISHI NY YCD	06538M7L7	1,350,000.00	1,350,806.58	806.58	100.060	1.00%
	Mat: 8/30/17 Cpn: 1.53%		0.00	1,836.00			
	Moody's: P-1 S&P: A-1 Fitch: F1						
	Tr Date: 8/29/16 St Date: 8/30/16						
1,350,000.000	BANK OF NOVA SCOTIA HOUSTON YCD FRN	06417GPD4	1,350,000.00	1,350,000.00	0.00	100.000	1.00%
	Mat: 9/7/17 Cpn: 1.33%		0.00	1,200.10			
	Moody's: Aa3e S&P: A-1 Fitch: F1+						
	Tr Date: 9/1/16 St Date: 9/7/16						
1,180,000.000	RABOBANK NEDERLAND NY YCD FRN	21684BR89	1,180,000.00	1,180,000.00	0.00	100.000	0.87%
	Mat: 9/8/17 Cpn: 1.31%		0.00	988.10			
	Moody's: P-1 S&P: A-1 Fitch: F1+						
	Tr Date: 9/2/16 St Date: 9/8/16						
1,350,000.000	NORDEA BANK FINLAND YCD	65558LSW3	1,350,000.00	1,350,000.00	0.00	100.000	1.00%
	Mat: 9/8/17 Cpn: 1.35%		0.00	961.88			
	Moody's: P-1 S&P: A-1+ Fitch: F1+						
	Tr Date: 9/8/16 St Date: 9/12/16						
1,350,000.000	BNP PARIBAS NY YCD	05582WDW1	1,350,000.00	1,350,000.00	0.00	100.000	1.00%
	Mat: 9/13/17 Cpn: 1.52%		0.00	912.00			
	Moody's: P-1 S&P: A-1 Fitch: F1						
	Tr Date: 9/13/16 St Date: 9/15/16						
Total for Money Markets			8,470,000.00	8,471,062.69	1,062.69		6.26%
			69.49	7,264.94			
Treasuries							



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CALOPTIMA - RESERVE ACCOUNT TIER ONE

Portfolio 2481

Portfolio Positions

as of September 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
5,241,000.000	U.S. TREASURY NOTE Mat: 5/31/18 Cpn: 0.88% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 5/24/16 St Date: 5/31/16	912828R51	5,236,336.87 0.00	5,252,111.23 15,411.55	15,774.36	100.212	3.89%
10,175,000.000	U.S. TREASURY NOTE Mat: 6/30/18 Cpn: 0.63% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 7/8/16 St Date: 7/13/16	912828R93	10,175,397.46 2,246.52	10,152,716.55 16,071.25	(22,680.91)	99.781	7.51%
790,000.000	U.S. TREASURY NOTE Mat: 9/15/18 Cpn: 1.00% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 8/25/16 St Date: 8/26/16	912828L40	793,055.08 3,520.65	793,231.08 349.17	176.00	100.409	0.59%
1,700,000.000	U.S. TREASURY NOTE Mat: 3/15/19 Cpn: 1.00% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 3/29/16 St Date: 4/1/16	912828P95	1,701,394.53 785.33	1,706,562.03 751.38	5,167.50	100.386	1.26%
865,000.000	U.S. TREASURY NOTE Mat: 6/15/19 Cpn: 0.88% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 6/24/16 St Date: 6/29/16	912828R85	868,649.22 289.51	865,250.91 2,233.40	(3,398.31)	100.029	0.64%
6,300,000.000	U.S. TREASURY NOTE Mat: 7/15/19 Cpn: 0.75% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 9/1/16 St Date: 9/6/16	912828S43	6,273,667.97 6,805.03	6,279,840.00 10,014.95	6,172.03	99.680	4.65%
Total for Treasuries			25,048,501.13 13,647.04	25,049,711.80 44,831.69	1,210.67		18.53%

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	1,079,370.14 1,890.00	1,281.74	99.942	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	1,309,763.00 2,881.67	9,763.00	100.751	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	1,499,088.45 7,041.67	3,588.45	99.939	1.11%



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Portfolio 2481

Portfolio Positions

as of September 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
Total for Government Related			3,873,588.40 0.00	3,888,221.59 11,813.33	14,633.19		2.88%
Agencies							
2,000,000.000	FHLMC C 5/26/16 Q	3134G8L98	2,000,000.00 0.00	1,999,000.20 2,041.67	(999.80)	99.950	1.48%
	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						
1,350,000.000	FHLMC C 12/19/16 1X	3134G9UY1	1,350,000.00 0.00	1,349,226.86 3,450.00	(773.15)	99.943	1.00%
	Mat: 6/29/18 Cpn: 1.00%						
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 6/10/16 St Date: 6/29/16						
1,350,000.000	FNMA C 7/27/17 1X	3135G0L68	1,347,975.00 0.00	1,346,288.72 1,800.00	(1,686.29)	99.725	1.00%
	Mat: 7/27/18 Cpn: 0.75%						
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 7/7/16 St Date: 7/27/16						
1,350,000.000	FHLMC C 12/14/16 Q	3134GAJQ8	1,350,000.00 0.00	1,349,993.25 733.13	(6.75)	100.000	1.00%
	Mat: 9/14/18 Cpn: 1.15%						
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 8/29/16 St Date: 9/14/16						
1,350,000.000	FHLB	3130A9AE1	1,349,082.00 0.00	1,350,030.38 1,148.44	948.38	100.002	1.00%
	Mat: 10/1/18 Cpn: 0.88%						
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 8/25/16 St Date: 8/26/16						
1,360,000.000	FHLMC	3137EAED7	1,359,415.20 0.00	1,360,115.60 495.83	700.40	100.009	1.00%
	Mat: 10/12/18 Cpn: 0.88%						
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 9/15/16 St Date: 9/16/16						
2,000,000.000	FHLMC C 1/29/16 Q	3134G72P5	2,000,000.00 0.00	1,998,942.40 10,133.33	(1,057.60)	99.947	1.48%
	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						
3,830,000.000	FNMA	3135G0J53	3,820,961.20 0.00	3,839,526.36 3,723.61	18,565.16	100.249	2.84%
	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						
1,320,000.000	FNMA C 12/13/16 Q	3135G0K77	1,320,000.00 91.67	1,319,462.50 4,950.00	(537.50)	99.959	0.98%
	Mat: 6/13/19 Cpn: 1.25%						
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 6/13/16 St Date: 6/15/16						



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CALOPTIMA - RESERVE ACCOUNT TIER ONE

Portfolio 2481

Portfolio Positions

as of September 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
935,000.000	FHLMC Mat: 7/19/19 Cpn: 0.88% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 7/19/16 St Date: 7/20/16	3137EAEB1	932,737.30 0.00	932,933.18 1,613.52	195.88	99.779	0.69%
1,420,000.000	FNMA Mat: 8/2/19 Cpn: 0.88% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 7/29/16 St Date: 8/2/16	3135G0N33	1,417,614.40 0.00	1,416,179.63 2,036.32	(1,434.77)	99.731	1.05%
1,350,000.000	FNMA Mat: 8/28/19 Cpn: 1.00% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 8/31/16 St Date: 9/2/16	3135G0P49	1,347,894.00 0.00	1,350,324.00 1,087.50	2,430.00	100.024	1.00%
Total for Agencies			19,595,679.10 91.67	19,612,023.06 33,213.35	16,343.96		14.51%

Taxable Muni

1,160,000.000	CA SACRAMENTO CNTY SANI DIST TAXABLE 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	786134UW4	1,160,000.00 0.00	1,159,860.80 3,093.33	(139.20)	99.988	0.86%
600,000.000	MN MINNESOTA ST TAXABLE Mat: 6/1/17 Cpn: 1.05% Moody's: S&P: AA Fitch: AA+ Tr Date: 10/30/15 St Date: 11/4/15	604146AX8	600,492.00 2,685.15	600,354.00 2,106.00	(138.00)	100.059	0.44%
1,600,000.000	CA SACRAMENTO CITY USD GO/ULT TAXABLE Mat: 8/1/17 Cpn: 1.25% Moody's: S&P: AA Fitch: Tr Date: 5/15/15 St Date: 6/4/15	785870WA0	1,600,000.00 0.00	1,603,328.00 3,328.00	3,328.00	100.208	1.19%
2,000,000.000	CA STATE GO TAXABLE Mat: 11/1/17 Cpn: 1.25% Moody's: Aa3 S&P: AA- Fitch: AA- Tr Date: 1/22/15 St Date: 1/27/15	13063CPN4	2,013,560.00 4,305.56	2,006,940.00 10,416.67	(6,620.00)	100.347	1.49%
200,000.000	CA LOS ANGELES PUB WORKS TAXABLE Mat: 12/1/17 Cpn: 1.51% Moody's: Aa3 S&P: AA Fitch: AA- Tr Date: 8/13/15 St Date: 9/2/15	54473ERP1	200,000.00 0.00	201,208.00 1,004.67	1,208.00	100.604	0.15%
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	615,416.80 4,178.50	(1,994.70)	100.888	0.46%



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CALOPTIMA - RESERVE ACCOUNT TIER ONE

Portfolio 2481

Portfolio Positions

as of September 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
670,000.000	CA UNIV OF CALIFORNIA TXB Mat: 5/15/18 Cpn: 1.30% Moody's: Aa2 S&P: AA Fitch: AA Tr Date: 9/27/16 St Date: 9/29/16	91412GPZ2	672,860.90 3,232.08	672,633.10 3,280.32	(227.80)	100.393	0.50%
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	379,601.25 1,025.63	4,601.25	101.227	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	1,514,745.00 11,040.00	14,745.00	100.983	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	1,438,150.00 13,673.33	38,150.00	102.725	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	762,097.50 5,815.63	6,277.50	101.613	0.57%
450,000.000	CA LOS ANGELES PUB WORKS TAXABLE Mat: 12/1/18 Cpn: 2.04% Moody's: Aa3 S&P: AA Fitch: AA- Tr Date: 8/13/15 St Date: 9/2/15	54473ERQ9	450,000.00 0.00	455,179.50 3,054.00	5,179.50	101.151	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	2,558,950.00 17,531.25	29,025.00	102.358	1.90%
2,000,000.000	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	2,018,160.00 3,891.33	2,030,240.00 8,980.00	12,080.00	101.512	1.51%
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	384,441.10 4,387.58	2,904.50	103.903	0.29%
Total for Taxable Muni			16,274,766.00 33,248.75	16,383,145.05 92,914.90	108,379.05		12.17%

Credit



CALOPTIMA - RESERVE ACCOUNT TIER ONE

Portfolio 2481

Portfolio Positions

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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
750,000.000	MANUFACTURERS & TRADERS TRUST FRN Mat: 1/30/17 Cpn: 1.13% Moody's: A2 S&P: A Fitch: A Tr Date: 2/3/15 St Date: 2/6/15	55279HAC4	749,347.50 91.82	750,376.50 1,502.00	1,029.00	100.050	0.56%
500,000.000	AFLAC Mat: 2/15/17 Cpn: 2.65% Moody's: A3 S&P: A- Fitch: A- Tr Date: 8/29/14 St Date: 9/4/14	001055AH5	517,810.00 699.31	502,750.00 1,693.06	(15,060.00)	100.550	0.37%
1,100,000.000	AMERICAN EXPRESS CREDIT Mat: 3/24/17 Cpn: 2.38% Moody's: A2 S&P: A- Fitch: A Tr Date: 10/21/14 St Date: 10/24/14	0258M0DD8	1,134,067.00 2,177.08	1,106,689.10 507.99	(27,377.90)	100.608	0.82%
1,000,000.000	PHILLIPS 66 Mat: 5/1/17 Cpn: 2.95% Moody's: A3 S&P: BBB+ Fitch: Tr Date: 10/22/14 St Date: 10/27/14	718546AJ3	1,043,540.00 14,422.22	1,009,143.00 12,291.67	(34,397.00)	100.914	0.75%
1,000,000.000	SO CAL EDISON Mat: 5/1/17 Cpn: 1.13% Moody's: Aa3 S&P: A Fitch: A+ Tr Date: 5/6/14 St Date: 5/9/14	842400GB3	1,001,143.00 2,253.13	999,941.00 4,687.50	(1,202.00)	99.994	0.74%
420,000.000	AMGEN Mat: 5/22/17 Cpn: 1.25% Moody's: Baa1 S&P: A Fitch: BBB Tr Date: 5/19/14 St Date: 5/22/14	031162BR0	419,542.20 0.00	420,208.74 1,881.25	666.54	100.050	0.31%
485,000.000	NATIONAL CITY BANK FRN Mat: 6/7/17 Cpn: 1.20% Moody's: A3 S&P: A- Fitch: A Tr Date: 8/21/14 St Date: 8/26/14	63534PAH0	483,797.20 631.13	485,131.44 389.11	1,334.24	100.027	0.36%
510,000.000	UNITEDHEALTH GROUP Mat: 7/17/17 Cpn: 1.45% Moody's: A3 S&P: A+ Fitch: A- Tr Date: 7/20/15 St Date: 7/23/15	91324PCK6	509,903.10 0.00	511,275.51 1,520.08	1,372.41	100.250	0.38%
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	260,512.72 667.33	611.52	100.197	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	1,198,353.60 1,750.00	2,397.60	99.863	0.89%



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Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
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	802,753.60 1,635.56	(3,142.40)	100.344	0.59%
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	1,207,021.20 3,066.67	(5,686.80)	100.585	0.89%
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	160,249.12 238.89	329.12	100.156	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	729,253.00 4,010.42	(62,314.00)	104.179	0.54%
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	1,211,770.23 924.31	(902.17)	100.146	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	1,289,646.25 1,692.71	(64,578.75)	103.172	0.95%
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	250,433.83 1,687.50	588.83	100.174	0.19%
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	1,205,238.55 6,253.33	534.55	100.437	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	1,199,927.58 4,268.80	(696.42)	99.994	0.89%
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	251,330.42 211.44	567.17	100.532	0.19%



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Portfolio 2481

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Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
123,000.000	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	122,938.50 0.00	123,188.84 345.94	250.34	100.154	0.09%
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	882,728.78 2,783.00	2,983.98	100.310	0.65%
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	696,214.15 1,783.83	1,638.10	100.175	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	1,203,020.14 3,360.00	3,932.14	100.252	0.89%
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	411,924.38 649.17	2,018.68	100.469	0.30%
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	482,216.09 575.60	2,216.09	100.462	0.36%
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	571,521.98 593.75	2,023.58	100.267	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	376,037.18 339.84	1,037.18	100.277	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	903,456.00 787.50	4,590.00	100.384	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	1,279,494.29 292.19	4,904.04	100.353	0.95%



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Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
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	1,224,667.61 8,357.00	5,912.01	100.383	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	204,967.99 1,044.36	242.69	99.984	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	1,204,804.04 6,880.00	4,912.04	100.400	0.89%
415,000.000	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	414,929.45 0.00	418,215.12 2,016.21	3,285.67	100.775	0.31%
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	281,477.08 970.67	1,583.48	100.528	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	595,936.05 2,335.42	6,685.35	101.006	0.44%
60,000.000	BERKSHIRE HATHAWAY Mat: 8/15/18 Cpn: 1.15% Moody's: Aa2 S&P: AA Fitch: A+ Tr Date: 8/8/16 St Date: 8/15/16	084670BX5	59,992.80 0.00	59,856.57 88.17	(136.23)	99.761	0.04%
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	708,569.06 1,714.03	8,688.06	101.224	0.52%
100,000.000	NEXTERA ENERGY Mat: 9/1/18 Cpn: 1.65% Moody's: Baa1 S&P: BBB+ Fitch: A- Tr Date: 8/25/16 St Date: 9/1/16	65339KAJ9	100,250.00 0.00	100,442.20 137.42	192.20	100.442	0.07%
380,000.000	LOWES COMPANIES FRN Mat: 9/14/18 Cpn: 1.46% Moody's: A3 S&P: A- Fitch: Tr Date: 9/9/15 St Date: 9/16/15	548661DF1	380,000.00 0.00	383,489.16 261.23	3,489.16	100.918	0.28%



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Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
395,000.000	JP MORGAN CHASE Mat: 9/21/18 Cpn: 1.45% Moody's: Aa3 S&P: A+ Fitch: AA- Tr Date: 9/20/16 St Date: 9/23/16	48125LRF1	394,814.35 0.00	395,372.03 127.28	557.68	100.094	0.29%
1,000,000.000	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	999,000.00 0.00	1,003,921.66 5,344.44	4,921.66	100.392	0.75%
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	1,326,204.21 7,078.50	7,431.81	100.470	0.98%
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	478,389.59 1,919.17	8,704.49	101.785	0.35%
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	323,560.30 574.22	3,614.70	101.113	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	554,206.45 806.67	4,365.95	100.765	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	454,069.61 640.50	4,069.61	100.904	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	424,737.72 536.67	5,224.92	101.128	0.31%
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	661,232.97 830.56	(577.53)	101.728	0.49%
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	796,533.02 596.89	7,133.42	100.827	0.59%



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Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
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	528,729.26 531.56	8,848.86	101.679	0.39%
120,000.000	JPMORGAN CHASE Mat: 4/23/19 Cpn: 6.30% Moody's: A3 S&P: A- Fitch: A+ Tr Date: 7/15/16 St Date: 7/20/16	46625HHL7	134,949.24 1,870.75	133,530.73 3,318.00	(1,418.51)	111.276	0.10%
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	290,359.60 1,646.96	623.50	100.124	0.22%
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	671,372.18 3,096.42	1,841.18	100.205	0.50%
140,000.000	CITIGROUP Mat: 6/7/19 Cpn: 2.05% Moody's: Baa1 S&P: BBB+ Fitch: A Tr Date: 6/2/16 St Date: 6/9/16	172967KS9	139,927.20 0.00	140,961.48 892.89	1,034.28	100.687	0.10%
560,000.000	WALT DISNEY COMPANY Mat: 7/12/19 Cpn: 0.88% Moody's: A2 S&P: A Fitch: A Tr Date: 7/7/16 St Date: 7/12/16	25468PDL7	558,118.40 0.00	554,765.12 1,075.28	(3,353.28)	99.065	0.41%
310,000.000	VERIZON COMMUNICATIONS Mat: 8/15/19 Cpn: 1.38% Moody's: Baa1 S&P: BBB+ Fitch: A- Tr Date: 7/27/16 St Date: 8/1/16	92343VDF8	309,972.10 0.00	308,770.54 710.42	(1,201.56)	99.603	0.23%
295,000.000	CISCO SYSTEMS Mat: 9/20/19 Cpn: 1.40% Moody's: A1 S&P: AA- Fitch: Tr Date: 9/13/16 St Date: 9/20/16	17275RBG6	294,672.55 0.00	295,630.19 126.19	957.64	100.214	0.22%
285,000.000	FIFTH THIRD BANK Mat: 9/27/19 Cpn: 1.63% Moody's: A3 S&P: A- Fitch: A Tr Date: 9/22/16 St Date: 9/27/16	31677QBH1	284,526.90 0.00	284,990.17 51.46	463.27	99.997	0.21%
595,000.000	JOHN DEERE CAPITAL CORP Mat: 10/9/19 Cpn: 1.25% Moody's: A2 S&P: A Fitch: Tr Date: 9/6/16 St Date: 9/9/16	24422ETJ8	593,798.10 0.00	591,553.39 454.51	(2,244.71)	99.421	0.44%



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Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
Total for Credit			37,977,602.84 77,724.32	37,883,122.31 116,553.50	(94,480.53)		28.06%
Mortgage-Backed							
10,792.130	FHMS K501 A2 CMBS	3137ANLP8	11,128.67 4.28	10,783.08 14.88	(345.59)	99.916	0.01%
	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						
55,227.970	FNA 2014-M4 ASQ2 CMBS	3136AJB21	55,780.25 56.60	55,201.02 58.56	(579.23)	99.951	0.04%
	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						
386,316.420	FNA 2014-M9 ASQ2 CMBS	3136AKXS7	390,177.07 439.28	386,564.82 470.66	(3,612.25)	100.064	0.29%
	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						
285,501.410	FNA 2012-M9 ASQ2 CMBS	3136A7L26	291,813.67 0.00	286,393.60 359.97	(5,420.07)	100.313	0.21%
	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						
2,000,000.000	FNA 2015-M7 ASQ2 CMBS	3136ANJY4	2,019,992.80 2,497.22	2,008,016.00 2,583.33	(11,976.80)	100.401	1.48%
	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						
728,580.097	FNA 2014-M8 FA 1MOFRN CMBS	3136AKQJ5	728,384.84 244.07	727,229.31 460.06	(1,155.53)	99.815	0.54%
	Mat: 5/25/18 Cpn: 0.76%						
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 7/11/14 St Date: 7/31/14						
990,609.560	FHMS K704 A2 CMBS	3137AH6Q6	1,014,987.85 398.23	1,009,462.84 1,991.13	(5,525.01)	101.903	0.75%
	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						
968,716.876	FNA 14-M1 ASQ2 CMBS	3136AHUV0	984,676.05 1,768.55	985,141.47 1,875.27	465.42	101.696	0.73%
	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						
319,833.450	FNMA #890170 10YR	31410K6F6	339,223.35 759.61	328,271.94 1,199.38	(10,951.42)	102.638	0.24%
	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						



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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	1,910,336.00 2,606.17	(8,690.41)	100.544	1.41%
452,657.420	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	451,522.15 329.74	453,823.92 618.25	2,301.76	100.258	0.34%
Total for Mortgage-Backed			8,206,713.11 9,016.86	8,161,223.99 12,237.66	(45,489.12)		6.04%
Asset-Backed							
6,139.966	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	6,136.72 0.48	6,139.25 1.58	2.53	99.988	0.00%
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	2,379,709.64 909.03	(156.84)	99.988	1.76%
695,203.107	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	695,173.00 0.00	695,191.98 287.35	18.98	99.998	0.51%
1,274,876.883	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	1,274,866.56 0.00	1,274,361.83 453.29	(504.72)	99.960	0.94%
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	3,207,488.00 1,310.22	7,864.00	100.234	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	1,567,558.10 875.84	2,811.30	100.228	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	2,156,963.85 1,376.00	7,373.86	100.324	1.59%



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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	1,852,408.70 1,118.22	2,699.89	100.130	1.37%
900,000.000	USAA 2016-1 A3 CAR Mat: 6/15/20 Cpn: 1.20% Moody's: Aaa S&P: AAA Fitch: Tr Date: 9/12/16 St Date: 9/21/16	90327CAC4	899,851.95 0.00	900,904.50 300.00	1,052.55	100.101	0.67%
1,155,000.000	BMW 2016-A A3 CAR Mat: 11/25/20 Cpn: 1.16% Moody's: Aaa S&P: Fitch: AAA Tr Date: 7/12/16 St Date: 7/20/16	05582QAD9	1,154,994.80 0.00	1,155,727.65 223.30	732.85	100.063	0.85%
Total for Asset-Backed			15,174,559.12 140.62	15,196,453.51 6,854.84	21,894.39		11.23%
Grand Total			135,059,428.91 133,938.75	135,082,983.22 325,684.22	23,554.32		100.00%



WELLS CAPITAL-TIER ONE

HoldingName	Ticker	CUSIP	ISIN	SEDOL	% Market Value	Holding Value
AMERICAN HONDA FINANCE CORP	HNDA	02665WAC5	US02665WAC55		1.41%	\$1,768,140.65
BANK OF AMERICA NA	BAC	06050TME9	US06050TME90		1.46%	\$1,835,288.40
BANK OF NEW YORK MELLON CORP	BK	06406HCU1	US06406HCU14		0.86%	\$1,077,753.72
BANK OF NEW YORK MELLON CORP	BK	06406HDB2	US06406HDB24		0.26%	\$328,800.98
BERKSHIRE HATHAWAY FINANCE CORP	BRK	084664CK5	US084664CK54		1.20%	\$1,505,025.17
BMWLT 161 A3	BMWLT	05581RAD8	US05581RAD89		0.40%	\$501,238.77
BMWOT 16A A3	BMWOT	05582QAD9	US05582QAD97		0.87%	\$1,090,464.05
BRANCH BANKING AND TRUST CO	BBT	07330NAL9	US07330NAL91		1.52%	\$1,912,420.62
CAPITAL ONE NA	COF	14042E4L1	US14042E4L18		0.48%	\$602,243.20
Cash	---	CCYUSD	---		0.01%	\$13,749.95
CHAIT 155 A	CHAIT	161571GY4	US161571GY45		1.52%	\$1,908,619.81
CHEVRON CORP	CVX	166764BH2	US166764BH21		1.53%	\$1,921,169.33
CISCO SYSTEMS INC	CSCO	17275RAU6	US17275RAU68		0.24%	\$303,920.20
CITIGROUP INC	C	172967HY0	US172967HY01		0.36%	\$451,451.08
CITIGROUP INC	C	172967JH5	US172967JH59		0.59%	\$733,884.33
CITIGROUP INC	C	172967HN4	US172967HN46		0.09%	\$113,032.01
COCA-COLA CO	KO	191216BV1	US191216BV17		1.28%	\$1,611,325.64
EXXON MOBIL CORP	XOM	30231GAL6	US30231GAL68		0.44%	\$552,162.74
FEDERAL HOME LOAN BANKS	FHLB	313379EE5	US313379EE59		1.59%	\$1,990,275.03
FEDERAL HOME LOAN BANKS	FHLB	313379DT3	US313379DT38		6.04%	\$7,580,374.58
FEDERAL HOME LOAN BANKS	FHLB	3130A6LZ8	US3130A6LZ80		2.30%	\$2,880,174.92
FEDERAL HOME LOAN BANKS	FHLB	3130A9EP2	US3130A9EP21		1.20%	\$1,498,894.33
FEDERAL HOME LOAN BANKS	FHLB	3130A8BD4	US3130A8BD45		1.60%	\$2,012,160.22
FEDERAL HOME LOAN BANKS	FHLB	3130A7CX1	US3130A7CX17		1.58%	\$1,982,163.48
FEDERAL HOME LOAN BANKS	FHLB	3130A62S5	US3130A62S59		2.44%	\$3,054,573.48
FEDERAL HOME LOAN MORTGAGE CORP	FHLMC	3134G72P5	US3134G72P50		0.73%	\$914,726.24
FEDERAL HOME LOAN MORTGAGE CORP	FHLMC	3137EADX4	US3137EADX42		2.50%	\$3,129,871.17
FEDERAL NATIONAL MORTGAGE ASSOCIATION	FNMA	3135G0E58	US3135G0E585		1.61%	\$2,020,483.00
FEDERAL NATIONAL MORTGAGE ASSOCIATION	FNMA	3135G0P49	US3135G0P490		0.80%	\$1,000,345.56
FIDELITY INST : GOV PT CL I MMF	FIGXX	316175108	US3161751082		0.01%	\$17,810.25
FIFTH THIRD BANK	FITB	31677QBD0	US31677QBD07		0.20%	\$253,835.65
FIFTH THIRD BANK (OHIO)	FITB	31677QBH1	US31677QBH11		0.40%	\$499,805.78
GOLDMAN SACHS GROUP INC	GS	38145XAA1	US38145XAA19		0.82%	\$1,024,874.92
HAROT 134 A3	HAROT	43814FAC6	US43814FAC68		0.03%	\$42,289.64
HAROT 163 A3	HAROT	438124AC3	US438124AC33		1.43%	\$1,799,282.68
HDMOT 151 A2A	HDMOT	41284BAB2	US41284BAB27		0.08%	\$101,171.73
HDMOT 16A A3	HDMOT	41284DAC6	US41284DAC65		1.60%	\$2,005,846.91
HSBC USA INC	HSBC	40428HPQ9	US40428HPQ91		1.20%	\$1,504,916.67
JDOT 15B A3	JDOT	47787WAC3	US47787WAC38		0.50%	\$627,261.81
JDOT 16B A3	JDOT	47788NAC2	US47788NAC20		0.80%	\$1,002,092.96
JPMORGAN CHASE & CO	JPM	46625HQU7	US46625HQU76		1.44%	\$1,810,970.10
KEYBANK NA	KEY	49327M2A1	US49327M2A10		1.20%	\$1,510,086.00
MANUFACTURERS AND TRADERS TRUST CO	MTB	55279HAA8	US55279HAA86		0.80%	\$1,000,775.67
MBART 161 A3	MBART	58769BAD6	US58769BAD64		1.60%	\$2,005,839.60
MICROSOFT CORP	MSFT	594918BF0	US594918BF05		0.29%	\$358,629.68
MORGAN STANLEY	MS	617446C23	US617446C235		0.41%	\$511,699.44
MORGAN STANLEY	MS	617446V71	US617446V714		0.23%	\$288,004.25
MUFG UNION BANK NA	MUFG	90521APJ1	US90521APJ15		1.45%	\$1,823,896.48

WELLS CAPITAL-TIER ONE

HoldingName	Ticker	CUSIP	ISIN	SEDOL	% Market Value	Holding Value
NALT 16A A3	NALT	65478QAD0	US65478QAD07		1.44%	\$1,805,048.68
NAROT 16C A3	NAROT	65478WAD7	US65478WAD74		1.00%	\$1,250,787.81
PACCAR FINANCIAL CORP	PCAR	69371RM37	US69371RM374		0.80%	\$1,003,023.79
PNC BANK NA	PNC	69353RER5	US69353RER57		1.49%	\$1,872,850.48
QUALCOMM INC	QCOM	747525AG8	US747525AG87		0.48%	\$604,014.27
Receivable	---	CCYUSD	---		0.00%	\$41.16
SOUTHERN CALIF PUB PWR AUTH REV	CA	84247PHT1	US84247PHT12		2.03%	\$2,550,310.60
TAOT 16C A3	TAOT	89237WAD9	US89237WAD92		0.96%	\$1,198,427.24
TOYOTA MOTOR CREDIT CORP	TOYOTA	89236TDE2	US89236TDE29		1.52%	\$1,912,065.84
UNITED STATES TREASURY	UST	912828L40	US912828L401		3.65%	\$4,582,369.28
UNITED STATES TREASURY	UST	912828UA6	US912828UA67		1.15%	\$1,441,899.95
UNITED STATES TREASURY	UST	912828UR9	US912828UR92		1.20%	\$1,501,431.40
UNITED STATES TREASURY	UST	912828XK1	US912828XK13		4.00%	\$5,018,453.10
UNITED STATES TREASURY	UST	912828RH5	US912828RH57		1.61%	\$2,022,653.55
UNITED STATES TREASURY	UST	912828H37	US912828H375		3.00%	\$3,764,424.82
UNITED STATES TREASURY	UST	912828M72	US912828M722		2.04%	\$2,552,429.68
UNITED STATES TREASURY	UST	912828N55	US912828N555		2.01%	\$2,515,107.93
UNITED STATES TREASURY	UST	912828VE7	US912828VE70		4.02%	\$5,036,528.28
UNITED STATES TREASURY	UST	912828Q52	US912828Q525		4.01%	\$5,023,521.50
UNITED STATES TREASURY	UST	912828R44	US912828R440		4.00%	\$5,019,065.14
UNITED STATES TREASURY	UST	912828Q94	US912828Q947		1.60%	\$2,006,511.17
UNITEDHEALTH GROUP INC	UNH	91324PCF7	US91324PCF71		1.38%	\$1,727,048.26
US BANK NA	USB	90331HMQ3	US90331HMQ38		0.52%	\$652,618.53
US BANK NA	USB	90331HMU4	US90331HMU40		0.53%	\$658,455.27
USAOT 161 A3	USAOT	90327CAC4	US90327CAC47		1.40%	\$1,751,692.66
VISA INC	V	92826CAA0	US92826CAA09		1.52%	\$1,911,355.67
VWALT 15A A3	VWALT	92867VAD2	US92867VAD29		0.72%	\$900,126.40
WALT DISNEY CO	DIS	25468PDL7	US25468PDL76		0.51%	\$644,908.64

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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												
60682A2J4	MITSUBISHI TR & BLG	1.000	1/30/2017	1/30/2017	F1	2,000,000	2,000,000.000	.339	.332	1.000	1.59%	2,000,000.00
69372AKM3	PACCAR FINL CORP D D	0.000	10/21/2016	10/21/2016	A-1	700,000	699,848.330	.058	.057	.372	.56%	699,848.33
NA9123459	US DOLLARS	.531	10/1/2016		Agency	3,182,904	3,182,903.570	.001	.001	.531	2.54%	3,182,903.57
USD120030	USD INTEREST RECEIVABLE	-				323,338	0.000	-	-	-	.26%	323,337.69
USD220010	USD PAYABLE FOR INVESTMENTS PURCHASED	-				(2,586,155)	(2,586,154.950)	-	-	-	(2.06%)	(2,586,154.95)
CASH TOTALS							3,296,596.950					3,619,934.64
CASH & CASH EQUIVALENTS TOTALS							3,296,596.950					3,619,934.64
FIXED INCOME												
AGENCIES												
3130A5EP0	FEDERAL HOME LOAN BANKS	.625	5/30/2017	5/30/2017	Agency	3,750,000	3,748,154.320	.667	.658	.599	2.99%	3,750,641.25
3130A6LZ8	FEDERAL HOME LOAN BANKS	.625	10/26/2017	10/26/2017	Agency	2,875,000	2,870,438.200	1.072	1.061	.709	2.29%	2,872,438.38
3130A62S5	FEDERAL HOME LOAN BANKS	.750	8/28/2017	8/28/2017	Agency	3,900,000	3,894,112.620	.911	.903	.660	3.11%	3,903,166.80
3130A7CX1	FEDERAL HOME LOAN BANKS	.875	3/19/2018	3/19/2018	Agency	1,980,000	1,979,538.120	1.469	1.451	.820	1.58%	1,981,585.98
3134G72P5	FEDERAL HOME LOAN MORTGAGE CORP	1.200	10/29/2018	10/29/2018	Agency	910,000	910,000.000	.081	.528	1.037	.73%	910,115.57
3137EADX4	FEDERAL HOME LOAN MORTGAGE CORP	1.000	12/15/2017	12/15/2017	Agency	3,110,000	3,107,687.640	1.208	1.194	.713	2.49%	3,120,713.95
3137EADV8	FEDERAL HOME LOAN MORTGAGE CORP	.750	7/14/2017	7/14/2017	Agency	2,850,000	2,848,508.580	.789	.780	.627	2.27%	2,852,750.25
3134G8L98	FEDERAL HOME LOAN MORTGAGE CORP	1.050	2/26/2018	2/26/2018	Agency	915,000	915,000.000	.156	.601	1.007	.73%	915,046.67
3135G0E58	FEDERAL NATIONAL MORTGAGE ASSOCIATION	1.125	10/19/2018	10/19/2018	Agency	2,000,000	1,997,333.520	2.053	2.013	.870	1.60%	2,010,358.00
AGENCIES TOTALS							22,270,773.000					22,316,816.85
ASSET BACKED												
05581RAD8	BMW VEHICLE LEASE TRUST 2016-1	1.340	1/22/2019	7/20/2018	Aaa	500,000	499,957.600	1.440	1.417	1.198	.40%	501,034.05
161571FT6	CHASE ISSUANCE TRUST	.784	12/16/2019	12/15/2017	AAA	2,170,000	2,171,885.600	1.214	.047	.679	1.73%	2,173,138.69
161571BQ6	CHASE ISSUANCE TRUST	.574	4/15/2019	2/15/2017	AAA	300,000	299,804.850	.381	.046	.454	.24%	300,148.86
161571GJ7	CHASE ISSUANCE TRUST	1.150	1/15/2019	1/15/2017	AAA	500,000	500,332.030	.292	.291	.946	.40%	500,300.10
36159LCR5	GE DEALER FLOORPLAN MASTER NOTE TRUST	1.032	1/21/2020	1/22/2018	Aaa	600,000	599,150.700	1.306	.055	1.095	.48%	599,677.44
36159LBW5	GE DEALER FLOORPLAN MASTER NOTE TRUST	1.282	4/22/2019	4/20/2017	Aaa	1,000,000	1,001,189.160	.556	.055	.849	.80%	1,002,475.50
41284BAB2	HARLEY-DAVIDSON MOTORCYCLE TRUST 2015-1	.800	1/15/2019	3/15/2017	Aaa	101,181	101,180.690	.201	.201	1.023	.08%	101,135.74
43814FAC6	HONDA AUTO RECEIVABLES 2013-4 OWNER TRUST	.690	9/18/2017	12/18/2016	AAA	42,369	42,377.500	.093	.093	.926	.03%	42,359.33
43814KAC5	HONDA AUTO RECEIVABLES 2015-1 OWNER TRUST	1.050	10/15/2018	2/15/2018	Aaa	3,764,392	3,764,181.170	.629	.623	.994	3.00%	3,765,751.70
477877AD6	JOHN DEERE OWNER TRUST 2014-B	1.070	11/15/2018	1/15/2018	Aaa	635,431	635,364.240	.529	.524	.992	.51%	635,699.30
47787UAD5	JOHN DEERE OWNER TRUST 2015	1.320	6/17/2019	7/15/2018	Aaa	465,000	465,717.020	1.011	.997	1.072	.37%	466,167.71
47787UAB9	JOHN DEERE OWNER TRUST 2015	.870	2/15/2018	2/15/2017	Aaa	555,969	555,971.410	.183	.182	1.053	.44%	555,786.24
47787WAC3	JOHN DEERE OWNER TRUST 2015-B	1.440	10/15/2019	12/15/2018	Aaa	625,000	624,904.230	1.360	1.338	1.222	.50%	626,861.81
58769AAD8	MERCEDES BENZ AUTO LEASE TRUST 2015-B	1.340	7/16/2018	12/15/2017	AAA	430,000	430,855.550	.950	.938	1.124	.34%	430,889.71
58772PAD0	MERCEDES-BENZ AUTO RECEIVABLES TRUST 2015-1	1.340	12/16/2019	11/15/2018	AAA	1,050,000	1,052,406.490	1.267	1.246	1.121	.84%	1,052,926.46
65478QAD0	NISSAN AUTO LEASE TRUST 2016-A	1.490	3/15/2019	10/15/2018	Aaa	585,000	584,977.290	1.771	1.737	1.371	.47%	586,253.42
65474VAL5	NISSAN MASTER OWNER TRUST RECEIVABLES	1.540	6/15/2021	6/17/2019	Aaa	400,000	399,947.310	2.714	2.641	1.691	.32%	398,672.96

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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
FIXED INCOME (Continued)												
ASSET BACKED (Continued)												
92867VAD2	VOLKSWAGEN AUTO LEASE TRUST	1.250	12/20/2017	7/20/2017	Aaa	900,000	899,932.980	.592	.585	1.294	.72%	899,782.65
ASSET BACKED TOTALS							14,630,135.820					14,639,061.67
CMBS												
3136AK2A0	FANNIE MAE-ACES	2.171	9/25/2019	9/25/2019	Agency	200,000	204,068.800	2.986	2.879	1.435	.16%	204,040.44
3136AC3C3	FANNIE MAE-ACES	1.451	2/25/2018	2/25/2018	Agency	653,555	655,764.600	1.310	1.293	1.171	.52%	655,324.37
3136A7L26	FANNIE MAE-ACES	1.513	12/25/2017	6/25/2017	Agency	328,163	329,272.820	.650	.641	.920	.26%	329,095.11
3137AME52	FHLMC MULTICLASS	1.891	12/25/2020	11/25/2019	Agency	478,279	482,570.880	1.617	1.581	1.232	.38%	482,729.05
3137B1AY8	FHLMC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	1.369	5/25/2019	5/25/2018	AAA	223,988	224,442.530	.846	.835	1.081	.18%	224,329.35
3137AQT24	FHLMC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	2.130	1/25/2019	1/25/2019	Agency	998,294	1,016,413.830	2.144	2.086	1.265	.81%	1,015,207.97
3137AH6Q6	FHLMC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	2.412	8/25/2018	8/25/2018	Aaa	842,018	858,023.100	1.631	1.589	1.163	.68%	857,682.61
CMBS TOTALS							3,770,556.560					3,768,408.90
CMOS												
31394GB77	FREDDIE MAC REMICS	4.500	7/15/2018	6/15/2018	Agency	469,152	479,968.500	.699	.685	1.314	.38%	478,716.60
31393WN47	FREDDIE MAC REMICS	4.500	7/15/2018	7/15/2018	Agency	498,368	509,932.670	.712	.699	.796	.41%	510,586.98
31393WVB2	FREDDIE MAC REMICS	4.500	7/15/2018	6/15/2018	Agency	1,186,738	1,215,163.990	.750	.736	.988	.97%	1,215,773.21
CMOS TOTALS							2,205,065.160					2,205,076.79
CORPORATES												
0258MODZ9	AMERICAN EXPRESS CREDIT CORP	1.875	11/5/2018	11/5/2018	A2	1,617,000	1,633,962.470	2.036	2.009	1.470	1.30%	1,630,215.74
037833BR0	APPLE INC	1.637	2/22/2019	2/22/2019	Aa1	425,000	429,902.600	2.403	.166	1.036	.34%	431,604.50
00206RAJ1	AT&T INC	5.500	2/1/2018	2/1/2018	BBB+	800,000	844,584.000	1.336	1.294	1.433	.67%	842,886.40
06050TLT7	BANK OF AMERICA NA	1.250	2/14/2017	2/14/2017	A1	200,000	199,915.280	.372	.373	1.112	.16%	200,101.00
06050TLY6	BANK OF AMERICA NA	1.650	3/26/2018	3/26/2018	A1	1,800,000	1,802,749.660	1.489	1.465	1.367	1.44%	1,807,470.00
05531FAQ6	BB&T CORP	2.250	2/1/2019	2/1/2019	A2	580,000	592,165.480	2.256	2.215	1.389	.47%	591,047.84
05531FAL7	BB&T CORP	1.600	8/15/2017	8/15/2017	A2	748,000	747,089.010	.792	.798	1.177	.60%	750,487.85
084659AB7	BERKSHIRE HATHAWAY ENERGY CO	2.400	2/1/2020	2/3/2020	A3	1,170,000	1,192,857.160	3.253	3.157	1.629	.96%	1,198,442.70
084664CD1	BERKSHIRE HATHAWAY FINANCE CORP	.967	1/12/2018	1/12/2018	Aa2	550,000	550,817.110	1.294	.039	.972	.44%	551,305.70
09062XAB9	BIOGEN IDEC INC SR	6.875	3/1/2018	3/1/2018	Baa1	400,000	429,958.100	1.419	1.362	1.413	.34%	430,588.00
172967JH5	CITIGROUP INC	1.800	2/5/2018	2/5/2018	BBB+	1,805,000	1,806,554.530	1.347	1.330	1.610	1.44%	1,809,550.41
17401QAC5	CITIZENS BANK NA/PROVIDENCE RI	2.300	12/3/2018	12/3/2018	BBB+	850,000	858,362.490	2.089	2.055	1.737	.69%	859,820.90
202795HV5	COMMONWEALTH EDISON CO	4.000	8/1/2020	8/3/2020	A2	470,000	504,978.990	3.581	3.369	1.609	.41%	508,996.84
25401OAC5	DIGNITY HEALTH	2.637	11/1/2019	11/1/2019	A	250,000	256,611.340	3.086	2.940	1.654	.21%	257,361.50
26442CAD6	DUKE ENERGY CAROLINAS LLC	5.100	4/15/2018	4/16/2018	AA-	800,000	849,651.200	1.542	1.465	1.096	.68%	848,836.80
31677QAV1	FIFTH THIRD BANK/CINCINNATI OH	1.450	2/28/2018	2/28/2018	A-	800,000	800,806.110	1.328	1.355	1.322	.64%	801,346.40
31677QBD0	FIFTH THIRD BANK/CINCINNATI OH	2.150	8/20/2018	8/20/2018	A-	250,000	249,962.000	1.806	1.785	1.424	.20%	253,223.50
36962G7J7	GENERAL ELECTRIC CO	1.250	5/15/2017	5/15/2017	A1	230,000	229,986.380	.536	.544	.932	.18%	230,390.08
38147MAA3	GOLDMAN SACHS GROUP INC/THE	2.900	7/19/2018	7/19/2018	A3	1,500,000	1,530,359.300	1.803	1.749	1.561	1.22%	1,535,538.00
38141EC49	GOLDMAN SACHS GROUP INC/THE	1.650	12/15/2017	12/15/2017	A3	500,000	500,906.200	1.211	.210	1.419	.40%	501,528.00
446438RR6	HUNTINGTON NATIONAL BANK/THE	2.200	11/6/2018	11/6/2018	A3	1,060,000	1,070,939.550	2.014	1.981	1.570	.86%	1,073,236.22
46623EKD0	JPMORGAN CHASE & CO	1.700	3/1/2018	3/1/2018	A-	950,000	953,746.840	1.336	1.346	1.469	.76%	952,891.80
46625HJF8	JPMORGAN CHASE & CO	1.615	1/25/2018	1/25/2018	A-	485,000	488,017.630	1.319	.073	1.394	.39%	487,409.97

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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
FIXED INCOME (Continued)												
CORPORATES (Continued)												
48126EAA5	JPMORGAN CHASE & CO	2.000	8/15/2017	8/15/2017	A-	400,000	402,883.800	.875	.864	1.339	.32%	402,289.20
49327M2A1	KEYBANK NA/CLEVELAND OH	1.650	2/1/2018	2/1/2018	A-	1,450,000	1,454,467.170	1.336	1.320	1.348	1.16%	1,455,762.30
49327M2P8	KEYBANK NA/CLEVELAND OH	1.600	8/22/2019	8/22/2019	A-	250,000	249,922.800	2.894	2.819	1.597	.20%	250,021.00
617446C23	MORGAN STANLEY	5.450	1/9/2017	1/9/2017	A3	500,000	517,873.200	.275	.275	1.422	.40%	505,492.50
617446V71	MORGAN STANLEY	6.250	8/28/2017	8/28/2017	A3	275,000	299,495.680	.911	.890	1.634	.23%	286,428.73
61746BDY9	MORGAN STANLEY	2.131	2/1/2019	2/1/2019	A3	500,000	506,107.920	2.339	.113	1.417	.41%	509,668.00
553794AA6	MUFG AMERICAS HOLDINGS CORP	1.625	2/9/2018	2/9/2018	A	500,000	499,801.240	1.275	1.302	1.505	.40%	500,757.00
637432MU6	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2.350	6/15/2020	6/15/2020	A1	830,000	854,124.940	3.708	3.532	1.713	.68%	848,923.17
69353RER5	PNC BANK NA	1.850	7/20/2018	7/20/2018	A	700,000	699,949.270	1.717	1.710	1.340	.56%	706,092.10
69349LAC2	PNC BANK NA	4.875	9/21/2017	9/21/2017	A-	750,000	804,278.620	.975	.958	1.598	.62%	773,678.25
90331HMU4	US BANK NA/CINCINNATI OH	1.450	1/29/2018	1/29/2018	AA-	1,005,000	1,006,296.280	1.244	1.267	1.227	.80%	1,007,791.89
90331HMQ3	US BANK NA/CINCINNATI OH	1.350	1/26/2018	1/26/2018	A1	650,000	649,259.620	1.239	1.265	1.220	.52%	651,034.15
92343VBM5	VERIZON COMMUNICATIONS INC	2.606	9/14/2018	9/14/2018	BBB+	1,150,000	1,182,244.230	1.958	.228	1.279	.94%	1,180,203.60
94974BGR5	WELLS FARGO & CO	2.550	12/7/2020	12/7/2020	A	500,000	514,428.000	4.186	3.946	2.058	.41%	509,812.00
94974BFV7	WELLS FARGO & CO	1.162	4/22/2019	4/22/2019	A	1,000,000	997,396.360	2.561	.060	1.443	.79%	997,149.00
94988J5E3	WELLS FARGO BANK NA	1.425	5/24/2019	5/24/2019	Aa2	415,000	416,124.690	2.653	.161	1.270	.33%	417,164.64
CORPORATES TOTALS							29,579,537.250					29,556,547.68
MORTGAGES												
31403CYQ8	FANNIE MAE POOL	5.500	12/1/2019	4/25/2019	Agency	141,198	147,349.040	1.156	1.121	1.216	.12%	147,606.22
31374CNE2	FANNIE MAE POOL	5.000	5/1/2019	2/25/2018	Agency	536,443	549,547.960	.672	.660	.390	.44%	551,234.37
31402DPU8	FANNIE MAE POOL	5.000	11/1/2019	6/25/2019	Agency	290,655	303,463.170	1.218	1.179	1.592	.24%	301,602.79
3128M1B99	FREDDIE MAC GOLD POOL	5.000	4/1/2021	6/15/2020	Agency	139,378	147,153.450	1.579	1.506	.890	.12%	148,061.77
MORTGAGES TOTALS							1,147,513.620					1,148,505.15
MUNICIPALS												
032556BZ4	ANAHEIM HOUSING & PUBLIC IMPROVEMENTS AUTHORITY	1.304	10/1/2019	10/1/2019	AA-	1,410,000	1,410,000.000	3.003	2.940	1.414	1.12%	1,404,472.80
13034PYC5	CALIFORNIA HOUSING FINANCE AGENCY	1.594	2/1/2018	2/1/2018	A2	1,000,000	1,000,000.000	1.336	1.319	1.692	.80%	998,690.00
13077CT46	CALIFORNIA STATE UNIVERSITY	2.332	11/1/2020	11/2/2020	AA-	695,000	711,976.940	4.086	3.870	1.462	.57%	718,908.00
769036AW4	CITY OF RIVERSIDE CA	.980	6/1/2017	6/1/2017	SP-1+	470,000	470,000.000	.669	.662	1.110	.37%	469,595.80
190335HF9	COAST COMMUNITY COLLEGE DISTRICT	1.556	8/1/2021	8/2/2021	AA	585,000	585,000.000	4.836	4.645	1.687	.46%	581,443.20
68428LDQ4	COUNTY OF ORANGE CA	1.208	6/30/2017	6/30/2017	AA	750,000	750,657.670	.750	.741	1.213	.60%	749,970.00
544587B80	MUNICIPAL IMPROVEMENT CORP OF LOS ANGELES	1.924	11/1/2017	11/1/2017	A+	1,100,000	1,110,918.040	1.086	1.068	1.144	.88%	1,109,229.00
842477TV3	SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY	2.029	7/1/2020	7/1/2020	AA-	600,000	614,710.400	3.753	3.596	1.418	.49%	613,344.00
13063A7G3	STATE OF CALIFORNIA	6.200	10/1/2019	10/1/2019	AA-	390,000	444,784.060	3.003	2.712	1.560	.35%	442,887.90
13063BFU1	STATE OF CALIFORNIA	6.200	3/1/2019	3/1/2019	AA-	780,000	871,229.110	2.419	2.267	1.503	.69%	866,720.40
13066YTY5	STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES POWER SUPPLY REVENUE	1.713	5/1/2021	5/3/2021	Aa1	1,185,000	1,185,000.000	4.222	4.065	1.556	.95%	1,192,560.30
20772JL59	STATE OF CONNECTICUT	2.500	8/1/2020	8/3/2020	AA-	795,000	823,907.760	3.836	3.655	1.740	.65%	817,307.70
93265PBQ1	WALNUT ENERGY CENTER AUTHORITY	4.650	1/1/2018	1/2/2018	A+	1,000,000	1,043,172.320	1.253	1.218	1.223	.83%	1,042,460.00
MUNICIPALS TOTALS							11,021,356.300					11,007,589.10

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As of 9/30/2016

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												
45818WAN6	INTER-AMERICAN DEVELOPMENT BANK	.835	12/12/2016	12/12/2016	Aaa	1,250,000	1,250,044.240	.203	.199	.748	1.00%	1,250,221.25
SOVEREIGN DEBT TOTALS							1,250,044.240					1,250,221.25
US TREASURIES												
912828K33	UNITED STATES TREASURY INFLATION INDEXED BONDS	.125	4/15/2020	4/15/2020	Govt	3,853,763	3,917,898.220	3.541	3.513	1.144	3.13%	3,928,941.70
912828P95	UNITED STATES TREASURY NOTE/BOND	1.000	3/15/2019	3/15/2019	Govt	2,500,000	2,501,720.400	2.459	2.417	.842	2.00%	2,509,570.00
912828UF5	UNITED STATES TREASURY NOTE/BOND	1.125	12/31/2019	12/31/2019	Govt	8,500,000	8,505,654.030	3.250	3.176	.949	6.81%	8,547,812.50
912828UR9	UNITED STATES TREASURY NOTE/BOND	.750	2/28/2018	2/28/2018	Govt	2,400,000	2,400,000.000	1.417	1.401	.728	1.91%	2,400,748.80
912828N55	UNITED STATES TREASURY NOTE/BOND	1.000	12/31/2017	1/2/2018	Govt	2,500,000	2,497,938.400	1.250	1.243	.717	2.00%	2,508,790.00
912828H37	UNITED STATES TREASURY NOTE/BOND	.875	1/15/2018	1/16/2018	Govt	3,750,000	3,737,789.100	1.291	1.282	.720	2.99%	3,757,470.00
912828B58	UNITED STATES TREASURY NOTE/BOND	2.125	1/31/2021	2/1/2021	Govt	3,000,000	3,106,174.670	4.334	4.135	1.127	2.49%	3,126,327.00
912828XP0	UNITED STATES TREASURY NOTE/BOND	.625	7/31/2017	7/31/2017	Govt	4,600,000	4,593,873.010	.834	.827	.630	3.67%	4,599,820.60
912828L40	UNITED STATES TREASURY NOTE/BOND	1.000	9/15/2018	9/17/2018	Govt	4,563,000	4,583,375.800	1.959	1.939	.793	3.65%	4,581,356.95
US TREASURIES TOTALS							35,844,423.630					35,960,837.55
FIXED INCOME TOTALS							121,719,405.580					121,853,064.94
PORTFOLIO TOTALS							125,016,002.530					125,472,999.58

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												
60682A2J4	MITSUBISHI TR & BLG	1.000	1/30/2017	1/30/2017	F1	1,500,000	1,500,000.000	.339	.332	1.000	1.67%	1,500,000.00
69372AKM3	PACCAR FINL CORP D D	0.000	10/21/2016	10/21/2016	A-1	1,500,000	1,499,675.000	.058	.057	.372	1.67%	1,499,675.00
NA9123459	US DOLLARS	.531	10/1/2016		Agency	886,093	886,093.380	.001	.001	.531	.99%	886,093.38
USD120030	USD INTEREST RECEIVABLE	-				341,985	0.000	-	-	-	.38%	341,984.71
USD220010	USD PAYABLE FOR INVESTMENTS PURCHASED	-				(1,687,490)	(1,687,490.170)	-	-	-	(1.88%)	(1,687,490.17)
CASH TOTALS							2,198,278.210					2,540,262.92
CASH & CASH EQUIVALENTS TOTALS							2,198,278.210					2,540,262.92
FIXED INCOME												
AGENCIES												
3133EFHX8	FEDERAL FARM CREDIT BANKS	.558	4/9/2018	4/9/2018	Agency	1,000,000	998,922.780	1.525	.025	.572	1.11%	1,000,182.00
3137EACA5	FEDERAL HOME LOAN MORTGAGE CORP	3.750	3/27/2019	3/27/2019	Agency	1,425,000	1,491,478.910	2.492	2.388	.946	1.70%	1,523,152.58
AGENCIES TOTALS							2,490,401.690					2,523,334.58
ASSET BACKED												
05522RCT3	BA CREDIT CARD TRUST	.854	6/15/2020	1/16/2018	AAA	1,250,000	1,248,729.520	1.297	.047	.734	1.39%	1,252,245.13
161571BQ6	CHASE ISSUANCE TRUST	.574	4/15/2019	2/15/2017	AAA	915,000	914,309.440	.381	.046	.454	1.02%	915,454.02
17305EFN0	CITIBANK CREDIT CARD ISSUANCE TRUST	1.020	2/22/2019	2/22/2017	Aaa	750,000	749,952.010	.394	.395	.936	.84%	750,243.30
17305EFF7	CITIBANK CREDIT CARD ISSUANCE TRUST	.948	9/10/2020	9/10/2018	Aaa	1,040,000	1,040,381.430	1.947	.035	.736	1.16%	1,044,782.23
36159LBW5	GE DEALER FLOORPLAN MASTER NOTE TRUST	1.282	4/22/2019	4/20/2017	Aaa	1,000,000	1,001,252.060	.556	.055	.849	1.12%	1,002,475.50
36159LCR5	GE DEALER FLOORPLAN MASTER NOTE TRUST	1.032	1/21/2020	1/22/2018	Aaa	430,000	429,384.160	1.306	.055	1.095	.48%	429,768.83
58769AAD8	MERCEDES BENZ AUTO LEASE TRUST 2015-B	1.340	7/16/2018	12/15/2017	AAA	1,125,000	1,125,942.630	.950	.938	1.124	1.26%	1,127,327.74
58772PAC2	MERCEDES-BENZ AUTO RECEIVABLES TRUST 2015-1	.794	6/15/2018	5/15/2017	AAA	448,652	448,646.620	.282	.046	.713	.50%	448,765.89
ASSET BACKED TOTALS							6,958,597.870					6,971,062.64
CMBS												
3136A7L26	FANNIE MAE-ACES	1.513	12/25/2017	6/25/2017	Agency	853,223	856,109.180	.650	.641	.920	.95%	855,647.27
3136AC3C3	FANNIE MAE-ACES	1.451	2/25/2018	2/25/2018	Agency	928,345	929,552.420	1.310	1.293	1.171	1.04%	930,858.45
3137AH6Q6	FHLMC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	2.412	8/25/2018	8/25/2018	Aaa	594,366	602,196.800	1.631	1.589	1.163	.67%	605,423.01
3137A1N82	FHLMC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	2.746	12/25/2019	10/25/2019	Agency	91,398	93,643.060	1.072	1.051	1.161	.10%	92,769.23
CMBS TOTALS							2,481,501.460					2,484,697.96
CMOS												
313921TM0	FANNIE MAE	6.000	10/25/2016	10/25/2016	Agency	1	1.130	.069	.068	.864	0%	1.15
31392BVM5	FANNIE MAE REMICS	5.500	2/25/2017	12/25/2016	Agency	1,386	1,365.910	.139	.138	.887	0%	1,389.66
31393BF91	FANNIE MAE REMICS	5.000	5/25/2018	4/25/2018	Agency	60,435	59,960.200	.667	.655	1.182	.07%	61,764.93
31392GPN9	FANNIE MAE REMICS	5.000	1/25/2018	12/25/2017	Agency	69,401	68,501.750	.542	.533	1.311	.08%	70,551.00
31398M5L6	FANNIE MAE REMICS	3.750	8/25/2018	6/25/2018	Agency	115,540	115,513.290	.792	.778	.960	.13%	117,793.23
31396YXB3	FANNIE MAE REMICS	4.000	12/25/2018	4/25/2018	Agency	101,476	100,691.450	.743	.730	1.072	.12%	103,402.27
31398GZS1	FANNIE MAE REMICS	2.500	12/25/2018	7/25/2018	Agency	73,195	72,892.910	.727	.716	1.093	.08%	73,817.94
31398VUA2	FREDDIE MAC REMICS	2.000	3/15/2019	11/15/2018	Agency	458,965	457,951.920	.860	.847	1.100	.51%	462,147.88
31398WLZ5	FREDDIE MAC REMICS	2.000	11/15/2018	9/15/2018	Agency	62,187	61,976.000	.624	.616	1.073	.07%	62,497.07

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)												
CMOS (Continued)												
31393NDD8	FREDDIE MAC REMICS	5.000	3/15/2018	2/15/2018	Agency	44,517	44,134.780	.605	.594	1.340	.05%	45,411.04
31394GH22	FREDDIE MAC REMICS	4.500	7/15/2018	3/15/2018	Agency	160,074	163,598.740	.659	.647	.987	.18%	163,480.76
3137A5J21	FREDDIE MAC REMICS	1.750	1/15/2017	1/15/2017	Agency	9,066	9,041.450	.199	.198	1.307	.01%	9,067.48
3137A1LC5	FREDDIE MAC REMICS	2.000	8/15/2020	11/15/2019	Agency	186,321	187,602.050	1.409	1.358	1.199	.21%	188,260.79
31393GWV2	FREDDIE MAC REMICS	5.000	12/15/2017	12/15/2017	Agency	58,992	59,135.790	.524	.515	1.175	.07%	60,054.30
62888WAA4	NON GUARANTEED NOT V	1.054	12/8/2020	11/5/2020	Aaa	527,818	529,655.560	2.655	.041	1.056	.59%	528,733.37
CMOS TOTALS							1,932,022.930					1,948,372.87
CORPORATES												
0258M0DZ9	AMERICAN EXPRESS CREDIT CORP	1.875	11/5/2018	11/5/2018	A2	440,000	439,973.640	2.036	2.009	1.470	.49%	443,596.12
0258M0DP1	AMERICAN EXPRESS CREDIT CORP	2.250	8/15/2019	8/15/2019	A2	650,000	649,304.540	2.875	2.778	1.521	.74%	663,269.10
03076CAE6	AMERIPRISE FINANCIAL INC	5.300	3/15/2020	3/16/2020	A3	605,000	662,884.930	3.458	3.198	1.886	.75%	673,827.83
037833BR0	APPLE INC	1.637	2/22/2019	2/22/2019	Aa1	385,000	385,000.000	2.403	.166	1.036	.44%	390,982.90
060505DP6	BANK OF AMERICA CORP	5.750	12/1/2017	12/1/2017	BBB+	700,000	730,017.230	1.169	1.124	1.610	.82%	733,420.10
06050TKN1	BANK OF AMERICA NA	5.300	3/15/2017	3/15/2017	A-	250,000	253,633.890	.458	.452	1.457	.28%	254,370.25
05531FAP8	BB&T CORP	1.710	6/15/2018	6/15/2018	A2	520,000	521,195.580	1.631	.213	1.349	.58%	523,189.16
05531FAU7	BB&T CORP	2.625	6/29/2020	6/29/2020	A2	850,000	860,659.760	3.661	3.504	1.705	.98%	877,690.45
084659AB7	BERKSHIRE HATHAWAY ENERGY CO	2.400	2/1/2020	2/3/2020	A3	750,000	762,340.840	3.253	3.157	1.629	.86%	768,232.50
084664CD1	BERKSHIRE HATHAWAY FINANCE CORP	.967	1/12/2018	1/12/2018	Aa2	445,000	444,764.450	1.294	.039	.972	.50%	446,056.43
17275RAZ5	CISCO SYSTEMS INC	1.411	2/21/2018	2/21/2018	A1	425,000	427,494.110	1.394	.146	1.052	.48%	427,460.33
172967HM6	CITIGROUP INC	2.550	4/8/2019	4/8/2019	BBB+	500,000	501,779.660	2.522	2.416	1.732	.57%	510,053.00
172967JH5	CITIGROUP INC	1.800	2/5/2018	2/5/2018	BBB+	300,000	299,512.590	1.347	1.330	1.610	.34%	300,756.30
17401QAC5	CITIZENS BANK NA/PROVIDENCE RI	2.300	12/3/2018	12/3/2018	BBB+	700,000	701,060.490	2.089	2.055	1.737	.79%	708,087.80
202795HV5	COMMONWEALTH EDISON CO	4.000	8/1/2020	8/3/2020	A2	180,000	190,279.350	3.581	3.369	1.609	.22%	194,934.96
209111ET6	CONSOLIDATED EDISON CO OF NEW YORK INC	5.850	4/1/2018	4/2/2018	A-	250,000	264,438.930	1.503	1.417	1.290	.30%	266,912.75
254010AC5	DIGNITY HEALTH	2.637	11/1/2019	11/1/2019	A	210,000	215,537.660	3.086	2.940	1.654	.24%	216,183.66
31677QBG3	FIFTH THIRD BANK/CINCINNATI OH	2.250	6/14/2021	6/14/2021	A-	715,000	726,663.130	4.622	4.400	1.871	.81%	726,941.22
31677QAV1	FIFTH THIRD BANK/CINCINNATI OH	1.450	2/28/2018	2/28/2018	A-	500,000	497,967.110	1.328	1.355	1.322	.56%	500,841.50
38141GRC0	GOLDMAN SACHS GROUP INC/THE	2.375	1/22/2018	1/22/2018	A3	215,000	216,552.240	1.311	1.288	1.520	.24%	217,376.18
38148FAB5	GOLDMAN SACHS GROUP INC/THE	2.550	10/23/2019	10/23/2019	A3	605,000	607,991.270	3.064	2.919	1.808	.69%	618,314.84
38147MAA3	GOLDMAN SACHS GROUP INC/THE	2.900	7/19/2018	7/19/2018	A3	260,000	264,591.050	1.803	1.749	1.561	.30%	266,159.92
40428HPQ9	HSBC USA INC	1.700	3/5/2018	3/5/2018	A	730,000	729,449.660	1.431	1.407	1.554	.81%	731,496.50
4581X0CB2	INTER-AMERICAN DEVELOPMENT BANK	.875	11/15/2016	11/15/2016	AAA	2,025,000	2,025,735.890	.125	.125	.369	2.26%	2,026,277.78
48121CYK6	JPMORGAN CHASE BANK NA	6.000	10/1/2017	10/2/2017	A	976,000	1,012,612.030	1.003	.959	1.666	1.13%	1,017,888.94
49327M2F0	KEYBANK NA/CLEVELAND OH	2.500	12/15/2019	12/16/2019	A-	900,000	917,530.670	3.208	3.069	1.680	1.03%	922,953.60
55279HAH3	MANUFACTURERS & TRADERS TRUST CO	1.014	7/25/2017	7/25/2017	A	500,000	498,769.780	.822	.074	1.125	.56%	500,108.50
55279HAA8	MANUFACTURERS & TRADERS TRUST CO	1.450	3/7/2018	3/7/2018	A	500,000	498,759.730	1.436	1.415	1.463	.56%	499,904.50
61746BDY9	MORGAN STANLEY	2.131	2/1/2019	2/1/2019	A3	800,000	800,000.000	2.339	.113	1.417	.91%	815,468.80
637432MU6	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2.350	6/15/2020	6/15/2020	A1	610,000	627,073.180	3.708	3.532	1.713	.69%	623,907.39
68389XBK0	ORACLE CORP	1.900	9/15/2021	9/15/2021	A+	650,000	650,342.410	4.836	4.663	1.844	.73%	651,649.05
69353RDD7	PNC BANK NA	2.250	7/2/2019	7/2/2019	A	620,000	623,252.560	2.672	2.604	1.514	.70%	631,910.20
91159HHE3	US BANCORP	1.950	11/15/2018	11/15/2018	A+	366,000	367,857.710	2.042	2.011	1.317	.41%	370,649.30
90331HNV2	US BANK NA/CINCINNATI OH	1.331	1/29/2018	1/29/2018	AA-	500,000	500,000.000	1.247	.082	1.148	.56%	501,847.50
92343VDG6	VERIZON COMMUNICATIONS INC	1.750	8/15/2021	8/16/2021	BBB+	500,000	499,415.890	4.875	4.628	1.986	.55%	494,532.50
94974BGR5	WELLS FARGO & CO	2.550	12/7/2020	12/7/2020	A	950,000	978,892.580	4.186	3.946	2.058	1.08%	968,642.80

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)												
CORPORATES (Continued)												
98389BAS9	XCEL ENERGY INC	2.400	3/15/2021	3/15/2021	BBB+	750,000	772,148.890	4.375	4.183	1.778	.86%	769,548.00
CORPORATES TOTALS							22,125,483.430					22,255,442.66
MORTGAGES												
31391WS93	FANNIE MAE POOL	5.500	11/1/2017	8/25/2017	Agency	10,611	10,451.620	.457	.449	1.090	.01%	10,785.34
31371KVC2	FANNIE MAE POOL	5.500	11/1/2017	9/25/2017	Agency	24,611	24,313.630	.492	.484	1.130	.03%	25,048.38
31371KT68	FANNIE MAE POOL	5.500	10/1/2017	8/25/2017	Agency	20,445	20,439.420	.456	.449	1.128	.02%	20,776.65
31404WTT3	FANNIE MAE POOL	4.500	5/1/2019	3/25/2019	Agency	8,948	8,941.080	1.100	1.067	1.623	.01%	9,201.47
31385XBG1	FANNIE MAE POOL	6.000	3/1/2018	4/25/2017	Agency	16,637	16,387.260	.307	.303	.897	.02%	16,830.44
31413XVG5	FANNIE MAE POOL	4.361	6/1/2019	6/25/2019	Agency	600,000	627,666.380	2.736	2.568	3.063	.69%	619,877.30
31374CNE2	FANNIE MAE POOL	5.000	5/1/2019	2/25/2018	Agency	767,597	786,290.630	.672	.660	.390	.88%	788,762.02
31381Q6B7	FANNIE MAE POOL	4.295	6/1/2021	6/25/2021	Agency	1,193,806	1,318,414.040	4.510	4.104	1.724	1.48%	1,326,757.67
3138EJRP5	FANNIE MAE POOL	4.380	6/1/2021	5/25/2021	Agency	861,458	954,829.070	4.447	4.043	1.763	1.07%	957,647.96
31294KUP8	FREDDIE MAC GOLD POOL	5.000	11/1/2018	8/15/2018	Agency	54,683	54,408.820	.851	.831	1.336	.06%	56,268.96
36200MMZ3	GINNIE MAE I POOL	4.500	6/15/2018	3/15/2018	Govt	27,936	27,780.560	.731	.716	1.807	.03%	28,433.74
36200MPV9	GINNIE MAE I POOL	4.500	7/15/2018	4/15/2018	Govt	12,771	12,721.670	.771	.754	1.920	.01%	13,000.68
MORTGAGES TOTALS							3,862,644.180					3,873,390.61
MUNICIPALS												
032556BZ4	ANAHEIM HOUSING & PUBLIC IMPROVEMENTS AUTHORITY	1.304	10/1/2019	10/1/2019	AA-	1,010,000	1,010,000.000	3.003	2.940	1.414	1.12%	1,006,040.80
03667PEB4	ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT	1.954	8/1/2018	8/1/2018	AA-	345,000	345,000.000	1.836	1.797	1.255	.39%	349,360.80
072031AF4	BAY AREA WATER SUPPLY & CONSERVATION AGENCY	1.914	10/1/2019	10/1/2019	Aa3	150,000	150,315.690	3.003	2.890	1.393	.17%	152,292.00
13034PUF2	CALIFORNIA HOUSING FINANCE AGENCY	2.379	8/1/2020	8/3/2020	A1	450,000	447,711.480	3.836	3.662	1.792	.51%	459,742.50
13077CT38	CALIFORNIA STATE UNIVERSITY	1.982	11/1/2019	11/1/2019	AA-	245,000	245,000.000	3.086	2.971	1.333	.28%	249,792.20
13077CT46	CALIFORNIA STATE UNIVERSITY	2.332	11/1/2020	11/2/2020	AA-	495,000	507,042.380	4.086	3.870	1.462	.57%	512,028.00
156792GT4	CERRITOS COMMUNITY COLLEGE DISTRICT	2.165	8/1/2019	8/1/2019	Aa2	175,000	175,000.000	2.836	2.742	1.425	.20%	178,585.75
156792GR8	CERRITOS COMMUNITY COLLEGE DISTRICT	1.312	8/1/2017	8/1/2017	Aa2	500,000	500,000.000	.836	.828	.850	.56%	501,920.00
45656RCK6	CITY OF INDUSTRY CA	2.500	1/1/2020	1/2/2020	A1	230,000	229,735.460	3.253	3.114	1.943	.26%	234,018.10
190335HF9	COAST COMMUNITY COLLEGE DISTRICT	1.556	8/1/2021	8/2/2021	AA	415,000	415,000.000	4.836	4.645	1.687	.46%	412,476.80
70914PPE6	COMMONWEALTH OF PENNSYLVANIA	4.250	7/15/2020	7/15/2020	Aa3	500,000	538,221.700	3.792	3.504	2.089	.60%	539,180.00
797398DH4	COUNTY OF SAN DIEGO CA	5.765	8/15/2019	8/15/2019	AA+	475,000	519,160.770	2.875	2.671	1.376	.59%	533,567.50
452650JD7	IMPERIAL IRRIGATION DISTRICT ELECTRIC SYSTEM REVENUE	1.320	11/1/2019	11/1/2019	AA-	655,000	653,025.840	3.086	3.010	1.599	.72%	649,517.65
492244CS5	KERN COMMUNITY COLLEGE DISTRICT	5.000	11/1/2016	11/1/2016	Aa2	400,000	401,315.650	.086	.087	1.367	.45%	401,240.00
54473ERR7	LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY	2.560	12/1/2019	12/2/2019	AA-	305,000	305,739.860	3.169	3.028	1.813	.35%	311,981.45
621196XM1	MOUNT DIABLO UNIFIED SCHOOL DISTRICT/CA	3.887	8/1/2017	8/1/2017	Aa3	400,000	408,049.320	.836	.822	1.167	.46%	409,020.00
544587C30	MUNICIPAL IMPROVEMENT CORP OF LOS ANGELES	3.146	11/1/2020	11/2/2020	A+	880,000	893,001.890	4.086	3.808	1.763	1.03%	927,766.40
630360EJ0	NAPA VLY CA CMNTY C	1.776	8/1/2018	8/1/2018	AA-	600,000	600,000.000	1.836	1.800	1.125	.68%	607,080.00
661334DS8	NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT/CA	1.540	8/1/2018	8/1/2018	Aa1	165,000	164,537.260	1.836	1.803	1.173	.19%	166,097.25
735000QD6	PORT OF OAKLAND	5.000	5/1/2017	5/1/2017	A+	525,000	535,934.840	.586	.569	1.023	.60%	537,164.25

Portfolio Profile

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FIXED INCOME (Continued)												
MUNICIPALS (Continued)												
913366HV5	REGENTS OF THE UNIVERSITY OF CALIFORNIA MEDICAL CENTER POOLED REVENUE	1.620	5/15/2021	5/17/2021	AA-	300,000	300,000.000	4.625	4.441	1.637	.33%	299,781.00
76886PFB4	RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION	2.848	8/1/2020	8/3/2020	Aa2	355,000	363,541.660	3.836	3.635	1.562	.41%	371,926.40
786005NA2	SACRAMENTO MUNICIPAL UTILITY DISTRICT	5.000	8/15/2017	8/15/2017	AA-	160,000	165,146.120	.875	.858	.826	.18%	165,809.60
79765A7G5	SAN FRANCISCO CITY & COUNTY AIRPORTS COMM-SAN FRANCISCO INTERNATIONAL AIRPORT	5.000	5/1/2017	5/1/2017	A+	600,000	611,872.220	.586	.569	1.005	.68%	613,968.00
83412PDW9	SOLANO COUNTY COMMUNITY COLLEGE DISTRICT	1.840	8/1/2018	8/1/2018	Aa3	600,000	600,000.000	1.836	1.799	1.185	.68%	607,116.00
842477TV3	SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY	2.029	7/1/2020	7/1/2020	AA-	780,000	799,084.400	3.753	3.596	1.418	.89%	797,347.20
13063A7G3	STATE OF CALIFORNIA	6.200	10/1/2019	10/1/2019	AA-	500,000	561,234.740	3.003	2.712	1.560	.63%	567,805.00
13063BFU1	STATE OF CALIFORNIA	6.200	3/1/2019	3/1/2019	AA-	550,000	599,336.860	2.419	2.267	1.503	.68%	611,149.00
13066YTY5	STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES POWER SUPPLY REVENUE	1.713	5/1/2021	5/3/2021	Aa1	845,000	845,000.000	4.222	4.065	1.556	.95%	850,391.10
20772JL59	STATE OF CONNECTICUT	2.500	8/1/2020	8/3/2020	AA-	865,000	871,748.120	3.836	3.655	1.740	.99%	889,271.90
649791CJ7	STATE OF NEW YORK	4.290	3/1/2019	3/1/2019	AA+	225,000	237,056.260	2.419	2.306	1.215	.27%	241,447.50
91412GWV3	UNIVERSITY OF CALIFORNIA	2.003	5/15/2019	5/15/2019	AA	250,000	250,000.000	2.625	2.536	1.144	.28%	255,537.50
932889VJ4	WALNUT VALLEY UNIFIED SCHOOL DISTRICT	2.000	8/1/2018	8/1/2018	Aa2	285,000	286,253.150	1.836	1.797	1.057	.32%	289,873.50
MUNICIPALS TOTALS							15,534,065.670					15,700,295.15
SOVEREIGN DEBT												
45950KCE8	INTERNATIONAL FINANCE CORP	.625	10/3/2016	10/3/2016	Aaa	1,350,000	1,350,009.090	.008	.008	.623	1.50%	1,350,000.00
SOVEREIGN DEBT TOTALS							1,350,009.090					1,350,000.00
US TREASURIES												
912828K33	UNITED STATES TREASURY INFLATION INDEXED BONDS	.125	4/15/2020	4/15/2020	Govt	3,596,845	3,600,595.650	3.541	3.513	1.144	4.08%	3,667,012.25
912828B58	UNITED STATES TREASURY NOTE/BOND	2.125	1/31/2021	2/1/2021	Govt	5,675,000	5,878,941.150	4.334	4.135	1.127	6.59%	5,913,968.58
912828UB4	UNITED STATES TREASURY NOTE/BOND	1.000	11/30/2019	12/2/2019	Govt	1,700,000	1,681,833.480	3.167	3.103	.936	1.90%	1,703,386.40
912828J84	UNITED STATES TREASURY NOTE/BOND	1.375	3/31/2020	3/31/2020	Govt	5,325,000	5,310,671.680	3.500	3.411	.994	6.01%	5,394,682.95
912828VV9	UNITED STATES TREASURY NOTE/BOND	2.125	8/31/2020	8/31/2020	Govt	5,425,000	5,529,863.050	3.917	3.756	1.068	6.29%	5,644,332.75
912828RC6	UNITED STATES TREASURY NOTE/BOND	2.125	8/15/2021	8/16/2021	Govt	2,150,000	2,237,580.110	4.875	4.625	1.187	2.50%	2,245,238.55
912828UF5	UNITED STATES TREASURY NOTE/BOND	1.125	12/31/2019	12/31/2019	Govt	5,525,000	5,537,749.740	3.250	3.176	.949	6.19%	5,556,078.13
US TREASURIES TOTALS							29,777,234.860					30,124,699.61
FIXED INCOME TOTALS							86,511,961.180					87,231,296.08
PORTFOLIO TOTALS							88,710,239.390					89,771,559.00

CalOptima (OCHA) - Enhanced Cash

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Portfolio Profile

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CASH & CASH EQUIVALENTS												
CASH												
06427K7F8	BANK OF MONTREAL CH	.930	1/9/2017	1/9/2017	F1	10,000,000	10,000,000.000	.281	.275	.929	1.81%	10,000,000.00
06417GNJ3	BANK OF NOVA SCOTIA	.750	11/23/2016	11/23/2016	P-1	10,000,000	10,000,000.000	.150	.147	.749	1.81%	10,000,000.00
06538M6J3	BANK OF TOKYO C/D	.950	12/22/2016	12/22/2016	F1	10,000,000	10,000,000.000	.231	.226	.949	1.81%	10,000,000.00
05582WCV4	BNP PARIBAS NY BRH	.980	12/21/2016	12/21/2016	F1	10,000,000	10,000,000.000	.228	.223	.979	1.81%	10,000,000.00
13606AU71	CANADIAN IMP BK NY	.980	1/17/2017	1/17/2017	P-1	10,000,000	10,000,000.000	.303	.297	.979	1.81%	10,000,000.00
14912DK32	CATERPILLAR FINL D D	0.000	10/3/2016	10/3/2016	F1	8,000,000	7,999,800.000	.008	.008	.300	1.45%	7,999,800.00
21685VRT8	COOPERATIEVE CENTRA	.940	1/4/2017	1/4/2017	P-1	10,000,000	10,000,000.000	.267	.261	.939	1.81%	10,000,000.00
22534HPS4	CREDIT AGRICOLE COR	.980	12/19/2016	12/19/2016	F1	10,000,000	10,000,000.000	.222	.218	.979	1.81%	10,000,000.00
22549VLH4	CREDIT SUISSE NY IN	1.130	1/17/2017	1/17/2017	F1	10,000,000	10,000,000.000	.303	.297	1.128	1.81%	10,000,000.00
313384J75	FEDERAL HOME LOAN BANK DISCOUNT NOTES	0.000	10/7/2016	10/7/2016	Agency	17,000,000	16,999,603.330	.019	.019	.120	3.08%	16,999,603.33
46640PMW0	J P MORGAN SEC DIS D	0.000	12/30/2016	12/30/2016	P-1	10,000,000	9,978,749.950	.250	.248	.842	1.81%	9,978,749.95
50066BKS9	KOREA DEV BANK NY I	.990	1/9/2017	1/9/2017	A-1+	10,500,000	10,500,000.000	.281	.275	.989	1.91%	10,500,000.00
60682A2J4	MITSUBISHI TR & BLG	1.000	1/30/2017	1/30/2017	F1	10,000,000	10,000,000.000	.339	.332	1.000	1.81%	10,000,000.00
60689DJ46	MIZUHO BANK LTD INS	.950	12/19/2016	12/19/2016	F1	10,000,000	10,000,000.000	.222	.218	.925	1.81%	10,000,000.00
63873FN87	NATIXIS NY BRH INST	1.000	12/14/2016	12/14/2016	F1	10,000,000	10,000,000.000	.208	.204	.999	1.81%	10,000,000.00
65602UDU9	NORINCHUKIN BK C/D	.950	12/20/2016	12/20/2016	A-1	10,000,000	10,000,884.350	.225	.220	.910	1.81%	10,000,884.35
69372AKM3	PACCAR FINL CORP D D	0.000	10/21/2016	10/21/2016	A-1	10,000,000	9,997,833.330	.058	.057	.372	1.81%	9,997,833.33
83369YBS4	SOCIETE GENERALE NY	.790	11/23/2016	11/23/2016	F1	10,000,000	10,000,000.000	.150	.147	.789	1.81%	10,000,000.00
86563YCC5	SUMITOMO MITSUI BKG	.900	11/29/2016	11/29/2016	F1	10,000,000	10,000,000.000	.167	.163	.899	1.81%	10,000,000.00
NA9123459	US DOLLARS	.531	10/1/2016		Agency	10,672,798	10,672,797.870	.001	.001	.531	1.94%	10,672,797.87
USD120030	USD INTEREST RECEIVABLE	-				1,350,212	0.000	-	-	-	.24%	1,350,211.85
USD220010	USD PAYABLE FOR INVESTMENTS PURCHASED	-				(21,396,216)	(21,396,215.990)	-	-	-	(3.88%)	(21,396,215.99)
CASH TOTALS							184,753,452.840					186,103,664.69
CORPORATES												
00206RCV2	AT&T INC	2.400	3/15/2017	3/15/2017	BBB+	7,500,000	7,547,330.440	.458	.452	1.119	1.37%	7,543,762.50
CORPORATES TOTALS							7,547,330.440					7,543,762.50
MUNICIPALS												
190335HB8	COAST COMMUNITY COLLEGE DISTRICT	.795	8/1/2017	8/1/2017	AA	4,865,000	4,865,000.000	.836	.829	.960	.88%	4,858,334.95
68428LDM3	COUNTY OF ORANGE CA	.938	11/1/2016	11/1/2016	AA	2,000,000	2,000,364.640	.086	.087	.725	.36%	2,000,364.64
MUNICIPALS TOTALS							6,865,364.640					6,858,699.59
SOVEREIGN DEBT												
45950VHJ8	INTERNATIONAL FINANCE CORP	.702	1/20/2017	1/20/2017	Aaa	2,500,000	2,500,000.000	.306	.054	.716	.45%	2,500,000.00
SOVEREIGN DEBT TOTALS							2,500,000.000					2,500,000.00
CASH & CASH EQUIVALENTS TOTALS							201,666,147.920					203,006,126.78
FIXED INCOME												
AGENCIES												
31331K2G4	FEDERAL FARM CREDIT BANKS	.621	12/6/2016	12/6/2016	Agency	5,000,000	5,001,520.130	.183	.016	.420	.91%	5,001,970.00
3133EFEC7	FEDERAL FARM CREDIT BANKS	.827	9/18/2018	9/18/2018	Agency	5,000,000	4,997,933.480	1.969	.216	.745	.91%	5,008,775.00

CalOptima (OCHA) - Enhanced Cash

Account #: LCEF00238A2

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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
FIXED INCOME (Continued)												
AGENCIES (Continued)												
3134G72G5	FEDERAL HOME LOAN MORTGAGE CORP	.537	4/20/2017	4/20/2017	Agency	5,000,000	4,999,427.870	.556	.054	.421	.91%	5,003,360.00
AGENCIES TOTALS							14,998,881.480					15,014,105.00
ASSET BACKED												
05581RAA4	BMW VEHICLE LEASE TRUST 2016-1	.630	2/21/2017	10/20/2016		7,950	7,949.510	.056	.054	.630	0%	7,949.51
05581RAC0	BMW VEHICLE LEASE TRUST 2016-1	1.032	1/22/2018	9/20/2017	Aaa	250,000	250,336.230	.528	.055	.755	.05%	250,383.88
161571GW8	CHASE ISSUANCE TRUST	.774	4/15/2019	4/17/2017	AAA	2,800,000	2,802,839.100	.547	.046	.662	.51%	2,801,950.48
161571FT6	CHASE ISSUANCE TRUST	.784	12/16/2019	12/15/2017	AAA	7,830,000	7,836,803.510	1.214	.047	.679	1.42%	7,841,325.31
17305EDK8	CITIBANK CREDIT CARD ISSUANCE TRUST	.910	12/17/2018	12/15/2016	AAA	5,570,000	5,571,975.110	.214	.046	.826	1.01%	5,570,895.66
36159LCN4	GE DEALER FLOORPLAN MASTER NOTE TRUST	.982	10/20/2019	10/20/2017	Aaa	3,610,000	3,606,762.940	1.056	.055	.945	.66%	3,611,934.96
36159LCR5	GE DEALER FLOORPLAN MASTER NOTE TRUST	1.032	1/21/2020	1/22/2018	Aaa	2,160,000	2,156,942.630	1.306	.055	1.095	.39%	2,158,838.78
36159LBW5	GE DEALER FLOORPLAN MASTER NOTE TRUST	1.282	4/22/2019	4/20/2017	Aaa	3,700,000	3,704,399.820	.556	.055	.849	.67%	3,709,159.35
41284DAA0	HARLEY-DAVIDSON MOTORCYCLE TRUST	.650	6/15/2017	12/15/2016		1,947,254	1,947,253.600	.128	.124	.582	.35%	1,947,253.60
438124AA7	HONDA AUTO RECEIVABLES 2016-3 OWNER TRUST	.640	8/18/2017	2/21/2017		5,678,110	5,678,109.570	.188	.189	.655	1.03%	5,678,118.09
47788NAA6	JOHN DEERE OWNER TRUST	.640	8/15/2017	4/15/2017		2,722,639	2,722,638.550	.277	.275	.659	.49%	2,722,574.30
58768LAD5	MERCEDES BENZ AUTO LEASE TRUST 2015-A	1.100	8/15/2017	1/15/2017	Aaa	3,555,757	3,556,704.140	.131	.130	.911	.65%	3,556,646.43
58769BAB0	MERCEDES-BENZ AUTO RECEIVABLES TRUST 2016-1	.750	9/15/2017	3/15/2017		6,000,000	6,000,000.000	.197	.193	.751	1.09%	6,000,013.20
55315FAA8	MMAF EQUIPMENT FINANCE LLC 2016-A	-				0	.010	-	-	-	0%	.01
65490BAD7	NISSAN AUTO LEASE TRUST 2014-B	1.120	9/15/2017	4/15/2017	Aaa	1,126,522	1,126,910.860	.270	.268	1.015	.20%	1,126,846.05
65473DAC6	NISSAN AUTO LEASE TRUST 2015-A	.874	11/15/2017	2/15/2017	Aaa	2,338,718	2,339,824.990	.223	.046	.763	.42%	2,339,343.14
65478QAA6	NISSAN AUTO LEASE TRUST 2016-A	.650	6/15/2017	1/17/2017		999,992	999,991.970	.141	.137	.615	.18%	999,991.97
65478VAA5	NISSAN AUTO RECEIVABLES 2016-B OWNER TRUST	.630	5/15/2017	12/15/2016		743,102	743,102.000	.121	.116	.622	.13%	743,102.00
65478WAA3	NISSAN AUTO RECEIVABLES 2016-C OWNER TRUST	.620	8/15/2017	3/15/2017		6,026,202	6,026,202.350	.247	.242	.620	1.09%	6,026,213.80
ASSET BACKED TOTALS							57,078,746.890					57,092,540.52
CMBS												
3136AP3Z3	FANNIE MAE MULTIFAMILY REMIC TRUST 2015-M12	.851	4/25/2020	4/25/2020	Agency	3,730,284	3,732,911.740	2.592	.071	.811	.68%	3,733,960.15
3136ANA98	FANNIE MAE-ACES	.758	3/25/2019	3/25/2019	Agency	4,243,977	4,244,725.790	2.125	.069	.742	.77%	4,246,309.47
3136A8G38	FANNIE MAE-ACES	1.246	8/25/2017	8/25/2017	Agency	623,900	624,044.390	.704	.695	1.147	.11%	623,825.41
3136A9MK1	FANNIE MAE-ACES	1.114	2/25/2017	2/25/2017	Agency	194,104	194,148.510	.346	.345	.977	.04%	194,052.51
3136AGGF3	FANNIE MAE-ACES	1.532	10/25/2017	8/25/2017	Agency	291,187	291,704.470	.481	.475	.857	.05%	291,833.46
3136ANMF1	FANNIE MAE-ACES	.675	11/25/2018	11/25/2018	Agency	6,772,945	6,769,303.630	1.876	.067	.752	1.23%	6,763,562.59
3137A7JT8	FHLMC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	2.776	6/25/2017	3/25/2017	Agency	2,681,920	2,698,385.480	.350	.345	.780	.49%	2,695,664.84
3137ANLP8	FHLMC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	1.655	11/25/2016	10/25/2016	Aaa	167,163	167,182.570	.069	.068	1.299	.03%	167,020.03
3137B03W2	FHLMC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	1.426	8/25/2017	7/25/2017	AAA	2,398,649	2,402,517.400	.587	.579	1.034	.44%	2,401,903.09
CMBS TOTALS							21,124,923.980					21,118,131.55
CMOS												
62888YAA0	NCUA GUARANTEED NOTES TRUST 2011-R1	.944	1/8/2020		Aaa	4,776,172	4,803,317.480	2.050	.100	.610	.87%	4,785,451.17

CalOptima (OCHA) - Enhanced Cash

Account #: LCEF00238A2

As of 9/30/2016

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)												
CMOS (Continued)												
62889FAA0	NCUA GUARANTEED NOTES TRUST 2011-R4	.874	3/6/2020		Agency	585,533	585,695.650	0.000	0.000	0.000	.11%	585,762.66
CMOS TOTALS							5,389,013.130					5,371,213.83
CORPORATES												
025816BH1	AMERICAN EXPRESS CO	1.401	5/22/2018	5/22/2018	A3	1,000,000	1,001,520.920	1.647	.148	1.304	.18%	1,002,488.00
0258M0DN6	AMERICAN EXPRESS CREDIT CORP	1.105	6/5/2017	6/5/2017	A2	1,166,000	1,165,129.620	.683	.180	1.052	.21%	1,166,612.15
037833AN0	APPLE INC	.858	5/5/2017	5/5/2017	Aa1	1,500,000	1,499,811.120	.597	.101	.837	.27%	1,500,759.00
037833AG5	APPLE INC	1.009	5/3/2018	5/3/2018	Aa1	1,500,000	1,500,953.760	1.594	.097	.656	.27%	1,503,504.00
00206RBF8	AT&T INC	1.700	6/1/2017	6/1/2017	BBB+	3,300,000	3,311,094.340	.669	.661	1.248	.60%	3,309,900.00
06050TKW1	BANK OF AMERICA NA	6.100	6/15/2017	6/15/2017	A-	2,175,000	2,243,825.230	.708	.689	1.499	.41%	2,245,187.25
06050TLR1	BANK OF AMERICA NA	1.125	11/14/2016	11/14/2016	A1	8,000,000	8,002,737.300	.122	.122	1.115	1.45%	8,000,048.00
084664CH2	BERKSHIRE HATHAWAY FINANCE CORP	1.540	3/15/2019	3/15/2019	Aa2	1,600,000	1,600,000.000	2.461	.223	1.006	.29%	1,621,588.80
084664CA7	BERKSHIRE HATHAWAY FINANCE CORP	.815	1/10/2017	1/10/2017	Aa2	338,000	338,014.040	.283	.031	.844	.06%	338,131.48
07330NAG0	BRANCH BANKING & TRUST CO	1.050	12/1/2016	12/1/2016	A1	4,025,000	4,025,887.540	.169	.169	.970	.73%	4,025,523.25
14912L6Q9	CATERPILLAR FINANCIAL SERVICES CORP	1.517	2/23/2018	2/23/2018	A	1,215,000	1,215,000.000	1.400	.152	1.057	.22%	1,223,698.19
166764AX8	CHEVRON CORP	1.152	11/9/2017	11/9/2017	AA-	1,250,000	1,250,000.000	1.111	.111	.944	.23%	1,253,862.50
172967HG9	CITIGROUP INC	1.300	11/15/2016	11/15/2016	BBB+	6,500,000	6,502,354.450	.125	.125	1.140	1.18%	6,501,254.50
172967JQ5	CITIGROUP INC	1.423	4/27/2018	4/27/2018	BBB+	2,340,000	2,336,090.080	1.575	.077	1.427	.43%	2,344,799.34
20030NAP6	COMCAST CORP	6.500	1/15/2017	1/17/2017	A-	10,000,000	10,163,830.360	.292	.297	1.243	1.84%	10,152,300.00
278865AK6	ECOLAB INC	3.000	12/8/2016	12/8/2016	Baa1	5,000,000	5,019,266.840	.189	.188	1.120	.91%	5,017,615.00
30231GAS1	EXXON MOBIL CORP	1.429	2/28/2018	2/28/2018	AA+	2,355,000	2,355,000.000	1.419	.171	.946	.43%	2,372,266.86
316773CF5	FIFTH THIRD BANCORP	5.450	1/15/2017	1/17/2017	Baa1	3,000,000	3,037,697.240	.292	.297	1.558	.55%	3,033,750.00
31677QAZ2	FIFTH THIRD BANK/CINCINNATI OH	1.311	11/18/2016	11/18/2016	A-	1,850,000	1,849,864.160	.083	.090	.946	.34%	1,850,560.55
31677QAY5	FIFTH THIRD BANK/CINCINNATI OH	1.150	11/18/2016	11/18/2016	A-	5,000,000	5,000,621.280	.083	.133	1.132	.91%	5,000,055.00
38141GER1	GOLDMAN SACHS GROUP INC/THE	5.750	10/1/2016	10/3/2016	A3	3,600,000	3,600,000.000	.003	.008	5.590	.65%	3,600,000.00
38141EC49	GOLDMAN SACHS GROUP INC/THE	1.650	12/15/2017	12/15/2017	A3	4,900,000	4,900,669.160	1.211	.210	1.419	.89%	4,914,974.40
437076BJ0	HOME DEPOT INC/THE	1.220	9/15/2017	9/15/2017	A	503,000	504,020.740	.961	.208	.950	.09%	504,383.25
446438RF2	HUNTINGTON NATIONAL BANK/THE	1.300	11/20/2016	11/21/2016	A3	5,720,000	5,721,112.100	.083	.141	.897	1.04%	5,721,899.04
446438RH8	HUNTINGTON NATIONAL BANK/THE	1.375	4/24/2017	4/24/2017	A3	2,750,000	2,752,960.080	.483	.502	1.168	.50%	2,752,739.00
4581XOCB2	INTER-AMERICAN DEVELOPMENT BANK	.875	11/15/2016	11/15/2016	AAA	13,225,000	13,230,541.100	.125	.125	.369	2.40%	13,233,344.98
459058CG6	INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT	.875	4/17/2017	4/17/2017	AAA	5,000,000	5,002,469.200	.547	.540	.673	.91%	5,005,495.00
24422ESU4	JOHN DEERE CAPITAL CORP	.969	1/16/2018	1/16/2018	A2	1,309,000	1,305,725.230	1.294	.047	1.121	.24%	1,309,581.20
478160BE3	JOHNSON & JOHNSON	.899	11/28/2016	11/28/2016	AAA	850,000	850,095.900	.164	.161	.589	.15%	850,430.95
48121CVZ6	JPMORGAN CHASE BANK NA	6.000	7/5/2017	7/5/2017	A	6,047,000	6,258,407.500	.764	.743	1.368	1.14%	6,258,971.54
49327M2E3	KEYBANK NA/CLEVELAND OH	1.315	11/25/2016	11/25/2016	A-	138,000	138,041.790	.083	.094	.965	.03%	138,040.16
617446C23	MORGAN STANLEY	5.450	1/9/2017	1/9/2017	A3	2,410,000	2,439,181.540	.275	.275	1.422	.44%	2,436,473.85
61746BDB9	MORGAN STANLEY	5.750	10/18/2016	10/18/2016	A3	3,000,000	3,006,793.650	.050	.049	2.209	.55%	3,005,220.00
617446H51	MORGAN STANLEY	5.550	4/27/2017	4/27/2017	A3	4,452,000	4,565,629.320	.575	.556	1.501	.83%	4,554,765.52
63743HEK4	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	1.068	5/12/2017	5/12/2017	A	1,000,000	999,760.600	.619	.123	.917	.18%	1,001,142.00
68389XAT2	ORACLE CORP	.857	7/7/2017	7/7/2017	A+	3,000,000	3,002,924.560	.769	.020	.923	.54%	3,003,174.00
717081DF7	PFIZER INC	1.150	6/15/2018	6/15/2018	A+	500,000	501,088.680	1.717	.214	.981	.09%	501,556.50
86787EAP2	SUNTRUST BANK/ATLANTA GA	1.350	2/15/2017	2/15/2017	A-	3,500,000	3,503,759.840	.292	.327	1.231	.64%	3,501,193.50
91159HHB9	US BANCORP	2.200	11/15/2016	11/15/2016	A+	1,675,000	1,675,878.600	.125	.125	1.899	.30%	1,675,596.30
90331HMD2	US BANK NA/CINCINNATI OH	.982	1/30/2017	1/30/2017	A1	3,000,000	3,001,341.820	.253	.085	.956	.54%	3,000,714.00

CalOptima (OCHA) - Enhanced Cash

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As of 9/30/2016

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)												
CORPORATES (Continued)												
92343VCD4	VERIZON COMMUNICATIONS INC	1.234	6/9/2017	6/9/2017	BBB+	4,485,000	4,487,696.830	.694	.191	1.049	.81%	4,491,516.71
929903DU3	WACHOVIA CORP	1.120	6/15/2017	6/15/2017	A	5,000,000	5,000,504.240	.711	.207	1.114	.91%	5,000,655.00
94974BFK1	WELLS FARGO & CO	1.345	4/23/2018	4/23/2018	A	1,052,000	1,053,725.300	1.564	.069	1.346	.19%	1,054,474.30
94974BEZ9	WELLS FARGO & CO	2.625	12/15/2016	12/15/2016	A	5,000,000	5,019,563.280	.208	.207	1.087	.91%	5,015,895.00
CORPORATES TOTALS							145,940,589.340					145,996,140.07
MORTGAGES												
31381NWJ8	FANNIE MAE POOL	2.490	10/1/2017	10/25/2017	Agency	2,207,657	2,226,182.640	1.056	1.036	1.680	.40%	2,223,561.92
31381NUY7	FANNIE MAE POOL	2.623	9/1/2017	9/25/2017	Agency	463,714	468,486.060	.975	.958	1.733	.08%	467,081.62
MORTGAGES TOTALS							2,694,668.700					2,690,643.54
MUNICIPALS												
769036AW4	CITY OF RIVERSIDE CA	.980	6/1/2017	6/1/2017	SP-1+	1,695,000	1,695,000.000	.669	.662	1.110	.31%	1,693,542.30
542411KT9	LONG BEACH COMMUNITY COLLEGE DISTRICT	.930	8/1/2017	8/1/2017	AA-	1,755,000	1,755,000.000	.836	.829	.883	.32%	1,755,684.45
13063BFQ0	STATE OF CALIFORNIA	5.750	3/1/2017	3/1/2017	AA-	1,775,000	1,811,951.350	.419	.414	1.070	.33%	1,809,648.00
546415Z29	STATE OF LOUISIANA	1.087	8/1/2017	8/1/2017	AA-	635,000	636,142.140	.836	.827	1.042	.12%	635,228.60
93974DVT9	STATE OF WASHINGTON	.500	8/1/2017	8/1/2017	AA+	9,745,000	9,727,160.660	.836	.830	.876	1.76%	9,714,498.15
MUNICIPALS TOTALS							15,625,254.150					15,608,601.50
SOVEREIGN DEBT												
45818WAN6	INTER-AMERICAN DEVELOPMENT BANK	.835	12/12/2016	12/12/2016	Aaa	7,000,000	7,000,246.400	.203	.199	.748	1.27%	7,001,239.00
4581X0BV9	INTER-AMERICAN DEVELOPMENT BANK	1.125	3/15/2017	3/15/2017	AAA	1,000,000	1,002,154.320	.458	.452	.823	.18%	1,001,376.00
4581X0CG1	INTER-AMERICAN DEVELOPMENT BANK	1.000	7/14/2017	7/14/2017	AAA	5,000,000	5,009,070.320	.789	.780	.867	.91%	5,005,205.00
459058DC4	INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT	1.125	7/18/2017	7/18/2017	AAA	8,500,000	8,522,788.800	.800	.790	.654	1.55%	8,531,866.50
459058DS9	INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT	.625	10/14/2016	10/14/2016	AAA	2,500,000	2,500,120.850	.039	.038	.585	.45%	2,500,037.50
45950VCP9	INTERNATIONAL FINANCE CORP	.625	11/15/2016	11/15/2016	Aaa	13,178,000	13,177,907.150	.125	.125	.640	2.39%	13,177,736.44
45950KBQ2	INTERNATIONAL FINANCE CORP	1.125	11/23/2016	11/23/2016	Aaa	2,000,000	2,001,560.440	.147	.147	.680	.36%	2,001,300.00
45950KCE8	INTERNATIONAL FINANCE CORP	.625	10/3/2016	10/3/2016	Aaa	2,703,000	2,703,018.200	.008	.008	.623	.49%	2,703,000.00
SOVEREIGN DEBT TOTALS							41,916,866.480					41,921,760.44
US TREASURIES												
912828M23	UNITED STATES TREASURY FLOATING RATE NOTE	.418	10/31/2017	10/31/2017	Govt	6,300,000	6,304,285.010	1.086	.011	.367	1.14%	6,306,054.30
912828J35	UNITED STATES TREASURY NOTE/BOND	.500	2/28/2017	2/28/2017	Govt	25,000,000	24,980,112.230	.417	.411	.363	4.54%	25,014,275.00
912828RX0	UNITED STATES TREASURY NOTE/BOND	.875	12/31/2016	1/3/2017	Govt	12,000,000	12,014,120.630	.250	.258	.290	2.18%	12,017,532.00
US TREASURIES TOTALS							43,298,517.870					43,337,861.30
FIXED INCOME TOTALS							348,067,462.020					348,150,997.75
PORTFOLIO TOTALS							549,733,609.940					551,157,124.53

WELLS CAPITAL- OPERATING FUNDS

HoldingName	Ticker	CUSIP	ISIN	SEDOL	% Market Value	Holding Value
AMERICAN EXPRESS CREDIT CORP	AXP	0258M0DN6	US0258M0DN61		0.21%	\$1,167,506.98
American Honda Finance Corporation	HNDA	02665JL73	US02665JL733		1.27%	\$6,996,667.58
APPLE INC	AAPL	037833AN0	US037833AN08		0.27%	\$1,502,760.07
BANK OF AMERICA NA	BAC	06050TLR1	US06050TLR13		1.28%	\$7,030,010.75
BERKSHIRE HATHAWAY FINANCE CORP	BRK	084664CA7	US084664CA72		0.91%	\$5,011,222.39
BRANCH BANKING AND TRUST CO	BBT	07330NAG0	US07330NAG07		0.91%	\$5,023,168.15
Caftco, LLC	C	1247P2PD0	US1247P2PD05		1.81%	\$9,959,842.20
Cash	---	CCYUSD	---		-0.85%	-\$4,667,892.23
CATERPILLAR FINANCIAL SERVICES CORP	CAT	14912L5Z0	US14912L5Z02		1.45%	\$8,006,694.22
CCCIT 14A2 A2	CCCIT	17305EFN0	US17305EFN04		0.97%	\$5,316,588.68
CCCIT 14A4 A4	CCCIT	17305EFQ3	US17305EFQ35		0.27%	\$1,510,514.65
CHAIT 141 A	CHAIT	161571GJ7	US161571GJ77		1.51%	\$8,310,224.99
CHAIT 153 A	CHAIT	161571GW8	US161571GW88		0.36%	\$2,002,081.45
Chevron Corporation	CVX	16677JN93	US16677JN936		1.81%	\$9,983,896.10
COMCAST CORP	CMCSA	20030NAP6	US20030NAP69		0.49%	\$2,679,391.59
COMET 142A A	COMET	14041NEP2	US14041NEP24		1.24%	\$6,858,706.43
FEDERAL FARM CREDIT BANKS	FFCB	313312U99	US313312U998		3.63%	\$19,987,580.00
FEDERAL FARM CREDIT BANKS	FFCB	31331K2G4	US31331K2G44		0.91%	\$5,004,125.28
FEDERAL FARM CREDIT BANKS FUNDING CORP	FFCB	3133ECWV2	US3133ECWV27		0.27%	\$1,505,828.75
FEDERAL HOME LOAN BANKS	FHLB	313385AN6	US313385AN62		3.63%	\$19,984,700.00
FEDERAL HOME LOAN BANKS	FHLB	313385AY2	US313385AY28		1.81%	\$9,991,600.00
FEDERAL HOME LOAN BANKS	FHLB	313370SZ2	US313370SZ24		2.01%	\$11,095,321.72
FEDERAL HOME LOAN BANKS	FHLB	313384R68	US313384R688		3.63%	\$19,991,480.00
FEDERAL HOME LOAN BANKS	FHLB	313384P52	US313384P526		3.63%	\$19,994,860.00
FEDERAL HOME LOAN BANKS	FHLB	313371PV2	US313371PV20		3.29%	\$18,133,066.00
FEDERAL HOME LOAN MORTGAGE CORP	FHLMC	3134G72G5	US3134G72G51		0.91%	\$5,004,180.08
FEDERAL HOME LOAN MORTGAGE CORP	FHLMC	3134G5RS6	US3134G5RS67		0.55%	\$3,007,914.00
FIDELITY INST : GOV PT CL I MMF	FIGXX	316175108	US3161751082		0.86%	\$4,723,648.37
FIFTH THIRD BANK	FITB	31677QAZ2	US31677QAZ28		0.34%	\$1,853,525.50
FIFTH THIRD BANK	FITB	31677QAY5	US31677QAY52		0.78%	\$4,277,141.68
GOLDMAN SACHS GROUP INC	GS	38141EB99	US38141EB990		0.73%	\$4,009,895.86
INTER-AMERICAN DEVELOPMENT BANK	IADB	4581X0CB2	US4581X0CB23		1.82%	\$10,039,365.56
INTER-AMERICAN DEVELOPMENT BANK	IADB	4581X0BV9	US4581X0BV95		1.31%	\$7,209,499.70
INTER-AMERICAN DEVELOPMENT BANK	IADB	45818WAN6	US45818WAN65		1.23%	\$6,794,195.72
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOP	IBRD	459058DU4	US459058DU42		0.55%	\$3,009,163.00
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOP	IBRD	45905UTJ3	US45905UTJ33		1.81%	\$9,997,192.69
INTERNATIONAL FINANCE CORP	IFC	45950VHJ8	US45950VHJ89		0.45%	\$2,500,836.08
JOHNSON & JOHNSON	JNJ	478160BE3	US478160BE31		0.15%	\$851,110.44
JPMORGAN CHASE & CO	JPM	46623EJZ3	US46623EJZ34		1.46%	\$8,025,164.22
KEYBANK NATIONAL ASSOCIATION	KEY	49327M2E3	US49327M2E32		0.02%	\$137,225.09
MANUFACTURERS AND TRADERS TRUST CO	MTB	55279HAD2	US55279HAD26		0.52%	\$2,871,678.47
Microsoft Corporation	MSFT	59515MKS3	US59515MKS34		1.81%	\$9,996,887.20
MORGAN STANLEY	MS	617446C23	US617446C235		0.82%	\$4,543,891.07
NATIONAL RURAL UTILITIES COOP FINANCE CORP	NRUC	63743HEK4	US63743HEK41		0.18%	\$1,002,624.78
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	NRUC	63743HEM0	US63743HEM07		0.77%	\$4,263,387.65
Old Line Funding, LLC	OLDLLC	67983TPM2	US67983TPM26		1.81%	\$9,957,840.00
ORACLE CORP	ORCL	68389XAT2	US68389XAT28		0.55%	\$3,009,316.55
PNC BANK NA	PNC	69349LAP3	US69349LAP31		0.88%	\$4,823,000.00

WELLS CAPITAL- OPERATING FUNDS

HoldingName	Ticker	CUSIP	ISIN	SEDOL	% Market Value	Holding Value
Receivable	---	CCYUSD	---		0.00%	\$1,211.85
The Coca-Cola Company	KO	19121AQ20	US19121AQ207		1.72%	\$9,483,902.60
Toronto Dominion Holdings (U.S.A.), Inc.	TD	89116EM75	US89116EM757		1.81%	\$9,987,212.20
Toyota Motor Credit Corporation	TOYOTA	89233GM11	US89233GM110		1.81%	\$9,989,666.70
U.S. BANCORP	USB	91159HHB9	US91159HHB96		0.69%	\$3,782,501.67
UNITED STATES TREASURY	UST	912828H78	US912828H789		7.27%	\$40,057,095.65
UNITED STATES TREASURY	UST	912828WA4	US912828WA40		4.55%	\$25,076,198.22
UNITED STATES TREASURY	UST	912796KD0	US912796KD07		2.01%	\$11,081,227.81
UNITED STATES TREASURY	UST	912828J35	US912828J355		4.54%	\$25,024,979.42
UNITED STATES TREASURY	UST	912828J92	US912828J926		2.72%	\$15,001,376.04
UNITED STATES TREASURY	UST	912828SC5	US912828SC51		7.21%	\$39,729,895.32
UNITED STATES TREASURY	UST	912828A91	US912828A917		2.60%	\$14,340,078.24
UNITED STATES TREASURY	UST	912828H29	US912828H292		3.64%	\$20,048,729.67
UNITED STATES TREASURY	UST	912828SJ0	US912828SJ05		1.82%	\$10,028,503.09
US BANK NA	USB	90331HMD2	US90331HMD25		0.55%	\$3,005,948.67

CALOPTIMA - OPERATING FUND

Portfolio 2480

Portfolio Positions

as of September 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	85,495.51	85,495.51	0.00	1.000	0.01%
Total for Cash			85,495.51	85,495.51	0.00		0.01%
Money Markets							
25,000,000.000	FHLMC DISCOUNT NOTE	313397AV3	24,945,122.22	24,957,411.11	12,288.89	99.910	4.30%
	Mat: 1/20/17 Cpn: 0.00%		0.00	20,267.36			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 7/27/16 St Date: 7/28/16						
39,000,000.000	U.S. TREASURY BILL	912796JA8	38,916,566.55	38,930,717.59	14,151.04	99.889	6.71%
	Mat: 2/2/17 Cpn: 0.00%		0.00	26,274.62			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 8/5/16 St Date: 8/5/16						
3,800,000.000	TORONTO DOMIN NY YCD FRN	89113WFP6	3,800,000.00	3,801,017.91	1,017.91	100.027	0.66%
	Mat: 2/3/17 Cpn: 1.09%		0.00	2,865.09			
	Moody's: P-1 S&P: A-1+ Fitch: F1+						
	Tr Date: 8/2/16 St Date: 8/3/16						
3,100,000.000	BANK OF NOVA SCOTIA HOUSTON YCD FRN	06417GMB1	3,100,000.00	3,100,537.85	537.85	100.017	0.53%
	Mat: 2/10/17 Cpn: 1.08%		94.15	1,764.09			
	Moody's: Aa3e S&P: A-1 Fitch: F1+						
	Tr Date: 8/1/16 St Date: 8/2/16						
50,000,000.000	FHLB DISCOUNT NOTE	313385BS4	49,881,194.44	49,907,332.64	26,138.20	99.879	8.60%
	Mat: 2/10/17 Cpn: 0.00%		0.00	32,638.89			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 8/11/16 St Date: 8/12/16						
1,900,000.000	BANK OF AMERICA BNST	06053PRX7	1,900,000.00	1,900,657.57	657.57	100.035	0.33%
	Mat: 3/3/17 Cpn: 1.18%		0.00	1,992.89			
	Moody's: P-1 S&P: A-1 Fitch: F1						
	Tr Date: 8/26/16 St Date: 8/30/16						
2,140,000.000	MIZUHO BANK LTD YCD FRN	60689DH89	2,140,000.00	2,141,463.03	1,463.03	100.068	0.37%
	Mat: 3/7/17 Cpn: 1.27%		75.29	1,731.67			
	Moody's: P-1 S&P: A-1 Fitch: F1						
	Tr Date: 9/7/16 St Date: 9/9/16						
50,000,000.000	U.S. TREASURY BILL	912796KM0	49,881,952.78	49,897,730.56	15,777.78	99.824	8.60%
	Mat: 3/9/17 Cpn: 0.00%		0.00	14,918.06			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 9/7/16 St Date: 9/8/16						



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CALOPTIMA - OPERATING FUND

Portfolio 2480

Portfolio Positions

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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
3,230,000.000	SVENSKA HANDELSBANKEN NY YCD FRN Mat: 3/14/17 Cpn: 1.09% Moody's: P-1 S&P: A-1+ Fitch: F1+ Tr Date: 9/14/16 St Date: 9/16/16	86958JCV9	3,230,000.00 195.19	3,230,000.00 1,659.08	0.00	100.000	0.56%
3,780,000.000	CREDIT AGRICOLE NY YCD Mat: 3/24/17 Cpn: 1.22% Moody's: P-1 S&P: A-1 Fitch: F1 Tr Date: 9/26/16 St Date: 9/28/16	22534HRM5	3,780,000.00 0.00	3,781,019.92 384.30	1,019.92	100.027	0.65%
3,760,000.000	SKANDINAVISKA ENSKILDA BANKEN YCD Mat: 3/27/17 Cpn: 1.10% Moody's: P-1 S&P: A-1 Fitch: F1 Tr Date: 9/26/16 St Date: 9/28/16	83050FLW9	3,760,000.00 0.00	3,760,000.00 344.67	0.00	100.000	0.65%
5,800,000.000	DNB NOR BANK YCD Mat: 3/28/17 Cpn: 1.09% Moody's: P-1 S&P: A-1 Fitch: Tr Date: 9/27/16 St Date: 9/29/16	23340QSK0	5,800,000.00 0.00	5,800,000.00 351.22	0.00	100.000	1.00%
5,770,000.000	SWEDBANK NY YCD Mat: 3/29/17 Cpn: 1.07% Moody's: P-1 S&P: A-1+ Fitch: F1+ Tr Date: 9/28/16 St Date: 9/30/16	87019URN1	5,770,000.00 0.00	5,770,000.00 171.50	0.00	100.000	0.99%
1,440,000.000	RABOBANK NEDERLAND NY YCD Mat: 4/21/17 Cpn: 1.07% Moody's: S&P: Fitch: Tr Date: 9/7/16 St Date: 9/9/16	21684BXH2	1,437,782.40 5,906.40	1,440,000.00 6,848.00	2,217.60	100.000	0.25%
19,000,000.000	U.S. TREASURY BILL Mat: 7/20/17 Cpn: 0.00% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 7/19/16 St Date: 7/21/16	912796KB4	18,894,338.89 0.00	18,895,266.72 20,900.00	927.83	99.557	3.26%
38,000,000.000	FAMC DISCOUNT NOTE Mat: 7/27/17 Cpn: 0.00% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 7/27/16 St Date: 7/28/16	31315LJR0	37,750,255.56 0.00	37,785,088.89 44,597.22	34,833.33	99.550	6.52%
3,800,000.000	BANK OF TOKYO-MITSUBISHI NY YCD Mat: 8/30/17 Cpn: 1.53% Moody's: P-1 S&P: A-1 Fitch: F1 Tr Date: 8/29/16 St Date: 8/30/16	06538M7L7	3,800,000.00 0.00	3,802,270.39 5,168.00	2,270.39	100.060	0.66%
2,600,000.000	BANK OF NOVA SCOTIA HOUSTON YCD FRN Mat: 9/7/17 Cpn: 1.33% Moody's: Aa3e S&P: A-1 Fitch: F1+ Tr Date: 9/1/16 St Date: 9/7/16	06417GPD4	2,600,000.00 0.00	2,600,000.00 2,311.30	0.00	100.000	0.45%



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Portfolio 2480

Portfolio Positions

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Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
3,310,000.000	RABOBANK NEDERLAND NY YCD FRN Mat: 9/8/17 Cpn: 1.31% Moody's: P-1 S&P: A-1 Fitch: F1+ Tr Date: 9/2/16 St Date: 9/8/16	21684BR89	3,310,000.00 0.00	3,310,000.00 2,771.70	0.00	100.000	0.57%
3,800,000.000	NORDEA BANK FINLAND YCD Mat: 9/8/17 Cpn: 1.35% Moody's: P-1 S&P: A-1+ Fitch: F1+ Tr Date: 9/8/16 St Date: 9/12/16	65558LSW3	3,800,000.00 0.00	3,800,000.00 2,707.50	0.00	100.000	0.65%
3,800,000.000	BNP PARIBAS NY YCD Mat: 9/13/17 Cpn: 1.52% Moody's: P-1 S&P: A-1 Fitch: F1 Tr Date: 9/13/16 St Date: 9/15/16	05582WDW1	3,800,000.00 0.00	3,800,000.00 2,567.11	0.00	100.000	0.65%
3,800,000.000	WESTPAC BANKING NY YCD Mat: 10/3/17 Cpn: 1.36% Moody's: P-1 S&P: A-1+ Fitch: F1+ Tr Date: 9/29/16 St Date: 10/3/16	96121TX52	3,800,000.00 0.00	3,800,000.00 0.00	0.00	100.000	0.65%
Total for Money Markets			276,097,212.84 6,271.03	276,210,514.17 193,234.26	113,301.34		47.60%

Treasuries

17,000,000.000	U.S. TREASURY NOTE Mat: 2/28/17 Cpn: 0.50% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 1/20/16 St Date: 1/21/16	912828J35	16,972,830.39 33,392.86	17,005,950.68 7,279.01	33,120.29	100.035	2.93%
11,000,000.000	U.S. TREASURY NOTE Mat: 3/15/17 Cpn: 0.75% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 2/17/16 St Date: 2/18/16	912828C32	11,017,224.35 35,357.14	11,014,630.33 3,646.41	(2,594.02)	100.133	1.90%
18,000,000.000	U.S. TREASURY NOTE Mat: 3/31/17 Cpn: 0.50% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 1/22/16 St Date: 1/25/16	912828J92	17,955,000.00 28,770.49	18,001,620.54 247.25	46,620.54	100.009	3.10%
37,000,000.000	U.S. TREASURY NOTE Mat: 7/31/17 Cpn: 0.63% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 8/1/16 St Date: 8/2/16	912828XP0	37,015,898.44 1,256.79	37,001,476.30 38,960.60	(14,422.14)	100.004	6.38%
20,000,000.000	U.S. TREASURY NOTE Mat: 9/15/17 Cpn: 1.00% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 6/24/16 St Date: 6/29/16	912828D98	20,104,687.50 57,608.70	20,064,799.40 8,839.78	(39,888.10)	100.324	3.46%



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CALOPTIMA - OPERATING FUND

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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
50,000,000.000	U.S. TREASURY NOTE Mat: 11/15/17 Cpn: 0.88% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 9/7/16 St Date: 9/8/16	912828G20	50,107,421.88 137,907.61	50,096,500.50 165,251.36	(10,921.38)	100.193	8.66%
Total for Treasuries			153,173,062.56 294,293.59	153,184,977.75 224,224.40	11,915.19		26.42%
Agencies							
7,540,000.000	FHLB C 1/20/17 1X Mat: 7/20/17 Cpn: 0.75% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 6/21/16 St Date: 6/24/16	3130A8L35	7,540,000.00 0.00	7,537,662.60 15,237.08	(2,337.40)	99.969	1.30%
Total for Agencies			7,540,000.00 0.00	7,537,662.60 15,237.08	(2,337.40)		1.30%
Tax-Exempt							
2,500,000.000	MA STATE GO/LTD NOTES Mat: 4/24/17 Cpn: 2.00% Moody's: MIG1 S&P: SP-1+ Fitch: AA+ Tr Date: 8/24/16 St Date: 8/30/16	57582RKR6	2,522,625.00 0.00	2,517,350.00 4,383.56	(5,275.00)	100.694	0.43%
Total for Tax-Exempt			2,522,625.00 0.00	2,517,350.00 4,383.56	(5,275.00)		0.43%
Taxable Muni							
6,925,000.000	CA STATE GO/ULT TAXABLE Mat: 11/1/16 Cpn: 1.25% Moody's: Aa3 S&P: AA- Fitch: AA- Tr Date: 2/22/16 St Date: 2/25/16	13063CFD7	6,951,652.75 28,748.27	6,926,385.00 36,067.71	(25,267.75)	100.020	1.20%
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	1,002,090.00 16,666.67	(32,230.00)	100.209	0.18%
1,000,000.000	CA STATE DEPT OF WATER TXB Mat: 12/1/16 Cpn: 0.99% Moody's: Aa1 S&P: AAA Fitch: Tr Date: 6/23/16 St Date: 6/28/16	13067WJG8	1,001,740.00 743.25	1,000,130.00 3,303.33	(1,610.00)	100.013	0.17%
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	750,517.50 1,431.25	(1,057.50)	100.069	0.13%



CALOPTIMA - OPERATING FUND

Portfolio 2480

Portfolio Positions

as of September 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
3,000,000.000	CA LOS ANGELES REDEV AGY TAX TXB Mat: 9/1/17 Cpn: 0.89% Moody's: Aa3 S&P: AA Fitch: Tr Date: 8/5/16 St Date: 8/25/16	54465AGH9	3,000,000.00 0.00	2,995,740.00 2,679.00	(4,260.00)	99.858	0.52%
Total for Taxable Muni			12,739,287.75 52,028.85	12,674,862.50 60,147.96	(64,425.25)		2.19%
Credit							
525,000.000	BRANCH BANKING & TRUST FRN Mat: 12/1/16 Cpn: 1.27% Moody's: A1 S&P: A Fitch: A+ Tr Date: 10/13/15 St Date: 10/16/15	07330NAF2	525,225.75 495.08	525,164.85 556.55	(60.90)	100.031	0.09%
3,245,000.000	ROCKWELL COLLINS FRN Mat: 12/15/16 Cpn: 1.20% 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	3,247,222.83 1,731.07	(940.93)	100.069	0.56%
2,600,000.000	UNITEDHEALTH GROUP FRN Mat: 1/17/17 Cpn: 1.13% 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	2,602,589.60 6,115.96	1,819.60	100.100	0.45%
2,925,000.000	MANUFACTURERS & TRADERS TRUST FRN Mat: 1/30/17 Cpn: 1.13% 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	2,926,468.35 5,857.80	(2,375.90)	100.050	0.51%
3,790,000.000	BANK OF AMERICA FRN Mat: 2/14/17 Cpn: 1.29% 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	3,795,427.28 6,368.15	6,358.18	100.143	0.65%
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	3,398,590.00 11,445.06	(35,861.80)	100.550	0.59%
1,645,000.000	CITIGROUP FRN Mat: 3/10/17 Cpn: 1.39% 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	1,646,554.53 1,202.83	(1,570.98)	100.095	0.28%
225,000.000	AT&T FRN Mat: 3/30/17 Cpn: 1.26% Moody's: Baa1 S&P: BBB+ Fitch: A- Tr Date: 8/4/14 St Date: 8/7/14	00206RCF7	225,614.25 155.35	225,265.50 7.86	(348.75)	100.118	0.04%



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Portfolio 2480

Portfolio Positions

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Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
2,240,000.000	HUNTINGTON NATL BANK FRN Mat: 4/24/17 Cpn: 1.14% 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	2,238,832.96 4,821.35	1,005.76	99.948	0.39%
1,150,000.000	GOLDMAN SACHS FRN Mat: 5/22/17 Cpn: 1.48% 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	1,152,104.50 1,892.39	2,104.50	100.183	0.20%
2,000,000.000	BRANCH BANKING & TRUST FRN Mat: 5/23/17 Cpn: 1.12% 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	1,999,566.00 2,420.41	8,866.00	99.978	0.34%
1,020,000.000	PACCAR FINANCIAL FRN Mat: 6/6/17 Cpn: 1.03% Moody's: A1 S&P: A+ Fitch: Tr Date: 7/31/14 St Date: 8/5/14	69371RL95	1,020,549.90 702.89	1,020,939.42 726.12	389.52	100.092	0.18%
1,800,000.000	VERIZON COMMUNICATIONS FRN Mat: 6/9/17 Cpn: 1.23% 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	1,802,797.20 1,356.92	5,759.20	100.155	0.31%
3,604,000.000	IBM Mat: 9/14/17 Cpn: 5.70% Moody's: Aa3 S&P: AA- Fitch: A+ Tr Date: 7/11/16 St Date: 7/14/16	459200GJ4	3,804,042.62 68,476.00	3,761,552.46 9,700.77	(42,490.16)	104.372	0.65%
730,000.000	AMERICAN EXPRESS FRN Mat: 9/22/17 Cpn: 1.17% Moody's: A2 S&P: A- Fitch: A Tr Date: 9/18/14 St Date: 9/23/14	0258M0DS5	730,000.00 0.00	729,248.10 212.77	(751.90)	99.897	0.13%
493,000.000	BERKSHIRE HATHAWAY FRN Mat: 1/12/18 Cpn: 0.97% Moody's: Aa2 S&P: AA Fitch: A+ Tr Date: 10/13/15 St Date: 10/16/15	084664CD1	491,895.68 25.50	494,263.56 1,072.76	2,367.88	100.256	0.09%
1,800,000.000	WELLS FARGO FRN Mat: 1/22/18 Cpn: 1.44% 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	1,808,706.60 5,117.68	8,706.60	100.484	0.31%
5,000,000.000	JPMORGAN CHASE FRN Mat: 1/25/18 Cpn: 1.61% 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	5,025,820.00 15,248.06	(24,995.70)	100.516	0.87%



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2,000,000.000	WELLS FARGO FRN Mat: 4/23/18 Cpn: 1.34% Moody's: A2 S&P: A Fitch: AA- Tr Date: 1/29/15 St Date: 2/3/15	94974BFK1	2,003,940.00 542.12	2,005,164.00 5,079.22	1,224.00	100.258	0.35%
3,000,000.000	GOLDMAN SACHS FRN Mat: 4/30/18 Cpn: 1.95% 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	3,027,918.00 10,408.00	(22,472.00)	100.931	0.52%
5,000,000.000	QUALCOMM FRN Mat: 5/18/18 Cpn: 1.08% Moody's: A1 S&P: A+ Fitch: Tr Date: 5/13/15 St Date: 5/20/15	747525AH6	5,000,000.00 0.00	5,003,065.00 6,005.56	3,065.00	100.061	0.86%
1,825,000.000	AMERICAN EXPRESS FRN Mat: 5/22/18 Cpn: 1.40% 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	1,829,982.25 2,840.92	1,460.00	100.273	0.32%
3,200,000.000	KEYBANK FRN Mat: 6/1/18 Cpn: 1.36% 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	3,195,187.20 3,632.29	(4,812.80)	99.850	0.55%
3,200,000.000	PNC BANK FRN Mat: 6/1/18 Cpn: 1.26% 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	3,203,532.80 3,365.63	3,532.80	100.110	0.55%
2,910,000.000	CISCO SYSTEMS FRN Mat: 6/15/18 Cpn: 1.16% Moody's: A1 S&P: AA- Fitch: Tr Date: 6/10/15 St Date: 6/17/15	17275RAY8	2,910,000.00 0.00	2,913,457.08 1,500.63	3,457.08	100.119	0.50%
3,000,000.000	FIFTH THIRD BANK FRN Mat: 8/20/18 Cpn: 1.72% 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	3,018,468.00 5,593.25	13,218.00	100.616	0.52%
680,000.000	LOWES COMPANIES FRN Mat: 9/14/18 Cpn: 1.46% Moody's: A3 S&P: A- Fitch: Tr Date: 9/9/15 St Date: 9/16/15	548661DF1	680,403.20 93.55	686,243.76 467.47	5,840.56	100.918	0.12%
3,000,000.000	VERIZON COMMUNICATIONS FRN Mat: 9/14/18 Cpn: 2.61% 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	3,079,671.00 3,691.52	(43,929.00)	102.656	0.53%



CALOPTIMA - OPERATING FUND

Portfolio 2480

Portfolio Positions

as of September 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
1,000,000.000	WELLS FARGO FRN Mat: 9/14/18 Cpn: 1.26% 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	998,521.00 593.01	(1,479.00)	99.852	0.17%
3,000,000.000	US BANCORP FRN Mat: 11/15/18 Cpn: 1.31% 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	3,007,518.00 5,119.08	6,888.00	100.251	0.52%
5,050,000.000	CHEVRON FRN Mat: 11/16/18 Cpn: 1.33% Moody's: Aa2 S&P: AA- Fitch: Tr Date: 11/9/15 St Date: 11/17/15	166764BB5	5,050,000.00 0.00	5,064,336.95 8,570.90	14,336.95	100.284	0.87%
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	1,011,865.00 1,445.17	(7,995.00)	101.187	0.17%
2,220,000.000	CITIGROUP FRN Mat: 12/7/18 Cpn: 1.69% 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	2,231,703.84 2,506.29	11,703.84	100.527	0.38%
1,828,000.000	ORACLE FRN Mat: 1/15/19 Cpn: 1.26% 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	1,842,616.69 4,990.84	6,515.90	100.800	0.32%
3,000,000.000	MORGAN STANLEY FRN Mat: 1/24/19 Cpn: 1.56% 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	3,011,667.00 8,865.50	417.00	100.389	0.52%
1,280,000.000	BRANCH BANKING & TRUST FRN Mat: 5/1/19 Cpn: 1.29% 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	1,283,185.92 2,790.28	3,185.92	100.249	0.22%
700,000.000	MORGAN STANLEY FRN Mat: 7/23/19 Cpn: 1.45% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 7/29/14 St Date: 8/1/14	61746BDS2	700,350.00 170.30	700,854.00 1,923.17	504.00	100.122	0.12%
720,000.000	BERKSHIRE HATHAWAY FRN Mat: 8/15/19 Cpn: 1.08% Moody's: Aa2 S&P: AA Fitch: A+ Tr Date: 8/8/16 St Date: 8/15/16	084664CL3	720,000.00 0.00	721,332.00 1,012.38	1,332.00	100.185	0.12%



CALOPTIMA - OPERATING FUND

Portfolio 2480

Portfolio Positions

as of September 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
1,775,000.000	FIFTH THIRD BANK FRN Mat: 9/27/19 Cpn: 1.44% Moody's: A3 S&P: A- Fitch: A Tr Date: 9/22/16 St Date: 9/27/16	31677QBJ7	1,775,000.00 0.00	1,777,201.00 284.58	2,201.00	100.124	0.31%
1,915,000.000	JOHN DEERE CAPITAL CORP FRN Mat: 10/9/19 Cpn: 1.26% Moody's: A2 S&P: A Fitch: Tr Date: 9/6/16 St Date: 9/9/16	24422ETK5	1,915,000.00 0.00	1,914,360.39 1,470.29	(639.61)	99.967	0.33%
Total for Credit			90,003,429.74 166,514.14	89,928,964.61 158,010.46	(74,465.13)		15.52%

Mortgage-Backed

1,133,639.540	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	1,139,981.34 1,094.43	1,132,688.42 1,563.48	(7,292.93)	99.916	0.20%
4,918,275.550	FHMS K502 A2 CMBS Mat: 8/25/17 Cpn: 1.43% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 8/1/16 St Date: 8/4/16	3137B03W2	4,927,881.56 584.45	4,925,711.98 5,844.55	(2,169.58)	100.151	0.85%
665,016.623	NGN 2010-R2 1A 1MOFRN NCUA GNTD Mat: 11/6/17 Cpn: 0.89% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 8/17/16 St Date: 8/22/16	62888UAA8	665,224.44 280.15	665,202.16 394.28	(22.28)	100.028	0.11%
4,547,468.484	NGN 2011-R3 1A 1MO FRN NCUA GNTD Mat: 3/11/20 Cpn: 0.92% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 5/18/15 St Date: 5/21/15	62889EAA3	4,567,447.56 695.11	4,546,177.00 2,203.78	(21,270.56)	99.972	0.78%
2,208,506.549	FHMS KF02 A1 1MOFRN CMBS Mat: 7/25/20 Cpn: 0.90% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 11/19/15 St Date: 11/24/15	3137B5J79	2,208,506.55 1,061.83	2,208,681.02 332.09	174.47	100.008	0.38%
Total for Mortgage-Backed			13,509,041.46 3,715.98	13,478,460.59 10,338.18	(30,580.87)		2.32%

Asset-Backed

76,315.306	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	76,315.31 0.00	76,315.61 14.69	0.31	100.000	0.01%
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CALOPTIMA - OPERATING FUND

Portfolio 2480

Portfolio Positions

as of September 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
496,416.118	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	496,416.12 0.00	496,233.44 102.59	(182.68)	99.963	0.09%
1,655,165.583	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	1,655,165.58 0.00	1,655,182.13 434.02	16.55	100.001	0.29%
1,729,564.704	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	1,729,564.70 0.00	1,728,611.71 476.59	(952.99)	99.945	0.30%
2,799,977.563	NISSAN 2016-A A1 LEASE Mat: 6/15/17 Cpn: 0.62% Moody's: P-1 S&P: Fitch: F1+ Tr Date: 6/28/16 St Date: 7/1/16	65478QAA6	2,799,977.56 771.55	2,799,999.96 771.55	22.40	100.001	0.48%
2,359,431.069	BMW 2016-A A1 CAR Mat: 7/25/17 Cpn: 0.62% Moody's: P-1 S&P: Fitch: F1+ Tr Date: 7/12/16 St Date: 7/20/16	05582QAA5	2,359,431.07 0.00	2,359,473.54 203.17	42.47	100.002	0.41%
3,800,000.000	USAA 2016-1 A1 CAR Mat: 9/15/17 Cpn: 0.68% Moody's: P-1 S&P: A-1+ Fitch: Tr Date: 9/12/16 St Date: 9/21/16	90327CAA8	3,800,000.00 0.00	3,800,083.60 717.78	83.60	100.002	0.65%
728,501.077	HARLEY 2015-1 A2B 1MOFRN CYCLE Mat: 1/15/19 Cpn: 0.82% Moody's: Aaa S&P: AAA Fitch: AAA Tr Date: 1/22/15 St Date: 1/28/15	41284BAC0	728,501.08 0.00	728,777.18 266.88	276.10	100.038	0.13%
4,500,000.000	TOYOTA 2016-C A2B CAR 1MOFRN Mat: 1/15/19 Cpn: 0.70% Moody's: Aaa S&P: AAA Fitch: Tr Date: 8/1/16 St Date: 8/10/16	89237WAC1	4,500,000.00 0.00	4,500,747.00 1,407.58	747.00	100.017	0.78%
6,200,000.000	GEDFT 2014-2 A 1MOFRN FLOOR Mat: 10/20/19 Cpn: 0.98% 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	6,204,798.80 1,859.93	5,057.20	100.077	1.07%
Total for Asset-Backed			24,345,113.02 1,831.58	24,350,222.98 6,254.79	5,109.96		4.19%
Grand Total			580,015,267.88 524,655.18	579,968,510.71 671,830.69	(46,757.17)		100.00%



Disclaimer, Glossary, and Notes

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

SEPTEMBER 15, 2016

CALL TO ORDER

Chair Lee Penrose called the meeting to order at 2:00 p.m. Director DiLuigi led the Pledge of Allegiance.

Members Present: Lee Penrose, Chair; Ron DiLuigi, Scott Schoeffel

Members Absent: All members present

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

MANAGEMENT REPORTS

Chief Financial Officer Report

Chief Financial Officer Chet Uma provided an update on the status of the contract award following CalOptima’s Request for Proposal process for internal auditor services, CalOptima’s annual financial audit, and audits recently conducted by the Department of Managed Health Care and the Centers for Medicare & Medicaid Services.

PUBLIC COMMENT

Dr. Marie Torres and Daniela Tena-Perez, AltaMed Health Services – Oral re: Agenda Item 5, Program of All-Inclusive Care for the Elderly (PACE) Operational Analysis and Business Plan.

INVESTMENT ADVISORY COMMITTEE UPDATE

1. Treasurer’s Report

Mr. Uma presented an overview of the Treasurer’s Report for the period April 1, 2016 through June 30, 2016. 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 May 19, 2016 Regular Meeting of the CalOptima Board of Directors' Finance and Audit Committee; Receive and File Minutes of the April 25, 2016 Meeting of the CalOptima Board of Directors' Investment Advisory Committee

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

REPORTS

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

John Blakey of Moss-Adams, LLP, CalOptima's independent financial auditor, presented the audit of the consolidated financial statement for the fiscal year ending June 30, 2016. Mr. Blakey noted a change in the draft financial statements related to CalPERS pension to read 2% @ 60. This change will appear in the financial statements to be presented to the Board of Directors in October.

A detailed review of the areas of audit emphasis were presented to the Committee for discussion, including capitation revenue and receivables, cash and investments, medical claims liability, and required communications. Mr. Blakey reported that Moss Adams will issue an unmodified opinion on the financial statements indicating that the FY 2016 financial statements fairly state the financial condition of CalOptima in all material respects.

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

Action: On motion of Director Schoeffel, seconded and carried, the Committee recommended the Board of Directors receive and file the FY 2016 CalOptima Audited Financial Statements. (Motion carried 3-0-0)

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

Action: On motion of Director DiLuigi, seconded and carried, the Committee recommended the Board of Directors reappoint David Young to the Board of Directors' Investment Advisory Committee for a two-year term beginning October 6, 2016. (Motion carried 3-0-0)

5. Consider Program of All-Inclusive Care for the Elderly (PACE) Operational Analysis and Business Plan

Richard Helmer, M.D., Chief Medical Officer, presented a detailed review of CalOptima's PACE program, including historical trends and comparison data, current performance, opportunities for improvement and proposed intervention plans. Dr. Helmer reported that CalOptima PACE is generally meeting benchmarks, performance is consistent with start-up experience, the growth rate is ahead of budget and national benchmarks, and breakeven is projected by late 2017.

It was noted that in February 2016, the Board of Directors authorized staff to submit a PACE Service Area Expansion (SAE) application to the Department of Health Care Services (DHCS) and Centers for Medicare & Medicaid Services (CMS) for south Orange County, and to initiate a Request for Proposals (RFP) process to implement Alternative Care Settings (ACS) model for PACE expansion satellite locations. The proposed ACS expansion model would use and strengthen existing community resources without capital investment, use a scalable model responsive to demand, and allows for rapid countywide expansion. Proposed federal PACE legislation may allow greater participation of community physicians that may decrease the need for transportation to a PACE clinic and lower the barrier for enrollment in PACE. It was recommended that ACS planning begin when breakeven performance of CalOptima's PACE program is assured.

After considerable discussion of the matter, Committee members directed staff to provide the following information at the November Finance and Audit Committee meeting: per member per month cost comparison for like population, and predictive modeling without the PACE program; additional information on the ACS model versus Community-Based Adult Services (CBAS) model and the financial risk to CalOptima; and alternative models to expand access including models previously considered but ruled out.

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

Action: ***On motion of Director DiLuigi, seconded and carried, the Committee recommended the Board of Directors authorize the Chief Executive Officer 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 year term, with two additional one-year extension options, each exercisable at CalOptima's sole discretion; and approved the allocation of \$233,200 from existing reserves to fund the contract through June 30, 2017. (Motion carried 3-0-0)***

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

Action: ***On motion of Director Schoeffel, seconded and carried, the Committee recommended 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. (Motion carried 3-0-0)***

INFORMATION ITEMS

The following Information Items were accepted as presented:

8. Intergovernmental Transfer (IGT) Update
9. July 2016 Financial Summary
10. CalOptima Computer Systems Security Update
11. Cost Containment Improvements/Initiatives
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

Committee members thanked staff for the thorough presentation on the PACE Program.

ADJOURNMENT

Hearing no further business, Chair Penrose adjourned the meeting at 4:04 p.m.

/s/ Suzanne Turf
Suzanne Turf
Clerk of the Board

Approved: November 17, 2016

MINUTES

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

July 25, 2016

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

CALL TO ORDER

The meeting was called to order at 3:05 p.m. Chair Patrick Moore led the Pledge of Allegiance.

ROLL CALL

Members Present: Patrick Moore, Lisa Laird, Chet Uma, Peggy Eckroth, Caroline Harkins

Members Absent: Rodney Johnson

Others Present: Laura Wirick, Ted Benedict, Meketa Investment Group; Asha Joshi, Larry Manis, Thomas Elder, Jeffrey Cleveland, Payden & Rygel; Scott Pavlak, Wendy Kaszak, Logan Circle Partners; Steve Scharre, Tony Mellville, Wells Capital Management; Michael Schrader, Chief Executive Officer, Gary Crockett, Chief Counsel; Nancy Huang, Controller, Pamela Reichardt, Executive Assistant

MINUTES

Approve Minutes of the April 25, 2016, 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 April 25, 2016, Regular Meeting of the CalOptima Board of Directors' Investment Advisory Committee were approved as presented. (Motion carried 5-0-0; Member Johnson absent)

PUBLIC COMMENT

There were no requests for public comment.

MANAGEMENT REPORTS

Michael Schrader, Chief Executive Officer, provided the CEO update. Mr. Schrader stated CalOptima has had significant growth; revenues increased from \$1.2 billion to \$3.4 billion, while enrollment increased from 380,000 members to 765,000 members and employee growth from 500 to 1,100 over the last three years. Given this growth, the County Supervisors took a look at the Board of Directors' composition. The Board composition has changed and now includes ten members, with one being a non-voting member. Four Board seats are reserved for providers, and three are miscellaneous. There are six new Board members, and the other four are returning members. Mr. Schrader provided an overview of each new member's background and reminded Committee members that the first meeting with the new board will be on August 4, 2016.

Chet Uma, Chief Financial Officer, provided a finance update. He spoke about the May Revise related to the State Budget, specifically highlighting areas pertinent to CalOptima. The other areas which Mr. Uma discussed were the funding of the State's Medi-Cal 2020 Waiver which includes the Whole Person Care pilot and, the increase in the budget and additional funding to cover Behavioral Health Treatment, and Medi-Cal coverage for undocumented children.

Mr. Uma further advised that while the State Budget was still pending, the Department of Health Care Services (DHCS) had delayed our monthly capitation payments for the months of May and June. Payments for both months have now been received and we are current. The next payment is due to be received in August.

Mr. Uma advised the IAC that the Board of Directors had approved the CalOptima's Fiscal Year 2016-17 Operating Budget. We are anticipating \$3.4 billion in revenues with a relatively flat enrollment. CalOptima spends 96 cents of every dollar received to medical care for our members. Our Medical Loss Ratio (MLR) is 96% and is one of the highest in the state of California. CalOptima spends 4.11% on our building and salaries and wages. The budget projects a net surplus of \$9 million.

Additionally, we are amidst of our audits. Moss Adams is conducting the fiscal audit and will present their findings at the September 15, 2016, Finance and Audit Committee Meeting. We also have the DMHC and DHCS audits starting in August.

REPORT

- A. Recommend Reappointment to the Board of Directors' Investment Advisory Committee to the CalOptima Board of Directors' Finance and Audit Committee

Action: On the motion of Committee Member Laird, seconded and carried, the Investment Advisory Committee recommended reappointment of David Young to the Board of Directors' Investment Advisory Committee for a two year term beginning October 6, 2016. (Motion carried 5-0-0; Member Johnson absent)

INFORMATION ITEMS

Presentation by Meketa Investment Group

Laura Wirick, Senior Vice President, presented a summary of investment results, and reported that CalOptima's investment portfolio was in compliance with the annual investment policy as of the end of June, and all account managers remained in compliance through the transition resulting from the reallocation of funds among fund managers and the addition of Wells Capital Management as a fund manager.

David Hetzer, Investment Analyst, presented the customer care group information and the peer group comparative information.

Presentation by Payden & Rygel

Asha Joshi, Managing Principal, presented an update on Payden. The firm just passed the \$100 billion dollar mark in terms of investments under management during the quarter. Ms. Joshi also provided an economic and market update, and went over the Payden & Rygel presentation in further detail and referenced specific pages and charts.

Jeffrey Cleveland, Investment Analyst, presented a further market and economic update. The U.S. economy looks good, and should grow this year by 2% or 2.5%. The global economy will grow this year about 3%.

Larry Manis, Investment Manager, gave a portfolio update in detail. Mr. Manis also reported that the portfolio was in compliance during the quarter.

Presentation by Logan Circle Partners

Wendy Kaszak, Vice President of Client Services, went over their presentation in detail. They had one departure on their team, a manager, but added two junior analysts.

Scott Pavlak, Senior Portfolio Manager, gave an economic and portfolio update in detail. Mr. Pavlak spoke about the Tier One and Tier Two portfolio performance from Logan's presentation, and the changes within the portfolios, and reported that all three portfolios are in compliance.

Presentation by Wells Capital Management

Steve Scharre, Client Relations Director, introduced the Wells Capital team. In attendance with Mr. Scharre was Tony Mellville, Portfolio Manager. Mr. Scharre then provided a company update, and the Wells Capital company structure. Wells Capital manages two portfolios for CalOptima, including one which is the operating account that they have been managing since May 3, 2016. Mr. Scharre then detailed this account performance and the Tier One performance.

Tony Melville, Portfolio Manager, went over the Wells Capital presentation in detail.

February 2016 Financial Update

Nancy Huang, Controller, presented the April Financial Summary. The April statements were presented because they are the last financials that have been approved by the Board. Ms. Huang detailed the enrollment summary, at 772,000 members, which is on track, and is 0.8% higher than our budgeted enrollment. Most of CalOptima's enrollment comes from our Medi-Cal line of business. OneCare Connect, our newest program which began in July 2015 has enrollment 40% lower than our budgeted enrollment. Our smaller programs, PACE and OneCare are on track. Overall, our enrollment is 1% higher than our budgeted enrollment.

Ms. Huang went over the financial highlights in detail, including the balance sheet, net assets, and the cash flow summary. We are currently in the middle of our financial closing for Fiscal Year 2015-16. At the next meeting, we will bring our audited financials for the fiscal year with the most up to date data.

Ms. Huang went into detail on the financials, including revenue, operating income and expenses. Ms. Huang also went over a summary of CalOptima's financials along the different lines of business and the consolidated balance sheet as of April 30, 2016. CalOptima has current assets totaling \$474 million in our Tier One and Tier Two portfolios to cover our obligations. As of April, our total net assets are \$656 million dollars. Ms. Huang next outlined the cash flow schedule. This schedule will be included in our IAC meetings going forward, and Ms. Huang will send this sheet to the IAC Members and the Investment Managers.

Ms. Huang had two additional updates for the group. CalOptima finished the Request for Proposal (RFP) of our operating bank. We chose US Bank, who is our current vendor. They won the contract for another five years, and we also negotiated the rates. We had one CalOptima employee change. Our Accounting Supervisor, Wafaa Girgis has left, and we are in the process of recruiting for that position.

Chet Uma, Chief Financial Officer, introduced Ladan Khamseh, CalOptima Chief Operating Officer, to the Committee.

ADJOURNMENT

Hearing no further business, Chair Moore, adjourned the meeting at 4:38 p.m.

/s/ Pamela Reichardt
Pamela Reichardt
Executive Assistant

Approved: October 24, 2016

CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action To Be Taken November 17, 2016 **Regular Meeting of the CalOptima Board of Directors'** **Finance and Audit Committee**

Report Item

3. Consider Recommending Board of Directors Approval of Medi-Cal Quality Improvement and Accreditation Activities During CalOptima Fiscal Year (FY) 2016-17, Including Contracts and Contract Amendments with Consultant(s), Member and Provider Incentives, and Expenditures of Unbudgeted Funds of up to \$1.1 Million

Contact

Richard Bock, M.D., Deputy Chief Medical Officer, (714) 246-8400

Recommended Actions

Recommend that the Board of Directors:

1. Approve the Quality Improvement activities listed on Attachment 1;
2. Authorize the Chief Executive Officer, with the assistance of Legal Counsel contract with new vendors and amend existing vendor contracts, as appropriate, for quality improvement-related services, including NCQA consulting and provider coaching services, incentive distribution and tracking services, PSA development services, survey implementation services, and material and print services selected consistent with CalOptima's Board-approved procurement process;
3. Direct staff to develop Member and Provider incentive programs in the amounts listed on Attachment 1., subject to applicable regulatory approval and guidelines, and final approval by the CalOptima Board prior to implementation; and
4. Authorize unbudgeted expenditures not to exceed \$1.1 million to implement these initiatives.

Background

In CalOptima's 2013-2016 Strategic Plan, one of the strategic priorities was related to Quality Programs and Services. As a part of this strategic priority, CalOptima has worked diligently to provide members with access to quality health care services and ensure optimal health outcomes for all our members.

One of the areas of focus within Quality Programs and Services is CalOptima's performance in the National Committee for Quality Assurance (NCQA) accreditation and ratings. The evaluation criterion for the NCQA health plan ratings consists of three dimensions: Prevention, Treatment and Member Satisfaction. According to the most recent NCQA Health Plan Ratings, (NCQA's Medicaid Health Insurance Plan Ratings 2015-2016) CalOptima scored 4 out of 5 on Prevention, 3.5 out of 5 on Treatment, and 2.5 out of 5 in Customer Service. Health Plans are rated on a 5 point scale. CalOptima achieved an overall rating of 4 out of 5. CalOptima has the distinction of being the top rated Medicaid Health plan in California for the past three years. CalOptima is proud to be the only California Medicaid health plan accredited at the "commendable" level by NCQA. Additionally, CalOptima has achieved a 3.5 out of 5.0 "STAR" rating for Medicare by the Centers for Medicare & Medicaid Services (CMS).

Although CalOptima has achieved much success in our quality programs, we have also identified two measures that were below the minimum performance level (MPL) established by the California Department of Health Care Services (DHCS), and we have prospectively identified other quality measures on the decline that are required for NCQA accreditation and health plan ratings. In order to maintain or exceed our quality performance levels, it is imperative to consider additional interventions which are necessary to achieve these goals, as referenced in our 2016 QI Program Description (Clinical Data Warehouse section, pg 41). These include utilizing multiple levers (direct-to-member, direct-to-provider, incentives, communication strategies, etc.) and programs planned as ongoing strategies throughout the calendar year.

In preparing the CalOptima FY 2016-17 Operating Budget, staff applied the regular budgeting methodology which used the past year's actual run-rate assumptions to allocate funds to various categories, units and lines of business. Upon further review, it became clear that additional funding was necessary to meet existing program commitments for Medi-Cal quality monitoring, reporting and improvement as well as new and expanded quality programs.

Discussion

Maintaining CalOptima's "commendable" accreditation status and rating by NCQA as a top Medicaid plan in California requires ongoing investment in innovative quality initiatives focused on underperforming measures as well as measures aligned with NCQA accreditation, health plan ratings, as well as DHCS and CMS requirements. Funding is also requested to maintain current vendor contracts utilized for quality reporting and to support annually required trainings for quality staff.

Expenditures requested are classified as:

- | | |
|--|-------------------|
| • Budget augmentation for current quality initiatives: | \$ 457,740 |
| • New requests for quality initiatives: | <u>\$ 605,839</u> |
| Total Request | \$1,063,579 |

Attachment 1: Summary of Expenditures for Medi-Cal Quality Improvement and Accreditation Activities provides additional detail on the quality related programs, initiatives and proposed incentives. Member and provider incentive programs will be established by CalOptima. Member incentives will follow the guidelines in CalOptima Policy AA.1208 – Non-Monetary Member Incentives. All member and provider incentive programs will be fully developed and returned for Board approval prior to implementation, as well as regulatory approval, as applicable.

Fiscal Impact

The recommended action to appropriate and authorize expenditures of up to \$1.1 million for Medi-Cal quality improvement and accreditation activities is an unbudgeted item. Management is requesting Board approval to authorize an additional amount of up to \$1.1 million in medical expenses to fund the cost of the quality improvement activities.

CalOptima Board Action Agenda Referral
Consider Recommending Board of Directors Approval of Medi-Cal
Quality Improvement and Accreditation Activities During CalOptima
FY 2016-17, Including Contracts and Contract Amendments with
Consultant(s), Member and Provider Incentives, and Expenditures of
Unbudgeted Funds of up to \$1.1 Million
Page 2

Rationale for Recommendation

CalOptima staff believes that by partnering with our Health Network and provider community, targeted, impactful interventions will result in improvements in our quality scores, to maintain our NCQA Commendable status.

Concurrence

Gary Crockett, Chief Counsel
Chet Uma, Chief Financial Officer

Attachments

- Attachment 1: Summary of Expenditures for Medi-Cal Quality Improvement and Accreditation Activities
- PowerPoint Presentation: Quality Analytics Budget

/s/ Michael Schrader
Authorized Signature

11/10/2016
Date

Attachment 1: Summary of Expenditures for Medi-Cal Quality Improvement and Accreditation Activities

A. Budget Augmentation for Current Quality Initiatives

Item	Detail	Amount (Not to Exceed)
Surveys & NCQA Fees	<ul style="list-style-type: none"> • Addition of CG CAHPs - Adult & Child • Fee increases for regular CAHPS • Implement SPD CAHPS • Additional record retrieval for Medical Record Review • Increase in NCQA required fees • Timely Access Survey 	\$252,937
NCQA Consultant	<ul style="list-style-type: none"> • RFP results did not produce viable option; completed bid exception for known entity due to timeframe 	\$17,375
Quality Initiatives in Flight	<ul style="list-style-type: none"> • Flu/pneumococcal shot reminders • Preventive care visits • Pharyngitis kits • Readmissions project (CMS QIP) • Member & provider communications (more non-adherent members; more measures to move) • 	\$138,793
	<ul style="list-style-type: none"> • Member and provider incentives 	\$12,380
Required Training	<ul style="list-style-type: none"> • Annual Inovalon & HEDIS Best Practices training • CME expenses for physician training • Provider education activities • New hire equipment 	\$28,480
Miscellaneous		\$7,775
Total		\$457,740

Attachment 1: Summary of Expenditures for Medi-Cal Quality Improvement and Accreditation Activities

B. New Request for Quality Initiatives

Item	Detail	Amount (Not to Exceed)
Member Programs	<ul style="list-style-type: none"> Prenatal/postpartum incentive (Increase volume of outreach; \$10,887 Breast cancer screening -Downward trend Reminder mailing & incentive; \$99,900 Cervical cancer screening -Below MPL Reminder mailing & incentive; \$149,900 	\$260,687
Provider Programs	<ul style="list-style-type: none"> Physician office extended hours pilot project - MPL measures (\$10,000) Prenatal/postpartum provider office incentive (\$5,000) PCP office staff incentives for well women visits/screenings (\$75,000) Physician office extended hours initiative mailing (\$2,500) 	\$92,500
Member Experience Initiatives	<ul style="list-style-type: none"> Member focus groups, supplemental survey, provider CME (\$72,525) Practice coaches for member experience (\$18,840) 	\$91,365
Provider Toolkits	<ul style="list-style-type: none"> AWARE toolkit on antibiotic use (\$5,000) Provider Outreach/Education on AAB Measure (Below MPL; \$1,500) 	\$6,500
Outreach Projects	<ul style="list-style-type: none"> PSA for well women visits (Feb & May) - Culturally-specific radio stations (\$99,900) Child & Adolescent Outreach and Events for Childhood Immunizations (13% decrease; \$44,887) Educational posters/print ads for physician offices for Women's Wellness Campaign (\$10,000) 	\$154,787
Total		\$605,839



CalOptima
Better. Together.

Quality Analytics Budget

**Board of Directors' Finance and Audit Committee Meeting
November 17, 2016**

**Richard Bock, MD, Deputy CMO
Caryn Ireland, Executive Director, Quality**

FY 2016-2017 Budget

- Budget augmentation for current quality initiatives: \$457,740
 - Surveys & NCQA Fees
 - NCQA Consultant
 - Quality Initiatives in Flight
 - Required Training
 - Miscellaneous
- New requests for quality initiatives: \$605,839
 - Member Programs
 - Provider Programs
 - Member Experience Initiatives
 - Provider Toolkits
 - Outreach Projects

Budget Augmentation for Current Quality Initiatives: \$457,740

- Surveys & NCQA Fees: \$252,937
 - Addition of CG CAHPS – Adult & Child
 - Fee increases for regular CAHPS
 - Implement SPD CAHPS
 - Additional record retrieval for Medical Record Review
 - Increase in NCQA required fees
 - Timely Access Survey

- NCQA Consultant: \$17,375
 - RFP results did not produce viable option; completed bid exception for known entity due to timeframe

- Quality Initiatives in Flight: \$151,173
 - Flu/pneumococcal shot reminders
 - Preventive care visits
 - Pharyngitis kits
 - Readmissions project (CMS QIP)
 - Member communications (more non-adherent members; more measures to move)
 - Member and provider incentives

Budget Augmentation for Current Quality Initiatives (cont.)

➤ Required Training	\$28,480
▪ Annual Inovalon & HEDIS Best Practices training	
▪ CME expenses for physician training	
▪ Provider education activities	
▪ New hire equipment	
➤ Miscellaneous	\$7,775

Funding for Additional Program: \$605,839

- Member Programs \$260,687
 - Prenatal/postpartum incentive (Increase volume of outreach)
 - Breast Cancer Screening (Downward trend)
 - Cervical Cancer Screening (Below MPL)
- Provider Programs \$92,500
 - Physician office extended hours pilot project – MPL measures
 - Prenatal/postpartum provider office incentive
 - PCP office staff incentives for well women visits/screenings
 - Physician office extended hours initiative mailing
- Member Experience Initiatives \$91,365
 - Member focus groups, supplemental survey, provider CME
 - Practice coaches for member experience
- Provider Toolkits \$6,500
 - AWARE toolkit on antibiotic use
 - Provider outreach/education on AAB Measure (Below MPL)
- Outreach Projects: \$154,787
 - PSA for well women visits (Feb & May) – Culturally-specific radio stations
 - Child & adolescent outreach and events for childhood immunizations (13% decrease)
 - Educational posters/print ads for physician offices for Women's Wellness Campaign

Description of Additional Programs

Amount

Member Programs	\$260,687
Prenatal/postpartum incentive (Increase volume of outreach)	\$10,887
Breast cancer screening (Downward trend)	\$99,900
Cervical cancer screening (Below MPL) - Reminder mailing and member incentives	\$149,900
Provider Programs	\$92,500
Physician office extended hours pilot project – MPL measures	\$10,000
Prenatal/postpartum provider office incentive	\$5,000
PCP office staff incentives for well women visits/screenings	\$75,000
Physician office extended hours initiative mailing	\$2,500
Member Experience	\$91,365
Member focus groups (\$50K), supplemental survey (\$20,475), provider CME (\$7K)	\$72,525
Practice coaches for member experience	\$18,840
Provider Tool Kits	\$6,500
AWARE Toolkit on antibiotic use	\$5,000
Provider outreach/education on AAB Measure (Below MPL)	\$1,500
Outreach Projects	\$154,787
PSA for well women visits (Feb & May) – Culturally-specific radio stations	\$99,900
Child & adolescent outreach and events for childhood immunizations (13% decrease)	\$44,887
Educational posters/print ads for physician offices for Women's Wellness Campaign	\$10,000
Total	\$605,839

CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action To Be Taken November 17, 2016 **Regular Meeting of the CalOptima Board of Directors'** **Finance and Audit Committee**

Report Item

4. Recommend Board of Directors' Approval of Annual Investment Policy for Calendar Year 2017

Contact

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

Recommended Action

Recommend that the Board of Directors approve extension of the current Annual Investment Policy (AIP) for Calendar Year (CY) 2017.

Background

At the February 27, 1996, meeting, the CalOptima Board of Directors (Board) approved the original AIP covering investments made between March 1, 1996 and February 28, 1997. In September 1996, the Board authorized the creation of the Investment Advisory Committee (IAC). The IAC reviews the AIP each year, and recommends changes in said policy to the FAC and the Board for their respective approvals.

At the December 3, 2015, meeting, the Board approved changes to the AIP for CY 2016. At that time, staff, in conjunction with Meketa Investment Group, Inc., and CalOptima's investment managers, Payden & Rygel and Logan Circle Partners, recommended revisions to the AIP to:

- Add the National Credit Union Administration as a permitted investment under "Federal Agencies and U.S. Government Sponsored Enterprises;"
- Add language to allow supranational obligations as a permitted investment pursuant to the 2015 Local Agency guidelines with a maximum term in the Operating Fund of 450 days and a lower maximum amount of fifteen percent (15%) and adds supranationals to the list of eligible floating rate securities; and
- Other minor and conforming changes.

Discussion

Payden & Rygel, Logan Circle Partners, and Wells Capital Management, CalOptima's investment managers, and Meketa Investment Group, Inc., CalOptima's investment adviser submitted proposed revisions to the AIP for CY 2017, which has not been incorporated in the policy at this time. Staff has reviewed the proposed revisions and will submit the AIP to the CalOptima Policy Review Committee to complete the internal administrative policy review process.

Upon completion of policy review process, Management will present the revised AIP for CY 2017 to IAC for review and approval. In the interim, Management recommends that the current AIP remain in effect for CY 2017 until an updated version is approved by the Board.

Fiscal Impact

There is no immediate fiscal impact.

Rationale for Recommendation

Extending the effective date of the current AIP will enable CalOptima to continue meeting our goals to maintain safety of principal, and achieve a market rate of return while maintaining necessary liquidity during periods of uncertainty. Per the review conducted by Meketa Investment Group, Inc., there were no changes in the California Government Code affecting local agencies noted for the ensuing calendar year.

Concurrence

Meketa Investment Group, Inc.
Gary Crockett, Chief Counsel
CalOptima Investment Advisory Committee

Attachments

Proposed 2017 Annual Investment Policy (effective January 1, 2017)

/s/ Michael Schrader
Authorized Signature

11/10/2016
Date

CalOptima

(The Orange County Health Authority, a Public Agency)

~~2016~~2017

Annual Investment Policy

Adopted

By the

Board of Directors

On

December ~~31~~, ~~2015~~2016

CalOptima Annual Investment Policy

I. PURPOSE

This Annual Investment Policy sets forth the investment guidelines for all Operating Funds and Board-Designated Reserve Funds of CalOptima invested on and after January 10, 2006. The objective of this Annual Investment Policy is to ensure CalOptima's funds are prudently invested according to the Board of Director's objectives to preserve capital, provide necessary liquidity and to achieve a market-average rate of return through economic cycles.

Investments may only be made as authorized by this Annual Investment Policy. The CalOptima Annual Investment Policy conforms to California Government Code section 53600 et seq. (the Code) as well as customary standards of prudent investment management. Irrespective of these policy provisions, should the provisions of the Code be or become more restrictive than those contained herein, such provisions will be considered immediately incorporated into the Annual Investment Policy and adhered to.

- A. Safety of Principal -- Safety of principal is the foremost objective of CalOptima. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institutional default, broker-dealer default, or erosion of market value of securities.
- B. Liquidity -- Liquidity is the second most important objective of CalOptima. It is important that each portfolio contain investments for which there is a secondary market and which offer the flexibility to be easily sold at any time with minimal risk of loss of either the principal or interest based upon then prevailing rates.
- C. Total Return -- CalOptima's portfolios shall be designed to attain a market-average rate of return through economic cycles given an acceptable level of risk.

II. OBJECTIVES

Safety of principal is the primary objective of CalOptima. Each investment transaction shall seek to ensure that large capital losses are avoided from securities or broker-dealer default. CalOptima shall seek to ensure that capital losses are minimized from the erosion of market value. CalOptima shall seek to preserve principal by mitigating the two types of risk: credit risk and market risk.

Credit risk, the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in only permitted investments and by diversifying the investment portfolio according to this Annual Investment Policy.

Market risk, the risk of market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by matching maturity dates, to the extent possible, with CalOptima's expected cash flow draws. It is explicitly recognized herein, however that, in a diversified portfolio, occasional losses are inevitable and must be considered within the context of the overall investment return.

III. **PRUDENCE**

CalOptima's Board of Directors or persons authorized to make investment decisions on behalf of CalOptima, are trustees and fiduciaries subject to the prudent person standard as defined in the Code and shall be applied in the context of managing an overall portfolio.

Investment managers acting in accordance with written procedures and the Annual Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price fluctuations, provided deviations from expectations are reported as soon as possible and appropriate action is taken to control risk.

THE PRUDENT PERSON STANDARD: When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency (California Government Code section 53600.3)

IV. **ETHICS AND CONFLICTS OF INTEREST**

CalOptima's officers, employees and Board members and Investment Advisory members involved in the investment process shall refrain from personal and professional business activities that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. CalOptima's officers and employees involved in the investment process are not permitted to have any material financial interests in financial institutions, including state or federal credit unions, that conduct business with CalOptima, and they are not permitted to have any personal financial or investment holdings that could be materially related to the performance of CalOptima's investments.

V. **DELEGATION OF AUTHORITY**

Authority to manage CalOptima's investment program is derived from an order of the Board of Directors. Management responsibility for the investment program is hereby delegated to CalOptima's Treasurer as appointed by the Board of Directors, for a one-year period following the approval of the Annual Investment Policy. The Board of Directors may renew the delegation of authority annually. No person may engage in investment transactions except as provided under the terms of this Annual Investment Policy and the procedures established by the Treasurer.

The Treasurer shall be responsible for all actions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and Board approved investment managers.

A. Financial Benchmarks

CalOptima's investment portfolios shall be designed to attain a market-average rate of return through economic cycles given an acceptable level of risk. The performance benchmark for each investment portfolio will be based upon published market indices for short-term investments of comparable risk and duration. These performance benchmarks will be reviewed periodically by CalOptima's Treasurer and the Investment Managers and will be approved by the Board of Directors.

B. Safekeeping

The investments purchased by an Investment Manager shall be held by the custodian bank acting as the agent of CalOptima under the terms of a custody agreement in compliance with California Government Code section 53608.

C. Periodic Review of the Annual Investment Policy

The Treasurer is responsible for providing the Board of Directors with an Annual Investment Policy for review and adoption by the Board and to ensure that all investments made are in compliance with this Annual Investment Policy. This Annual Investment Policy shall be reviewed annually by the Board of Directors at a public meeting pursuant to California Government Code section 53646, subdivision (a).

The Treasurer is responsible for directing CalOptima's investment program and for compliance with this policy pursuant to the delegation of authority to invest funds or to sell or exchange securities. The Treasurer shall make a quarterly report to the Board of Directors in accordance with California Government Code section 53646, subdivision (b).

D. Treasurer's Procedures

The following procedures will be performed by the Treasurer:

1. The Operating Funds and Board-Designated Reserve Funds targeted average maturities will be established and reviewed periodically.
2. All Investment Managers will be provided a copy of the Annual Investment Policy, which will be appended to an Investment Manager's investment contract. Any investments made by an Investment Manager outside the Annual Investment Policy may subject the Investment Manager to termination for cause.
3. Investment diversification and portfolio performance will be reviewed monthly by the Treasurer to ensure that risk levels and returns are reasonable and that investments are diversified in accordance with this policy.
4. The Treasurer will evaluate and select all Investment Managers for review and approval by the Chief Executive Officer and the Board of Directors.

E. Duties and Responsibilities of the Investment Advisory Committee:

The Treasurer and staff are responsible for the oversight of CalOptima's investment portfolio. The Board of Directors is responsible for CalOptima's Annual Investment Policy. The Investment Advisory Committee shall not make or direct CalOptima staff to make any particular investment, purchase any particular investment product, or do business with any particular investment companies or brokers. It shall not be the purpose of the Investment Advisory Committee to advise on particular investment decisions of CalOptima.

The duties and responsibilities of the Investment Advisory Committee shall consist of the following:

1. Annually review CalOptima's Annual Investment Policy before its consideration by the Board of Directors and recommend revisions, as necessary, to the Finance and Audit Committee of the Board of Directors.
2. Quarterly review CalOptima's investment portfolio for conformance with CalOptima's Annual Investment Policy diversification and maturity guidelines, and make recommendations to the Finance and Audit Committee of the Board of Directors as appropriate.
3. Provide comments to CalOptima's staff regarding potential investments and potential investment strategies.
4. Perform such additional duties and responsibilities pertaining to CalOptima's investment program as may be required from time to time by specific action and direction of the Board of Directors.

VI. DEFINITIONS

- A. Operating Funds are intended to serve as a money market account for CalOptima to meet daily operating requirements. Deposits to this fund are comprised of State warrants that represent CalOptima's monthly capitation revenues from its State contracts. Disbursements from this fund to CalOptima's operating cash accounts are intended to meet operating expenses, payments to providers and other payments required in day-to-day operations.
- B. Board-Designated Reserve Funds are established to fund unexpected agency needs and not intended for use in the normal course of business. The amount of Board-Designated Reserve Funds should be offset by any working capital or net current asset deficits. The desired level for these funds is a minimum of 1.4 and maximum of 2.0 months' of capitation revenues as specified by CalOptima Policy GA.3001: Board-Designated Reserve Funds. The Board-Designated Reserve Funds shall be managed and invested as follows:
 1. Tier One
 - a. Used for the benefit and protection of CalOptima's long-term financial viability;
 - b. Used to cover "Special Purposes" as defined in CalOptima Policy GA.3001: Board-Designated Reserve Funds; or

- c. May be used for operational cash flow needs in lieu of a bank line of credit in the event of disruption of monthly capitation revenue receipts from the State, subject to the Board-Designated Reserve Funds having a “floor” equal to Tier Two requirements.
- 2. Tier Two
 - a. Used to meet CalOptima’s regulatory compliance requirements; or
 - b. Currently defined as CalOptima’s tangible net equity requirements as defined by subdivision (e) of section 1300.76 of Title 28 of the California Code of Regulations.

VII. **PERMITTED INVESTMENTS**

CalOptima shall invest only in instruments as permitted by the Code, subject to the limitations of this Annual Investment Policy. Permitted investments under the Operating Funds, unless otherwise specified, are subject to a maximum stated term of four hundred fifty (450) days (Code is five years). Permitted investments under the Board-Designated Reserve Funds, unless otherwise specified, are subject to a maximum stated term of five (5) years (Code is five years). The Board of Directors must grant express written authority to make an investment or to establish an investment program of a longer term.

Maturity shall mean the stated final maturity of the security. Term or tenure shall mean the remaining time to maturity when purchased.

Permitted investments shall include:

A. U.S. Treasuries

These investments are direct obligations of the United States of America and securities which are fully and unconditionally guaranteed as to the timely payment of principal and interest by the full faith and credit of the United States of America.

U.S. Government securities include:

- 1. Treasury Bills: U.S. government Securities issued and traded at a discount;
- 2. Treasury Notes and Bonds: Interest bearing debt obligations of the U.S. government which guarantees interest and principal payments;
- 3. Treasury Separate Trading of Registered Interest and Principal Securities (STRIPS): U.S. Treasury securities that have been separated into their component parts of principal and interest payments and recorded as such in the Federal Reserve book-entry record-keeping system;
- 4. Treasury Inflation Protected (TIPs) securities: Special Treasury notes or bonds that offer protection from inflation. Coupon payments and underlying principal are automatically increased to compensate for inflation as measured by the consumer price index (CPI); and

5. Treasury Floating Rate Notes (FRNs): U.S. Treasury bonds issued with a variable coupon.

U.S. Treasury coupon and principal STRIPS, as well as TIPs are not considered to be derivatives for the purpose of this Annual Investment Policy and are, therefore, permitted investments pursuant to the Annual Investment Policy.

Maximum Term: Operating Funds – 450 days (Code 5 years)
Board Designated Reserve Funds –

Tier One – five years (Code 5 years)

Tier Two – five years (Code 5 years)

B. Federal Agencies and U.S. Government Sponsored Enterprises

These investments represent obligations, participations, or other instruments of, or issued by, a federal agency or a U.S. government sponsored enterprise, including those issued by, or fully guaranteed as to principal and interest by, the issuers. These are U.S. Government related organizations, the largest of which are government financial intermediaries assisting specific credit markets (e.g., housing, agriculture). Often simply referred to as "Agencies", the following are specifically allowed:

1. Federal Home Loan Banks (FHLB);
2. Federal Home Loan Mortgage Corporation (FHLMC);
3. Federal National Mortgage Association (FNMA);
4. Federal Farm Credit Banks (FFCB);
5. Government National Mortgage Association (GNMA);
6. Small Business Administration (SBA);
7. Export-Import Bank of the United States;
8. U.S. Maritime Administration;
9. Washington Metro Area Transit;
10. U.S. Department of Housing & Urban Development;
11. Tennessee Valley Authority;
12. Federal Agricultural Mortgage Company (FAMC);
13. Temporary Liquidity Guarantee (TLG) Program securities;
14. Temporary Corporate Credit Union Liquidity Guarantee Program (TCCULGP) securities;

15. Federal Deposit Insurance Corporation (FDIC)-backed Structured Sale Guaranteed Notes (SSGNs); and

16. National Credit Union Administration (NCUA) securities.

Any Federal Agency and U.S. Government Sponsored Enterprise security not specifically mentioned above is not a permitted investment.

Maximum Term: Operating Funds – 450 days (Code 5 years)
Board Designated Reserve Funds –

Tier One – five years (Code 5 years)

Tier Two – five years (Code 5 years)

C. State and California Local Agency Obligations

Registered state warrants, treasury notes or bonds of any U.S. state and bonds, notes, warrants or other evidences of indebtedness of any local agency of the State of California, including bonds payable solely out of revenues from a revenue producing property owned, controlled, or operated by the state or local agency or by a department, board, agency or authority of the State or local agency. Such obligations must be issued by an entity whose general obligation debt is rated P-1 by Moody's or A-1 by Standard & Poor's or equivalent or better for short-term obligations, or A by Moody's or A by Standard & Poor's or better for long-term debt. Public agency bonds issued for private purposes (e.g., industrial development bonds) are specifically excluded as allowable investments.

Maximum Term: Operating Funds –450 days (Code 5 years)
Board Designated Reserve Funds –

Tier One – five years (Code 5 years)

Tier Two – five years (Code 5 years)

D. Bankers Acceptances

Time drafts which a bank "accepts" as its financial responsibility as part of a trade finance process. These short-term notes are sold at a discount, and are obligations of the drawer (i.e., the bank's trade finance client) as well as the bank. Once accepted, the bank is irrevocably obligated to pay the bankers acceptance (BA) upon maturity, if the drawer does not. Eligible bankers acceptances:

1. Are eligible for purchase by the Federal Reserve System, and are drawn on and accepted by a bank rated F1 or better by Fitch Ratings or are rated A-1 for short-term deposits by Standard & Poor's or P-1 for short-term deposits by Moody's, or are comparably rated by a nationally recognized rating agency; and
2. May not exceed the five percent (5%) limit of any one commercial bank and may not exceed the five percent (5%) limit for any security of any bank.

Maximum Term: Operating Funds – 180 days (Code)

Board Designated Reserve Funds –

Tier One – 180 days (Code)

Tier Two – 180 days (Code)

E. Commercial Paper

Commercial paper (CP) is unsecured promissory notes issued by companies and government entities at a discount. CP is negotiable (i.e., marketable or transferable), although it is typically held to maturity. The maximum maturity is two hundred seventy (270) days, with most CP issued for terms of less than thirty (30) days. CP must meet the following criteria:

1. Rated P-1 by Moody's or A-1 or better by Standard & Poor's;
2. Have an A or higher rating for the issuer's debt, other than CP, if any, as provided for by Moody's or Standard & Poor's;
3. Issued by corporations organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000); and
4. May not represent more than ten percent (10%) of the outstanding CP of the issuing corporation.

Maximum Term: Operating Funds – 270 days (Code)
Board Designated Reserve Funds

Tier One – 270 days (Code)

Tier Two – 270 days (Code)

F. Negotiable Certificates of Deposit

A negotiable (i.e., marketable or transferable) receipt for a time deposit at a bank or other financial institution for a fixed time and interest rate. Negotiable Certificates of Deposit must be issued by a nationally or state-chartered bank or state or federal association or by a state licensed branch of a foreign bank, which have been rated F1 or better by Fitch Ratings, or are rated A-1 for short-term deposits by Standard & Poor's and P-1 for short-term deposits by Moody's, or are comparably rated by a nationally recognized rating agency.

Maximum Term: Operating Funds – one year (Code)
Board Designated Reserve Funds –

Tier One – one year (Code 5 years)

Tier Two – one year (Code 5 years)

G. Repurchase Agreements

A purchase of securities under a simultaneous agreement to sell these securities back at a fixed price on some future date.

U.S. Treasury and U.S. Agency Repurchase Agreements collateralized by the U.S. Government may be purchased through any registered primary broker-dealer subject to the Securities Investors Protection Act or any commercial bank insured by the Federal Deposit Insurance Corporation so long as at the time of the investment, such primary dealer (or its parent) has an uninsured, unsecured and unguaranteed obligation rated P-1 short-term or A-2 long-term or better by Moody's, and A-1 short-term or A long-term or better by Standard & Poor's, provided:

1. A broker-dealer master repurchase agreement signed by the investment manager (acting as "Agent") and approved by CalOptima;
2. The securities are held free and clear of any lien by CalOptima's custodian or an independent third party acting as agent ("Agent") for the custodian, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than fifty million dollars (\$50,000,000) and the custodian shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for CalOptima's custodian;
3. A perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. § 306.1 et seq. or 31 C.F.R. § 350.0 et seq. in such securities is created for the benefit of CalOptima's custodian and CalOptima; and
4. The Agent provides CalOptima's custodian and CalOptima with valuation of the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required one hundred and two percent (102%) collateral percentage is not restored within one (1) business day of such valuation.

Maximum Term: Operating Funds – 30 days (Code 1 year)
Board Designated Reserve Funds –

Tier One – 30 days (Code 1 year)
Tier Two – 30 days (Code 1 year)

Reverse repurchase agreements are not allowed.

H. Corporate Securities

Notes issued by corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state, and operating within the U.S.

1. For the purpose of this Annual Investment Policy, corporate securities that are rated "A" or better by Moody's, Standard & Poor's, or Fitch Ratings Service.
2. Are issued by corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state and operating within the U.S. and have total assets in excess of five hundred million dollars (\$500,000,000), and

3. May not represent more than ten percent (10%) of the issue in the case of a specific public offering. This limitation does not apply to debt that is "continuously offered" in a mode similar to commercial paper, i.e., medium term notes ("MTNs"). Under no circumstance can the MTNs or any other corporate security of any one corporate issuer represent more than five percent (5%) of the portfolio.

Maximum Term: Operating Funds – 450 days (Code 5 years)
Board Designated Reserve Funds –

Tier One – five years (Code 5 years)

Tier Two – five years (Code 5 years)

I. Money Market Funds

Shares of beneficial interest issued by diversified management companies (i.e., money market funds):

1. Which are rated AAA (or equivalent highest ranking) by two of the three largest nationally recognized rating services; and
2. Such investment may not represent more than ten percent (10%) of the money market fund's assets.

J. Joint Powers Authority Pool

Shares of beneficial interest issued by a joint powers authority organized pursuant to California Government Code section 6509.7. A joint powers authority formed pursuant to California Government Code section 6509.7 may issue shares of beneficial interest to participating public agencies. Each share represents an equal proportional interest in the underlying pool of securities owned by the joint powers authority. The underlying pool of securities are those securities and obligations that are eligible for direct investment by local public agencies. The joint powers authority issuing the shares shall have retained an investment advisor that meets all of the following criteria:

1. Registered or exempt from registration with the Securities and Exchange Commission;
2. No less than five (5) years of experience investing in the securities and obligations authorized in the Code; and
3. Assets under management in excess of five hundred million dollars (\$500,000,000).

A joint powers authority pool shall be rated AAA (or equivalent highest ranking) by two of the three largest nationally recognized rating services.

Such investment may not represent more than ten percent (10%) of the joint powers authority pool's assets.

Term: N/A

K. Mortgage or Asset-backed Securities

Pass-through securities are instruments by which the cash flow from the mortgages, receivables or other assets underlying the security is passed-through as principal and interest payments to the investor.

Though these securities may contain a third party guarantee, they are a package of assets being sold by a trust, not a debt obligation of the sponsor. Other types of "backed" debt instruments have assets (e.g., leases or consumer receivables) pledged to support the debt service.

Any mortgage pass-through security, collateralized mortgage obligations, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond which:

1. Are rated AA- by a nationally recognized rating service; and
2. Are issued by an issuer having an A (Code) or better rating by a nationally recognized rating service for its long-term debt.

Maximum Term: Operating Funds – 450 days (Code 5 years)
Board Designated Reserve Funds –

Tier One – five years stated final maturity (Code 5 years)

Tier Two – five years stated final maturity (Code 5 years)

L. Variable and Floating Rate Securities

Variable and floating rate securities are appropriate investments when used to enhance yield and reduce risk. They should have the same stability, liquidity and quality as traditional money market securities. A variable rate security provides for the automatic establishment of a new interest rate on pre-determined reset dates. For the purposes of this Annual Investment Policy, a variable rate security and floating rate security shall be deemed to have a maturity equal to the period remaining to that pre-determined interest rate reset date, so long as no investment shall be made in a security that at the time of the investment has a term remaining to a stated final maturity in excess of five (5) years.

Variable and floating rate securities, which are restricted to investments in permitted Federal Agencies and U.S. Government Sponsored Enterprises securities, Corporate Securities, Mortgage or Asset-backed Securities, Negotiable Certificates of Deposit, and Municipal Bonds (State and Local Agency Obligations) must utilize a single, market-determined short-term index rate, such as U. S. Treasury bills, Federal Funds, commercial paper, London Interbank Offered Rate (LIBOR), or Securities Industry and Financial Markets Association (SIFMA) that is pre-determined at the time of issuance of the security. In addition, permitted variable and floating rate securities that have an embedded unconditional put option must have a stated final maturity of the security no greater than five (5) years from the date of purchase. Investments in floating rate securities whose reset is calculated using more than one of the above indices are not permitted, i.e., dual index notes. Ratings for variable and floating rate securities shall be

limited to the same minimum ratings as applied to the appropriate asset security class outlined elsewhere in this policy.

Maximum Term: Operating Funds – 450 days (Code 5 years)
 Board Designated Reserve Funds –
 Tier One – five years (Code 5 years)
 Tier Two – five years (Code 5 years)

M. Supranational Obligations

Supranational institutions are international institutions formed by two (2) or more governments that transcend boundaries to pursue mutually beneficial economic or social goals. The three (3) supranational institutions that issue or unconditionally guarantee obligations that are eligible investments are:

1. International Bank for Reconstruction and Development (IBRD);
2. International Finance Corporation (IFC); and
3. Inter-American Development Bank (IADB).

Supranational obligations shall be rated AA by two of the three largest nationally recognized rating services. Such investment may not represent more than fifteen percent (15%) of invested funds.

Maximum Term: Operating Funds – 450 days (Code 5 years)
 Board Designated Reserve Funds –
 Tier One – five years (Code 5 years)
 Tier Two – five years (Code 5 years)

N. Pooled Investments

Pooled investments include deposits or investments pooled with those of other local agencies consistent with the requirements of Government Code section 53635 *et seq.* Such pools may contain a variety of investments but are limited to those permissible under the Code.

VIII. POLICIES

A. Securities Lending

Investment securities shall not be lent to an Investment Manager or broker-dealer.

B. Leverage

The investment portfolio, or investment portfolios managed by an Investment Manager, cannot be used as collateral to obtain additional investable funds.

C. Other Investments

Any investment not specifically referred to herein will be considered a prohibited investment.

D. Underlying Nature of Investments

CalOptima reserves the right to prohibit its Investment Managers from making investments in organizations which have a line of business that is visibly in conflict with the interests of public health, as defined by the CalOptima Board of Directors. Furthermore, CalOptima reserves the right to prohibit investments in organizations with which it has a business relationship through contracting, purchasing or other arrangements.

A list of prohibited investments does not currently exist. However, CalOptima's Board of Directors will provide its Investment Managers, and investment advisors with a list, should such a list be adopted by CalOptima in the future, of corporations that do not comply with this Annual Investment Policy and shall immediately notify its Investment Managers and investment advisors of any changes.

E. Investment Managers

Investment Managers must certify that they will purchase securities from broker-dealers (other than themselves) or financial institutions in compliance with California Government Code section 53601.5 and this Annual Investment Policy.

F. Derivatives

Except as expressly permitted by this policy, investments in derivative securities are not allowed.

G. Rating Category

Rating category shall mean with respect to any long-term category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier.

H. Rating Downgrades

CalOptima may from time to time be invested in a security whose rating is downgraded below the quality criteria permitted by this Annual Investment Policy.

If the rating of any security held as an investment falls below the investment guidelines, the Investment Manager shall notify the Treasurer or designee within two (2) business days of the downgrade. A decision to retain a downgraded security shall be approved by the Treasurer or designee within five (5) business days of the downgrade.

I. Maximum Stated Term

Maximum stated term for permitted investments shall be determined based on the settlement date (not the trade date) upon purchase of the security and the stated final maturity of the security.

J. Diversification Guidelines

Diversification guidelines ensure the portfolio is not unduly concentrated in the securities of one type, industry, or entity, thereby assuring adequate portfolio liquidity should one sector or company experience difficulties.

CalOptima's Investment Managers must review the respective portfolios they manage to ensure compliance with CalOptima's diversification guidelines on a continuous basis.

INSTRUMENTS	MAXIMUM % OF PORTFOLIO AT TIME OF PURCHASE
A. U.S. Treasuries (including U.S. Treasury Coupon and principal STRIPS as well as TIPs)	100% (Code)
B. Federal Agencies and U.S. Government Sponsored Enterprises	100% (Code)
C. State and California Local Agency Obligations	25% (Code 100%)
D. Bankers Acceptances	30% (Code 40%)
E. Commercial Paper	25% (Code)
F. Negotiable Certificates of Deposit	30% (Code)
G. Repurchase Agreements	100% (Code)
H. Corporate Securities	30% (Code)
I. Money Market Funds	20% (Code)
J. Joint Powers Authority Pool	100% (Code)
K. Mortgage and Asset-backed Securities	20% (Code)
L. Variable and Floating Rate Securities	30% (Code)
M. Supranational Obligations	15% (Code 30%)

1. Issuer or Counterparty Diversification Guidelines – The percentages specified below shall be adhered to on the basis of the entire portfolio:
 - a. Any one Federal Agency or Government Sponsored Enterprise None
 - b. Any one repurchase agreement counterparty name

If maturity/term is \leq 7 days	50%
If maturity/term is $>$ 7 days	25%
2. Issuer/Counterparty Diversification Guidelines for All Other Securities described in Section VII, subsections A-L: Permitted Investments of this Annual Investment Policy.

Any one corporation, bank, local agency, or other corporate name for one or more series of securities, and specifically with respect to special purpose vehicles issuers for mortgage and asset-backed securities, the maximum applies to all such securities backed by the same type of assets of the same issuer.

5%

3. Each Investment Manager shall adhere to the diversification limits discussed in this section. If one Investment Manager exceeds the aforementioned diversification limits, the Investment Manager shall inform the CalOptima Treasurer and Investment Advisor (if any) by close of business on the day of the occurrence. Within the parameters authorized by the Code, the Investment Advisory Committee recognizes the practicalities of portfolio management, securities maturing, and changing status, and market volatility, and, as such, will consider breaches in:
 - a. The context of the amount in relation to the total portfolio concentration;
 - b. Market and security specific conditions contributing to a breach in policy; and
 - c. The Investment Managers' actions to enforce the spirit of the policy and decisions made in the best interest of the portfolio.

CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action To Be Taken November 17, 2016 **Regular Meeting of the CalOptima Board of Directors'** **Finance and Audit Committee**

Report Item

5. Consider Options Related to CalOptima's Development Rights at the 505 City Parkway Site; Authorize Vendor Contract(s) and Funding to Develop a Site Plan

Contact

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

Recommended Actions

Recommend that the Board of Directors:

1. Authorize the Chief Executive Officer (CEO) to further explore options related to CalOptima's development rights based on input from the Finance and Audit Committee;
2. Authorize the amendment of CalOptima's contract with real estate consultant Newport Real Estate Services to include site plan development; and
3. Appropriate expenditures of up to \$7,000 to provide funding for this contract amendment.

Background

At its January 2011 meeting, the CalOptima Board of Directors authorized the purchase of land and office building located at 505 City Parkway West, Orange, California, and the assumption of development rights associated with the parcel pursuant to a 2004 Development Agreement with the City of Orange. The development rights include the possible construction of an office tower of up to ten stories and 200,000 square feet of office space, and a parking structure of up to five-levels and 1,528 spaces. The potential second office tower and parking structure are referred to as the 605 Building Site. At the time of CalOptima's purchase of the land and building, the expiration date for the Development Agreement was October 28, 2014.

At its October 2, 2014 meeting, the CalOptima Board of Directors authorized the CEO to enter into an Amended and Restated development agreement with the City of Orange to extend CalOptima's development rights for up to six years. The extension was approved by the City of Orange Planning Commission on September 15, 2014, and the Orange City Council on November 25, 2014. Assuming CalOptima makes required public benefit fee payments to the City of Orange, the expiration date for the current development agreement is October 28, 2020.

At the August 4, 2016 meeting, the Board authorized a contract with a real estate consultant to assist in evaluating options related to CalOptima's development rights, and approved a budget allocation of \$22,602 from existing reserves to fund the contract through June 30, 2017.

Discussion

Pursuant to the Board action on August, 4, 2016, CalOptima contracted with real estate consultant, Newport Real Estate Services, to provide market research, evaluate development

feasibility and financial feasibility, and recommend options based on CalOptima's development rights. The consultant has identified the following options:

1. Option 1: Develop the 605 Building Site
2. Option 2: Third Party or Disposition Alternatives
 - Direct Sell: CalOptima could directly sell the development rights and secure space for CalOptima's use.
 - Ground Lease: CalOptima could lease the property to a developer.
 - Assign: CalOptima could assign the development rights to a developer, who would provide space back to CalOptima in return.
 - Joint Venture: CalOptima could develop the property jointly with a developer.
 - Exchange for property: CalOptima could exchange the development rights for a developed property.

The consultant noted some additional factors for the Board to consider when evaluating the options. These include:

- Proposed 66 month lease at 1 City Boulevard West: Upon expiration, CalOptima could look at extending the lease or relocating employees to the new site.
- PACE center lease: CalOptima could look at renewing the current lease at 13300 Garden Grove Boulevard or relocating the PACE program to the new site.
- Board Room/External Meetings: CalOptima could consider the option of relocating the board meeting room to the new site for board and external meetings.
- 505 Building: If the board and external meeting rooms were relocated to the new site, the 505 Building would become secure, occupied by CalOptima employees only.

To move forward in exploring options related to the development rights, the consultant has recommended the development of a site plan to further inform the Board of potential opportunities.

Fiscal Impact

The recommended action to fund the contract with a real estate consultant to develop a site plan is an unbudgeted item. An allocation of \$7,000 from existing reserves will fund this action.

Rationale for Recommendation

Management anticipates that CalOptima's space needs will continue to grow in the near term. To accommodate this growth, management recommends that the Board authorize the CEO to fully explore options available with the existing development rights and to ensure that CalOptima's space needs are adequately met in the future.

Concurrence

Gary Crockett, Chief Counsel

CalOptima Board Action Agenda Referral
Consider Options Related to CalOptima's Development Rights at the
505 City Parkway Site; Authorize Vendor Contract(s) and Funding to
Develop a Site Plan
Page 3

Attachments

1. PowerPoint Presentations: Long-Range Strategic Real Estate Plan – Excess Real Estate: Development or Disposition
2. CalOptima Board Action dated August 4, 2016, Consider Authorizing Contract with a Real Estate Consultant to Assist in the Evaluation of Options Related to CalOptima's Development Rights and Approve Budget Allocation

/s/ Michael Schrader
Authorized Signature

11/10/2016
Date



CalOptima
Better. Together.

Long-Range Strategic Real Estate Plan – Excess Real Estate: Development or Disposition

**Board of Directors' Finance and Audit Committee Meeting
November 17, 2016**

**Chet Uma, CalOptima Chief Financial Officer
Glen Allen, President, Newport Real Estate Services, Inc.**

Background

- 1/6/11: Special Board Meeting
 - Authorized the purchase of 505 City Parkway West
 - Assumed development rights for the land parcel pursuant to a 2004 Development Agreement with the City of Orange
- Details of Development Agreement for “605 Building Site”
 - Possible construction of office tower up to 10 stories and 200,000 square feet of office uses
 - Maximum five-level, 1,528 space parking structure
 - 10/28/14: Expiration date for Development Agreement

Background (cont.)

- 10/2/14: Board meeting
 - Authorized CEO, with assistance of legal counsel, to enter into an amended and restated Development Agreement with the City of Orange
- Approvals
 - 9/15/14: Approved by City of Orange Planning Commission
 - 11/25/14: Approved by Orange City Council

Background (cont.)

- Details of amended and restated Development Agreement
 - CalOptima required to make public benefit fee payments to the City of Orange to extend development rights for up to 6 years
 - 10/28/20: Expiration date for current development Agreement

Public Benefit Fee Schedule

Payment Amount	Due Date	Agreement Extension Period
First Payment: \$50,000	Within forty-five (45) days of mutual execution of the Agreement	Agreement remains in effect for a period of two (2) years from the original termination date
Second Payment: \$50,000	No later than fifteen (15) days prior to the expiration of the Initial Term	Extends Agreement for an additional two (2) years from the expiration of the Initial Term
Final Payment: \$100,000	No later than fifteen (15) days prior to the expiration of the First Automatic Renewal Term	Extends Agreement for an additional two (2) years from the expiration of the First Automatic Renewal Term

Background (cont.)

- 8/4/16: Board meeting
 - Authorized a contract with a real estate consultant to assist in evaluating options related to CalOptima's development rights
 - Approved budget allocation of \$22,602 from existing reserves to fund the contract through 6/30/17

Purpose of Presentation

- Review options as presented by the consultant
- Why?
 - Saturation of available space
 - Other proposed developments in the vicinity
 - Value of the development rights at expiration
 - Renewal of development right – risk assessment
- Receive feedback from FAC
- Present FAC's recommendation to the Board

Considerations

- Proposed 66 month lease at 1 City Boulevard West
 - Upon expiration, CalOptima could look at extending the lease or relocating employees to the new site
- PACE Center lease
 - CalOptima could look at renewing the current lease at 13300 Garden Grove Boulevard or relocating the PACE program to the new site
- Board Room/External Meetings
 - CalOptima could consider the option of relocating the board meeting room to the new site for board and external meetings
- 505 Building
 - If board and external meetings were relocated to the new site, the 505 Building would become secure, occupied by employees only

CalOptima Development Rights

Presentation to
CalOptima Finance and Audit Committee
November 17, 2016

Glen Allen, LEED® AP
President

Newport Real Estate Services, Inc.

3184H Airway Avenue
Costa Mesa, CA 92626

[Back to Agenda](#)



Development Rights – Options

- Option 1: Develop the 605 Building Site
- Option 2: Third Party or Disposition Alternatives
 - Direct Sell: CalOptima could directly sell the development rights and secure space for CalOptima's use.
 - Ground Lease: CalOptima could lease the property to a developer.
 - Assign: CalOptima could assign the development rights to a developer, who would provide space back to CalOptima in return.
 - Joint Venture: CalOptima could develop the property jointly with a developer.
 - Exchange for property: CalOptima could exchange the development rights for a developed property.

Develop CalOptima Property

- Pros

- Property is already Owned by CalOptima
- Current Entitlement Already in Place
- Multiple Delivery/Financing Options
- Total Flexibility with Building Design
- Future Expansion Space
- Inclusion of PACE
- Incorporation of Formal Board Space
- Eliminate Need for Offsite Leased Space

- Cons

- Time to Delivery: 22-30 months
- Splits Staff to 2 Buildings
- Capital Requirement

Considerations

- Proposed 66 Month Lease at 1 City Boulevard West
- PACE Center Lease: Renew or Relocate
- Board Room/External Meetings
- 505 Building: Totally Secure – Employee Only

Development/Disposition Alternatives

- RFP (Already Prepared)
 - Direct Sale
 - Ground Lease
 - Assign
 - Joint Venture
 - Exchange for Property
(Options to Occupy)
- CalOptima Development/Construction
 - Design/Bid/Build
 - Design/Build
 - Balance Sheet/Capital Implications
 - Vacant Area Risk Assessment

[Back to Agenda](#)

Staff/Consultant Recommendations

Next Steps:

- Formally Refine Long-Range CalOptima Staffing Model
- Prepare Long-Range Space Program
- Retain Architect for Preliminary Site Plan Alternatives
- Evaluate Financing Alternatives for CalOptima Development/Construction
- Evaluate Vacant Space Risk Profile
- Consider PACE Integration into Project
- Hold RFP Pending Further Internal Study is Complete

CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action To Be Taken August 4, 2016 **Regular Meeting of the CalOptima Board of Directors**

Report Item

35. Consider Authorizing Contract with a Real Estate Consultant to Assist in the Evaluation of Options Related to CalOptima's Development Rights and Approve Budget Allocation

Contact

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

Recommended Actions

1. Authorize the Chief Executive Officer (CEO) to enter into a contract with a real estate consultant to assist in providing market research, evaluating development feasibility and financial feasibility, and recommend options based on CalOptima's development rights in accordance with the Board-approved procurement process; and
2. Approve allocation of \$22,602 from existing reserves to fund the contract with the selected real estate consultant through June 30, 2017.

Background

In January 2011, CalOptima purchased land and an office building located at 505 City Parkway West, Orange, California, and assumed development rights for the land parcel pursuant to a 2004 Development Agreement with the City of Orange. The development rights include the possible construction of an office tower up to ten stories and 200,000 square feet of office uses, and a maximum five-level, 1,528 space parking structure which was previously approved in 2001. The second office tower and parking structure are referred to as the 605 Building Site. The expiration date for the initial 10 year Development Agreement was October 28, 2014.

At the October 2, 2014, meeting, the CalOptima Board of Directors (Board) authorized the CEO, with the assistance of legal counsel, to enter into an Amended and Restated development agreement with the City of Orange to extend CalOptima's development rights for up to six years. The extension was approved by the City of Orange Planning Commission on September 15, 2014, and the Orange City Council on November 25, 2014. The Amended and Restated Development Agreement requires CalOptima to make public benefit fee payments to the City of Orange in order to extend the termination date by two year increments. The Board approved funding of \$200,000 from existing reserves to make the public benefit fee payments. The following table provides additional information on the public benefit fees.

Payment Amount	Due Date	Agreement Extension Period
First Payment: \$50,000	Within forty-five (45) days of mutual execution of the Agreement	Agreement remains in effect for a period of two (2) years from the original termination date
Second Payment: \$50,000	No later than fifteen (15) days prior to the expiration of the Initial Term	Extends Agreement for an additional two (2) years from the expiration of the Initial Term

Payment Amount	Due Date	Agreement Extension Period
Final Payment: \$100,000	No later than fifteen (15) days prior to the expiration of the First Automatic Renewal Term	Extends Agreement for an additional two (2) years from the expiration of the First Automatic Renewal Term

Assuming all payments are made on time, the end date for the Amended and Restated Development Agreement is October 28, 2020.

Discussion

CalOptima's Development Agreement represents a significant value to CalOptima. In order to understand the best strategic use of these rights, CalOptima requires assistance of a real estate consultant who has expertise and specializes in the area of development rights. The real estate consultant will perform market research, explore options for the development rights, evaluate development feasibility and financial feasibility, and provide recommendations to CalOptima. The proposed evaluation will take into consideration options of new leased space for CalOptima, costs, compliance with internal policies and procedures, requirements of Public Works projects, and possible public-private partnerships.

In light of forthcoming development projects around the 505 City Parkway West building and the number of years remaining under the current Development Agreement, Management believes it is prudent to obtain reliable information expeditiously in order to make a well-informed decision. The CalOptima Fiscal Year (FY) 2016-17 Operating Budget included \$7,398 under Professional Fees for a real estate consultant. Management proposes to make an allocation of \$22,602 from existing reserves to fund the remaining expenses related to the contract with the real estate consultant through June 30, 2017.

Fiscal Impact

The recommended action to authorize the CEO to contract with a real estate consultant to assist in evaluation of options related to CalOptima's development rights will not exceed \$30,000 through June 30, 2017. An allocation of \$22,602 from existing reserves will fund this action.

Rationale for Recommendation

The retention of a real estate consultant to evaluate options related to CalOptima's development rights will provide reliable information to the Board and Management to make informed decisions on long term space planning.

Concurrence

Gary Crockett, Chief Counsel

CalOptima Board Action Agenda Referral
Consider Authorizing Contract with a Real Estate Consultant to
Assist in the Evaluation of Options Related to CalOptima's
Development Rights and Approve Budget Allocation
Page 3

Attachment

Amended and Restated Development Agreement between the City of Orange and Orange County
Health Authority dated December 10, 2014

/s/ Michael Schrader
Authorized Signature

07/29/2016
Date

Ag. 4545.00

EXEMPT FROM RECORDER'S FEES
Pursuant to Government Code §§ 6103 and 27383

Recording requested by and when recorded return to:

City Clerk
City of Orange
300 East Chapman Avenue
Orange, California 92866

Recorded in Official Records, Orange County
Hugh Nguyen, Clerk-Recorder



NO FEE

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(SPACE ABOVE FOR RECORDER'S USE)

CONFORMED COPY

**AMENDED AND RESTATED
DEVELOPMENT AGREEMENT**

Dated as of *Dec. 10*, 2014

By and Between

**City of Orange,
a municipal corporation**

and

**Orange County Health Authority,
a public agency doing business as CalOptima**

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Exhibits

Exhibit "A"	Legal Description of the 605 Building Site
Exhibit "B"	Resolution No. 9843
Exhibit "C"	Legal Description of the City Tower Two Site
Exhibit "D"	Public Benefit Fees

Ag. 4545.0C

EXEMPT FROM RECORDER'S FEES
Pursuant to Government Code §§ 6103 and 27383

Recording requested by and when recorded return to:

City Clerk
City of Orange
300 East Chapman Avenue
Orange, California 92866

(SPACE ABOVE FOR RECORDER'S USE)

AMENDED AND RESTATED DEVELOPMENT AGREEMENT

This Amended and Restated Development Agreement (the "**Agreement**") is made in Orange County, California as of Dec. 10, 2014, by and between the CITY OF ORANGE, a municipal corporation (the "**City**") and ORANGE COUNTY HEALTH AUTHORITY, a public agency doing business as CalOptima ("**Developer**"). Together, the City and the Developer shall be referred to as the "**Parties**".

1. **Recitals.** This Agreement is made with respect to the following facts and for the following purposes, each of which is acknowledged as true and correct by the Parties:

(a) The City is authorized, pursuant to Government Code §§65864 through 65869.5 (the "**Development Agreement Statutes**") and Chapter 17.44 (Development Agreements) of the Orange Municipal Code to enter into binding agreements with persons or entities having legal or equitable interests in real property for the development of such property in order to establish certainty in the development process.

(b) Developer is the owner of certain real property located in the City and consisting of the parcel commonly referred to the "**605 Building Site**" (legally described on **Exhibit "A"**).

(c) References in this Agreement to the "**Project**" shall mean the 605 Building Site hereinabove described and the development project proposed for such property.

(d) Developer seeks to enhance the vitality of the City by developing additional office and commercial related uses.

(e) Pursuant to Government Code §65867.5 and Orange Municipal Code Section 17.44.100, the City Council finds that: (i) this Agreement and any Future Approvals of the Project implement the goals and policies of the City's General Plan, provide balanced and diversified land uses and impose appropriate standards and requirements with respect to land development and usage in order to maintain the overall quality of life and the environment within the City; (ii) this Agreement is in the best interests of and not in detriment to the public health, safety and general welfare of the residents of the City and the surrounding region; (iii) this

Agreement is compatible with the uses authorized in the zoning district and planning area in which the Project site is located; (iv) adopting this Agreement is consistent with the City's General Plan and constitutes a present exercise of the City's police power; and (v) this Agreement is being entered into pursuant to and in compliance with the requirements of Government Code §65867.

(f) Substantial public benefits (as required by Section 17.44.200 of the Orange Municipal Code) will be provided by Developer and the Project to the entire community. These substantial public benefits include, but are not limited to, the following:

(1) By and through its existence, the Project is and, at the completion of the Project, will continue to be, an enormous benefit and resource to the community;

(2) The Project will provide an expanded economic base for the City by generating substantial property tax revenue;

(3) The Project will provide temporary construction employment and permanent office-based jobs for a substantial number of workers;

(4) The Project, consisting of the 605 Building Site, will contribute traffic impact mitigation fees to the City pursuant to the West Orange Circulation Study ("WOCS Study"), which will partially fund the completion of traffic and circulation infrastructure in the WOCS Study area that will be needed to accommodate demand from future growth; and

(5) The Project will provide for additional sales/use taxes to the City, as provided in Section 7 hereof.

In exchange for these substantial public benefits, City intends to give Developer assurance that Developer can proceed with the development of the Project for the term and pursuant to the terms and the conditions of this Agreement and in accordance with the Applicable Rules (as hereinafter defined).

(g) The Developer has applied for and the City has approved this Agreement in order to create a beneficial project and a physical environment that will conform to and compliment the goals of the City, create a development project sensitive to human needs and values, facilitate efficient traffic circulation, and develop the Project.

(h) This Agreement will bind the City to the terms and obligations specified in this Agreement and will limit, to the degree specified in this Agreement and under the laws of the State of California, the future exercise of the City's ability to delay, postpone, preclude or regulate development on the Project, except as provided for herein.

(i) In accordance with the Development Agreement Statutes, this Agreement eliminates uncertainty in the planning process and provides for the orderly improvement of the Project. Further, this Agreement provides for appropriate further development of the Project over and above the improvements which currently exist on the Project and generally serves the public interest within the City and the surrounding region.

(j) CA-THE CITY LIMITED PARTNERSHIP (the “**Original Developer**”) first filed land use applications in 2001 to entitle four (4) separate development sites which together were to consist of one million one hundred fifty-seven thousand (1,157,000) square feet of office space and a one hundred thirty-seven (137) room hotel (collectively, the “**EOP Projects**”). Those land use applications included applications for a Conditional Use Permit(s) and Major Site Plan Review(s). In addition, the Original Developer filed for negotiations and approval of that certain Development Agreement, dated as of December 13, 2004, by and between the City of Orange and the Original Developer (the “**Original Development Agreement**”). The City processed the various applications and commissioned the preparation of the Final Environmental Impact Report (FEIR) 1612-01 for the Original Development Agreement and the 2001 land use applications (the “**Final EIR**”), which was certified in accordance with the California Environmental Quality Act (“**CEQA**”). On October 9, 2001, the City certified the Final EIR and approved the various applications for the entitlements for the EOP Projects including Resolution No. 9521 with respect to the 605 Building Site.

(1) The Final EIR evaluated the EOP Projects, all of which were located in the area within or adjacent to the former “**The Block at Orange**” which has been rebranded to “**The Outlets at Orange**.” A trip generation survey was conducted and the Final EIR determined that the EOP Projects, upon completion, would generate a total of thirteen thousand eight hundred seventy-six (13,876) average daily trips. The Final EIR designated separate average daily trip generation estimates for each of the EOP Projects based upon the estimated development square footage of each of the EOP Projects.

(2) As part of its approval of the EOP Projects, the City imposed various traffic mitigation conditions, including:

(A) a “fair share” allocation of the cost of certain traffic improvements identified in the WOCS Study (the “**WOCS Improvements**”);

(B) the obligation to pay one hundred percent (100%) of the cost of specific traffic improvements at three (3) designated intersections; and

(C) a “fair share” of the cost of widening the Orangewood Avenue bridge over the Santa Ana River.

The traffic improvements described in (B) and (C) are herein referred as the “**Traffic Improvement Conditions**”.

(3) The WOCS Study estimated the cost of the WOCS Improvements to be approximately Three Million Five Hundred Thousand Dollars (\$3,500,000.00) and assigned “fair share” costs for such improvements to the following projects:

(A) UCI Medical Center Expansion – thirty-two percent (32%);

(B) EOP Projects – thirty-eight percent (38%); and

(C) The Outlets at Orange Expansion – thirty percent (30%).

(4) On March 9, 2004, the City adopted Resolution No. 9843 in which the City determined that the "fair share" of the EOP Projects for the WOCS Improvements and the Traffic Improvement Conditions would be as set forth in Exhibit "A" to Resolution No. 9843. A copy of Resolution No. 9843 is attached hereto as **Exhibit "B"**.

(k) In 2004, in response to the Original Developer's application for the Original Development Agreement, the City felt that it would be helpful to provide the public with information updating and amplifying some of the points raised in the Final EIR as they pertain to the EOP Projects. Accordingly, and as provided in Section 15164 of the State California Environmental Quality Act Guidelines (the "**CEQA Guidelines**"), the City prepared an Addendum to the Final EIR (the "**Addendum**"). On August 16, 2004, the Planning Commission held a duly noticed public hearing on the Original Developer's application for the Original Development Agreement and the Addendum, which were approved by Resolution No. PC 33-04 and recommended to the City Council of the City approval. On September 14, 2004, the City Council held a duly noticed public hearing on the Original Developer's application for the Original Development Agreement and the Addendum, and adopted Resolution No. 9909, making certain findings under CEQA and determined that the Addendum is all that is necessary in connection with the Original Development Agreement and the approval thereof. Thereafter, at its regular meeting of September 14, 2004, the City Council adopted its Ordinance No. 19-04 approving the Original Development Agreement.

(l) In January 2006, the City and the Original Developer amended the Original Development Agreement by entering into that certain First Amendment to Development Agreement dated as of January 20, 2006, the original of which was recorded in the Official Records as Instrument No. 2006000051175 on January 24, 2006 (herein referred as the "**First Amendment**").

(m) In October 2006, the City and the Original Developer further amended the Original Development Agreement by entering into that certain Second Amendment to Development Agreement dated as of October 5, 2006, the original of which was recorded in the Official Records as Instrument No. 2006000698031 on October 17, 2006 (herein referred as the "**Second Amendment**").

(n) In January 2007, the City and the Original Developer entered into that certain Operating Memorandum dated as of January 22, 2007 (hereinafter referred as "**First Operating Memorandum**") as it relates to the amendment to certain covenants, conditions and restrictions governing the expansion of the Block at Orange (the "**Block Expansion**").

(o) In 2007, the Original Developer and Maguire Properties-City Plaza, LLC and Maguire Properties-City Parkway, LLC entered into that certain Assignment and Assumption Agreement dated April 23, 2007, the original of which was recorded in the Official Records as Instrument No. 2007000271600 on April 26, 2007 (herein referred as the "**Maguire Agreement**"). The terms of the Maguire Agreement transferred and assigned the development rights related to City Plaza Two Site and 605 Building Site (as defined in the Original Development Agreement) from the Original Developer to Maguire Properties-City Plaza, LLC and Maguire-City Parkway, LLC, respectively.

(p) In August 2008, Maguire Properties-City Plaza, LLC and HFOP City Plaza, LLC (“**HFOP**”) entered into that certain Partial Assignment and Assumption of Development Agreement dated August 26, 2008, the original of which was recorded in the Official Records as Instrument No. 2008000406579 on August 27, 2008 (herein referred as the “**HFOP Agreement**”). The terms of the HFOP Agreement transferred and assigned development rights related to City Plaza Two Site from Maguire Properties-City Plaza, LLC to HFOP.

(q) In May 2009, Maguire Properties-City Parkway, LLC and AB-City Parkway, LLC entered into that certain Partial Assignment and Assumption of Development Agreement dated May 27, 2009, the original of which was recorded in the Official Records as Instrument No. 2009000268530 on May 28, 2009 (herein referred as the “**AB Agreement**”). The terms of the AB Agreement transferred and assigned development rights related to 605 Building Site from Maguire Properties-City Parkway, LLC to AB-City Parkway, LLC.

(r) In January 2011, Developer and AB-City Parkway, LLC entered into that certain Partial Assignment and Assumption of Development Agreement dated January 7, 2011, the original of which was recorded in the Official Records as Instrument No. 2011000013726 on January 7, 2011 (herein referred as the “**CalOptima Agreement**”). The terms of the CalOptima Agreement transferred and assigned development rights related to 605 Building Site from AB-City Parkway, LLC to Developer. The Original Development Agreement, as amended and assigned by the First Amendment, the Second Amendment, the First Operating Memorandum, the Maguire Agreement, the HFOP Agreement, the AB Agreement, and the CalOptima Agreement, is herein referred to as the “**Amended Development Agreement**”.

(s) The Developer represents to the City that, as of the date hereof, it is the owner of the Project, subject to encumbrances, easements, covenants, conditions, restrictions, and other matters of record.

(t) The Parties acknowledge and agree that the term of the Amended Development Agreement expires on October 28, 2014 (the “**Original Termination Date**”). Developer has requested, and the City has agreed, to extend the term of the Amended Development Agreement, subject to the terms hereof.

(u) In order to effectuate the extension of the term of the Amended Development Agreement, the Parties hereby agree to amend and restate in its entirety the Amended Agreement as set forth below.

2. **Definitions.** In this Agreement, unless the context otherwise requires:

(a) “**Applicable Rules**” means the development standards and restrictions set forth in Section 5 of this Agreement which shall govern the use and development of the Project and shall amend and supersede any conflicting or inconsistent provisions of zoning ordinances, regulations or other City requirements relating to development of property within the City.

(b) “**Development Agreement Statutes**” means Government Code §§ 65864 to 65869.5.

(c) **"Discretionary Actions" and "Discretionary Approvals"** are actions which require the exercise of judgment or a discretionary decision, and which contemplate and authorize the imposition of revisions or additional conditions, by the City, including any board, commission, or department of the City and any officer or employee of the City; as opposed to actions which in the process of approving or disapproving a permit or other entitlement merely requires the City, including any board, commission, or department of the City and any officer or employee of the City, to determine whether there has been compliance with applicable statutes, ordinances, regulations, or conditions of approval.

(d) **"Effective Date"** is the date the ordinance approving the Original Development Agreement became effective, which was October 28, 2004.

(e) **"Future Approvals"** means any action in implementation of development of the Project which requires Discretionary Approvals pursuant to the Applicable Rules, including, without limitation, parcel maps, tentative subdivision maps, development plan and site plan reviews, and conditional use permits. Upon approval of any of the Future Approvals, as they may be amended from time to time, they shall become part of the Applicable Rules, and Developer shall have a "vested right", as that term is defined under California law, in and to such Future Approvals by virtue of this Agreement.

(f) Other terms not specifically defined in this Agreement shall have the same meaning as set forth in Chapter 17.44 (Development Agreements) of the Orange Municipal Code, as the same existed on the Effective Date.

3. **Binding Effect.** This Agreement, and all of the terms and conditions of this Agreement shall, to the extent permitted by law, constitute covenants which shall run with the land comprising the Project for the benefit thereof, and the benefits and burdens of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective assigns, heirs, or other successors in interest.

4. **Negation of Agency.** The Parties acknowledge that, in entering into and performing under this Agreement, each is acting as an independent entity and not as an agent of the other in any respect. Nothing contained herein or in any document executed in connection herewith shall be construed as making the City and Developer joint venturers, partners, agents of the other, or employer/employee.

5. **Development Standards for the Project, Applicable Rules.** The development standards and restrictions set forth in this Section shall govern the use and development of the Project and shall constitute the Applicable Rules, except as otherwise provided herein, and shall amend and supersede any conflicting or inconsistent provisions of existing zoning ordinances, regulations or other City requirements relating to development of the Project and any subsequent changes to the Applicable Rules as specifically described in Section 5(c).

(a) The following ordinances and regulations shall be part of the Applicable Rules:

(1) The City's General Plan as it existed on the Effective Date;

(2) The City's Municipal Code relating to Development Agreements which is set forth in Chapter 17.44 of the Orange Municipal Code, as it existed on the Effective Date; and

(3) Such other ordinances, rules, regulations, and official policies governing permitted uses of the Project, density, design, improvement, and construction standards and specifications applicable to the development of the Project in force on the Effective Date, except as they may be in conflict with the provision of Subsection (a)(4) of this Section.

(4) The terms, provisions and conditions of the following with respect to each Project as hereinafter described:

(A) Conditional Use Permit No. 2379-01 and Major Site Plan Review No. 107-99 for the 605 Building Site; and

(B) The "fair share" of the Project for the WOCS Improvements and the Traffic Improvement Conditions as set forth in Resolution No. 9843.

(b) The City acknowledges that the Original Developer sold one (1) of the EOP Projects legally described on Exhibit "C" attached hereto and commonly referred to as the "**City Tower Two Site**" to a third party and, the City granted approvals to allow such third party to develop a residential project on the City Tower Two Site. The City further acknowledges that the average daily trips which would be generated by the proposed residential project may be substantially less than the average daily trips that would have been generated by the original project for the City Tower Two Site as identified in the Final EIR. The City hereby agrees and acknowledges that the traffic impacts identified in the Final EIR were studied on an area-wide basis and that the Final EIR adequately studied and determined the traffic impacts and relevant mitigation measures required for such traffic impacts. Accordingly, the City hereby agrees that the difference between the average daily trips allocated to the original City Tower Two Site and the average daily trips which are determined to be generated by the residential project (or other project) located on the City Tower Two Site and approved by the City (the "**Unused Trips**") may be "transferred" to the Project during the term of this Agreement (it being the intention of the Parties that the Unused Trips shall be reserved for the benefit of Developer and the Project and, without the prior written consent of Developer, such Unused Trips shall not be applied to or reserved for the benefit of any other project that is subject to approval by the City).

(c) The Project shall not be required to pay any portion of the "fair share" of the WOCS Improvements and/or Traffic Improvement Conditions payable by or as a result of any project approved by the City on the City Tower Two Site.

(d) The "fair share" of the Project shall not be increased as a result of the failure by the City to recover (for whatever reason) the "fair share" contributions of the UCI Medical Center Expansion and/or The Block at Orange Expansion, nor shall the cost of the WOCS Improvements and the Traffic Improvement Conditions be deemed to be increased as a result of such failure.

(e) Notwithstanding the provisions of this Agreement, the City reserves the right to apply certain other laws, ordinances and regulations under the certain limited circumstances described below:

(1) This Agreement shall not prevent the City from applying new ordinances, rules, regulations and policies relating to uniform codes adopted by City or by the State of California, such as the Uniform Building Code, National Electrical Code, Uniform Mechanical Code or Uniform Fire Code, as amended, and the application of such uniform codes to the Project at the time of application for issuance of building permits for structures on the Project including such amendments to uniform codes as the City may adopt from time to time.

(2) In the event that State or Federal laws or regulations prevent or preclude compliance with one or more of the provisions of this Agreement, such provisions of this Agreement shall be modified or suspended as may be necessary to comply with such State or Federal laws or regulations; provided, however, that this Agreement shall remain in full force and effect to the extent it is not inconsistent with such laws or regulations and to the extent such laws or regulations do not render such remaining provisions impractical to enforce. Notwithstanding the foregoing, City shall not adopt or undertake any regulation, program or action or fail to take any action which is inconsistent or in conflict with this Agreement until, following meetings and discussions with the Developer, the City Council makes a finding, at or following a noticed public hearing, that such regulation, program actions or inaction is required (as opposed to permitted) to comply with such State and Federal laws or regulations after taking into consideration all reasonable alternatives.

(3) Notwithstanding anything to the contrary in this Agreement, City shall have the right to apply City ordinances and regulations (including amendments to Applicable Rules) adopted by the City after the Effective Date, in connection with any Future Approvals, or deny, or impose conditions of approval on, any Future Approvals in City's sole discretion if such application is required to prevent a condition dangerous to the physical health or safety of existing or future occupants of the Project, or any portion thereof or any lands adjacent thereto.

6. **Right to Develop.** Subject to the terms of this Agreement, and as of the Effective Date, Developer shall have a vested right to develop the Project in accordance with the Applicable Rules.

7. **Acknowledgments, Agreements and Assurances on the Part of the Developer.**

(a) **Developer's Faithful Performance.** The Parties acknowledge and agree that Developer's performance in developing the Project and in constructing and installing certain public improvements and complying with the Applicable Rules will fulfill substantial public needs. The City acknowledges and agrees that there is good and valuable consideration to the City resulting from Developer's assurances and faithful performance thereof and otherwise in this Agreement, and that same is in balance with the benefits conferred by the City on the Project. The Parties further acknowledge and agree that the exchanged consideration hereunder is fair, just and reasonable.

(b) **Obligations to be Non-Recourse.** As a material element of this Agreement, and as an inducement to Developer to enter into this Agreement, each of the Parties understands and agrees that the City's remedies for breach of the obligations of Developer under this Agreement shall be limited as described in this Agreement.

(c) **Developer's Commitment Regarding California Sales/Use Taxes.** To the extent permitted by law, Developer will require in its general contractor construction contract that Developer's general contractor and subcontractors exercise their option to obtain a Board of Equalization sales/use tax subpermit for the jobsite at the project site and allocate all eligible use tax payments to the City. Further, to the extent permitted by law, Developer will require in its general contractor construction contract that prior to beginning construction of the project, the general contractor and subcontractors will provide the City with either a copy of the subpermit, or a statement that sales/use tax does not apply to their portion of the job, or a statement that they do not have a resale license which is a precondition to obtaining a subpermit. Further, to the extent permitted by law, Developer will use its best efforts to require in its general contractor construction contract that (1) the general contractor or subcontractor shall provide a written certification that the person(s) responsible for filing the tax return understands the process of reporting the tax to the City and will do so in accordance with the City's conditions of project approval as contained in this Agreement; (2) the general contractor or subcontractor shall, on its quarterly sales/use tax return, identify the sales/use tax applicable to the construction site and use the appropriate Board of Equalization forms and schedules to ensure that the tax is allocated to the City of Orange; (3) in determining the amounts of sales/use tax to be paid, the general contractor or subcontractor shall follow the guidelines set forth in Section 1806 of Sales and Use Tax Regulations; (4) the general contractor or subcontractor shall submit an advance copy of his tax return(s) to the City for inspection and confirmation prior to submittal to the Board of Equalization; and (5) in the event it is later determined that certain eligible sales/use tax amounts were not included on general contractor's or subcontractor's sales/use tax return(s), general contractor and subcontractor agree to amend those returns and file them with the Board of Equalization in a manner that will ensure the City receives such additional sales/use tax as City may be eligible to receive from the project for which that particular contractor and its subcontractors were responsible.

During the term of this Agreement, to the extent permitted by law, Developer shall do one of the following: (1) Developer will review the Direct Payment Permit Process established under State Revenue and Taxation Code Section 7051.3 and, if eligible, acquire and use the permit so that the local share of its sales/use tax payments is allocated to the City; Developer will provide City with either a copy of the direct payment permit or a statement certifying ineligibility to qualify for the permit; Developer will further work with the City to inform all tenants about the Direct Payment Permit Process and encourage their participation, if qualified; or (2) Developer shall make use of its resale license issued by the Board of Equalization to exempt from sales/use taxes Developer's significant equipment purchases relating to the project site from vendors and to direct pay all sales/use tax to the Board of Equalization with the City of Orange as the point of sale for such purchases; in connection with the foregoing, Developer shall provide to the City the vendor names, a description of the equipment to be purchased, the purchase amounts for any out-of-state or out-of-country purchases exceeding \$500,000, and a copy of the applicable quarterly sales/use tax reflecting payment of the sales/use tax so long as the confidentiality thereof is protected in a manner consistent with the restrictions imposed by Revenue and Taxation Code Section 7056.

City agrees to cause City's sales and use tax consultant, which is presently the HdL Companies, to reasonably cooperate with Developer, Developer's general contractor(s) and the general contractors' subcontractors to maximize City's receipt of sales/use tax hereunder.

(d) **Limitation on Parking.** Developer acknowledges and agrees that the total amount of parking to be constructed by Developer in connection with the Project shall not exceed the maximum authorized parking set forth in Conditional Use Permit No. 2379-01.

8. **Acknowledgments, Agreements and Assurances on the Part of the City.** In order to effectuate the provisions of this Agreement, and in consideration for the Developer to obligate itself to carry out the covenants and conditions set forth in the preceding Section of this Agreement, the City hereby agrees and assures Developer that Developer will be permitted to carry out and complete the development of the Project in accordance with the Applicable Rules, subject to the terms and conditions of this Agreement and the Applicable Rules. Therefore, the City hereby agrees and acknowledges that:

(a) **Entitlement to Develop.** The Developer is hereby granted the vested right to develop the Project to the extent and in the manner provided in this Agreement, subject to the Applicable Rules and the **Future Approvals**.

(b) **Conflicting Enactments.** Except as provided in Subsection (e) of Section 5 above, any change in the Applicable Rules, including, without limitation, any change in any applicable general area or specific plan, zoning, subdivision or building regulation, adopted or becoming effective after the Effective Date, including, without limitation, any such change by means of a Future Approval, an ordinance, initiative, resolution, policy, order or moratorium, initiated or instituted for any reason whatsoever and adopted by the Council, the Planning Commission or any other board, commission or department of City, or any officer or employee thereof, or by the electorate, as the case may be, which would, absent this Agreement, otherwise be applicable to the Project and which would conflict in any way with or be more restrictive than the Applicable Rules ("Subsequent Rules"), shall not be applied by City to any part of the Project. Developer may give City written notice of its election to have any Subsequent Rule applied to such portion of the Project as it may own, in which case such Subsequent Rule shall be deemed to be an Applicable Rule insofar as that portion of the Project is concerned.

(c) **Permitted Conditions.** Provided Developer's applications for any Future Approvals are consistent with this Agreement and the Applicable Rules, City shall grant the Future Approvals in accordance with the Applicable Rules and authorize development of the Project for the uses and to the density and regulations as described herein. City shall have the right to impose reasonable conditions in connection with Future Approvals and, in approving tentative subdivision maps, impose dedications for rights of way or easements for public access, utilities, water, sewers, and drainage necessary for the Project or other developments on the Project; provided, however, that such conditions and dedications shall not be inconsistent with the Applicable Rules in effect prior to imposition of the new requirement nor inconsistent with the development of the Project as contemplated by this Agreement; and provided further that such conditions and dedication shall not impose additional infrastructure or public improvement obligations in excess of those identified in this Agreement or normally imposed by the City. In connection with a Future Approval, Developer may protest any conditions, dedications or fees to the City Council or as

otherwise provided by City rules or regulations while continuing to develop the Project; such a protest by Developer shall not delay or stop the issuance of building permits or certificates of occupancy unless otherwise provided in the Applicable Rules.

(d) **Timing of Development.** Because the California Supreme Court held in *Pardee Construction Co. v. City of Camarillo*, 37 Cal.3d 465 (1984) that failure of the parties to provide for the timing of development resulted in a later adopted initiative restricting the timing of development to prevail over the parties' Agreement, it is the intent of Developer and the City to cure that deficiency by acknowledging and providing that Developer shall have the right (without the obligation) to develop the Project in such order and at such rate and at such time as it deems appropriate within the exercise of its subjective business judgment, subject to the terms of this Agreement.

(e) **Moratorium.** No City-imposed moratorium or other limitation (whether relating to the rate, timing or sequencing of the development or construction of all or any part of the Project whether imposed by ordinance, initiative, resolution, policy, order or otherwise, and whether enacted by the Council, an agency of City, the electorate, or otherwise) affecting parcel or subdivision maps (whether tentative, vesting tentative or final), building permits, occupancy certificates or other entitlements to use or service (including, without limitation, water and sewer, should the City ever provide such services) approved, issued or granted within City, or portions of City, shall apply to the Project to the extent such moratorium or other limitation is in conflict with this Agreement and/or the Applicable Rules.

(f) **Permitted Fees and Exactions.** Certain development impact and processing fees have been imposed on the Project as conditions of the Existing Project Approvals (including, by way of example but not limited to, TSIP Fees, park facility fees, library facility fees, policy facility fees and fire facility fees), which impact and processing fees are in existence on the Effective Date ("**Development Project Fees**"). Development Project Fees applicable to the Project, together with any processing fees charged by the City for the City's administrative time and related costs incurred in preparing and considering any application for the Project, shall be assessed in the amount they exist at the time Developer becomes liable to pay such fees, provided that such fees shall not exceed the fees that are charged by the City generally to all other applicants similarly situated, on a non-discriminatory basis for similar approvals, permits, or entitlements granted by City. During the term of this Agreement, the City shall be precluded from applying any development impact fee that does not exist as of the Effective Date, except for an impact fee the City may adopt on a City-wide basis for administrative facility capital improvements. This provision does not authorize City to impose fees on the Project that could not be imposed in the absence of this Agreement. Except as otherwise provided in this Agreement, City shall only charge and impose those fees and exactions, including, without limitation, dedications and any other fees or taxes (including excise, construction or any other taxes) relating to development or the privilege of developing the Project as set forth in the Applicable Rules described in Section 5 of this Agreement; provided, however, that Section 5 shall not apply to the following fees and taxes and shall not be construed to limit the authority of City to:

(1) Impose or levy general or special taxes, including but not limited to, property taxes, sales taxes, parcel taxes, transient occupancy taxes, business taxes, which may be applied to the Project or to businesses occupying the Project; provided, however, that the tax is of

general applicability citywide and does not burden the Project disproportionately to other development within the City; or

(2) Collect such fees or exactions as are imposed and set by governmental entities not controlled by City but which are required to be collected by City.

(g) **Project Mitigation.** The Developer shall undertake and complete the mitigation requirements of the Existing Project Approvals. These requirements shall be satisfied within the time established therefor in the Existing Project Approvals.

9. **Cooperation and Implementation.** The City and Developer agree that they will cooperate with one another to the fullest extent reasonable and feasible to implement this Agreement. Upon satisfactory performance by Developer of all required preliminary conditions of approval, actions and payments, the City will commence and in a timely manner proceed to complete all steps necessary for the implementation of this Agreement and the development of the Project in accordance with the terms of this Agreement. Developer shall, in a timely manner, provide the City with all documents, plans, and other information necessary for the City to carry out its obligations. Additionally:

(a) **Further Assurances: Covenant to Sign Documents.** Each party shall take all actions and do all things, and execute, with acknowledgment or affidavit, if required, any and all documents and writings, including estoppel certificates, that may be necessary or proper to achieve the purposes and objectives of this Agreement.

(b) **Reimbursement and Apportionment.** Nothing in this Agreement precludes City and Developer from entering into any reimbursement agreements for reimbursement to the Developer of the portion (if any) of the cost of any dedications, public facilities and/or infrastructure that City, pursuant to this Agreement, may require as conditions of the Future Approvals agreed to by the Parties, to the extent that they are in excess of those reasonably necessary to mitigate the impacts of the Project or development on the Project.

(c) **Processing.** Upon satisfactory completion by Developer of all required preliminary actions and payments of appropriate processing fees, if any, City shall, subject to all legal requirements, promptly initiate, diligently process, and complete all required steps, and promptly act upon any approvals and permits necessary for the development by Developer in accordance with this Agreement, including, but not limited to, the following:

(1) the processing of applications for and issuing of all discretionary approvals requiring the exercise of judgment and deliberation by City, including without limitation, the Future Approvals;

(2) the holding of any required public hearings; and

(3) the processing of applications for and issuing of all ministerial approvals requiring the determination of conformance with the Applicable Rules, including, without limitation, site plans, grading plans, improvement plans, building plans and specifications, and ministerial issuance of one or more final maps, grading permits, improvement permits, wall permits, building permits, lot line adjustments, encroachment permits, temporary use permits,

certificates of use and occupancy and approvals and entitlements and related matters as necessary for the completion of the development of the Project ("**Ministerial Approvals**").

(d) **Processing During Third Party Litigation.** The filing of any third party lawsuit(s) against City and Developer relating to this Agreement or to other development issues affecting the Project shall not delay or stop the development, processing or construction of the Project, approval of the Future Approvals, or issuance of Ministerial Approvals, unless the third party obtains a court order preventing the activity. City shall not stipulate to or fail to oppose the issuance of any such order.

(e) **Defense of Agreement.** City agrees to and shall timely take all actions which are necessary or required to uphold the validity and enforceability of this Agreement and the Applicable Rules, subject to the indemnification provisions of this Section. Developer shall indemnify, protect and hold harmless, the City and any agency or instrumentality thereof, and/or any of its officers, employees, and agents from any and all claims, actions, or proceedings against the City, or any agency or instrumentality thereof, or any of its officers, employees and agents, to attack, set aside, void, annul, or seek monetary damages resulting from an approval of the City, or any agency or instrumentality thereof, advisory agency, appeal board or legislative body including actions approved by the voters of the City, concerning this Agreement. The City shall promptly notify the Developer of any claim, action, or proceeding brought forth within this time period. The Developer and City shall select joint legal counsel to conduct such defense and which legal counsel shall represent both the City and Developer in the defense of such action. The City in consultation with Developer shall estimate the cost of the defense of the action and Developer shall deposit said amount with the City. City may require additional deposits to cover anticipated costs. City shall refund, without interest, any unused portions of the deposit once the litigation is finally concluded. Should the City fail to either promptly notify or cooperate fully, Developer shall not thereafter be responsible to indemnify, defend, protect, or hold harmless the City, any agency or instrumentality thereof, or any of its officers, employees, or agents. Should the Developer fail to post the required deposit within five (5) working days from notice by City, City may terminate this Agreement pursuant to its terms. If City elects to terminate this Agreement pursuant to this Section, it shall do so by written notice to Developer, whereupon this Agreement shall terminate, expire and have no further force or effect as to the Project. Thereafter, the terminating party's indemnity and defense obligations pursuant to this Agreement shall have no further force or effect as to acts or omissions from and after the effective date of said termination.

10. **Compliance; Termination; Modifications and Amendments.**

(a) **Review of Compliance.** The City's Director of Community Development (or designee) shall review this Development Agreement once each year, on or before each anniversary of the Effective Date ("**Periodic Review**"), in accordance with this Section, and the Applicable Rules and the City's Municipal Code in order to determine whether or not Developer is out-of-compliance with any specific term or provision of this Agreement. At commencement of each Periodic Review, the Director shall notify Developer in writing that the Periodic Review will commence or has commenced.

(b) **Prima Facie Compliance.** Within thirty (30) days after receipt of the Director's notice that the Periodic Review will commence or has commenced (and unless

Developer requests and is granted a waiver by the City), Developer shall demonstrate that it has, during the preceding twelve (12) month period, been in reasonable prima facie compliance with this Agreement. For purposes of this Agreement, the phrase "reasonable prima facie compliance" shall mean that Developer has demonstrated that it has acted in accordance with this Agreement.

(c) **Notice of Non-Compliance, Cure Rights.** If during any Periodic Review, the Director reasonably concludes that (i) Developer has not demonstrated that it is in reasonable prima facie compliance with this Agreement, and (ii) Developer is out of compliance with a specific, substantive term or provision of this Agreement, then the Director may issue and deliver to Developer a written notice of non-compliance ("**Notice of Non-Compliance**") detailing the specific reasons for non-compliance (including references to sections and provisions of this Agreement and Applicable Rules which have allegedly been breached) and a complete statement of all facts demonstrating such non-compliance. Developer shall have thirty (30) calendar days following its receipt of the Notice of Non-compliance in which to cure said failure(s); provided, however, that if any one or more of the item(s) of non-compliance set forth in the Notice of Non-compliance cannot reasonably be cured within said thirty (30) calendar day period, then Developer shall not be in breach of this Agreement if it commences to cure said item(s) within said thirty (30) day period and diligently prosecutes said cure to completion. Upon completion of each Periodic Review, the Director shall submit a report to the City Council if the Director determines that Developer has not satisfactorily demonstrated reasonable prima facie compliance with this Agreement. The Director shall submit a report to the City Council stating what steps have been taken by the Director or what steps the Director recommends that the City subsequently take with reference to the alleged non-compliance. (If the Director determines that the Developer has demonstrated reasonable prima facie compliance with this Agreement, the Director will not be required to submit a report to the City Council.) Non-performance by either party shall be excused when it is delayed unavoidably and beyond the reasonable control of the Parties as a result of any of the events identified in Section 19 of this Agreement.

(d) **Termination of Development Agreement as to Breaching Party.** If Developer fails to timely cure any item(s) of non-compliance set forth in a Notice of Non-compliance, then the City shall have the right, but not the obligation, to initiate proceedings for the purpose of terminating this Agreement. Such proceedings shall be initiated by notice to the Developer, followed by meetings between the Developer and the City for the purpose of good faith negotiations between the Parties to resolve the dispute. If the City determines to terminate this Agreement following a reasonable number of meetings and a reasonable opportunity for the Developer to cure any non-performance, the City shall give Developer written notice of its intent to so terminate this Agreement, specifying the precise grounds for termination and setting a date, time and place for a public hearing on the issue, all in compliance with the Development Agreement Statutes. At the noticed public hearing, Developer and/or its designated representative shall be given an opportunity to make a full and public presentation to the City. If, following the taking of evidence and hearing of testimony at said public hearing, the City finds, based upon a preponderance of evidence, that the Developer has not demonstrated compliance with this Agreement, and that Developer is out of material compliance with a specific, substantive term or provision of this Agreement, then the City may (unless the Parties otherwise agree in writing) terminate this Agreement.

(e) **Notice and Opportunity to Cure if City Breaches.** If at any time Developer reasonably concludes that (1) City has not acted in prima facie compliance with this Agreement, and (ii) City is out of compliance with a specific, substantive term or provision of this Agreement, then Developer may issue and deliver to City written notice of City's non-compliance, detailing the specific reasons for non-compliance (including references to sections and provisions of this Agreement which have allegedly been breached) and a complete statement of all facts demonstrating such non-compliance. Developer shall also meet with the City as appropriate to discuss any alleged non-compliance on the part of the City. City shall have thirty (30) calendar days following its receipt of the Notice of Non-compliance in which to cure said failure(s); provided, however, that if any one or more of the item(s) of non-compliance set forth in the Notice of Non-compliance cannot reasonably be cured within said thirty (30) calendar day period, then City shall not be in breach of this Agreement if it commences to cure said item(s) within said thirty (30) day period and diligently prosecutes said cure to completion.

(f) **Modification or Amendment, of Development Agreement.** Subject to the notice and hearing requirements of the applicable Development Agreement Statutes, this Agreement may be modified or amended from time to time only with the written consent of Developer and the City or their successors and assigns in accordance with the provisions of the Municipal Code and Government Code §65868.

(g) **No Cross-Default.** Notwithstanding anything set forth in this Agreement to the contrary, in no event shall the breach of or default under this Agreement by Developer with respect to the Project constitute a breach of or default under this Agreement or any other agreement with respect to any other development project. In other words, the Project identified in this Agreement shall stand alone for purposes of its compliance with the terms, provisions and requirements of this Agreement and any other agreement between the City and Developer.

11. **Operating Memoranda.** The provisions of this Agreement require a close degree of cooperation between City and Developer. The anticipated refinements to the Project and other development activity at the Project may demonstrate that clarifications to this Agreement and the Applicable Rules are appropriate with respect to the details of performance of City and Developer. If and when, from time to time during the term of this Agreement, City and Developer agree that such clarifications are necessary or appropriate, they shall effectuate such clarifications through operating memoranda approved in writing by the City and Developer which, after execution, shall be attached hereto and become a part of this Agreement, and the same may be further clarified from time to time as necessary with future written approval by City and Developer. Operating memoranda are not intended to constitute an amendment to this Agreement but mere ministerial clarifications; therefore, no public notice or hearing shall be required. The City Attorney shall be authorized, upon consultation with and approval of Developer, to determine whether a requested clarification may be effectuated pursuant to this Section or whether the requested clarification is of such a character to constitute an amendment hereof which requires compliance with the provisions of Section 10(f) above. The authority to enter into such operating memoranda is hereby delegated to the City Manager and the City Manager is hereby authorized to execute any operating memoranda hereunder without further action by the City Council.

12. **Term of Agreement.** This Agreement shall become operative and shall commence upon the date the ordinance approving this Agreement becomes effective. Subject to payment by

Developer of the “**Public Benefit Fees**” that are applicable in the amounts and at the times identified on **Exhibit "D"** attached hereto, this Agreement shall remain in effect for a period of up to six (6) years from the Original Termination Date unless this Agreement is terminated, modified or extended upon mutual written consent of the Parties hereto or as otherwise provided in this Agreement. Unless otherwise agreed to by the City and Developer, Developer’s failure to pay any portion of the Public Benefit Fees within the time period set forth on **Exhibit “D”** shall be deemed Developer’s election not to extend the term of this Agreement. In no event shall the Public Benefit Fees be supplemented, raised or increased above the amounts identified on **Exhibit "D"**.

(a) **First Payment of Public Benefit Fees.** Within forty-five (45) days of mutual execution of this Agreement by the Developer and the City, Developer shall pay to the City the First Public Benefit Fee (as defined on **Exhibit “D”**). Upon payment by Developer to the City of the First Public Benefit Fee, this Agreement shall remain in effect for a period of two (2) years from the Original Termination Date (such two (2) year period being the “**Initial Term**”).

(b) **Second Payment of Public Benefit Fees.** If Developer elects, in its sole and absolute discretion, to extend this Agreement beyond the Initial Term, then Developer shall pay to the City the Second Public Benefit Fee (as defined on **Exhibit “D”**) no later than the time set forth on **Exhibit “D”**. Upon payment by Developer to the City of the Second Public Benefit Fee, this Agreement shall be automatically extended for an additional two (2) years from the expiration of the Initial Term (such two (2) year period being the “**First Automatic Renewal Term**”).

(c) **Final Payment of Public Benefit Fees.** If Developer elects, in its sole and absolute discretion, to further extend this Agreement beyond the First Automatic Renewal Term, then Developer shall pay to the City the Third Public Benefit Fee (as defined on **Exhibit “D”**) no later than the time set forth on **Exhibit “D”**. Upon payment by Developer to the City of the Third Public Benefit Fee, this Agreement shall be automatically extended for an additional two (2) years from the expiration of the First Automatic Renewal Term.

(d) Following expiration or termination of the term hereof, this Agreement shall be deemed terminated and of no further force and effect; provided, however, that no such expiration or termination shall automatically affect any right of the City and Developer arising from City approvals on the Project prior to expiration or termination of the term hereof or arising from the duties of the Parties as prescribed in this Agreement.

13. **Administration of Agreement and Resolution of Disputes.**

(a) **Administration of Disputes.** All disputes involving the enforcement, interpretation or administration of this Agreement (including, but not limited to, decisions by the City staff concerning this Agreement and any of the projects or other matters concerning this Agreement which are the subject hereof) shall first be subject to good faith negotiations between the Parties to resolve the dispute. In the event the dispute is not resolved by negotiations, the dispute shall then be heard and decided by the City Council. Thereafter, any decision of the City Council which remains in dispute shall be appealed to, heard by, and resolved pursuant to the Mandatory Alternative Dispute Resolution procedures set forth in Section 13(b) hereinbelow.

Unless the dispute is resolved sooner, City shall use diligent efforts to complete the foregoing City Council review within thirty (30) days following receipt of a written notice of default or dispute notice. Nothing in this Agreement shall prevent or delay Developer or City from seeking a temporary or preliminary injunction in state or federal court if it believes that injunctive relief is necessary on a more immediate basis.

(b) **Mandatory Alternative Dispute Resolution.** After the provisions of Section 13(a) above have been complied with, and pursuant to Code of Civil Procedure §638, *et seq.*, all disputes regarding the enforcement, interpretation or administration of this Agreement (including, but not limited to, appeals from decisions of the City Council, all matters involving Code of Civil Procedure §1094.5, all Ministerial Approvals, Discretionary Approvals, Future Approvals and the application of Applicable Rules) shall be heard and resolved pursuant to the alternative dispute resolution procedure set forth in this Section 13(b). All matters to be heard and resolved pursuant to this Section 13(b) shall be heard and resolved by a single appointed referee who shall be a retired judge from either the California Superior Court, the California Court of Appeals, the California Supreme Court, the United States District Court or the United States Court of Appeals, provided that the appointed referee shall have significant and recent experience in resolving land use and real property disputes. The Parties to this Agreement who are involved in the dispute shall agree and appoint a single referee who shall then try all issues, whether of fact or law, and report in writing to the Parties to such dispute all findings of fact and issues and decisions of law and the final judgments made thereon, in sufficient detail to inform each party as to the basis of the referee's decision. The referee shall try all issues as if he/she were a California Superior Court judge, sitting without a jury, and shall (unless otherwise limited by any term or provision of this Agreement) have all legal and equitable powers granted a California Superior Court judge. Prior to the hearing, the Parties shall have full discovery rights as provided by the California Code of Civil Procedure. At the hearing, the Parties shall have the right to present evidence, examine and cross-examine lay and expert witnesses, submit briefs and have arguments of counsel heard, all in accordance with a briefing and hearing schedule reasonably established by the referee. The referee shall be required to follow and adhere to all laws, rules and regulations of the State of California in the hearing of testimony, admission of evidence, conduct of discovery, issuance of a judgment and fashioning of remedy, subject to such restriction on remedies as set forth in this Agreement. If the Parties involved in the dispute are unable to agree on a referee, any party to the dispute may seek to have a single referee appointed by a California Superior Court judge and the hearing shall be held in Orange County pursuant to California Code of Civil Procedure §640. The cost of any proceeding held pursuant to this Section 13(b) shall initially be borne equally by the Parties involved in the dispute, and each party shall bear its own attorneys' fees. Any referee selected pursuant to this Section shall be considered a temporary judge appointed pursuant to Article 6, Section 21 of the Constitution of the State of California. The cost of the referee shall be borne equally by each party. If any party to the dispute fails to timely pay its fees or costs, or fails to cooperate in the administration of the hearing and decision process as determined by the referee, the referee shall, upon the written request of any party to the dispute, be required to issue a written notice of breach to the defaulting party, and if the defaulting party fails to timely respond or cooperate with the period of time set forth in the notice of default (which in any event may not exceed thirty (30) calendar days), then the referee shall, upon the request of any non-defaulting party, render a default judgment against the defaulting party. At the end of the hearing, the referee shall issue a written judgment (which may include an award of reasonable attorneys' fees and costs as provided elsewhere in this Agreement), which judgment shall be final and binding between the

Parties and which may be entered as a final judgment in a California Superior Court. The referee shall use his/her best efforts to finally resolve the dispute and issue a final judgment within sixty (60) calendar days from the date of his/her appointment. Pursuant to Code of Civil Procedure Section 645, the decision of the referee may be excepted to and reviewed in like manner as if made by the Superior Court.

(1) Any party to the dispute may, in addition to any other rights or remedies provided by this Agreement, seek appropriate judicial ancillary remedies from a court of competent jurisdiction to enjoin any threatened or attempted violation hereof, or enforce by specific performance the obligations and rights of the Parties hereto, except as otherwise provided herein.

(2) The Parties hereto agree that (i) the City would not have entered into this Agreement if it were to be held liable for general, special or compensatory damages for any default under or with respect to this Agreement or the application thereof, and (ii) Developer has adequate remedies, other than general, special or compensatory damages, to secure City's compliance with its obligations under this Agreement. Therefore, the undersigned agree that neither the City nor its officers, employees or agents shall be liable for any general, special or compensatory damages to Developer or to any successor or assignee or transferee of Developer for the City's breach or default under or with respect to this Agreement; and Developer covenants not to sue the City, its officers, employees or agents for, or claim against the City, its officers, employees or agents, any right to receive general, special or compensatory damages for the City's default under this Agreement. Notwithstanding the provisions of this Section 13(b)(2), City agrees that Developer shall have the right to seek a refund or return of a deposit made with the City or fee paid to the City in accordance with the provisions of the Applicable Rules.

(c) In the event Developer challenges an ordinance or regulation of the City as being outside of the authority of the City pursuant to this Agreement, Developer shall bear the burden of proof in establishing that such ordinance, rule, regulation, or policy is inconsistent with the terms of this Agreement and applied in violation thereof.

14. **Transfers and Assignments.**

(a) **Right to Assign.** Developer shall have the right to encumber, sell, transfer or assign all or any portion of the Project which it may own to any person or entity (such person or entity, a "Transferee") at any time during the term of this Agreement without approval of the City, provided that Developer provides the City with written notice of the applicable transfer within thirty (30) days of the transfer, along with notice of the name and address of the assignee. Nothing set forth herein shall cause a lease or license of any portion of the Project to be deemed to constitute a transfer of the Project, or any portion thereof. This Agreement may be assigned or transferred by Developer as to and in conjunction with the sale or transfer of all or a portion of the Project, as permitted by this Section 14, provided that the Transferee has agreed in writing to be subject to all of the provisions of this Agreement applicable to the portion of the Project so transferred.

(b) **Liabilities Upon Transfer.** Upon the delegation of all duties and obligations and the sale, transfer or assignment of all or any portion of the Project to a Transferee,

Developer shall be released from its obligations under this Agreement with respect to the Project or portion thereof so transferred arising subsequent to the effective date of such transfer if (1) Developer has provided to City thirty (30) days' prior written notice of such transfer and (2) the Transferee has agreed in writing to be subject to all of the provisions hereof applicable to the portion of the Project so transferred. Upon any transfer of any portion of the Project and the express assumption of Developer's obligations under this Agreement by such Transferee, the Transferee becomes a party to this Agreement, and the City agrees to look solely to the Transferee for compliance by such Transferee with the provisions of this Agreement as such provisions relate to the portion of the Project acquired by such Transferee. Any such Transferee shall be entitled to the benefits of this Agreement and shall be subject to the obligations of this Agreement, applicable to the parcel(s) transferred. A default by any Transferee shall only affect that portion of the Project owned by such Transferee and shall not cancel or diminish in any way Developer's rights hereunder with respect to any portion of the Project not owned by such Transferee. The Transferee shall be responsible for the reporting and annual review requirements relating to the portion of the Project owned by such Transferee, and any amendment to this Agreement between City and a transferee shall only affect the portion of the Project owned by such transferee. In the event that Developer retains its obligations under this Agreement with respect to the portion of the Project transferred by Developer, the Transferee in such a transaction (a "**Non-Assuming Transferee**") shall be deemed to have no obligations under this Agreement, but shall continue to benefit from all rights provided by this Agreement for the duration of the term set forth in Section 12. Nothing in this section shall exempt any Non-Assuming Transferee from payment of applicable fees and assessments or compliance with applicable permit conditions of approval or mitigation measures.

15. **Mortgage Protection.** The Parties hereto agree that this Agreement shall not prevent or limit Developer, at Developer's sole discretion, from encumbering the Project or any portion thereof or any improvement thereon in any manner whatsoever by any mortgage, deed of trust, sale/leaseback, synthetic lease or other security device securing financing with respect to the Project. City acknowledges that the lender(s) providing such financing may require certain Agreement interpretations and modifications and agrees, upon request, from time to time, to meet with Developer and representatives of such lender(s) to negotiate in good faith any such request for interpretation or modification; provided, however, that no such interpretations or modifications shall diminish the public benefits received under this Agreement unless the City agrees to the acceptance of such diminished public benefits. City will not unreasonably withhold its consent to any such requested interpretation or modification, provided such interpretation or modification is consistent with the intent and purposes of this Agreement. Any mortgagee of a mortgage or a beneficiary of a deed of trust or landlord under a sale/leaseback, synthetic lease or lender providing secured financing in any manner ("**Mortgagee**") on the Project shall be entitled to the following rights and privileges:

(a) **Mortgage Not Rendered Invalid.** Neither entering into this Agreement nor a breach of this Agreement shall defeat, render invalid, diminish, or impair the lien of any mortgage, deed of trust or other financing documents on the Project made in good faith and for value.

(b) **Request for Notice to Mortgagee.** The Mortgagee of any mortgage, deed of trust or other financing documents encumbering the Project, or any part thereof, who has submitted a request in writing to City in the manner specified herein for giving notices shall be

entitled to receive written notification from City of any default by Developer in the performance of Developer's obligations under this Agreement.

(c) **Mortgagee's Time to Cure.** If City timely receives a request from a Mortgagee requesting a copy of any notice of default given to Developer under the terms of this Agreement, City shall provide a copy of that notice to the Mortgagee within ten (10) days of sending the notice of default to Developer. The Mortgagee shall have the right, but not the obligation, to cure the default during the remaining cure period allowed Developer under this Agreement, as well as any reasonable additional time necessary to cure, including reasonable time for reacquisition of the Project or the applicable portion thereof.

(d) **Project Taken Subject to Obligations.** Any Mortgagee who comes into possession of the Project or any portion thereof, pursuant to foreclosure of the mortgage, deed of trust, or other financing documents, or deed in lieu of foreclosure, shall take the Project or portion thereof subject to the terms of this Agreement; provided, however, that in no event shall such Mortgagee be held liable for any default or monetary obligation of Developer arising prior to acquisition of title to the Project by such Mortgagee, except that no such Mortgagee (nor its successors or assigns) shall be entitled to a building permit or occupancy certificate until all delinquent and current fees and other monetary obligations due under this Agreement for the Project or portion thereof acquired by such Mortgagee have been paid to City.

16. **Notices.** All notices under this Agreement shall be in writing and shall be deemed delivered when personally received by the addressee, or within three (3) calendar days after deposit in the United States mail by registered or certified mail, postage prepaid, return receipt requested, to the following Parties and their counsel at the addresses indicated below; provided, however, if any party to this Agreement delivers a notice or causes a notice to be delivered to any other party to this Agreement, a duplicate of that Notice shall be concurrently delivered to each other party and their respective counsel.

If to City:

City of Orange
300 East Chapman Avenue
Orange, CA 92866
Attention: City Manager
Facsimile: (714) 744-5147

With a copy to:

Wayne Winthers, Esq.
City Attorney
City of Orange
300 East Chapman Avenue
Orange, California 92866
Facsimile: (714) 538-7157

If to Developer:

ORANGE COUNTY HEALTH AUTHORITY, a public
agency doing business as CalOptima
505 City Parkway West
Orange, California 92868
Attention: Mr. Mike Ruane

Facsimile: (714) 571-2416

Notice given in any other manner shall be effective when received by the addressee. The addresses for notices may be changed by notice given in accordance with this provision.

17. **Severability and Termination.** If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, or if any provision of this Agreement is superseded or rendered unenforceable according to any law which becomes effective after the Effective Date, the remainder of this Agreement shall be effective to the extent the remaining provisions are not rendered impractical to perform, taking into consideration the purposes of this Agreement.

18. **Time of Essence.** Time is of the essence for each provision of this Agreement of which time is an element.

19. **Force Majeure.** Changed conditions, changes in local, state or federal laws or regulations, floods, earthquakes, delays due to strikes or other labor problems, moratoria enacted by City or by any other governmental entity or agency (subject to Sections 5 and 8 of this Agreement), third-party litigation, injunctions issued by any court of competent jurisdiction, initiatives or referenda, the inability to obtain materials, civil commotion, fire, acts of God, or other circumstances which substantially interfere with the development or construction of the Project, or which substantially interfere with the ability of any of the Parties to perform its obligations under this Agreement, shall collectively be referred to as "**Events of Force Majeure**". If any party to this Agreement is prevented from performing its obligation under this Agreement by any Event of Force Majeure, then, on the condition that the party claiming the benefit of any Event of Force Majeure, (a) did not cause any such Event of Force Majeure and (b) such Event of Force Majeure was beyond said party's reasonable control, the time for performance by said party of its obligations under this Agreement shall be extended by a number of days equal to the number of days that said Event of Force Majeure continued in effect, or by the number of days it takes to repair or restore the damage caused by any such Event to the condition which existed prior to the occurrence of such Event, whichever is longer. In addition, the termination date of this Agreement as set forth in Section 12 of this Agreement shall be extended by the number of days equal to the number of days that any Events of Force Majeure were in effect.

20. **Sole Obligation of Health Authority.** As required by County of Orange Ordinance No. 3896 and amendments thereto, any obligation of the Orange County Health Authority created by this Development Agreement shall not be an obligation of the County of Orange.

21. **Waiver.** No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought.

22. **No Third Party Beneficiaries.** This Agreement is made and entered into for the sole protection and benefit of the Developer and the City and their successors and assigns. Notwithstanding anything contained in this Agreement to the contrary, no other person shall have any right of action based upon any provision of this Agreement.

23. **Attorneys' Fees.** In the event any dispute hereunder is resolved pursuant to the terms of Section 13 (b) hereof, or if any party commences any action for the interpretation, enforcement, termination, cancellation or rescission of this Agreement, or for specific performance for the breach hereof, the prevailing party shall be entitled to its reasonable attorneys' fees, litigation expenses and costs arising from the action. Attorneys' fees under this Section shall include attorneys' fees on any appeal as well as any attorneys' fees incurred in any post judgment proceedings to collect or enforce the judgment.

24. **Incorporation of Exhibits.** The following exhibits which are part of this Agreement are attached hereto and each of which is incorporated herein by this reference as though set forth in full:

- (a) Exhibit "A" — Legal Description of the 605 Building Site;
- (b) Exhibit "B" — Copy of Resolution No. 9843 of the City Council of the City of Orange;
- (c) Exhibit "C" — Legal Description of the City Tower Two Site; and
- (d) Exhibit "D" — Public Benefit Fees.

25. **Copies of Applicable Rules.** Prior to the Effective Date, the City and Original Developer prepared two (2) sets of the Applicable Rules, one each for City and Original Developer, so that if it became necessary in the future to refer to any of the Applicable Rules, there would be a common set available to the Parties. The City agrees to deliver to Developer a copy of the Applicable Rules upon request.

26. **Authority to Execute, Binding Effect.** Developer represents and warrants to the City that it has the power and authority to execute this Agreement and, once executed, this Agreement shall be final, valid, binding and enforceable against Developer in accordance with its terms. The City represents and warrants to Developer that (a) all public notices and public hearings have been held in accordance with law and all required actions for the adoption of this Agreement have been completed in accordance with applicable law; (b) this Agreement, once executed by the City, shall be final, valid, binding and enforceable on the City in accordance with its terms; and (c) this Agreement may not be amended, modified, changed or terminated in the future by the City except in accordance with the terms and conditions set forth herein.

27. **Entire Agreement; Conflicts.** This Agreement represents the entire of the Parties. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous s between the Parties or their predecessors in interest with respect to all or any part of the subject matter hereof. Should any or all of the provisions of this Agreement be found to be in conflict with any other provision or provisions found in the Applicable Rules, then the provisions of this Agreement shall prevail.

28. **Remedies.** Upon either party's breach hereunder, the non-breaching party shall be permitted to pursue any remedy provided for hereunder.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties have each executed this Agreement on the date first written above.

CITY OF ORANGE:



Teresa E. Smith, Mayor

ATTEST:



Mary E. Murphy, City Clerk

APPROVED AS TO FORM:

By: 

Wayne W. Winthers, City Attorney

DEVELOPER:

ORANGE COUNTY HEALTH AUTHORITY,
a public agency doing business as CalOptima

By: ORANGE COUNTY HEALTH AUTHORITY,
a public agency doing business as CalOptima

M. Schrader
Print Name: Michael Schrader
its Chief Executive Officer

By: ORANGE COUNTY HEALTH AUTHORITY,
a public agency doing business as CalOptima

[Signature]
Print Name: _____
its _____

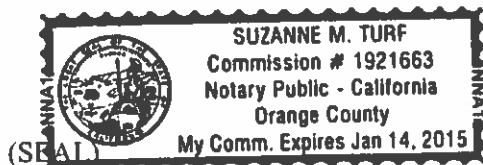
ACKNOWLEDGMENTS

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On Dec. 9, 2014, before me, Suzanne M. Turf, Notary Public, personally appeared Michael Schroeder, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is subscribed to the within instrument and acknowledged to me that ~~he/she/they~~ executed the same in ~~his/her/their~~ authorized capacity(ies), and that by ~~his/her/their~~ signature on the instrument, the person(s), or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



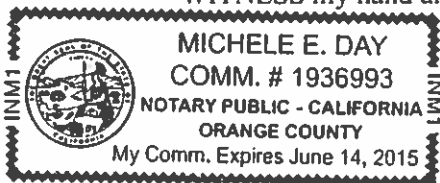
Suzanne M. Turf
Notary Public in and for said State

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On Dec. 10, 2014, before me, Michele E. Day, personally appeared Teresa E. Smith, who proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by ~~his/her/their~~ signature on the instrument, the person(s), or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Michele E. Day
Notary Public in and for said State

EXHIBIT "A"

**LEGAL DESCRIPTION
605 BUILDING TWO**

That certain real property located in the City of Orange, County of Orange, State of California, described as follows:

PARCEL A:

PARCEL 2 OF THE LOT LINE ADJUSTMENT NO. LL94-1, IN THE CITY OF ORANGE, COUNTY OF ORANGE, STATE OF CALIFORNIA, RECORDED APRIL 12, 1996 AS INSTRUMENT NO. 96-180461, OFFICIAL RECORDS.

EXCEPT FROM THAT PORTION THEREOF INCLUDED WITHIN THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF FRACTIONAL SECTION 35, TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN THE RANCHO LAS BOLSAS, IN THE CITY OF ORANGE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 51, PAGE 10 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, ALL OIL AND OTHER MINERAL RIGHTS IN OR UNDER SAID LAND, LYING BELOW A DEPTH OF 500 FEET FROM THE SURFACE THEREOF, BUT WITHOUT THE RIGHT OF ENTRY, AS RESERVED IN THE DEED FROM CHESTER M. BARNES AND OTHERS, RECORDED OCTOBER 2, 1999 IN BOOK 4911, PAGE 214, OFFICIAL RECORDS.

ALSO EXCEPT THEREFROM ALL SUBSURFACE WATER AND SUBSURFACE WATER RIGHTS IN AND UNDER SAID LAND.

PARCEL B:

A NONEXCLUSIVE EASEMENT FOR UTILITY FACILITIES FOR THE BENEFIT OF PARCEL A, IN, ON, OVER, TO, UNDER, THROUGH, UPON AND ACROSS THE REAL PROPERTY DESCRIBED IN THAT CERTAIN DECLARATION OF UTILITY LINE EASEMENT, DATED JULY 11, 1996, AND RECORDED JULY 11, 1996 AS INSTRUMENT NO. 19960354693 OF OFFICIAL RECORDS, AS SET FORTH IN SAID DECLARATION.

EXHIBIT "B"

COPY OF RESOLUTION NO. 9843

OF THE CITY COUNCIL OF THE CITY OF ORANGE

EXHIBIT "B"

-1-

[Back to Agenda](#)

RESOLUTION NO. 9843

**A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ORANGE AMENDING
CONDITIONAL USE PERMIT 2378-01, 2379-01
AND 2380-01; MAJOR SITE PLAN REVIEW
NOS. 106-99, 107-99 AND 108-99.**

WHEREAS, on October 10, 2001, the City Council adopted resolutions approving the following conditional use permits, major site plan reviews:

1. The Chapman Site consisting of 132,000 square feet of office space and a 137-room hotel (Resolution No. 9519);
2. City Tower Two Site consisting of 465,000 square feet of office space and eight-level parking structure (Resolution No. 9520);
3. 605 Building Site consisting of 200,000 square feet of office space and a five-level parking structure (Resolution No. 9521);
4. City Plaza Two Site consisting of 136,000 square feet of office building and a six-level parking structure (Resolution No. 9522); and

WHEREAS, the foregoing four projects are hereafter referred to as the EOP Projects; and

WHEREAS, the City Council considered and approved Final Environmental Impact Report No. 1612-01 (hereafter, the FEIR) which analyzed the environmental impacts of the EOP Projects; and

WHEREAS, the City commissioned the West Orange Circulation Study (hereafter, WOC Study) to analyze the traffic impacts of the EOP Projects, expansion of The Block at Orange and expansion of UCI Medical Center; and

WHEREAS, the WOC Study identified approximately \$3.5 million in traffic improvements and assigned fair share costs of such improvements to the following projects: (1) UCI Medical Center expansion, 32%; (2) EOP Projects 38% (identified in the WOC Study as Spieker Office Properties); and (3) The Block at Orange expansion, 30%; and

WHEREAS, as a result of the WOC Study the FEIR, as well as Resolution Nos. 9519-9522 require the EOP Projects as a mitigation measure to pay 38% of the cost of the traffic improvements identified in the WOC Study as its fair share contribution (hereafter WOC Traffic Improvements); and

WHEREAS, Resolutions Nos. 9519-9522 also require the EOP Projects to fully fund three improvements identified in conditions nos. 32, 34 and 35 of such resolutions and pursuant to condition no. 33, to pay a fair share of the cost of a bridge

widening on Orangewood Avenue near its intersection with State Route 57 (hereafter conditions 32-35 are referred to as, Traffic Improvement Conditions); and

WHEREAS, on January 19, 2004, the Planning Commission adopted Resolution No. PC 04-04 approving a new development on the Chapman Site which includes, but is not limited to, 58,260 square feet of commercial space and a fast food restaurant (hereafter, Best Buy Project) which would replace the Chapman Site component (City Council Resolution 9519) of the EOP Projects; and

WHEREAS, CA-The City (Chapman) Limited Partnership is in escrow to sell the Chapman Site to City Town Center, L.P., for development of the Best Buy Project; and

WHEREAS, EOP-The City, L.L.C., has requested that the City proportionally reduce the fair share cost of the WOC Traffic Improvements and Traffic Improvement Conditions to reflect the fact that the Chapman Site is no longer a component of the EOP Projects; and

WHEREAS, City staff has determined that such a reduction is appropriate and will fairly reflect the traffic impacts caused by the EOP Projects, exclusive of the Chapman Site (hereafter, the Remaining EOP Projects).

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF ORANGE FINDS AND DETERMINES as follows:

1. The Remaining EOP Projects shall not bear the costs of the Chapman Site's fair share of the WOC Traffic Improvements, as originally identified in the FEIR and the WOC Study. The fair shares of the EOP Projects for the WOC Traffic Improvements, as identified in the FEIR and WOC Study are reflected in the attached Exhibit A.
2. The Remaining EOP Projects shall not bear the costs of the Chapman Site's fair share of the Traffic Improvement Conditions as identified in the FEIR. The fair shares of the EOP Projects for the Traffic Improvement Conditions, as identified in the FEIR are reflected in the attached Exhibit A.
3. This Resolution shall only become effective upon City Town Center, L.P., becoming the owner of the Chapman Site.

ADOPTED this 9th day of March, 2004.

**ORIGINAL SIGNED BY
MARK A. MURPHY**

Mark A. Murphy, Mayor, City of Orange

ATTEST:

**ORIGINAL SIGNED BY
MARY E. MURPHY**

Mary E. Murphy, City Clerk, City of Orange

I, MARY E. MURPHY, City Clerk of the City of Orange, California, do hereby certify that the foregoing Resolution was duly and regularly adopted by the City Council of the City of Orange at a regular meeting thereof held on the 9th day of March, 2004, by the following vote:

AYES:	COUNCILMEMBERS: Ambriz, Alvarez, Murphy, Coontz
NOES:	COUNCILMEMBERS: None
ABSENT:	COUNCILMEMBERS: Cavccche
ABSTAIN:	COUNCILMEMBERS: None

**ORIGINAL SIGNED BY
MARY E. MURPHY**

Mary E. Murphy, City Clerk, City of Orange

EXHIBIT "A"

	Intersection Identified in the WOC Study ¹	Chapman Site ²	City Tower Two	City Plaza 2 Share	605 Bldg. Share	EOP Total
1	State College & Katella	0%	1%	1%	0%	2%
3	SR-57 NB Ramps & Katella	0%	1%	1%	0%	2%
4	State College & Gene Autry Way	0%	0%	0%	0%	0%
5	State College & Orangewood	0%	2%	1%	1%	4%
6	SR-57 SB Ramps & Orangewood	1%	3%	2%	1%	7%
10	Haster & Chapman	6%	10%	8%	5%	29%
11	Lewis & Chapman	15%	22%	24%	14%	75%
13	The City & Chapman	8%	19%	4%	2%	33%
14	I-5 SB Ramp on-Ramp & Chapman	5%	16%	2%	1%	
19	The City Dr. & The City Way	2%	10%	2%	1%	15%
23	Haster & Lampson	4%	7%	14%	8%	33%
27	The City Dr. & SR-22 EB Ramps	1%	9%	4%	2%	
29	Haster & Garden Grove Blvd.	1%	2%	2%	1%	6%
30	Fairview & Garden Grove Blvd.	1%	3%	6%	3%	13%
31	Lewis & Garden Grove Blvd.	1%	3%	15%	9%	28%
32	The City Dr. & Garden Grove Blvd.	1%	7%	5%	3%	16%
34	Howell & Katella	2%	0%	0%	0%	2%

Traffic Improvement Conditions ³	Intersection	Chapman Site	City Tower	City Plaza	605	EOP Total
32	The City Drive/Garden Grove	10%	90%			100%
33	SR-57/Orangewood Ave.(Bridge Widening)	14%	47%	25%	14%	100%
34	Haster St/Chapman Ave.	21%	36%	27%	16%	100%
35	Lewis St/Garden Grove Blvd.	5%	13%	52%	30%	100%

→ = ¹ The shaded intersections are identified in the FEIR and WOC Study and are the only intersections requiring traffic improvements and a fair share contribution.

² Referred to as the "North Parcel" in the FEIR tables.

³ Conditions are those referenced in City Council Resolutions 9519-9522.

EXHIBIT "C"

**LEGAL DESCRIPTION
CITY TOWER TWO SITE**

Parcel 2 of Parcel Map No. 81-769 recorded in Book 172, Pages 40-42 of Parcel Maps, in the Office of the County Recorder of Orange County, California.

EXHIBIT "D"

PUBLIC BENEFIT FEES

In the event that Developer elects, in accordance with the terms and upon the conditions set forth in Section "12. Term of Agreement" of this Agreement, to extend the term of this Agreement, then Developer shall pay the following Public Benefit Fees in the amounts and at the times hereinafter described:

1. Within forty-five (45) days of the mutual execution of this Agreement by Developer and the City, Developer shall pay to the City the sum of \$50,000 (such amount being the "**First Public Benefit Fee**").

2. If Developer elects, in its sole and absolute discretion, to extend the term of this Agreement beyond the Initial Term, then Developer shall pay to the City the sum of \$50,000 (such amount being the "**Second Public Benefit Fee**") no later than fifteen (15) days prior to the expiration of the Initial Term.

3. If Developer elects, in its sole and absolute discretion, to extend the term of this Agreement beyond the First Automatic Renewal Term, then Developer shall pay to the City the sum of \$100,000 (such amount being the "**Third Public Benefit Fee**") no later than fifteen (15) days prior to the expiration of the First Automatic Renewal Term.

For the avoidance of doubt, Developer's election to extend the term of this Agreement shall be in Developer's sole and absolute discretion, and the City's sole remedy for Developer's failure to pay any portion of the Public Benefit Fee within the term periods set forth above shall be to terminate this Agreement.

CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action To Be Taken November 17, 2016 **Regular Meeting of the CalOptima Board of Directors'** **Finance and Audit Committee**

Report Item

6. Recommend Authorizing Proposed Budget Allocation Changes in the CalOptima Fiscal Year (FY) 2016-2017 Operating Budget

Contact

Katia Taylor, Associate Director of Human Resources, (714) 246-8400

Recommended Actions

Recommend that the Board of Directors:

1. Authorize reallocation of budgeted but unused funds of \$500,000 from Salaries, Wages and Benefits to Purchased Services, to fund the use of executive search consultants and/or executive temporary staffing firm(s) to assist in filling hard to fill vacancies; and
2. Authorize the Chief Executive Officer, with the assistance of Legal Counsel, to contract with such firms consistent with CalOptima's Board-approved purchasing policy.

Background/Discussion

On March 1, 2012, the CalOptima Board of Directors adopted CalOptima Resolution No. 12-0301-01, which includes provisions that delegate authority to the Chief Executive Officer to make budget allocation changes within certain parameters. Pursuant to this resolution, budget allocation changes (i.e., movement of unexpended budgeted dollars from one Board-approved program, item, or activity to another within the same expense category) of \$100,000 or more require Board approval.

To ensure that difficult to fill positions at the department director level and above are filled in timely manner, management recommends that the Board authorize the reallocation and use of currently unexpended budgeted dollars from Salaries, Wages and Benefits to fund executive search consultant(s) and/or executive temporary staffing agency(ies) to assist in filling those positions either permanently, or on a temporary basis while seeking a permanent replacement.

Fiscal Impact

The fiscal impact for this recommended action is budget neutral. Unspent budgeted funds from Salaries, Wages and Benefits approved in the CalOptima FY 2016-17 Operating Budget on June 2, 2016, will fund the total cost of up to \$500,000 for the recommended actions.

Rationale for Recommendation

Staff recommends approval of the recommended action as a budget-neutral way to fill certain hard-to-fill management-level positions.

CalOptima Board Action Agenda Referral
Recommend Authorizing Proposed Budget Allocation
Changes in the CalOptima FY 2016-2017 Operating Budget
Page 2

Concurrence

Gary Crockett, Chief Counsel

Attachments

None

/s/ Michael Schrader
Authorized Signature

11/10/2016
Date



CalOptima

Better. Together.

Financial Summary

September 2016

Board of Directors' Finance and Audit Committee Meeting
November 17, 2016

Chet Uma
Chief Financial Officer

FY 2016-17: Consolidated Enrollment

- September 2016 MTD:
 - Overall enrollment was 796,173 member months
 - Actual lower than budget by 4,879 or 0.6%
 - Medi-Cal: unfavorable variance of 483 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 4,365 members
 - 0.3% decrease from prior month
 - OneCare Connect: decrease of 518 from August
 - Medi-Cal: decrease of 1,580 from August
 - 3.8% or 29,065 increase in enrollment from prior year

FY 2016-17: Consolidated Enrollment

- September 2016 YTD:
 - Overall enrollment was 2,393,499 member months
 - Actual lower than budget by 5,825 or 0.2%
 - Medi-Cal: favorable variance of 6,033 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 11,691 members
 - OneCare: unfavorable variance of 192 members

FY 2016-17: Consolidated Revenues

- September 2016 MTD:

- Actual lower than budget by \$4.8 million or 1.7%

- Medi-Cal: favorable to budget by \$5.3 million

- Favorable price variance of \$5.5 million, which includes an IHSS favorable variance of \$2.4 million

- Unfavorable volume variance of \$0.1 million

- OneCare Connect: unfavorable variance of \$9.6 million

- Unfavorable price variance of \$0.6 million due to cohort experience

- Unfavorable volume variance of \$9.0 million due to lower enrollment

- OneCare: unfavorable to budget by \$0.5 million due to direct subsidy restatement

- September 2016 YTD:

- Actual lower than budget by \$8.4 million or 1.0%

- Medi-Cal: favorable to budget by \$21.6 million

- OneCare Connect: unfavorable variance of \$29.5 million

FY 2016-17: Consolidated Medical Expenses

- September 2016 MTD:
 - Actual higher than budget by \$1.9 million or 0.7%
 - Medi-Cal: unfavorable variance of \$11.6 million
 - MLTSS unfavorable variance \$9.4 million
 - IHSS \$4.2 million due to higher utilization
 - LTC unfavorable due to less than anticipated LTC members enrolled in OneCare Connect
 - Facilities unfavorable \$3.0 million due to Shared Risk Pool variance of \$2.1 million
 - OneCare Connect: favorable variance of \$9.3 million
 - Favorable volume variance of \$8.4 million
 - \$2.1 million in LTC
 - \$1.9 million in Provider Capitation
 - \$1.6 million in Prescription Drugs
 - Favorable price variance of \$0.9 million

FY 2016-17: Consolidated Medical Expenses (Cont.)

- September 2016 YTD:

- Actual higher than budget by \$2.2 million or 0.3%
 - Medi-Cal: unfavorable variance of \$31.4 million
 - Unfavorable price variance of \$29.6 million
 - IHSS estimated expenses \$12.5 million higher than budget
 - Long Term Care expense \$10.4 million higher than budget
 - Facilities cost \$8.9 million over budget
 - Unfavorable volume variance of \$1.7 million
 - OneCare Connect: favorable variance of \$28.1 million
 - Favorable volume variance of \$22.5 million
 - Favorable price variance of \$5.6 million

- Medical Loss Ratio (MLR):

- September 2016 MTD: Actual: 96.9% Budget: 94.6%
- September 2016 YTD: Actual: 96.7% Budget: 95.5%

FY 2016-17: Consolidated Administrative Expenses

- September 2016 MTD:
 - Actual lower than budget by \$2.1 million or 18.3%
 - Salaries and Benefits: favorable variance of \$1.9 million driven by lower than budgeted FTE of 89
 - Other categories: favorable variance of \$0.2 million
- September 2016 YTD:
 - Actual lower than budget by \$7.6 million or 21.5%
 - Salaries and Benefits: favorable variance of \$5.2 million driven by lower than budgeted FTE of 286
 - Other categories: favorable variance of \$2.3 million
- Administrative Loss Ratio (ALR):
 - September 2016 MTD: Actual: 3.4% Budget: 4.1%
 - September 2016 YTD: Actual: 3.3% Budget: 4.2%

FY 2016-17: Change in Net Assets

- September 2016 MTD:
 - \$1.0 million surplus
 - \$2.9 million unfavorable to budget
 - Attributable to:
 - Lower than budgeted revenue of \$4.8 million
 - Higher medical expenses of \$1.9 million
 - Lower administrative expenses of \$2.1 million
 - Higher investment income of \$1.6 million

- September 2016 YTD:
 - \$2.6 million surplus
 - \$1.1 million unfavorable to budget
 - Attributable to:
 - Lower than budgeted revenue of \$8.4 million
 - Higher medical expenses of \$2.2 million
 - Lower administrative expenses of \$7.6 million
 - Higher investment income of \$1.8 million

Enrollment Summary: September 2016

Month-to-Date				Enrollment (By Aid Category)	Year-to-Date			
Actual	Budget	Variance	%		Actual	Budget	Variance	%
57,834	55,078	2,756	5.0%	Aged	172,232	164,755	7,477	4.5%
623	676	(53)	(7.8%)	BCCTP	1,892	2,026	(134)	(6.6%)
48,325	47,476	849	1.8%	Disabled	145,109	142,524	2,585	1.8%
335,393	339,437	(4,044)	(1.2%)	TANF Child	1,004,569	1,015,998	(11,429)	(1.1%)
102,827	109,755	(6,928)	(6.3%)	TANF Adult	309,882	329,241	(19,359)	(5.9%)
3,303	2,685	618	23.0%	LTC	9,819	8,033	1,786	22.2%
228,770	222,451	6,319	2.8%	MCE	691,060	665,955	25,105	3.8%
777,075	777,557	(482)	(0.1%)	Medi-Cal	2,334,563	2,328,527	6,036	0.3%
17,727	22,093	(4,366)	(19.8%)	OneCare Connect	54,874	66,565	(11,691)	(17.6%)
179	175	4	2.3%	PACE	535	510	25	4.9%
1,192	1,227	(35)	(2.9%)	OneCare	3,527	3,719	(192)	(5.2%)
796,173	801,052	(4,879)	(0.6%)	CalOptima Total	2,393,499	2,399,321	(5,822)	(0.2%)

Financial Highlights: September 2016

Month-to-Date					Year-to-Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
796,173	801,052	(4,879)	(0.6%)	Member Months	2,393,499	2,399,324	(5,825)	(0.2%)
276,932,895	281,720,851	(4,787,956)	(1.7%)	Revenues	835,720,311	844,151,625	(8,431,314)	(1.0%)
268,383,373	266,531,225	(1,852,148)	(0.7%)	Medical Expenses	807,999,274	805,773,822	(2,225,452)	(0.3%)
9,341,536	11,428,453	2,086,917	18.3%	Administrative Expenses	27,591,433	35,153,600	7,562,168	21.5%
(792,014)	3,761,173	(4,553,187)	(121.1%)	Operating Margin	129,605	3,224,203	(3,094,598)	(96.0%)
1,779,007	143,250	1,635,757	1141.9%	Non Operating Income (Loss)	2,434,789	429,750	2,005,039	466.6%
986,993	3,904,423	(2,917,430)	(74.7%)	Change in Net Assets	2,564,394	3,653,953	(1,089,559)	(29.8%)
96.9%	94.6%	(2.3%)		Medical Loss Ratio	96.7%	95.5%	(1.2%)	
3.4%	4.1%	0.7%		Administrative Loss Ratio	3.3%	4.2%	0.9%	
<u>(0.3%)</u>	<u>1.3%</u>	(1.6%)		Operating Margin Ratio	<u>0.0%</u>	<u>0.4%</u>	(0.4%)	
100.0%	100.0%			Total Operating	100.0%	100.0%		

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

MONTH-TO-DATE			YEAR-TO-DATE			
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>		<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
(1.4)	3.0	(4.4)	Medi-Cal	(1.2)	2.3	(3.6)
(0.3)	0.0	(0.3)	OneCare	(0.1)	0.1	(0.3)
0.9	0.9	(0.1)	OCC	1.4	1.6	(0.1)
<u>0.0</u>	<u>(0.2)</u>	<u>0.2</u>	PACE	<u>0.0</u>	<u>(0.8)</u>	<u>0.8</u>
(0.8)	3.8	(4.6)	Operating	0.1	3.2	(3.1)
<u>1.8</u>	<u>0.1</u>	<u>1.6</u>	Inv./Rental Inc, MCO tax	<u>2.4</u>	<u>0.4</u>	<u>2.0</u>
1.8	0.1	1.6	Non-Operating	2.4	0.4	2.0
1.0	3.9	(2.9)	TOTAL	2.6	3.7	(1.1)

Consolidated Revenue & Expense: September 2016 MTD

	Medi-Cal Classic	Medi-Cal Expansion	Total Medi-Cal	OneCare	OneCare Connect	PACE	Consolidated
Member Months	545,322	231,753	\$ 777,075	1,192	17,727	179	796,173
REVENUES							
Capitation Revenue	133,571,873	105,444,331	\$ 239,016,205	\$ 906,303	\$ 35,927,342	\$ 1,083,046	\$ 276,932,895
Other Income	-	-	-	-	-	-	-
Total Operating Revenues	<u>133,571,873</u>	<u>105,444,331</u>	<u>239,016,205</u>	<u>906,303</u>	<u>35,927,342</u>	<u>1,083,046</u>	<u>276,932,895</u>
MEDICAL EXPENSES							
Provider Capitation	31,116,432	42,129,491	73,245,923	384,652	6,420,083	-	80,050,658
Facilities	27,196,915	31,354,932	58,551,846	181,928	9,961,026	170,526	68,865,327
Ancillary	-	-	-	52,020	840,696	-	892,716
Skilled Nursing	-	-	-	56,204	7,797,295	-	7,853,499
Professional Claims	9,551,621	8,141,524	17,693,145	-	-	193,374	17,886,520
Prescription Drugs	15,779,122	18,624,085	34,403,207	353,410	6,643,608	78,236	41,478,462
Quality Incentives	-	-	-	-	354,840	-	354,840
Long-term Care Facility Payments	39,576,802	6,315,960	45,892,763	-	-	42,818	45,935,581
Contingencies	-	-	-	-	-	-	-
Medical Management	2,868,487	-	2,868,487	24,763	1,036,097	387,481	4,316,829
Reinsurance & Other	(348,553)	948,643	600,090	2,129	58,785	87,938	748,942
Total Medical Expenses	<u>125,740,826</u>	<u>107,514,636</u>	<u>233,255,462</u>	<u>1,055,105</u>	<u>33,112,431</u>	<u>960,375</u>	<u>268,383,373</u>
Medical Loss Ratio	94.1%	102.0%	97.6%	116.4%	92.2%	88.7%	96.9%
GROSS MARGIN	7,831,047	(2,070,305)	5,760,743	(148,802)	2,814,911	122,671	8,549,522
ADMINISTRATIVE EXPENSES							
Salaries, Wages & Employee Benefits	-	-	5,063,139	80,260	721,472	87,430	5,952,301
Professional Fees	-	-	131,037	12,346	92,486	1,938	237,808
Purchased Services	-	-	697,296	21,043	136,042	4,041	858,422
Printing and Postage	-	-	238,907	1,659	42,696	90	283,351
Depreciation and Amortization	-	-	445,978	-	-	2,014	447,992
Other Expenses	-	-	1,123,157	263	33,244	378	1,157,042
Indirect Cost Allocation, Occupancy Expense	-	-	(564,864)	29,493	937,491	2,499	404,619
Total Administrative Expenses	-	-	<u>7,134,650</u>	<u>145,064</u>	<u>1,963,432</u>	<u>98,390</u>	<u>9,341,536</u>
Admin Loss Ratio			3.0%	16.0%	5.5%	9.1%	3.4%
INCOME (LOSS) FROM OPERATIONS			(1,373,907)	(293,866)	851,479	24,281	(792,014)
INVESTMENT INCOME			-	-	-	-	1,785,993
NET RENTAL INCOME			-	-	-	-	4,158
OTHER INCOME			111	-	-	-	111
CHANGE IN NET ASSETS			<u>\$ (1,385,052)</u>	<u>\$ (293,866)</u>	<u>\$ 851,479</u>	<u>\$ 24,281</u>	<u>\$ 986,993</u>
BUDGETED CHANGE IN ASSETS			3,002,498	38,405	942,012	(221,741)	3,904,423
VARIANCE TO BUDGET - FAV (UNFAV)			<u>(4,387,549)</u>	<u>(332,271)</u>	<u>(90,533)</u>	<u>246,022</u>	<u>(2,917,430)</u>

Consolidated Revenue & Expense: September 2016 YTD

	Medi-Cal Classic	Medi-Cal Expansion	Total Medi-Cal	OneCare	OneCare Connect	PACE	Consolidated
Member Months	1,872,273	462,290	\$ 2,334,563	3,527	54,874	535	2,393,499
REVENUES							
Capitation Revenue	511,025,792	209,956,483	\$ 720,982,275	\$ 3,786,574	\$ 107,714,292	\$ 3,237,171	\$ 835,720,311
Other Income	-	-	-	-	-	-	-
Total Operating Revenues	<u>511,025,792</u>	<u>209,956,483</u>	<u>720,982,275</u>	<u>3,786,574</u>	<u>107,714,292</u>	<u>3,237,171</u>	<u>835,720,311</u>
MEDICAL EXPENSES							
Provider Capitation	138,022,700	84,177,000	222,199,699	1,163,320	21,346,410	-	244,709,429
Facilities	111,168,345	66,183,805	177,352,149	878,355	29,624,827	668,212	208,523,543
Ancillary	-	-	-	133,979	2,262,985	-	2,396,963
Skilled Nursing	-	-	-	121,209	18,014,897	-	18,136,106
Professional Claims	36,471,262	15,609,385	52,080,647	-	-	545,498	52,626,145
Prescription Drugs	70,032,629	34,617,688	104,650,316	1,251,166	24,680,604	273,017	130,855,103
Quality Incentives	-	-	-	-	1,098,740	-	1,098,740
Long-term Care Facility Payments	122,032,119	12,348,805	134,380,925	-	-	28,011	134,408,935
Contingencies	-	-	-	-	-	-	-
Medical Management	8,776,649	-	8,776,649	69,532	2,940,686	1,094,795	12,881,661
Reinsurance & Other	(127,535)	1,921,099	1,793,565	12,379	293,602	263,103	2,362,648
Total Medical Expenses	<u>486,376,169</u>	<u>214,857,782</u>	<u>701,233,950</u>	<u>3,629,939</u>	<u>100,262,749</u>	<u>2,872,635</u>	<u>807,999,274</u>
Medical Loss Ratio	95.2%	102.3%	97.3%	95.9%	93.1%	88.7%	96.7%
GROSS MARGIN	24,649,624	(4,901,299)	19,748,325	156,635	7,451,542	364,535	27,721,037
ADMINISTRATIVE EXPENSES							
Salaries, Wages & Employee Benefits	-	-	15,851,504	93,057	2,230,540	268,311	18,443,412
Professional Fees	-	-	512,735	47,227	274,541	8,815	843,318
Purchased Services	-	-	1,969,430	65,377	420,397	9,281	2,464,485
Printing and Postage	-	-	617,346	4,843	164,479	532	787,199
Depreciation and Amortization	-	-	972,666	-	-	6,043	978,709
Other Expenses	-	-	2,862,022	1,572	99,834	16,581	2,980,009
Indirect Cost Allocation, Occupancy Expense	-	-	(1,814,067)	88,481	2,812,473	7,415	1,094,301
Total Administrative Expenses	-	-	<u>20,971,636</u>	<u>300,556</u>	<u>6,002,264</u>	<u>316,977</u>	<u>27,591,433</u>
Admin Loss Ratio	-	-	2.9%	7.9%	5.6%	9.8%	3.3%
INCOME (LOSS) FROM OPERATIONS	-	-	(1,223,311)	(143,921)	1,449,279	47,558	129,605
INVESTMENT INCOME	-	-	-	-	-	-	2,432,917
NET RENTAL INCOME	-	-	-	-	-	-	12,669
OTHER INCOME	-	-	459	-	-	-	459
CHANGE IN NET ASSETS	-	-	<u>\$ (1,234,108)</u>	<u>\$ (143,921)</u>	<u>\$ 1,449,279</u>	<u>\$ 47,558</u>	<u>\$ 2,564,394</u>
BUDGETED CHANGE IN ASSETS	-	-	2,316,077	106,496	1,556,299	(754,669)	3,653,953
VARIANCE TO BUDGET - FAV (UNFAV)	-	-	<u>(3,550,185)</u>	<u>(250,418)</u>	<u>(107,020)</u>	<u>802,228</u>	<u>(1,089,559)</u>

Balance Sheet:

As of September 2016

ASSETS

Current Assets

Operating Cash	\$262,324,977
Catastrophic Reserves	11,631,071
Investments	1,513,326,449
Capitation receivable	234,956,079
Receivables - Other	17,952,559
Prepaid Expenses	11,434,421

Total Current Assets 2,051,625,556

Capital Assets Furniture and equipment	28,851,790
Leasehold improvements	12,967,181
505 City Parkway West	46,707,144
	<u>88,526,114</u>
Less: accumulated depreciation	<u>(33,396,458)</u>
Capital assets, net	<u>55,129,657</u>

Other Assets Restricted deposit & Other	283,186
Board-designated assets	
Cash and cash equivalents	8,977,633
Long term investments	<u>467,086,587</u>
Total Board-designated Assets	<u>476,064,220</u>
Total Other Assets	<u>476,347,406</u>

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

TOTAL ASSETS & OUTFLOWS 2,588,105,636

LIABILITIES & FUND BALANCES

Current Liabilities

Accounts payable	\$12,824,182
Medical claims liability	606,370,807
Accrued payroll liabilities	10,648,887
Deferred revenue	807,306,921
Deferred lease obligations	254,352
Capitation and withholds	449,380,688
Total Current Liabilities	<u>1,886,785,836</u>

Other employment benefits liability	28,128,517
Net Pension Liabilities	8,755,170
Long Term Liabilities	150,000

TOTAL LIABILITIES 1,923,819,523

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

Tangible net equity (TNE)	91,182,287
Funds in excess of TNE	570,949,286

Net Assets 662,131,573

TOTAL LIABILITIES, INFLOWS & FUND BALANCES 2,588,105,636

Board Designated Reserve and TNE Analysis

As of September 2016

Type	Reserve Name	Market Value	Benchmark		Variance	
			Low	High	Market - Low	Market - High
	Tier 1 - Payden & Rygel	135,408,667				
	Tier 1 - Logan Circle	125,473,000				
	Tier 1 - Wells Capital	125,410,994				
Board-designated Reserve						
		386,292,661	284,976,271	446,187,081	101,316,390	(59,894,420)
TNE Requirement	Tier 2 - Logan Circle	89,771,559	91,182,287	91,182,287	(1,410,728)	(1,410,728)
Consolidated:		476,064,220	376,158,558	537,369,368	99,905,662	(61,305,148)
	Current reserve level	1.77	1.40	2.00		



CalOptima
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UNAUDITED FINANCIAL STATEMENTS

September 2016

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**CalOptima - Consolidated
Financial Highlights
For the Three Months Ended September 30, 2016**

Month-to-Date					Year-to-Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
796,173	801,052	(4,879)	(0.6%)	Member Months	2,393,499	2,399,324	(5,825)	(0.2%)
276,932,895	281,720,851	(4,787,956)	(1.7%)	Revenues	835,720,311	844,151,625	(8,431,314)	(1.0%)
268,383,373	266,531,225	(1,852,148)	(0.7%)	Medical Expenses	807,999,274	805,773,822	(2,225,452)	(0.3%)
9,341,536	11,428,453	2,086,917	18.3%	Administrative Expenses	27,591,433	35,153,600	7,562,168	21.5%
(792,014)	3,761,173	(4,553,187)	(121.1%)	Operating Margin	129,605	3,224,203	(3,094,598)	(96.0%)
1,779,007	143,250	1,635,757	1141.9%	Non Operating Income (Loss)	2,434,789	429,750	2,005,039	466.6%
986,993	3,904,423	(2,917,430)	(74.7%)	Change in Net Assets	2,564,394	3,653,953	(1,089,559)	(29.8%)
96.9%	94.6%	(2.3%)		Medical Loss Ratio	96.7%	95.5%	(1.2%)	
3.4%	4.1%	0.7%		Administrative Loss Ratio	3.3%	4.2%	0.9%	
<u>(0.3%)</u>	<u>1.3%</u>	(1.6%)		Operating Margin Ratio	<u>0.0%</u>	<u>0.4%</u>	(0.4%)	
100.0%	100.0%			Total Operating	100.0%	100.0%		

CalOptima
Financial Dashboard
For the Three Months Ended September 30, 2016

MONTH

Enrollment	Actual	Budget	Fav / (Unfav)	
Medi-Cal	777,075	777,558	↓	(483) (0.1%)
OneCare	1,192	1,227	↓	(35) (2.9%)
OneCare Connect	17,727	22,092	↓	(4,365) (19.8%)
PACE	179	175	↑	4 2.3%
Total	796,173	801,052	↓	(4,879) (0.6%)

Change in Net Assets (\$000)	Actual	Budget	Fav / (Unfav)	
Medi-Cal	\$ (1,385)	\$ 3,002	↓	\$ (4,388) (146.1%)
OneCare	(294)	38	↓	(332) (865.2%)
OneCare Connect	851	942	↓	(91) (9.6%)
PACE	24	(222)	↑	246 111.0%
505 Bldg.	4	(65)	↑	69 106.4%
Investment Income & Other	1,786	208	↑	1,578 757.3%
Total	\$ 987	\$ 3,904	↓	\$ (2,917) (74.7%)

MLR	Actual	Budget	% Point Var
Medi-Cal	97.6%	94.9%	↓ (2.7)
OneCare	116.4%	90.5%	↓ (25.9)
OneCare Connect	92.2%	93.0%	↑ 0.9

Administrative Cost (\$000)	Actual	Budget	Fav / (Unfav)	
Medi-Cal	\$ 7,135	\$ 8,983	↑	\$ 1,848 20.6%
OneCare	145	95	↓	(50) (52.0%)
OneCare Connect	1,963	2,238	↑	274 12.3%
PACE	98	113	↑	14 12.8%
Total	\$ 9,342	\$ 11,428	↑	\$ 2,087 18.3%

Total FTE's Month	Actual	Budget	Fav / (Unfav)
Medi-Cal	835	886	50
OneCare	2	3	1
OneCare Connect	218	239	21
PACE	39	57	18
Total	1,095	1,184	89

MM per FTE	Actual	Budget	Fav / (Unfav)
Medi-Cal	930	878	52
OneCare	518	409	109
OneCare Connect	81	93	(11)
PACE	5	3	1
Total	1,534	1,382	151

YEAR - TO - DATE

Year To Date Enrollment	Actual	Budget	Fav / (Unfav)	
Medi-Cal	2,334,563	2,328,530	↑	6,033 0.3%
OneCare	3,527	3,719	↓	(192) (5.2%)
OneCare Connect	54,874	66,565	↓	(11,691) (17.6%)
PACE	535	510	↑	25 4.9%
Total	2,393,499	2,399,324	↓	(5,825) (0.2%)

Change in Net Assets (\$000)	Actual	Budget	Fav / (Unfav)	
Medi-Cal	\$ (1,234)	\$ 2,316	↓	\$ (3,550) (153.3%)
OneCare	(144)	106	↓	(250) (235.1%)
OneCare Connect	1,449	1,556	↓	(107) (6.9%)
PACE	48	(755)	↑	802 106.3%
505 Bldg.	13	(195)	↑	208 106.5%
Investment Income & Other	2,433	625	↑	1,808 289.3%
Total	\$ 2,565	\$ 3,654	↓	\$ (1,089) (29.8%)

MLR	Actual	Budget	% Point Var
Medi-Cal	97.3%	95.8%	↓ (1.5)
OneCare	95.9%	90.8%	↓ (5.0)
OneCare Connect	93.1%	93.6%	↑ 0.5

Administrative Cost (\$000)	Actual	Budget	Fav / (Unfav)	
Medi-Cal	\$ 20,972	\$ 27,251	↑	\$ 6,280 23.0%
OneCare	301	286	↓	(14) (5.0%)
OneCare Connect	6,002	7,275	↑	1,273 17.5%
PACE	317	341	↑	24 7.1%
Total	\$ 27,591	\$ 35,154	↑	\$ 7,562 21.5%

Total FTE's YTD	Actual	Budget	Fav / (Unfav)
Medi-Cal	2,459	2,658	198
OneCare	11	9	(2)
OneCare Connect	682	716	34
PACE	113	170	56
Total	3,266	3,552	286

MM per FTE	Actual	Budget	Fav / (Unfav)
Medi-Cal	949	876	73
OneCare	320	413	(93)
OneCare Connect	80	93	(13)
PACE	5	3	2
Total	1,355	1,385	(31)

**CalOptima - Consolidated
Statement of Revenue and Expenses
For the One Month Ended September 30, 2016**

	Actual		Month Budget		Variance	
	\$	PMPM*	\$	PMPM*	\$	PMPM
Member Months**	796,173		801,052		(4,879)	
Revenues						
Medi-Cal	\$ 239,016,205	\$ 307.58	\$ 233,667,057	\$ 300.51	\$ 5,349,147	\$ 7.07
OneCare	906,303	760.32	1,404,974	1,145.05	(498,671)	(384.73)
OneCare Connect	35,927,342	2,026.70	45,542,884	2,061.51	(9,615,542)	(34.81)
PACE	1,083,046	6,050.54	1,105,936	6,319.63	(22,890)	(269.10)
Total Operating Revenue	276,932,895	347.83	281,720,851	351.69	(4,787,956)	(3.86)
Medical Expenses						
Medi-Cal	233,255,462	300.17	221,681,901	285.10	(11,573,561)	(15.07)
OneCare	1,055,105	885.16	1,271,137	1,035.97	216,032	150.82
OneCare Connect	33,112,431	1,867.91	42,363,283	1,917.58	9,250,852	49.68
PACE	960,375	5,365.22	1,214,903	6,942.30	254,528	1,577.08
Total Medical Expenses	268,383,373	337.09	266,531,225	332.73	(1,852,148)	(4.37)
Gross Margin	8,549,522	10.74	15,189,626	18.96	(6,640,104)	(8.22)
Administrative Expenses						
Salaries and benefits	5,952,301	7.48	7,803,641	9.74	1,851,339	2.27
Professional fees	237,808	0.30	372,966	0.47	135,157	0.17
Purchased services	858,422	1.08	875,942	1.09	17,519	0.02
Printing and Postage	283,351	0.36	458,234	0.57	174,883	0.22
Depreciation and amortization	447,992	0.56	385,117	0.48	(62,875)	(0.08)
Other	1,157,042	1.45	1,102,131	1.38	(54,912)	(0.08)
Indirect Cost Allocation, Occupancy Expense	404,619	0.51	430,424	0.54	25,805	0.03
Total Administrative Expenses	9,341,536	11.73	11,428,453	14.27	2,086,917	2.53
Income (Loss) From Operations	(792,014)	(0.99)	3,761,173	4.70	(4,553,187)	(5.69)
Investment income						
Interest income	1,371,640	1.72	208,333	0.26	1,163,307	1.46
Realized gain/(loss) on investments	144,817	0.18	-	-	144,817	0.18
Unrealized gain/(loss) on investments	269,536	0.34	-	-	269,536	0.34
Total Investment Income	1,785,993	2.24	208,333	0.26	1,577,660	1.98
Net Rental Income	4,158	0.01	(65,083)	(0.08)	69,241	0.09
Other Income	111	0.00	-	-	111	0.00
Change In Net Assets	986,993	1.24	3,904,423	4.87	(2,917,430)	(3.63)
Medical Loss Ratio	96.9%		94.6%		(2.3%)	
Administrative Loss Ratio	3.4%		4.1%		0.7%	

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

** Includes MSSP

**CalOptima - Consolidated - Year to Date
Statement of Revenue and Expenses
For the Three Months Ended September 30, 2016**

	Actual		Year to Date Budget		Variance	
	\$	PMPM*	\$	PMPM*	\$	PMPM
Member Months**	2,393,499		2,399,324		(5,825)	
Revenues						
Medi-Cal	\$ 720,982,275	\$ 308.83	\$ 699,428,318	\$ 300.37	\$ 21,553,957	\$ 8.46
OneCare	3,786,574	1,073.60	4,276,207	1,149.83	(489,634)	(76.23)
OneCare Connect	107,714,292	1,962.94	137,221,857	2,061.47	(29,507,565)	(98.53)
PACE	3,237,171	6,050.79	3,225,243	6,324.01	11,928	(273.22)
Total Operating Revenue	835,720,311	349.16	844,151,625	351.83	(8,431,314)	(2.67)
Medical Expenses						
Medi-Cal	701,233,950	300.37	669,860,926	287.68	(31,373,024)	(12.70)
OneCare	3,629,939	1,029.19	3,883,519	1,044.24	253,580	15.05
OneCare Connect	100,262,749	1,827.14	128,390,682	1,928.80	28,127,932	101.66
PACE	2,872,635	5,369.41	3,638,696	7,134.70	766,061	1,765.29
Total Medical Expenses	807,999,274	337.58	805,773,822	335.83	(2,225,452)	(1.75)
Gross Margin	27,721,037	11.58	38,377,803	16.00	(10,656,766)	(4.41)
Administrative Expenses						
Salaries and benefits	18,443,412	7.71	23,659,181	9.86	5,215,769	2.16
Professional fees	843,318	0.35	1,083,829	0.45	240,511	0.10
Purchased services	2,464,485	1.03	2,708,601	1.13	244,116	0.10
Printing and Postage	787,199	0.33	1,373,759	0.57	586,560	0.24
Depreciation and amortization	978,709	0.41	1,155,352	0.48	176,643	0.07
Other	2,980,009	1.25	3,886,116	1.62	906,107	0.37
Indirect cost allocation, Occupancy Expense	1,094,301	0.46	1,286,763	0.54	192,462	0.08
Total Administrative Expenses	27,591,433	11.53	35,153,600	14.65	7,562,168	3.12
Income (Loss) From Operations	129,605	0.05	3,224,203	1.34	(3,094,598)	(1.29)
Investment income						
Interest income	3,299,129	1.38	625,000	0.26	2,674,129	1.12
Realized gain/(loss) on investments	240,799	0.10	-	-	240,799	0.10
Unrealized gain/(loss) on investments	(1,107,011)	(0.46)	-	-	(1,107,011)	(0.46)
Total Investment Income	2,432,917	1.02	625,000	0.26	1,807,917	0.76
Net Rental Income	12,669	0.01	(195,250)	(0.08)	207,919	0.09
Other Income	459	0.00	-	-	459	0.00
Change In Net Assets	2,564,394	1.07	3,653,953	1.52	(1,089,559)	(0.45)
Medical Loss Ratio	96.7%		95.5%		(1.2%)	
Administrative Loss Ratio	3.3%		4.2%		0.9%	

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

** Includes MSSP

**CalOptima - Consolidated - Month to Date
Statement of Revenues and Expenses by LOB
For the One Month Ended September 30, 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	548,305	228,770	\$ 777,075	1,192	17,727	179	796,173
REVENUES							
Capitation Revenue	135,287,786	103,728,418	\$ 239,016,205	\$ 906,303	\$ 35,927,342	\$ 1,083,046	\$ 276,932,895
Other Income	-	-	-	-	-	-	-
Total Operating Revenues	<u>135,287,786</u>	<u>103,728,418</u>	<u>239,016,205</u>	<u>906,303</u>	<u>35,927,342</u>	<u>1,083,046</u>	<u>276,932,895</u>
MEDICAL EXPENSES							
Provider Capitation	37,329,044	35,916,879	73,245,923	384,652	6,420,083	-	80,050,658
Facilities	26,852,780	31,699,067	58,551,846	181,928	9,961,026	170,526	68,865,327
Ancillary				52,020	840,696	-	892,716
Skilled Nursing				56,204	7,797,295	-	7,853,499
Professional Claims	9,834,515	7,858,631	17,693,145	-	-	193,374	17,886,520
Prescription Drugs	18,866,955	15,536,252	34,403,207	353,410	6,643,608	78,236	41,478,462
Quality Incentives					354,840		354,840
Long-term Care Facility Payments	39,758,085	6,134,677	45,892,763	-	-	42,818	45,935,581
Contingencies	-	-	-	-	-	-	-
Medical Management	2,868,487	-	2,868,487	24,763	1,036,097	387,481	4,316,829
Reinsurance & Other	(312,347)	912,437	600,090	2,129	58,785	87,938	748,942
Total Medical Expenses	<u>135,197,519</u>	<u>98,057,943</u>	<u>233,255,462</u>	<u>1,055,105</u>	<u>33,112,431</u>	<u>960,375</u>	<u>268,383,373</u>
Medical Loss Ratio	99.9%	94.5%	97.6%	116.4%	92.2%	88.7%	96.9%
GROSS MARGIN	90,267	5,670,475	5,760,743	(148,802)	2,814,911	122,671	8,549,522
ADMINISTRATIVE EXPENSES							
Salaries, Wages & Employee Benefits			5,063,139	80,260	721,472	87,430	5,952,301
Professional Fees			131,037	12,346	92,486	1,938	237,808
Purchased Services			697,296	21,043	136,042	4,041	858,422
Printing and Postage			238,907	1,659	42,696	90	283,351
Depreciation and Amortization			445,978			2,014	447,992
Other Expenses			1,123,157	263	33,244	378	1,157,042
Indirect Cost Allocation, Occupancy Expense			(564,864)	29,493	937,491	2,499	404,619
Total Administrative Expenses			<u>7,134,650</u>	<u>145,064</u>	<u>1,963,432</u>	<u>98,390</u>	<u>9,341,536</u>
Admin Loss Ratio			3.0%	16.0%	5.5%	9.1%	3.4%
INCOME (LOSS) FROM OPERATIONS			(1,373,907)	(293,866)	851,479	24,281	(792,014)
INVESTMENT INCOME			-	-	-	-	1,785,993
NET RENTAL INCOME			-	-	-	-	4,158
OTHER INCOME			111	-	-	-	111
CHANGE IN NET ASSETS			<u>\$ (1,385,052)</u>	<u>\$ (293,866)</u>	<u>\$ 851,479</u>	<u>\$ 24,281</u>	<u>\$ 986,993</u>
BUDGETED CHANGE IN ASSETS			3,002,498	38,405	942,012	(221,741)	3,904,423
VARIANCE TO BUDGET - FAV (UNFAV)			<u>(4,387,549)</u>	<u>(332,271)</u>	<u>(90,533)</u>	<u>246,022</u>	<u>(2,917,430)</u>

CalOptima - Consolidated - Year to Date
Statement of Revenues and Expenses by LOB
For the Three Months Ended September 30, 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	1,643,503	691,060	\$ 2,334,563	3,527	54,874	535	2,393,499
REVENUES							
Capitation Revenue	407,297,374	313,684,901	\$ 720,982,275	\$ 3,786,574	\$ 107,714,292	\$ 3,237,171	\$ 835,720,311
Other Income	-	-	-	-	-	-	-
Total Operating Revenues	<u>407,297,374</u>	<u>313,684,901</u>	<u>720,982,275</u>	<u>3,786,574</u>	<u>107,714,292</u>	<u>3,237,171</u>	<u>835,720,311</u>
MEDICAL EXPENSES							
Provider Capitation	102,105,820	120,093,879	222,199,699	1,163,320	21,346,410	-	244,709,429
Facilities	79,469,278	97,882,871	177,352,149	878,355	29,624,827	668,212	208,523,543
Ancillary				133,979	2,262,985	-	2,396,963
Skilled Nursing				121,209	18,014,897	-	18,136,106
Professional Claims	28,612,631	23,468,015	52,080,647	-	-	545,498	52,626,145
Prescription Drugs	54,496,377	50,153,940	104,650,316	1,251,166	24,680,604	273,017	130,855,103
Quality Incentives					1,098,740		1,098,740
Long-term Care Facility Payments	115,897,442	18,483,483	134,380,925	-	-	28,011	134,408,935
Contingencies	-	-	-	-	-	-	-
Medical Management	8,776,649	-	8,776,649	69,532	2,940,686	1,094,795	12,881,661
Reinsurance & Other	(1,039,972)	2,833,536	1,793,565	12,379	293,602	263,103	2,362,648
Total Medical Expenses	<u>388,318,226</u>	<u>312,915,725</u>	<u>701,233,950</u>	<u>3,629,939</u>	<u>100,262,749</u>	<u>2,872,635</u>	<u>807,999,274</u>
Medical Loss Ratio	95.3%	99.8%	97.3%	95.9%	93.1%	88.7%	96.7%
GROSS MARGIN	18,979,148	769,177	19,748,325	156,635	7,451,542	364,535	27,721,037
ADMINISTRATIVE EXPENSES							
Salaries, Wages & Employee Benefits			15,851,504	93,057	2,230,540	268,311	18,443,412
Professional Fees			512,735	47,227	274,541	8,815	843,318
Purchased Services			1,969,430	65,377	420,397	9,281	2,464,485
Printing and Postage			617,346	4,843	164,479	532	787,199
Depreciation and Amortization			972,666			6,043	978,709
Other Expenses			2,862,022	1,572	99,834	16,581	2,980,009
Indirect Cost Allocation, Occupancy Expense			(1,814,067)	88,481	2,812,473	7,415	1,094,301
Total Administrative Expenses			<u>20,971,636</u>	<u>300,556</u>	<u>6,002,264</u>	<u>316,977</u>	<u>27,591,433</u>
Admin Loss Ratio			2.9%	7.9%	5.6%	9.8%	3.3%
INCOME (LOSS) FROM OPERATIONS			(1,223,311)	(143,921)	1,449,279	47,558	129,605
INVESTMENT INCOME			-	-	-	-	2,432,917
NET RENTAL INCOME			-	-	-	-	12,669
OTHER INCOME			459	-	-	-	459
CHANGE IN NET ASSETS			<u>\$ (1,234,108)</u>	<u>\$ (143,921)</u>	<u>\$ 1,449,279</u>	<u>\$ 47,558</u>	<u>\$ 2,564,394</u>
BUDGETED CHANGE IN ASSETS			2,316,077	106,496	1,556,299	(754,669)	3,653,953
VARIANCE TO BUDGET - FAV (UNFAV)			<u>(3,550,185)</u>	<u>(250,418)</u>	<u>(107,020)</u>	<u>802,228</u>	<u>(1,089,559)</u>

September 30, 2016 Unaudited Financial Statements

SUMMARY

MONTHLY RESULTS:

- Change in Net Assets is \$1.0 million, (\$2.9) million unfavorable to budget
- Operating deficit is (\$0.8) million with a surplus in non-operating of \$1.8 million

YEARLY RESULTS:

- Change in Net Assets is \$2.6 million, (\$1.1) million unfavorable to budget
- Operating surplus is \$0.1 million with a surplus in non-operating of \$2.4 million

Change in Net Assets by LOB (\$millions)

MONTH-TO-DATE			YEAR-TO-DATE			
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>		<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
(1.4)	3.0	(4.4)	Medi-Cal	(1.2)	2.3	(3.6)
(0.3)	0.0	(0.3)	OneCare	(0.1)	0.1	(0.3)
0.9	0.9	(0.1)	OCC	1.4	1.6	(0.1)
0.0	(0.2)	0.2	PACE	0.0	(0.8)	0.8
(0.8)	3.8	(4.6)	Operating	0.1	3.2	(3.1)
1.8	0.1	1.6	Inv./Rental Inc, MCO tax	2.4	0.4	2.0
1.8	0.1	1.6	Non-Operating	2.4	0.4	2.0
1.0	3.9	(2.9)	TOTAL	2.6	3.7	(1.1)

CalOptima
Enrollment Summary
For the Three Months Ended September 30, 2016

Month-to-Date				Enrollment (By Aid Category)	Year-to-Date			
Actual	Budget	Variance	%		Actual	Budget	Variance	%
57,834	55,078	2,756	5.0%	Aged	172,232	164,755	7,477	4.5%
623	676	(53)	(7.8%)	BCCTP	1,892	2,026	(134)	(6.6%)
48,325	47,476	849	1.8%	Disabled	145,109	142,524	2,585	1.8%
335,393	339,437	(4,044)	(1.2%)	TANF Child	1,004,569	1,015,998	(11,429)	(1.1%)
102,827	109,755	(6,928)	(6.3%)	TANF Adult	309,882	329,241	(19,359)	(5.9%)
3,303	2,685	618	23.0%	LTC	9,819	8,033	1,786	22.2%
228,770	222,451	6,319	2.8%	MCE	691,060	665,955	25,105	3.8%
777,075	777,558	(483)	(0.1%)	Medi-Cal	2,334,563	2,328,530	6,033	0.3%
17,727	22,092	(4,365)	(19.8%)	OneCare Connect	54,874	66,565	(11,691)	(17.6%)
179	175	4	2.3%	PACE	535	510	25	4.9%
1,192	1,227	(35)	(2.9%)	OneCare	3,527	3,719	(192)	(5.2%)
796,173	801,052	(4,879)	(0.6%)	CalOptima Total	2,393,499	2,399,324	(5,825)	(0.2%)

Enrollment (By Network)								
48,280	47,402	878	1.9%	HMO	143,259	141,045	2,214	1.6%
231,333	234,271	(2,938)	(1.3%)	PHC	694,361	701,712	(7,351)	(1.0%)
339,996	340,886	(890)	(0.3%)	Shared Risk Group	1,029,027	1,024,172	4,855	0.5%
157,466	154,999	2,467	1.6%	Fee for Service	467,916	461,603	6,313	1.4%
777,075	777,558	(483)	(0.1%)	Medi-Cal	2,334,563	2,328,530	6,033	0.3%
17,727	22,092	(4,365)	(19.8%)	OneCare Connect	54,874	66,565	(11,691)	(17.6%)
179	175	4	2.3%	PACE	535	510	25	4.9%
1,192	1,227	(35)	(2.9%)	OneCare	3,527	3,719	(192)	(5.2%)
796,173	801,052	(4,879)	(0.6%)	CalOptima Total	2,393,499	2,399,324	(5,825)	(0.2%)

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	350	355	-	-	-	-	-	-	-	-	-	1,056
BCCTP	1	1	1	-	-	-	-	-	-	-	-	-	3
Disabled	1,799	1,797	1,813	-	-	-	-	-	-	-	-	-	5,409
TANF Child	24,211	24,455	24,733	-	-	-	-	-	-	-	-	-	73,399
TANF Adult	7,929	7,872	7,914	-	-	-	-	-	-	-	-	-	23,715
LTC	-	-	-	-	-	-	-	-	-	-	-	-	-
MCE	12,989	13,224	13,464	-	-	-	-	-	-	-	-	-	39,677
	47,280	47,699	48,280	-	-	-	-	-	-	-	-	-	143,259
PHC													
Aged	1,495	1,464	1,488	-	-	-	-	-	-	-	-	-	4,447
BCCTP	-	-	-	-	-	-	-	-	-	-	-	-	-
Disabled	7,903	7,872	7,862	-	-	-	-	-	-	-	-	-	23,637
TANF Child	169,358	168,529	169,733	-	-	-	-	-	-	-	-	-	507,620
TANF Adult	15,260	14,945	14,649	-	-	-	-	-	-	-	-	-	44,854
LTC	-	-	-	-	-	-	-	-	-	-	-	-	-
MCE	38,002	38,200	37,601	-	-	-	-	-	-	-	-	-	113,803
	232,018	231,010	231,333	-	-	-	-	-	-	-	-	-	694,361
Shared Risk Group													
Aged	7,658	7,627	7,635	-	-	-	-	-	-	-	-	-	22,920
BCCTP	-	-	-	-	-	-	-	-	-	-	-	-	-
Disabled	14,428	14,307	14,189	-	-	-	-	-	-	-	-	-	42,924
TANF Child	118,748	118,149	118,421	-	-	-	-	-	-	-	-	-	355,318
TANF Adult	63,849	62,814	62,579	-	-	-	-	-	-	-	-	-	189,242
LTC	-	-	-	-	-	-	-	-	-	-	-	-	-
MCE	140,640	140,811	137,172	-	-	-	-	-	-	-	-	-	418,623
	345,323	343,708	339,996	-	-	-	-	-	-	-	-	-	1,029,027
Fee for Service (Dual)													
Aged	43,684	45,173	45,173	-	-	-	-	-	-	-	-	-	134,030
BCCTP	27	26	24	-	-	-	-	-	-	-	-	-	77
Disabled	19,790	20,086	20,071	-	-	-	-	-	-	-	-	-	59,947
TANF Child	3	2	2	-	-	-	-	-	-	-	-	-	7
TANF Adult	1,179	1,162	1,184	-	-	-	-	-	-	-	-	-	3,525
LTC	2,868	2,910	2,941	-	-	-	-	-	-	-	-	-	8,719
MCE	2,960	2,975	2,721	-	-	-	-	-	-	-	-	-	8,656
	70,511	72,334	72,116	-	-	-	-	-	-	-	-	-	214,961
Fee for Service (Non-Dual)													
Aged	3,746	2,850	3,183	-	-	-	-	-	-	-	-	-	9,779
BCCTP	606	608	598	-	-	-	-	-	-	-	-	-	1,812
Disabled	4,533	4,269	4,390	-	-	-	-	-	-	-	-	-	13,192
TANF Child	22,710	23,011	22,504	-	-	-	-	-	-	-	-	-	68,225
TANF Adult	15,792	16,253	16,501	-	-	-	-	-	-	-	-	-	48,546
LTC	368	370	362	-	-	-	-	-	-	-	-	-	1,100
MCE	35,946	36,543	37,812	-	-	-	-	-	-	-	-	-	110,301
	83,701	83,904	85,350	-	-	-	-	-	-	-	-	-	252,955
MEDI-CAL TOTAL													
Aged	56,934	57,464	57,834	-	-	-	-	-	-	-	-	-	172,232
BCCTP	634	635	623	-	-	-	-	-	-	-	-	-	1,892
Disabled	48,453	48,331	48,325	-	-	-	-	-	-	-	-	-	145,109
TANF Child	335,030	334,146	335,393	-	-	-	-	-	-	-	-	-	1,004,569
TANF Adult	104,009	103,046	102,827	-	-	-	-	-	-	-	-	-	309,882
LTC	3,236	3,280	3,303	-	-	-	-	-	-	-	-	-	9,819
MCE	230,537	231,753	228,770	-	-	-	-	-	-	-	-	-	691,060
	778,833	778,655	777,075	-	-	-	-	-	-	-	-	-	2,334,563
PACE	177	179	179	-	-	-	-	-	-	-	-	-	535
OneCare	1,171	1,164	1,192	-	-	-	-	-	-	-	-	-	3,527
OneCare Connect	18,902	18,245	17,727	-	-	-	-	-	-	-	-	-	54,874
TOTAL	799,083	798,243	796,173	-	-	-	-	-	-	-	-	-	2,393,499

ENROLLMENT:

Overall MTD enrollment was 796,173

- Unfavorable to budget by 4,879
- Decreased 2,070 or 0.3% from prior month
- Increased 29,065 or 3.8% from prior year (September 2015)

Medi-Cal enrollment was 777,075

- Unfavorable to budget by 483 primarily driven by:
 - Medi-Cal Expansion favorable by 6,319 and SPD by 3,552
 - Offset by TANF unfavorable by 10,972
- Decreased 1,580 from prior month

OneCare enrollment was 1,192

- Unfavorable to budget by 35
- Increased 28 from prior month

OneCare Connect enrollment was 17,727

- Unfavorable to budget by 4,365
- Decreased 518 from prior month

PACE enrollment at 179

- Favorable to budget by 4
- No change from prior month

**CalOptima - MediCal Total
Statement of Revenues and Expenses
For the Three Months Ended September 30, 2016**

Month			
Actual	Budget	\$ Variance	% Variance
777,075	777,558	(483)	(0.1%)
239,016,205	233,667,057	5,349,147	2.3%
239,016,205	233,667,057	5,349,147	2.3%
73,245,923	74,940,833	1,694,910	2.3%
58,551,846	55,581,746	(2,970,100)	(5.3%)
17,693,145	16,672,389	(1,020,757)	(6.1%)
34,403,207	33,532,210	(870,998)	(2.6%)
45,892,763	36,498,887	(9,393,876)	(25.7%)
2,868,487	4,409,170	1,540,683	34.9%
600,090	46,667	(553,424)	(1,185.9%)
233,255,462	221,681,901	(11,573,561)	(5.2%)
5,760,743	11,985,156	(6,224,414)	(51.9%)
5,063,139	6,749,758	1,686,619	25.0%
131,037	287,222	156,185	54.4%
697,296	706,154	8,858	1.3%
238,907	310,612	71,706	23.1%
445,978	383,061	(62,917)	(16.4%)
1,123,157	1,083,434	(39,722)	(3.7%)
(564,864)	(537,583)	27,281	5.1%
7,134,650	8,982,659	1,848,009	20.6%
10,104,429	8,818,566	(1,285,863)	(14.6%)
10,113,016	0	(10,113,016)	0.0%
(8,588)	8,818,566	8,827,154	100.1%
0	0	0	0.0%
50,000	287,500	(237,500)	(82.6%)
42,618	250,000	207,382	83.0%
18,637	37,500	18,863	50.3%
(11,256)	0	(11,256)	0.0%
111	0	111	0.0%
(1,385,052)	3,002,498	(4,387,549)	(146.1%)
97.6%	94.9%	-2.7%	-2.9%
3.0%	3.8%	0.9%	22.4%

	Year - To - Date			
	Actual	Budget	\$ Variance	% Variance
Member Months	2,334,563	2,328,530	6,033	0.3%
Revenues				
Capitation revenue	720,982,275	699,428,318	21,553,957	3.1%
Total Operating Revenues	720,982,275	699,428,318	21,553,957	3.1%
Medical Expenses				
Provider capitation	222,199,699	224,672,589	2,472,890	1.1%
Facilities	177,352,149	168,420,281	(8,931,868)	(5.3%)
Professional Claims	52,080,647	49,905,652	(2,174,995)	(4.4%)
Prescription drugs	104,650,316	102,395,217	(2,255,100)	(2.2%)
MLTSS	134,380,925	110,996,277	(23,384,648)	(21.1%)
Medical Management	8,776,649	13,330,911	4,554,262	34.2%
Reinsurance & other	1,793,565	140,000	(1,653,565)	(1,181.1%)
Total Medical Expenses	701,233,950	669,860,926	(31,373,024)	(4.7%)
Gross Margin	19,748,325	29,567,393	(9,819,068)	(33.2%)
Administrative Expenses				
Salaries, wages & employee benefits	15,851,504	20,465,178	4,613,674	22.5%
Professional fees	512,735	853,872	341,136	40.0%
Purchased services	1,969,430	2,119,311	149,881	7.1%
Printing and postage	617,346	935,257	317,911	34.0%
Depreciation & amortization	972,666	1,149,183	176,517	15.4%
Other operating expenses	2,862,022	3,345,773	483,751	14.5%
Indirect cost allocation	(1,814,067)	(1,617,258)	196,809	12.2%
Total Administrative Expenses	20,971,636	27,251,315	6,279,680	23.0%
Operating Tax				
Tax Revenue	30,899,477	26,412,636	(4,486,840)	(17.0%)
Premium tax expense	30,675,939	0	(30,675,939)	0.0%
Sales tax expense	223,538	26,412,636	26,189,099	99.2%
Total Net Operating Tax	0	0	0	0.0%
Grant Income				
Grant Revenue	207,500	862,500	(655,000)	(75.9%)
Grant expense - Service Partner	176,493	750,000	573,507	76.5%
Grant expense - Administrative	42,262	112,500	70,238	62.4%
Total Net Grant Income	(11,256)	0	(11,256)	0.0%
Other income	459	0	459	0.0%
Change in Net Assets	(1,234,108)	2,316,077	(3,550,185)	(153.3%)
Medical Loss Ratio	97.3%	95.8%	-1.5%	-1.6%
Admin Loss Ratio	2.9%	3.9%	1.0%	25.3%

MEDI-CAL INCOME STATEMENT – SEPTEMBER MONTH:

REVENUES of \$239.0 million are favorable to budget by \$5.3 million, driven by:

- Price related variance of: \$5.5 million includes an IHSS favorable variance of \$2.4 million
- Volume related unfavorable variance of: \$0.1 million

MEDICAL EXPENSES: Overall \$233.3 million, unfavorable to budget by \$11.6 million due to:

- **Long term care claim payments (MLTSS)** are unfavorable to budget \$9.4 million due to:
 - Price related unfavorable variance of: \$11.7 million related to actuarial experience and County IHSS expense
 - Volume related favorable variance of: \$0.1 million
- **Facilities** are unfavorable to budget \$3.0 million due to:
 - Price related unfavorable variance of: \$3.0 million related to claims actuarial experience

ADMINISTRATION EXPENSES are \$7.1 million, favorable to budget \$1.8 million, driven by:

- Salary & Benefits: \$1.7 million favorable to budget
- Non-Salary: \$0.2 million favorable to budget across most categories

CHANGE IN NET ASSETS is \$(1.4) million for the month, unfavorable to budget by \$4.4 million

CalOptima - OneCare Connect
Statement of Revenues and Expenses
For the Three Months Ended September 30, 2016

Month					Year - To - Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
17,727	22,092	(4,365)	(19.8%)	Member Months	54,874	66,565	(11,691)	(17.6%)
35,927,342	45,542,884	(9,615,542)	(21.1%)	Revenues	107,714,292	137,221,857	(29,507,565)	(21.5%)
35,927,342	45,542,884	(9,615,542)	(21.1%)	Capitation revenue	107,714,292	137,221,857	(29,507,565)	(21.5%)
				Total Operating Revenue	107,714,292	137,221,857	(29,507,565)	(21.5%)
6,420,083	9,572,443	3,152,360	32.9%	Medical Expenses	21,346,410	28,842,015	7,495,605	26.0%
9,961,026	11,450,962	1,489,936	13.0%	Provider capitation	29,624,827	34,706,591	5,081,763	14.6%
840,696	691,264	(149,433)	(21.6%)	Facilities	2,262,985	2,082,796	(180,188)	(8.7%)
7,797,295	10,435,359	2,638,064	25.3%	Ancillary	18,014,897	31,441,998	13,427,100	42.7%
6,643,608	7,925,697	1,282,089	16.2%	Long Term Care	24,680,604	24,376,403	(304,200)	(1.2%)
354,840	455,923	101,083	22.2%	Prescription drugs	1,098,740	1,373,706	274,966	20.0%
1,036,097	1,195,402	159,305	13.3%	Quality incentives	2,940,686	3,650,183	709,497	19.4%
58,785	636,234	577,449	90.8%	Medical management	293,602	1,916,990	1,623,388	84.7%
				Other medical expenses	100,262,749	128,390,682	28,127,932	21.9%
33,112,431	42,363,283	9,250,852	21.8%	Total Medical Expenses	7,451,542	8,831,175	(1,379,633)	(15.6%)
2,814,911	3,179,601	(364,690)	(11.5%)	Gross Margin				
721,472	940,642	219,169	23.3%	Administrative Expenses	2,230,540	2,850,404	619,864	21.7%
92,486	69,077	(23,410)	(33.9%)	Salaries, wages & employee benefits	274,541	179,957	(94,584)	(52.6%)
136,042	149,312	13,269	8.9%	Professional fees	420,397	527,956	107,559	20.4%
42,696	133,886	91,191	68.1%	Purchased services	164,479	398,286	233,807	58.7%
33,244	7,182	(26,062)	(362.9%)	Printing and postage	99,834	505,801	405,967	80.3%
937,491	937,491	(0)	(0.0%)	Other operating expenses	2,812,473	2,812,472	(1)	(0.0%)
1,963,432	2,237,589	274,157	12.3%	Indirect cost allocation, Occupancy Expense	6,002,264	7,274,876	1,272,613	17.5%
493	0	493	0.0%	Total Administrative Expenses				
493	0	(493)	0.0%	Operating Tax	(1,046)	0	(1,046)	0.0%
0	0	0	0.0%	Tax Revenue	(1,046)	0	1,046	0.0%
				Sales tax expense	0	0	0	0.0%
851,479	942,012	(90,533)	(9.6%)	Total Net Operating Tax	0	0	0	0.0%
				Change in Net Assets	1,449,279	1,556,299	(107,020)	(6.9%)
92.2%	93.0%	0.9%	0.9%	Medical Loss Ratio	93.1%	93.6%	0.5%	0.5%
5.5%	4.9%	-0.6%	-11.2%	Admin Loss Ratio	5.6%	5.3%	-0.3%	-5.1%

ONECARE CONNECT INCOME STATEMENT – SEPTEMBER MONTH:

REVENUES of \$35.9 million are unfavorable to budget by \$9.6 million driven by:

- Price related unfavorable variance of: \$0.6 million due to cohort experience
- Volume related unfavorable variance of: \$9.0 million due to the lower enrollment

MEDICAL EXPENSES are favorable to budget \$9.2 million due to:

- Volume related favorable variance of: \$8.4 million corresponding with lower enrollment
- Provider Capitation: \$1.1 million favorable adjustment for prior year Part B Drugs

ADMINISTRATIVE EXPENSES are favorable to budget by \$0.3 million

CHANGE IN NET ASSETS is \$0.9 million, unfavorable to budget by \$0.1 million

CalOptima - OneCare
Statement of Revenues and Expenses
For the Three Months Ended September 30, 2016

Month					Year - To - Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
1,192	1,227	(35)	(2.9%)	Member Months	3,527	3,719	(192)	(5.2%)
				Revenues				
906,303	1,404,974	(498,671)	(35.5%)	Capitation revenue	3,786,574	4,276,207	(489,634)	(11.5%)
906,303	1,404,974	(498,671)	(35.5%)	Total Operating Revenue	3,786,574	4,276,207	(489,634)	(11.5%)
				Medical Expenses				
384,652	381,122	(3,530)	(0.9%)	Provider capitation	1,163,320	1,162,102	(1,218)	(0.1%)
181,928	310,956	129,028	41.5%	Inpatient	878,355	952,955	74,600	7.8%
52,020	47,616	(4,404)	(9.2%)	Ancillary	133,979	147,193	13,214	9.0%
56,204	22,590	(33,614)	(148.8%)	Skilled nursing facilities	121,209	69,986	(51,223)	(73.2%)
353,410	468,949	115,539	24.6%	Prescription drugs	1,251,166	1,421,106	169,940	12.0%
24,763	12,500	(12,263)	(98.1%)	Medical management	69,532	43,500	(26,032)	(59.8%)
2,129	27,404	25,275	92.2%	Other medical expenses	12,379	86,677	74,297	85.7%
1,055,105	1,271,137	216,032	17.0%	Total Medical Expenses	3,629,939	3,883,519	253,580	6.5%
(148,802)	133,837	(282,639)	(211.2%)	Gross Margin	156,635	392,688	(236,054)	(60.1%)
				Administrative Expenses				
80,260	21,197	(59,063)	(278.6%)	Salaries, wages & employee benefits	93,057	64,402	(28,655)	(44.5%)
12,346	13,333	987	7.4%	Professional fees	47,227	40,000	(7,227)	(18.1%)
21,043	19,422	(1,621)	(8.3%)	Purchased services	65,377	58,226	(7,151)	(12.3%)
1,659	11,897	10,238	86.1%	Printing and postage	4,843	34,818	29,976	86.1%
263	89	(174)	(196.9%)	Other operating expenses	1,572	266	(1,306)	(491.4%)
29,493	29,494	1	0.0%	Indirect cost allocation, Occupancy Expense	88,481	88,481	0	0.0%
145,064	95,431	(49,632)	(52.0%)	Total Administrative Expenses	300,556	286,192	(14,364)	(5.0%)
(293,866)	38,405	(332,271)	(865.2%)	Change in Net Assets	(143,921)	106,496	(250,418)	(235.1%)
=====	=====	=====	=====		=====	=====	=====	=====
116.4%	90.5%	-25.9%	-28.7%	Medical Loss Ratio	95.9%	90.8%	-5.0%	-5.6%
16.0%	6.8%	-9.2%	-135.6%	Admin Loss Ratio	7.9%	6.7%	-1.2%	-18.6%

CalOptima - PACE
Statement of Revenues and Expenses
For the Three Months Ended September 30, 2016

Month					Year - To - Date			
		\$	%				\$	%
Actual	Budget	Variance	Variance		Actual	Budget	Variance	Variance
179	175	4	2.3%	Member Months	535	510	25	4.9%
				Revenues				
804,836	782,918	21,919	2.8%	Medi-Cal capitation revenue	2,387,445	2,281,160	106,285	4.7%
278,209	323,018	(44,809)	(13.9%)	MediCare capitation revenue	849,725	944,083	(94,357)	(10.0%)
1,083,046	1,105,936	(22,890)	(2.1%)	Total Operating Revenues	3,237,171	3,225,243	11,928	0.4%
				Medical Expenses				
279,934	394,969	115,035	29.1%	Clinical salaries & benefits	782,242	1,195,489	413,247	34.6%
0	0	0	0.0%	Pace Center Support salaries & benefits	0	0	0	0.0%
				Provider capitation				
170,526	220,477	49,950	22.7%	Claims payments to hospitals	668,212	656,600	(11,612)	(1.8%)
193,374	232,810	39,435	16.9%	Professional Claims	545,498	691,460	145,962	21.1%
78,236	125,988	47,752	37.9%	Prescription drugs	273,017	375,204	102,187	27.2%
42,818	22,581	(20,238)	(89.6%)	Long-term care facility payments	28,011	67,247	39,237	58.3%
55,778	70,094	14,316	20.4%	Patient Transportation	170,830	208,746	37,916	18.2%
48,342	49,349	1,007	2.0%	Depreciation & amortization	145,026	148,047	3,021	2.0%
37,655	37,214	(441)	(1.2%)	Occupancy expenses	112,965	111,642	(1,323)	(1.2%)
21,231	13,833	(7,398)	(53.5%)	Utilities & Facilities Expense	53,898	41,499	(12,399)	(29.9%)
319	257	(62)	(24.1%)	Purchased Services	664	765	101	13.2%
22,315	24,547	2,232	9.1%	Indirect Allocation	65,033	73,641	8,608	11.7%
9,845	22,785	12,941	56.8%	Other Expenses	27,239	68,355	41,116	60.2%
960,375	1,214,903	254,528	21.0%	Total Medical Expenses	2,872,635	3,638,696	766,061	21.1%
122,671	(108,967)	231,638	212.6%	Gross Margin	364,535	(413,453)	777,988	188.2%
				Administrative Expenses				
87,430	92,044	4,613	5.0%	Salaries, wages & employee benefits	268,311	279,197	10,886	3.9%
1,938	3,333	1,395	41.9%	Professional fees	8,815	10,000	1,185	11.9%
4,041	1,054	(2,987)	(283.4%)	Purchased services	9,281	3,108	(6,173)	(198.6%)
90	1,839	1,749	95.1%	Printing and postage	532	5,398	4,866	90.2%
2,014	2,056	42	2.0%	Depreciation & amortization	6,043	6,168	126	2.0%
378	11,426	11,047	96.7%	Other operating expenses	16,581	34,277	17,696	51.6%
2,499	1,023	(1,476)	(144.3%)	Indirect cost allocation, Occupancy Expense	7,415	3,068	(4,347)	(141.7%)
98,390	112,774	14,384	12.8%	Total Administrative Expenses	316,977	341,216	24,239	7.1%
24,281	(221,741)	246,022	111.0%	Change in Net Assets	47,558	(754,669)	802,228	106.3%
88.7%	109.9%	21.2%	19.3%	Medical Loss Ratio	88.7%	112.8%	24.1%	21.3%
9.1%	10.2%	1.1%	10.9%	Admin Loss Ratio	9.8%	10.6%	0.8%	7.4%

CalOptima - Building 505 City Parkway
Statement of Revenues and Expenses
For the Three Months Ended September 30, 2016

Month				Year - To - Date			
Actual	Budget	\$ Variance	% Variance	Actual	Budget	\$ Variance	% Variance
				Revenues			
24,056	21,285	2,772	13.0%				
				Rental income			
24,056	21,285	2,772	13.0%	72,169	63,855	8,315	13.0%
				Total Operating Revenue			
				72,169	63,855	8,315	13.0%
				Administrative Expenses			
1,525	2,085	560	26.8%				
26,303	22,405	(3,899)	(17.4%)	3,995	6,255	2,260	36.1%
180,764	210,141	29,377	14.0%	95,362	67,214	(28,148)	(41.9%)
16,000	14,300	(1,700)	(11.9%)	469,217	630,422	161,206	25.6%
77,419	189,537	112,118	59.2%	48,001	42,901	(5,101)	(11.9%)
60,349	0	(60,349)	0.0%	257,908	568,612	310,704	54.6%
(342,462)	(352,100)	(9,637)	(2.7%)	209,049	0	(209,049)	0.0%
				(1,024,032)	(1,056,299)	(32,268)	(3.1%)
19,898	86,368	66,470	77.0%				
				Total Administrative Expenses			
				59,500	259,105	199,604	77.0%
4,158	(65,083)	69,241	106.4%				
				Change in Net Assets			
				12,669	(195,250)	207,919	106.5%

OTHER STATEMENTS – SEPTEMBER MONTH:

ONECARE INCOME STATEMENT

REVENUES of \$0.9 million are unfavorable to budget by \$0.5 million due to direct subsidy restatement

CHANGE IN NET ASSETS is (\$0.3) million, \$0.3 million unfavorable to budget

PACE INCOME STATEMENT

- **Change in Net Assets** for the month is \$24.3 thousand, which is operating favorable to budget by \$246.0 thousand

505 CITY PARKWAY BUILDING INCOME STATEMENT

- **Change in Net Assets** for the month is \$4.2 thousand which is favorable to budget \$69.2 thousand

CalOptima
BALANCE SHEET
September 30, 2016

ASSETS

Current Assets	
Operating Cash	\$262,324,977
Catastrophic Reserves	11,631,071
Investments	1,513,326,449
Capitation receivable	234,956,079
Receivables - Other	17,952,559
Prepaid Expenses	11,434,421
Total Current Assets	<u>2,051,625,556</u>
Capital Assets	
Furniture and equipment	28,851,790
Leasehold improvements	12,967,181
505 City Parkway West	46,707,144
	88,526,114
Less: accumulated depreciation	(33,396,458)
Capital assets, net	<u>55,129,657</u>
Other Assets	
Restricted deposit & Other	283,186
Board-designated assets	
Cash and cash equivalents	8,977,633
Long term investments	467,086,587
Total Board-designated Assets	476,064,220
Total Other Assets	<u>476,347,406</u>
Deferred outflows of Resources - Pension Contributions	3,787,544
Deferred outflows of Resources - Difference in Experience	1,215,473
TOTAL ASSETS & OUTFLOWS	<u>2,588,105,636</u>

LIABILITIES & FUND BALANCES

Current Liabilities	
Accounts payable	\$12,824,182
Medical claims liability	606,370,807
Accrued payroll liabilities	10,648,887
Deferred revenue	807,306,921
Deferred lease obligations	254,352
Capitation and withholds	449,380,688
Total Current Liabilities	<u>1,886,785,836</u>
Other employment benefits liability	28,128,517
Net Pension Liabilities	8,755,170
Long Term Liabilities	150,000
TOTAL LIABILITIES	<u>1,923,819,523</u>
Deferred inflows of Resources - Excess Earnings	502,900
Deferred inflows of Resources - changes in Assumptions	1,651,640
Tangible net equity (TNE)	91,182,287
Funds in excess of TNE	570,949,286
Net Assets	<u>662,131,573</u>
TOTAL LIABILITIES, INFLOWS & FUND BALANCES	<u>2,588,105,636</u>

CalOptima
Board Designated Reserve and TNE Analysis
as of September 30, 2016

Type	Reserve Name	Market Value	Benchmark		Variance	
			Low	High	Mkt - Low	Mkt - High
Board-designated Reserve	Tier 1 - Payden & Rygel	135,408,667				
	Tier 1 - Logan Circle	125,473,000				
	Tier 1 - Wells Capital	125,410,994				
		386,292,661	284,976,271	446,187,081	101,316,390	(59,894,420)
TNE Requirement	Tier 2 - Logan Circle	89,771,559	91,182,287	91,182,287	(1,410,728)	(1,410,728)
Consolidated:		476,064,220	376,158,558	537,369,368	99,905,662	(61,305,148)
<i>Current reserve level</i>		1.77	1.40	2.00		

CalOptima
Statement of Cash Flows
September 30, 2016

	<u>Month Ended</u>	<u>Year-To-Date</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	986,993	2,564,394
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	447,992	978,709
Changes in assets and liabilities:		
Prepaid expenses and other	169,645	(4,650,174)
Catastrophic reserves		
Capitation receivable	15,456,899	233,842,369
Medical claims liability	(5,706,114)	7,675,949
Deferred revenue	55,326,358	216,604,279
Payable to providers	18,209,420	47,554,386
Accounts payable	10,366,250	6,225,999
Other accrued liabilities	868,424	2,595,403
Net cash provided by/(used in) operating activities	<u>96,125,869</u>	<u>513,391,314</u>
GASB 68 CalPERS Adjustments	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(2,703,221)	(494,061,817)
Purchase of property and equipment	(552,652)	(1,112,801)
Change in Board designated reserves	(672,234)	(212,041)
Net cash provided by/(used in) investing activities	<u>(3,928,108)</u>	<u>(495,386,657)</u>
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	92,197,761	18,004,655
CASH AND CASH EQUIVALENTS, beginning of period	<u>\$181,758,286</u>	<u>255,951,393</u>
CASH AND CASH EQUIVALENTS, end of period	<u><u>\$ 273,956,048</u></u>	<u><u>\$ 273,956,048</u></u>

BALANCE SHEET:

ASSETS Increased \$80.1 million from August

- **Cash and Cash Equivalents** increased by \$92.2 million from August based upon timing of state checks received, month-end cut-off and cash funding requirements
- **Net Capitation Receivables** decreased \$15.9 million based upon receipt timing and receivables

LIABILITIES increased \$79.0 million from August

- **Deferred Revenue** increased by \$55.3 million from August due to:
 - DHS overpayments
- **Total Capitation Payable** increased \$18.2 million based upon timing of pool estimates, recalculations and payouts

NET ASSETS are \$662.1 million

CalOptima Foundation
Statement of Revenues and Expenses
For the Three Months Ended September 30, 2016
Consolidated

Month				Year - To - Date			
		\$	%			\$	%
Actual	Budget	Variance	Variance		Actual	Budget	Variance
				Revenues			
6,887	2,264	4,623	204.1%	Income - Grant	27,164	6,793	20,371
30,874	0	30,874	100.0%	In Kind Revenue - HITEC Grant	72,959	0	72,959
37,761	2,264	35,496	1567.6%	Total Operating Revenue	100,123	6,793	93,330
				Operating Expenditures			
18,900	6,184	(12,716)	(205.6%)	Personnel	35,772	18,553	(17,219)
9,845	2,985	(6,860)	(229.8%)	Taxes and Benefits	30,708	8,954	(21,753)
0	0	0	0.0%	Travel	(3)	0	3
6,932	0	(6,932)	100.0%	Supplies	7,009	10,000	2,991
0	0	0	0.0%	Contractual	20,388	17,174	(3,214)
2,083	232,065	229,982	99.1%	Other	6,249	696,196	689,947
37,761	241,234	203,474	84.3%	Total Operating Expenditures	100,123	750,877	650,754
0	0	0	0.0%	Investment Income	0	0	0
0	(238,970)	(238,970)	(100.0%)	Program Income	0	(744,083)	(744,083)

**CalOptima Foundation
Balance Sheet
September 30, 2016**

<u>ASSETS</u>		<u>LIABILITIES & NET ASSETS</u>	
Operating cash	2,894,727	Accounts payable-Current	0
Grants receivable	0	Deferred Revenue	0
Prepaid expenses	0	Payable to CalOptima	-118
Total Current Assets	<u>2,894,727</u>	Grants-Foundation	0
		Total Current Liabilities	<u>-118</u>
		Total Liabilities	-118
		Net Assets	2,894,845
TOTAL ASSETS	<u>2,894,727</u>	TOTAL LIABILITIES & NET ASSETS	<u>2,894,727</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 \$37.8 thousand for September, 2016
 - HITEC Grant revenue totaled \$27.2 thousand, which leaves \$0.0 remaining in HITEC Grant funding as of September, 2016
 - CalOptima in-kind contribution totaled \$73.0 thousand
- Revenue budget variances attributed to:
 - Grant funding originally allocated July-September 2016 for original extension, later ONC extended it through September 2016
 - CalOptima in-kind revenue was not included in FY17 budget

Expenses

- \$100.1 thousand for grant related activities incurred YTD FY17
- Expense categories include staff services, travel and miscellaneous supplies
 - \$651 thousand favorable to variance YTD
 - 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
- \$0.0 current month grant receivable for ONC draw down of HITEC grant

Liabilities

- \$0.0 current month provider payable for HITEC grant services

Budget Allocation Changes
Reporting changes for September 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
August	Medi-Cal	Other Pay	Quality Analytics - Purchased Services	\$67,000	Re-allocate funds to Quality Analytics Purchased Services for additional funds that is needed for CG-CAHPS survey	2017
August	Medi-Cal	Other Pay	Community Relations - Professional Fees & Printing	\$43,640	Re-allocate funds to Community Relations Professional Fees and Printing budgets for contracts with Tony Lam and Communications Lab and printing costs of Community Option Fair	2017
August	Medi-Cal	IS-Application Management - Purchased Services - Healthcare Productivity Automation	IS-Application Management - Purchased Services - Direct Hire Fees	\$10,957	Re-purpose funds from Purchased Services (Healthcare Productivity Automation) to pay for Direct Hire fees	2017
August	Medi-Cal	Other Pay	IS-Application Development - Comp Supplies/Minor Equipments	\$20,400	Re-allocate funds to cover costs of DocuSign, Box, and Primal Script 2016	2017
August	Medi-Cal	Claims Administration - Purchased Services	Claims Administration - Office Supplies, Training & Seminars, Printing	\$15,000	Re-allocate funds from Purchased Services (Integration of Claim Editing Software & Inventory Management Forecasting) to Office Supplies, Training & Seminars, and Printing to better meet department's needs	2017
September	Medi-Cal	Health Education & Disease Management - Professional Fees	Health Education & Disease Management - Other Operating Expenses	\$30,000	Re-allocate funds from Professional Fees (Childhood Obesity Program Design & Evaluation) to Member & Provider Incentives to support incentives for the Group Needs Assessment (GNA) and other Health Education / Disease Management activities.	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.

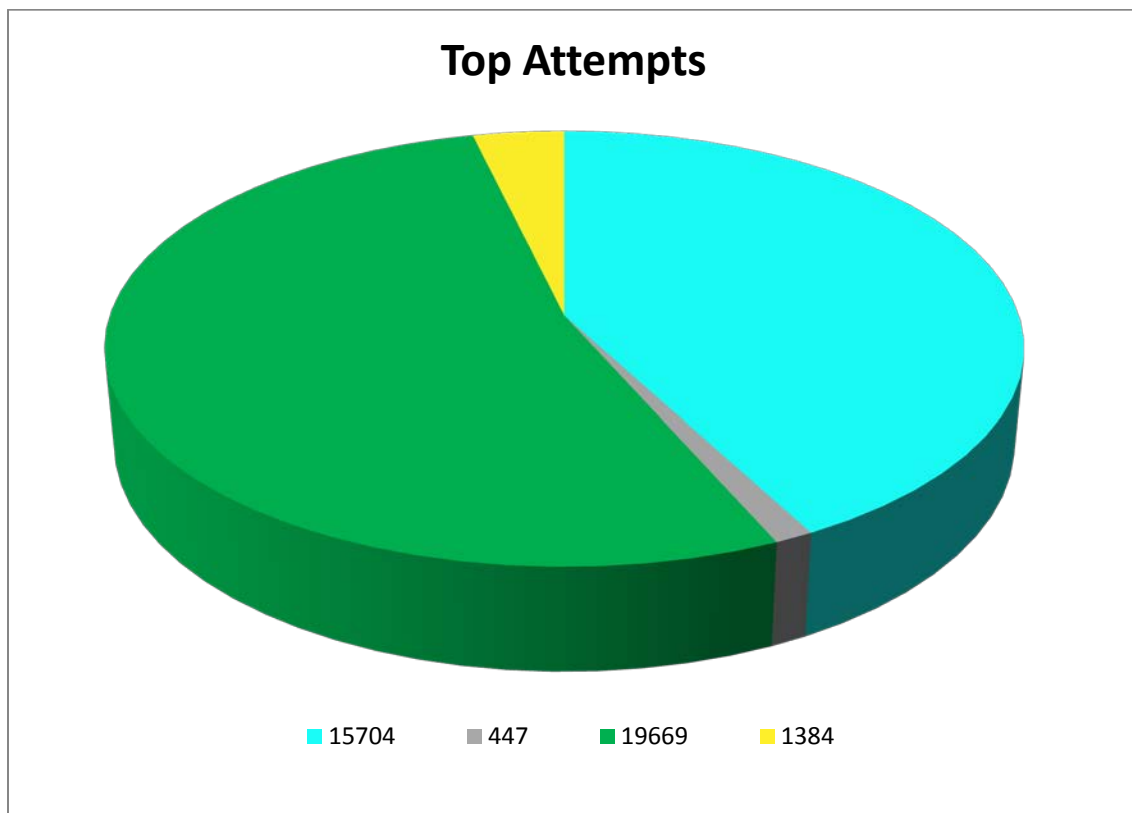
**Board of Directors' Finance and Audit Committee Meeting
November 17, 2016**

CalOptima Information Systems Security Update

**Top External Attempts – Third 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.















	Attack Name	Description
1	Suspicious DNS Lookup:	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.

2	<i>Netcore/Netis Router Backdoor Communication Attempt</i>	Blocked attempts to probe for default router passwords located in the firmware.
3	<i>Version Request (UDP)</i>	Unsuccessful uses of version information to determine whether the DNS Server is vulnerable to certain buffer overflow or Denial of Service attack.
4	<i>Sun Java WebDAV Web Server Overlong Request</i>	These are attempt to exploit a buffer overflow vulnerability in WebDav component of Sun Java System Web Server. CalOptima does not use Sun Web Servers.

- The following report¹ shows the malicious attempts (37,204) at accessing CalOptima's network.
- None of the attempts were successful.
- These attempts are not specifically targeted at CalOptima, but are commonly triggered to entire areas of the internet.
- The results are typical of many organizations and are not considered out of the ordinary.

¹ These results reflect data from July 1, 2016 through September 30, 2016.

Overview > Incoming Mail Summary		
Message Category	%	Messages
 Stopped by Reputation Filtering	76.8%	3.0M
 Stopped as Invalid Recipients	0.6%	23.7k
 Spam Detected	3.5%	137.2k
 Virus Detected	0.0%	87
 Detected by Advanced Malware Protection	0.0%	0
 Messages with Malicious URLs	0.1%	3,891
 Stopped by Content Filter	0.1%	4,626
 Stopped by DMARC	0.0%	0
 S/MIME Verification/Decryption Failed	0.0%	0
Total Threat Messages:	80.9%	3.2M
 Marketing Messages	7.0%	277.7k
 S/MIME Verification/Decryption Successful	0.0%	0
 Clean Messages	12.1%	479.3k
Total Attempted Messages:		4.0M

Security Incident(s):

Recent Improvements to Security Infrastructure:

1. The Security Team is leading the effort to review and updated (as needed) the HIPAA Information Security policies. These are expected to be submitted to the Policy Review Committee in November or early December, 2016.
2. Between August 19, 2016 and September 2, 2016, Information Services disabled the USB ports for write access on the computers of all employees with the ability to use their USB ports (93 in total). All other computer USB ports were previously disabled for the ability to write to a removable/portable storage device (flash drive, CD/DVD, external hard drive, etc.).
3. Requests for write capability to removable/portable storage devices will not be granted for anyone on a consistent basis. The ports will only be enabled for the duration of the necessary file copies, with a witness present.
4. Software is in the process of being selected and purchased that will prevent portable devices other than those issued by CalOptima to be used on any instance where writing to a portable device becomes necessary. In other words, an employee will not be able to use any personal device.
5. CalOptima's Human Resources Department now informs the Security Team when resignations are received. As a result, DLP monitoring is increased during an employee's notice period. A reminder email was distributed from the CIO to all Supervisors, Managers and Directors on October 3, 2016 regarding this updated process.
6. A email from the HIPAA Privacy Team and Security Team was distributed to all employees on October 5, 2016 as a reminder of the policy entitled "Use of Electronic Mail with Protected Health Information (HH.3014)", specifically relating to use of company equipment for company purposes only.
7. As part of a broader Information Security Training and Awareness program, a new Information Security newsletter was launched in early November, reminding all employees of a variety of best practices for protecting company information.



CalOptima
Better. Together.

Cost Containment Improvements/Initiatives

**Board of Directors' Finance & Audit Committee Meeting
November 17, 2016**

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

[Back to Agenda](#)

Resources Committee - Labor

Report of Open Position/Temporary - September 2016

Line of Business	September		YTD Open Position (\$)	Temporary Help		Variance
	FTE's	Dollars		Actual	Budget	
MC	65.50	\$ 679,733	\$ 1,821,796	\$ 365,371	\$ 218,653	\$ (146,718)
EX		\$ -	\$ -	\$ -	\$ -	\$ -
OC		\$ -	\$ 11,885	\$ -	\$ 117	\$ 117
OCC	21.00	\$ 167,672	\$ 489,592	\$ -	\$ 56,020	\$ 56,020
PACE	16.00	\$ 110,863	\$ 371,754	\$ 143,969	\$ 134,147	\$ (9,822)
MSSP	1.00	\$ 7,225	\$ 7,225	\$ 1,568	\$ 7,179	\$ 5,611
Total	103.50	\$ 965,493	\$ 2,702,252	\$ 510,908	\$ 416,117	\$ (94,791)

Notes:

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

Resources Committee – Non-Labor

Professional Fees

LOB	Sept MTD		Variance		YTD		Variance		FY 2017
	Actual	Budget	\$	%	Actual	Budget	\$	%	
MC	\$ 133,651	\$ 337,979	\$ 204,328	60%	\$ 524,007	\$ 1,012,142	\$ 488,136	48%	\$ 4,264,067
OC	\$ 12,346	\$ 13,333	\$ 987	7%	\$ 47,227	\$ 40,000	\$ (7,227)	-18%	\$ 161,000
OCC	\$ 92,486	\$ 76,868	\$ (15,618)	-20%	\$ 274,541	\$ 203,332	\$ (71,209)	-35%	\$ 1,054,146
PACE	\$ 1,938	\$ 3,333	\$ 1,395	42%	\$ 8,815	\$ 10,000	\$ 1,185	12%	\$ 115,000
MSSP	\$ 710	\$ 833	\$ 124	15%	\$ 2,129	\$ 2,500	\$ 371	15%	\$ 10,000
Total	\$ 241,132	\$ 432,347	\$ 191,216	44%	\$ 856,718	\$ 1,267,974	\$ 411,256	32%	\$ 5,604,213

Purchased Services

LOB	Sept MTD		Variance		YTD		Variance		FY 2017
	Actual	Budget	\$	%	Actual	Budget	\$	%	
MC	\$ 842,174	\$ 1,095,839	\$ 253,665	23%	\$ 2,656,694	\$ 3,282,276	\$ 625,581	19%	\$ 13,581,568
OC	\$ 40,058	\$ 31,318	\$ (8,740)	-28%	\$ 75,118	\$ 95,913	\$ 20,795	22%	\$ 437,330
OCC	\$ 179,935	\$ 230,728	\$ 50,793	22%	\$ 426,590	\$ 772,206	\$ 345,616	45%	\$ 3,142,607
PACE	\$ 4,360	\$ 1,311	\$ (3,049)	-233%	\$ 9,945	\$ 3,873	\$ (6,072)	-157%	\$ 15,435
MSSP	\$ 32	\$ 417	\$ 385	92%	\$ 32	\$ 1,250	\$ 1,219	97%	\$ 5,000
Total	\$ 1,066,558	\$ 1,359,613	\$ 293,055	22%	\$ 3,168,379	\$ 4,155,518	\$ 987,139	24%	\$ 17,181,940

Resources Committee – Non-Labor (cont.)

Printing and Postage

LOB	Sept MTD		Variance		YTD		Variance		FY 2017
	Actual	Budget	\$	%	Actual	Budget	\$	%	
MC	\$ 252,812	\$ 347,111	\$ 94,299	27%	\$ 638,569	\$ 1,044,753	\$ 406,184	39%	\$ 4,184,507
OC	\$ 1,659	\$ 14,451	\$ 12,792	89%	\$ 6,932	\$ 44,481	\$ 37,549	84%	\$ 190,861
OCC	\$ 42,696	\$ 152,667	\$ 109,972	72%	\$ 169,329	\$ 454,628	\$ 285,300	63%	\$ 1,944,550
PACE	\$ 90	\$ 1,839	\$ 1,749	95%	\$ 532	\$ 5,398	\$ 4,866	90%	\$ 20,738
MSSP	\$ -	\$ 333	\$ 333	100%	\$ -	\$ 1,000	\$ 1,000	100%	\$ 4,000
Total	\$ 297,256	\$ 516,401	\$ 219,145	42%	\$ 815,361	\$ 1,550,260	\$ 734,899	47%	\$ 6,344,656

Other Operating Expenses

LOB	Sept MTD		Variance		YTD		Variance		FY 2017
	Actual	Budget	\$	%	Actual	Budget	\$	%	
MC	\$ 1,221,959	\$ 1,312,532	\$ 90,573	7%	\$ 3,187,506	\$ 4,027,066	\$ 839,561	21%	\$ 15,858,380
OC	\$ 6,011	\$ 731	\$ (5,280)	-722%	\$ 7,320	\$ 2,193	\$ (5,126)	-234%	\$ 20,913
OCC	\$ 33,395	\$ 22,840	\$ (10,555)	-46%	\$ 101,263	\$ 568,326	\$ 467,063	82%	\$ 973,240
PACE	\$ 31,454	\$ 37,656	\$ 6,202	16%	\$ 97,718	\$ 112,968	\$ 15,250	13%	\$ 451,872
MSSP	\$ 5,871	\$ 8,288	\$ 2,417	29%	\$ 21,271	\$ 24,864	\$ 3,593	14%	\$ 99,456
Total	\$ 1,298,691	\$ 1,382,048	\$ 83,357	6%	\$ 3,415,077	\$ 4,735,417	\$ 1,320,340	28%	\$ 17,403,861

Notes:

- Actual and Budget amounts include both Medical and Admin expenses.

Budget Allocation Changes
Reporting changes for October 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
August	Medi-Cal	Other Pay	Quality Analytics - Purchased Services	\$67,000	Re-allocate funds to Quality Analytics Purchased Services for additional funds that is needed for CG-CAHPS survey	2017
August	Medi-Cal	Other Pay	Community Relations - Professional Fees & Printing	\$43,640	Re-allocate funds to Community Relations Professional Fees and Printing budgets for contracts with Tony Lam and Communications Lab and printing costs of Community Option Fair	2017
August	Medi-Cal	IS-Application Management - Purchased Services - Healthcare Productivity Automation	IS-Application Management - Purchased Services - Direct Hire Fees	\$10,957	Re-purpose funds from Purchased Services (Healthcare Productivity Automation) to pay for Direct Hire fees	2017
August	Medi-Cal	Other Pay	IS-Application Development - Comp Supplies/Minor Equipments	\$20,400	Re-allocate funds to cover costs of DocuSign, Box, and Primal Script 2016	2017
August	Medi-Cal	Claims Administration - Purchased Services	Claims Administration - Office Supplies, Training & Seminars, Printing	\$15,000	Re-allocate funds from Purchased Services (Integration of Claim Editing Software & Inventory Management Forecasting) to Office Supplies, Training & Seminars, and Printing to better meet department's needs	2017
September	Medi-Cal	Health Education & Disease Management - Professional Fees	Health Education & Disease Management - Other Operating Expenses	\$30,000	Re-allocate funds from Professional Fees (Childhood Obesity Program Design & Evaluation) to Member & Provider Incentives to support incentives for the Group Needs Assessment (GNA) and other Health Education / Disease Management activities.	2017
October	Capital	Facilities - Relocate Trash Enclosure	Facilities - 505 Sound Recording System	\$50,555	Re-allocate from Relocate Trash Enclosure project for additional funds that are needed for the 505 Sound Recording System project.	2017
October	Medi-Cal	IS-Infrastructure - Professional Fees - Enterprise Identity Access Management	IS-Infrastructure - Software Maintenance - Security Solution Annual Maintenance	\$21,041	Re-allocate from Professional Services for an Enterprise Identity Access Management to HW/SW Maintenance for Information Security Data Loss Prevention Solution Annual Maintenance.	2017
October	Medi-Cal	Facilities - Computer Supply/Minor Equipment - Office Furniture & Equipment	Facilities - Computer Supply/Minor Equipment - Other Articles of Minor Equipment	\$27,000	Repurpose funds in Comp supply/minor equipment for re-upholstering chairs in the member service lobby and other minor equipment expenses to better meet the Department's need.	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.

Contingency Contract Report

CalOptima Active Contingency Contracts			Q1 FY17		invoiced and paid as of 10/28/2016												
Quarterly & Annual Medical Cost Savings or Additional Revenue and Fees Paid																	
	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16 *	FY17								
	Total	Total	Total	Total	Total	Total	Total	Total	Qtr 1 ***	Qtr 2	Qtr 3						
MEDICAL COST																	
<i>HMS - Coordination of Benefits i.e. ensure Medi-Cal is the payor of last resort - (expires 5/14/17)</i>																	
Savings	\$ 1,189,393	\$ 2,811,751	\$ 1,937,748	\$ 2,565,125	\$ 2,346,048	\$ 1,444,807	\$ 3,336,995	\$ 3,954,564	\$ 341,469								
Fee	\$ 297,348	\$ 702,938	\$ 484,359	\$ 641,281	\$ 586,762	\$ 361,202	\$ 794,557	\$ 909,550	\$ 78,538								
Net Savings	\$ 892,045	\$ 2,108,813	\$ 1,453,389	\$ 1,923,843	\$ 1,759,286	\$ 1,083,605	\$ 2,542,438	\$ 3,045,014	\$ 262,931	-	-						
<i>Verscend (Verisk/HCI) - Claims review for appropriate billing - (expires 12/31/16)</i>																	
Savings	\$ 164,913	\$ 2,397,831	\$ 3,385,560	\$ 2,517,497	\$ 2,817,113	\$ 2,647,841	\$ 3,562,859	\$ 3,524,096	\$ 840,327								
Fee	\$ 37,165	\$ 483,209	\$ 691,554	\$ 559,136	\$ 595,632	\$ 727,333	\$ 1,371,137	\$ 638,601	\$ 114,687								
Net Savings	\$ 127,748	\$ 1,914,622	\$ 2,694,006	\$ 1,958,361	\$ 2,221,482	\$ 1,920,508	\$ 2,191,722	\$ 2,885,495	\$ 725,640	-	-						
<i>Verscend (Verisk/HCI)/ TAG - Facility claims forensic review **</i>																	
Savings		-	\$ 900,976	\$ 1,362,980	\$ 3,516,297	\$ 3,727,308	\$ 16,538,781	\$ 3,726,475	\$ 335,139								
Fee		-	\$ 270,293	\$ 408,904	\$ 1,054,889	\$ 1,118,193	\$ 2,008,000	\$ 791,798	\$ 100,542								
Net Savings	-	-	\$ 630,683	\$ 954,076	\$ 2,461,408	\$ 2,609,114	\$ 14,530,781	\$ 2,934,678	\$ 234,597	-	-						
TOTAL																	
Savings	\$ 1,354,306	\$ 5,209,582	\$ 6,238,068	\$ 6,767,087	\$ 8,758,803	\$ 7,853,309	\$ 23,438,635	\$ 11,205,135	\$ 1,516,935	-	-						
Fee	\$ 334,514	\$ 1,186,146	\$ 1,449,652	\$ 1,679,749	\$ 2,253,713	\$ 2,211,134	\$ 4,173,694	\$ 2,339,948	\$ 293,767	-	-						
Net Savings	\$ 1,019,792	\$ 4,023,436	\$ 4,788,416	\$ 5,087,338	\$ 6,505,090	\$ 5,642,175	\$ 19,264,941	\$ 8,865,186	\$ 1,223,168	\$ -	\$ -						
REVENUE																	
<i>Human Arc - SSI Outreach & Aid Code Conversion - (expires 12/31/16)</i>																	
Capitation Revenue				\$ 1,723,235	\$ 4,526,183	\$ 5,231,987	\$ 6,539,353	\$ 7,782,145	\$ 2,153,858								
Fee				\$ 501,700	\$ 345,100	\$ 285,650	\$ 232,092	\$ 301,556	\$ 57,876								
Total Net Revenue	-	-	-	\$ 1,221,535	\$ 4,181,083	\$ 4,946,337	\$ 6,307,261	\$ 7,480,589	\$ 2,095,982	\$ -	\$ -						
Note:																	
*Previously outstanding data for Verisk Q4 FY16 has been added																	
**Verisk (HCI) is completing Forensic Reviews as of 1/1/2015																	
***Verisk September 2016 invoice outstanding																	

Board of Directors' Finance and Audit Committee Meeting November 17, 2016

Shared Risk Pool Performance Update

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

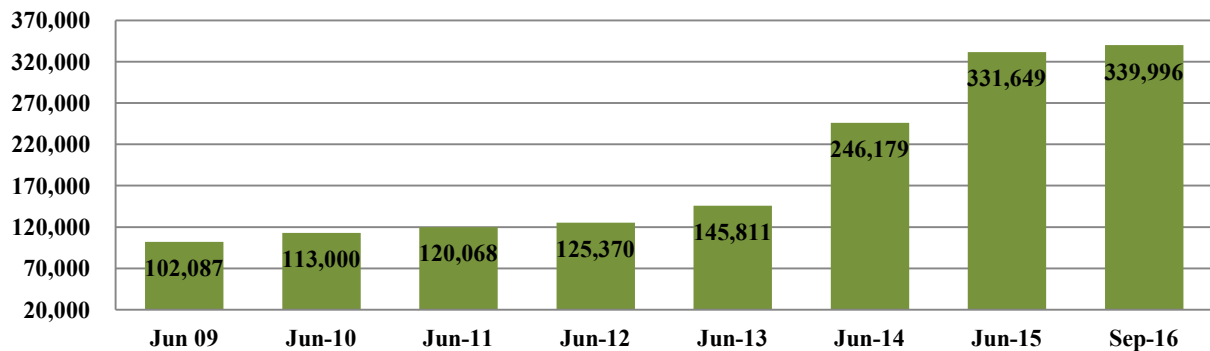
Effective Dates:

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

Enrollment

- SRGs are serving approximately 340,000 members. This represents about 44% of CalOptima's Medi-Cal enrollment.

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



Pool Performance - (Classic + MCE)

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	-	57,225,077	22,890,031	34,335,046	7	0	7
2015*	-	87,266,163	34,906,465	52,359,698	7	0	7
2016*	-	90,292,670	36,117,068	54,175,602	7	0	7
	\$ (22,325,123)	\$277,532,686	\$108,038,921	\$147,168,643			

*Note: IBNR for MCE population is based on 85% MLR. If IBNR is calculated based on the actual paid claims experience,

- FY2015 surplus on MCE only = \$335,751,485, CalOptima Shared (40%) = \$134,300,594, and Group Shared (60%) = \$201,450,891
- FY2016 surplus on MCE only = \$382,708,047, CalOptima Shared (40%) = \$153,083,219, and Group Shared (60%) = \$229,624,828

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OneCare: As of September 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.

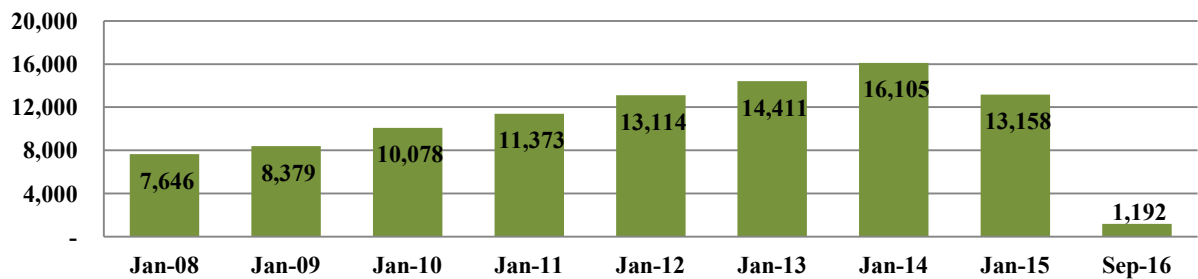
Effective Dates:

- 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	<u>(13,378)</u>	<u>207,863</u>	<u>96,690</u>	<u>97,796</u>	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: As of September 30, 2016, OneCare Connect currently has total seven (8) Shared Risk Groups (SRGs).

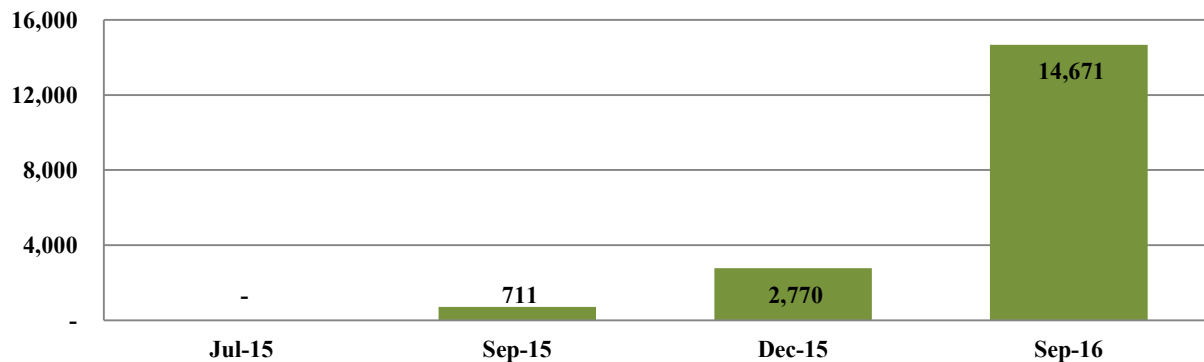
Effective Dates:

- 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

- SRGs are serving approximately 14,700 members. This represents about 83% of CalOptima's OneCare Connect enrollment.

**OneCare Connect Shared Risk Groups (SRG)
Enrollment**



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
2016Q3	-	1,818,744	909,372	909,372	8	0	8
	-	\$1,853,907	\$926,954	\$926,954			

Group shared deficit limited to \$5.00 PMPM

*Note: IBNR is calculated based on updated CY2015 MLR

**Board of Directors' Finance and Audit Committee Meeting
November 17, 2016**

Quarterly Reinsurance Report

**Summary of Reinsurance Payments Made by CalOptima to Contracted Medi-Cal
Providers for Policy Years (PY) 2016 and 2017**

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 2016 and PY 2017 as of September 30, 2016.

	PY 2016	PY 2017
Total Budgeted Reinsurance Costs	\$ 4,680,964	\$ 4,628,918*
Amount paid through September 30, 2016	\$ 1,924,941	\$ 38,257
Remaining Budget Amount by PY	\$ 2,756,023	\$ 4,590,661
Total Accrued Liability as of September 30, 2016	\$ 3,718,327	\$ 1,267,328
Under/(Over) Budget	\$ (962,304)	\$ 3,323,333

* Reinsurance costs were budgeted for PY 2017 under provider capitation because reinsurance was expected to be incorporated into provider capitation during the budget development cycle.

Future claims for PY 2016 are estimated at \$3.7 million. Claims for PY 2017 will be accepted through December 31, 2017, with future payments estimated at \$5.2 million.

PY 2016 and PY 2017 thresholds remain at \$13,000 Professional and \$100,000 Hospital.

Policy Years:

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

PY 2017 = Fiscal Year 2017 (July 1, 2016, through June 30, 2017)

Board of Directors' Finance and Audit Committee Meeting November 17, 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 April 30, 2016, all other Health Network entities were required to submit their unaudited financial statements for the period ending June 30, 2016.

Results of the June 30, 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, OneCare, and OneCare Connect Total Current Balance = \$20.2M



CalOptima
Better. Together.

Purchasing Report

**Board of Directors' Finance and Audit Committee Meeting
November 17, 2016**

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

Quarterly Purchasing Reports Commitments

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

<i>Nature of Services</i>	<i>FY17 Q1 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 2017</i>	<i>Remaining Amount on Contract</i>	<i>Expires</i>
Employment Ad Placement	\$105,000	CareerBuilder LLC	Sole Source	New	\$ 105,000	105,000	0	7/28/2017
PACE Meals	\$120,000	Lifespring Nutrition	One Proposal Received	New	\$ 120,000	40,595	79,405	6/30/2017
Breach Remediation*	\$0	IDT911, LLC	Informal Bid	New	\$ 122,980	-	122,980	10/31/2017
Financial Reporting	\$128,282	Microstrategy Services Inc	Renewal	Microstrategy Services Inc	\$ 128,282	-	128,282	9/19/2017
Financial Auditing	\$131,500	Moss Adams LLP	Renewal	Moss Adams LLP	\$ 131,500	106,224	25,276	5/20/2018
Payroll	\$170,000	Ceridian	Renewal	Ceridian	\$ 170,000	75,070	94,930	6/30/2017
TANF to SSI Conversion	\$175,000	Human Arc Corporation of Ohio	Renewal	Human Arc Corporation of Ohio	\$ 175,000	38,584	136,416	12/31/2016
After Hours Phone Service	\$185,000	Ansafone Communications	One Proposal Received	New	\$ 185,000	45,193	139,807	8/31/2016
Back-up Data Center	\$196,000	Orange County Treasurer-Tax	Renewal	Orange County Treasurer-Tax	\$ 196,000	-	196,000	2/28/2018

* As this was an emergency purchase following the policy, the Breach Remediation was presented and approved by the Board at the Nov 2nd, 2016 Board Meeting.

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Quarterly Purchasing Reports Commitments

<i>Nature of Services</i>	<i>FY17 Q1 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 2017</i>	<i>Remaining Amount on Contract</i>	<i>Expires</i>
Disaster Recovery Plan	\$230,701	HP Enterprise Services LLC	Renewal	HP Enterprise Services LLC	\$ 230,701	57,675	173,026	6/30/2018
Medical Therapy Management Software Maintenance	\$240,000	Clinical Support Services, Inc.	Renewal	Clinical Support Services, Inc.	\$ 240,000	28,715	211,285	3/31/2017
Hospital and ER Admission Reporting	\$240,000	eCEDA Technologies	Renewal	eCEDA Technologies	\$ 240,000	40,000	200,000	6/30/2017
Phone System Upgrade - Redundancy	\$241,899	Intelli-Flex Inc	Renewal	Intelli-Flex Inc	\$ 241,899	-	241,899	12/31/2016
Claims Clearinghouse Services	\$267,133	Change Healthcare Solutions, LLC	Renewal	Change Healthcare Solutions, LLC	\$ 267,133	69,034	198,099	6/30/2017
Temp Help for the Data Warehouse	\$271,785	Teksystems Inc.	Sole Source	Teksystems Inc.	\$ 271,785	-	271,785	6/30/2017
Fulfillment Services for Member Mailings	\$281,200	Dome Printing	Renewal	Dome Printing	\$ 281,200	87,870	193,330	7/16/2018
Claims Scanning	\$284,740	Imagenet LLC	Renewal	Imagenet LLC	\$ 284,740	39,024	245,716	12/31/2017
Exclusion and Credentialing Monitoring	\$300,360	LexisNexis	Renewal	LexisNexis	\$ 300,360	234,000	66,360	7/31/2017
FACETS Hardware and Software Upgrades	\$326,191	Nth Generation Computing Inc	Renewal	Nth Generation Computing Inc	\$ 326,191	326,191	0	8/31/2016

Quarterly Purchasing Reports Commitments

<i>Nature of Services</i>	<i>FY17 Q1 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 2017</i>	<i>Remaining Amount on Contract</i>	<i>Expires</i>
OCC Fitness Benefit	\$375,000	American Specialty Health Fitness Inc	Two Proposals Received	New	\$ 375,000	-	375,000	12/31/2018
Daily Member Mailings	\$443,974	Dome Printing	Renewal	Dome Printing	\$ 443,974	139,822	304,152	7/16/2018
Investment Advisory Services	\$450,000	Wells Capital Management Inc	Renewal	Wells Capital Management Inc	\$ 450,000	64,008	385,992	3/31/2017
EDI Clearinghouse Services	\$485,345	Office Ally, LLC	Renewal	Office Ally, LLC	\$ 485,345	87,517	397,828	6/30/2017
Investment Advisory Services	\$560,000	Payden & Rygel	Renewal	Payden & Rygel	\$ 560,000	-	560,000	3/31/2017
Citrix Farm Expansion	\$583,129	Nth Generation Computing Inc	Sole Source	Nth Generation Computing Inc	\$ 583,129	-	583,129	10/20/2016
Investment Advisory Services	\$680,000	Logan Circle Partners LP	Renewal	Logan Circle Partners LP	\$ 680,000	78,892	601,108	3/31/2017
Tranportation for PACE Participants	\$850,000	Secure Transportation	One Proposal Received	New	\$ 850,000	166,684	683,316	6/30/2017
Member Portal	\$900,000	Unlimited Innovations Inc	Renewal	Unlimited Innovations Inc	\$ 900,000	-	900,000	6/30/2017
Network Cyberattack Detection Software	\$906,827	Tevora Business Solutions Inc	Two Proposals Received	Websense	\$ 906,827	-	906,827	9/7/2017

Quarterly Purchasing Report – In Process

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

<i>Nature of Services</i>	<i>Procurement Status</i>
<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 with 11 vendors
<u>HP Services Partner</u> 16-068	RFP issued 5/9/16 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 Five Proposals received Staff is evaluating proposals
<u>Commercial Banking</u> 16-072	RFP issued 3/31/16 5 proposals received Staff is negotiating contract terms

Quarterly Purchasing Report – In Process

<i>Nature of Services</i>	<i>Procurement Status</i>
<u>Medical Loss Reporting (MLR) Consulting</u> 16-095	RFP issued 6/16/16 3 proposals received Staff is negotiating contract terms
<u>Organ Transplant Network</u> 17-009	RFP issued 9/20/16 Proposals are due 11/15
<u>Compensation Study</u> 17-005	RFP issued 8/8/16 5 proposals received Staff is negotiating contract terms
<u>Great Plains Partner</u> 17-013	RFP issued 9/19/16 4 proposals received Staff is negotiating contract terms
<u>National Legislative Services</u> 17-006	RFP issued 9/8/16 Proposals are due 10/13
<u>DRG Review</u> 17-011	RFP issued 9/20/2016 Proposals are due 11/3
<u>Extreme Networks</u> 17-014	RFP issued 9/28/16 Proposals due 10/10