



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

**THURSDAY, NOVEMBER 19, 2015  
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

Peter Agarwal

Mark Refowitz

Mike Ryan

CHIEF EXECUTIVE OFFICER

Michael Schrader

CHIEF COUNSEL

Gary Crockett

CLERK OF THE BOARD

Suzanne Turf

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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 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](http://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 within the subject matter 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. September 21, 2015 Special Meeting and the May 21, 2015 Regular Meeting of the CalOptima Board of Directors' Finance and Audit Committee
  - b. Receive and File Minutes of the July 27, 2015 Meeting of the CalOptima Board of Directors' Investment Advisory Committee

## **REPORTS (Items 3-7)**

3. [Recommend Board of Directors Approval of Proposed Changes to CalOptima's Annual Investment Policy for Calendar Year 2016](#)
4. [Recommend Board of Directors Authorize Contract with an Additional Investment Manager for CalOptima's Operating and Tier One Investment Accounts; Recommend Authorization to Allocate these Assets 50/50 Between the Current Investment Manager and the Additional Investment Manager](#)
5. [Receive and File Quarterly Internal Audit Report](#)
6. [Recommend Modification to Fiscal Year \(FY\) 2015 Internal Audit Plan; Approve FY 2016 Internal Audit Plan; and Repurpose Budgeted but Unused Funds from FY 2015-16 Operating Budget to Offset the Cost of the FY 2016 Internal Audit Plan](#)
7. [Recommend Approval of Proposed Revisions to CalOptima Policy GA.3001: Board-designated Reserve Funds](#)

## **INFORMATION ITEMS (Items 8-14)**

8. [September 2015 Financial Statements](#)
9. [CalOptima Community Network Budget Update](#)

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

#### **COMMITTEE MEMBER COMMENTS**

#### **ADJOURNMENT**

**NEXT REGULAR MEETING:** Thursday, February 18, 2015 at 2:00 p.m.

## Board of Directors' Finance and Audit Committee Meeting November 19, 2015

### Quarterly Treasurer's Report July 1, 2015 through September 30, 2015

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#### Overview

To fulfill the requirements of Government Code Section 53646(b) and the 2015 Annual Investment Policy adopted by CalOptima's Board of Directors on December 4, 2014, the Treasurer submits this quarterly investment report for the period July 1, 2015 through September 30, 2015.

Meketa Investment Group, Inc., completed an independent compliance review of the monthly investment reports prepared by CalOptima's two (2) investment managers: Logan Circle Partners and Payden & Rygel. The review found that all investments were compliant with Government Code Section 53600 *et seq*, and CalOptima's 2015 Annual Investment Policy.

#### Portfolio Summary

As of September 30, 2015, the market values of the Short-Term Operating and Restricted Reserve portfolios are as follows:

	Payden & Rygel	Logan Circle	Total
<b>Short-Term Operating</b>	\$1,222,531,402	--	\$1,222,531,402
<b>Board Designated Reserves</b>			
Tier 1	\$381,754,980	--	\$381,754,980
Tier 2	--	\$87,820,150	\$87,820,150
<b>Total</b>	<b>\$1,604,286,382</b>	<b>\$87,820,150</b>	<b>\$1,692,106,532</b>

#### 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, 2015, demonstrating funds in excess to satisfy minimum requirements.

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

Reserve Name	Market Value	Benchmark		Variance	
		<i>Low 1.4</i>	<i>High 2.0</i>	<i>Low 1.4</i>	<i>High 2.0</i>
Tier 1 - Payden & Rygel	\$381,754,980	\$271,155,482	\$424,060,135	\$110,599,498	(\$42,305,156)
All Non-current Assets (Excludes software and Working Capital deficits)	\$49,647,736	-	-	\$49,647,736	\$49,647,736
Tier 1 and Assets Total:	\$431,402,716	\$271,155,482	\$424,060,135	\$160,247,234	\$7,342,580

**B) CalOptima's Regulatory Compliance Requirements**

Reserve Name	Market Value	Regulatory Compliance Requirements		Variance	
		<i>TNE</i>	<i>TNE</i>	<i>TNE</i>	<i>TNE</i>
Tier 2 - Logan Circle *Transferred \$7M in Aug 2015	\$87,820,150	\$85,622,043	\$85,622,043	\$2,198,107	\$2,198,107
<b>Consolidated:</b>	<b>\$519,222,865</b>	<b>\$356,777,525</b>	<b>\$509,682,178</b>	<b>\$162,445,340</b>	<b>\$9,540,687</b>
<i>Compliance Level</i>	<i>2.0</i>	<i>1.4</i>	<i>2.0</i>	-	-

After transferring \$7 million from the operating portfolio to Tier 2 reserve in August 2015, CalOptima met the minimum level of Board-designated reserve funds with a surplus of \$162,445,340 for the first quarter of Fiscal Year 2015-2016. CalOptima will continue to monitor liquidity requirements for the next twelve (12) months, and will transfer funds from Short-Term Operating to Board-designated reserves, if necessary, pursuant to CalOptima Policy GA.3001: Board-designated Reserve Funds.

**Attachment**

Quarterly Investment Report – July 1, 2015 through September 30, 2015

# FUND EVALUATION REPORT

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**CalOptima**

Quarterly Review  
September 30, 2015



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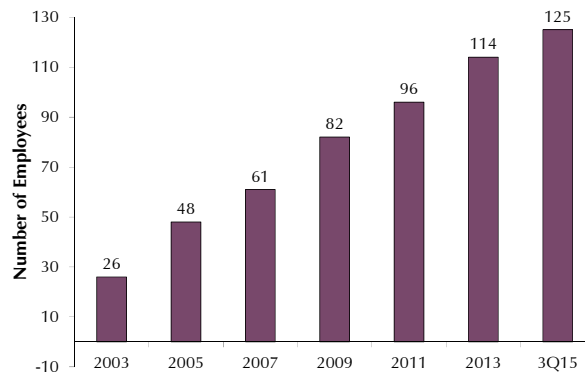
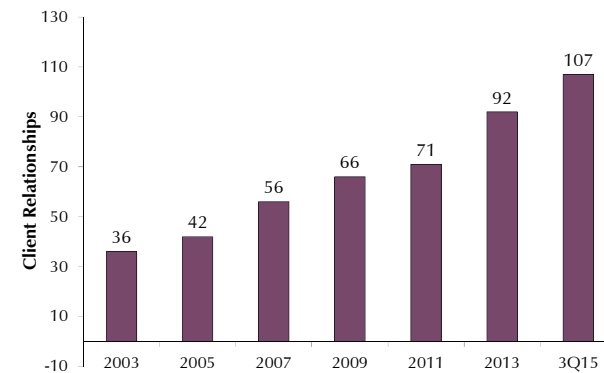
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1. **Corporate Update**
2. **Custom Peer Group**
3. **Fund Summary**
4. **Fund Detail**
5. **Portfolio Reviews**
6. **Quarterly Investment Report Supplement**
7. **Holdings**
8. **Disclaimer, Glossary, and Notes**

## **Meketa Investment Group Corporate Update**



- Staff of 125, including 75 investment professionals and 24 CFA Charterholders
- 107 clients, with over 180 funds throughout the United States
- Significant investment in staff and resources
- Offices in Boston, Miami, Portland (OR), San Diego, and London
- Clients have aggregate assets of over \$800 billion
  - Over \$20 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"> <li>- Passive</li> <li>- Enhanced Index</li> <li>- Large Cap</li> <li>- Midcap</li> <li>- Small Cap</li> <li>- Microcap</li> <li>- 130/30</li> </ul>	<ul style="list-style-type: none"> <li>- Large Cap Developed</li> <li>- Small Cap Developed</li> <li>- Emerging Markets</li> <li>- Frontier Markets</li> </ul>	<ul style="list-style-type: none"> <li>- Buyouts</li> <li>- Venture Capital</li> <li>- Private Debt</li> <li>- Special Situations</li> <li>- Secondaries</li> <li>- Fund of Funds</li> </ul>	<ul style="list-style-type: none"> <li>- Public REITs</li> <li>- Core Real Estate</li> <li>- Value Added Real Estate</li> <li>- Opportunistic Real Estate</li> <li>- Infrastructure</li> <li>- Timber</li> <li>- Natural Resources</li> <li>- Commodities</li> </ul>	<ul style="list-style-type: none"> <li>- Short-Term</li> <li>- Core</li> <li>- Core Plus</li> <li>- TIPS</li> <li>- High Yield</li> <li>- Bank Loans</li> <li>- Distressed</li> <li>- Global</li> <li>- Emerging Markets</li> </ul>	<ul style="list-style-type: none"> <li>- Long/Short Equity</li> <li>- Event Driven</li> <li>- Relative Value</li> <li>- Fixed Income Arbitrage</li> <li>- Multi Strategy</li> <li>- Market Neutral</li> <li>- Global Macro</li> <li>- Fund of Funds</li> <li>- Portable Alpha</li> </ul>

## Custom Peer Group

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**Custom Peer Group**

- CalOptima requested the addition of peer universes to performance reports. Given CalOptima's unique investment guidelines, traditional fixed income peer universes 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 more accurate performance comparison.
  - For this analysis, the combined eVestment and Morningstar universe was pared down from last quarter's universe by eliminating funds with exposure to securities with below-"A"-rated<sup>11</sup> credit.
  - Two unique buckets were established based on each portfolio's average effective duration relative to the Barclays 1-3 Year Government/Credit index (Tier One peer group) and the Merrill Lynch 1-5 year Government/Credit index (Tier Two peer group).
  - The Tier One peer group consists of sixteen strategies with an average effective duration of 1.5 years, while the Tier Two peer group consists of seven strategies with an average effective duration of 2.3 years.
- Please note that the analysis is as of June 30, 2015, as the universe of investment managers that had reported data as of September 30, 2015 was very small at the date that these materials were due (October 14, 2015).
- It is important to note that this analysis is based on a small universe.

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<sup>11</sup> This represents an improvement over the peer rankings in Meketa Investment Group's previous peer ranking report for the first quarter of 2015, which included strategies in the peer groups with exposure to "BBB"-rated credit.

## Custom Peer Group (continued)

Gross of Fees Returns as of 6/30/15	2Q 2015 (%)	YTD 2015 (%)	1 Year (%)	3 Years (%)	5 Years (%)	10 Years (%)
Tier One: Payden Low Duration	0.1	0.7	0.9	0.8	1.0	3.3
Median Return	0.1	0.7	0.9	0.9	1.2	2.9
Return Percentile	17	42	48	85	87	1

Gross of Fees Returns as of 6/30/15	2Q 2015 (%)	YTD 2015 (%)	1 Year (%)
Tier Two: Logan Circle STAMP 1-5 Year	-0.0	0.9	1.5
Median Return	0.0	0.7	1.2
Return Percentile	65	18	1

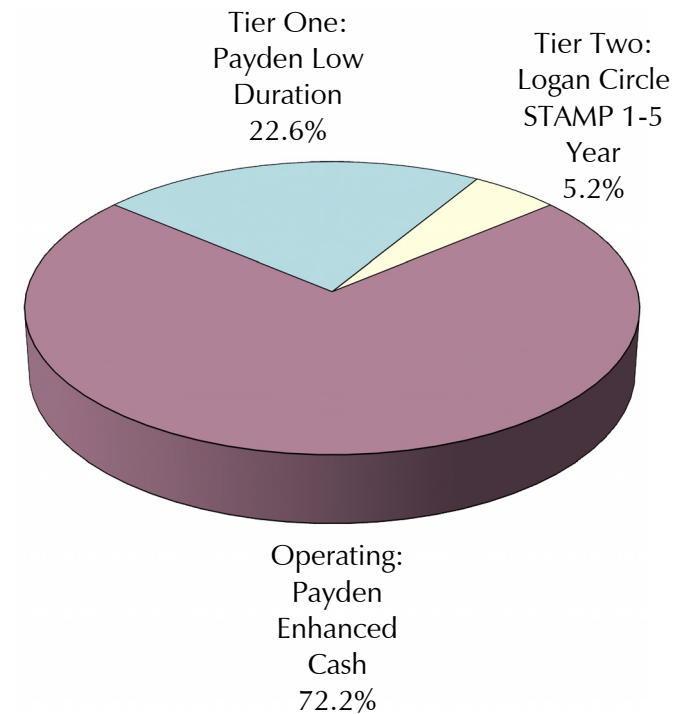
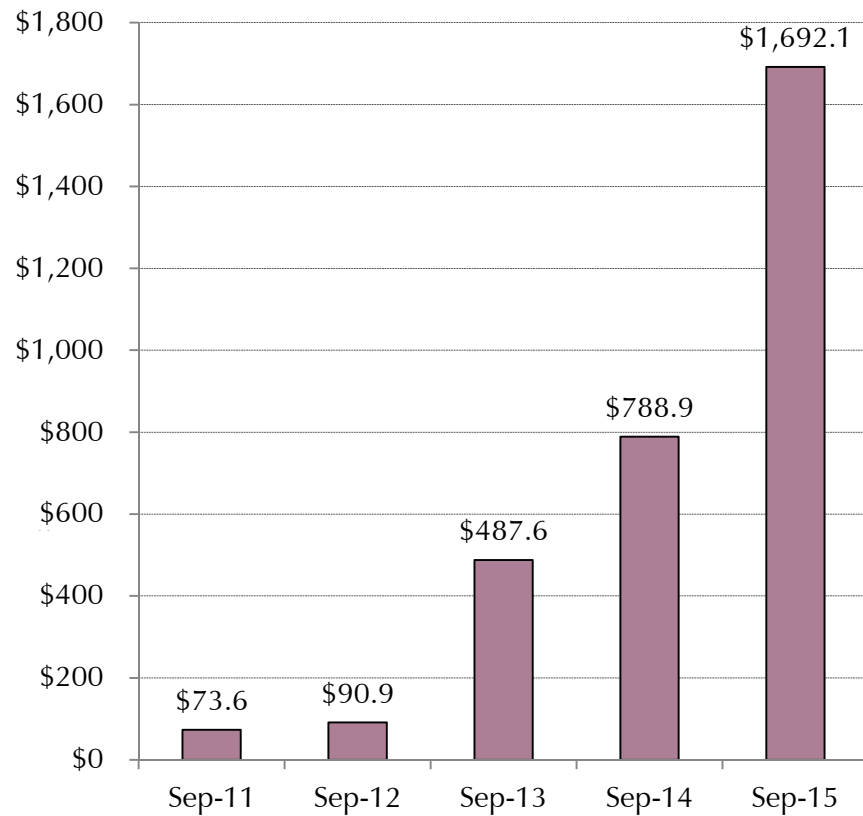
## Custom Peer Group (continued)

Standard Deviation as of 6/30/15	1 Year (%)	3 Years (%)	5 Years (%)	10 Years (%)
Tier One: Payden Low Duration	0.7	0.5	0.6	1.3
Median Standard Deviation	0.5	0.4	0.6	1.6
Standard Deviation Percentile	87	61	72	22

Standard Deviation as of 6/30/15	1 Year (%)
Tier Two: Logan Circle STAMP 1-5 Year	1.3
Median Standard Deviation	0.7
Standard Deviation Percentile	99

- For 'Standard Deviation Percentile', 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.

## **Fund Summary As of September 30, 2015**





	Market Value 9/30/15 (\$ mm)	% of Fund	Market Value 6/30/15 (\$ mm)
<b>Total Fund</b>	<b>1,692.1</b>	<b>100</b>	<b>1,214.7</b>
Fixed Income	469.6	28	460.6
Cash	1,222.5	72	754.0

	Market Value 9/30/15 (\$ mm)	% of Asset Class	% of Fund	3Q15 Net Cash Flows (\$ mm)	Market Value 6/30/15 (\$ mm)
<b>Total Fund</b>	<b>1,692.1</b>	<b>NA</b>	<b>100</b>	<b>474.6</b>	<b>1,214.7</b>
<b>Fixed Income Assets</b>	<b>469.6</b>	<b>100</b>	<b>28</b>	<b>7.0</b>	<b>460.6</b>
Tier One: Payden Low Duration	381.8	81	23	0.0	380.5
Tier Two: Logan Circle STAMP 1-5 Year	87.8	19	5	7.0	80.1
<b>Cash</b>	<b>1,222.5</b>	<b>100</b>	<b>72</b>	<b>467.6</b>	<b>754.0</b>
Operating: Payden Enhanced Cash	1,222.5	100	72	467.6	754.0

	3Q15 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
<b>Total Fund</b>	<b>0.179</b>	<b>0.476</b>	<b>0.549</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>4/1/13</b>	<b>NA</b>
Fixed Income	0.413	1.088	1.327	NA	NA	NA	4/1/13	NA
<i>Merrill Lynch Treasury 1-3 Year</i>	<i>0.312</i>	<i>0.981</i>	<i>1.158</i>	<i>0.675</i>	<i>0.758</i>	<i>2.538</i>		<i>0.741</i>
Cash	0.077	0.184	0.188	0.150	0.151	1.382	7/1/99	2.102
<i>Citigroup 3-month U.S. Treasury Bill Index</i>	<i>0.006</i>	<i>0.016</i>	<i>0.020</i>	<i>0.041</i>	<i>0.057</i>	<i>1.259</i>		<i>1.910</i>

	3Q15 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
<b>Total Fund</b>	<b>0.179</b>	<b>0.476</b>	<b>0.549</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>4/1/13</b>	<b>NA</b>
<b>Fixed Income</b>	<b>0.413</b>	<b>1.088</b>	<b>1.327</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>4/1/13</b>	<b>NA</b>
Tier One: Payden Low Duration	0.322	1.011	1.179	0.771	0.906	2.788	7/1/99	3.301
Net of Fees	0.304	0.938	1.078	0.657	0.780	NA		NA
<i>Merrill Lynch Treasury 1-3 Year</i>	0.312	0.981	1.158	0.675	0.758	2.538		3.247
<i>Merrill Lynch Gov't/Corp 1-3 Year</i>	0.284	1.024	1.159	0.903	1.098	2.852		3.571
Tier Two: Logan Circle STAMP 1-5 Year	0.817	1.769	2.354	NA	NA	NA	4/1/13	1.320
Net of Fees	0.775	1.643	2.184	NA	NA	NA		1.152
<i>Merrill Lynch 1-5 Year Treasury</i>	0.703	1.651	2.146	0.912	1.251	3.174		1.016
<i>Merrill Lynch Corp/Gov't 1-5 Year</i>	0.586	1.602	2.007	1.223	1.681	3.463		1.254
<b>Cash</b>	<b>0.077</b>	<b>0.184</b>	<b>0.188</b>	<b>0.150</b>	<b>0.151</b>	<b>1.382</b>	<b>7/1/99</b>	<b>2.102</b>
Operating: Payden Enhanced Cash	0.077	0.184	0.188	0.150	0.151	1.382	7/1/99	2.102
Net of Fees	0.060	0.113	0.090	0.037	0.027	NA		NA
<i>Citigroup 3-month U.S. Treasury Bill Index</i>	0.006	0.016	0.020	0.041	0.057	1.259		1.910

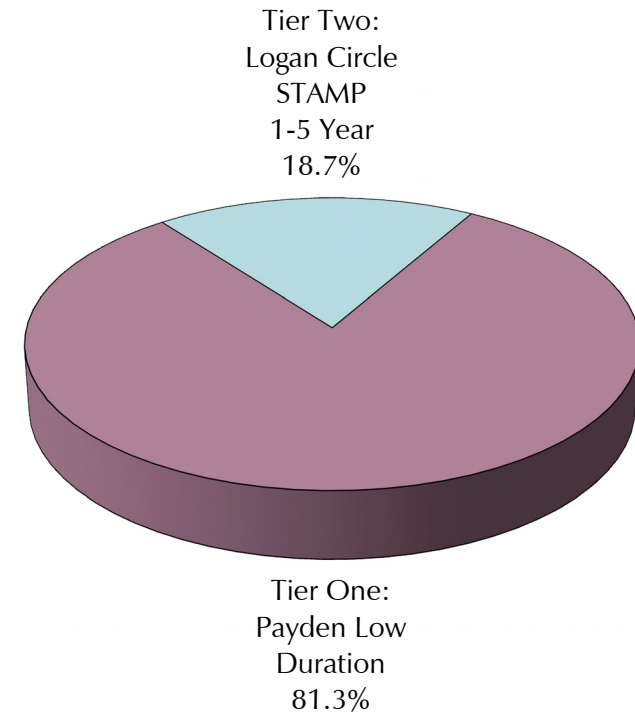
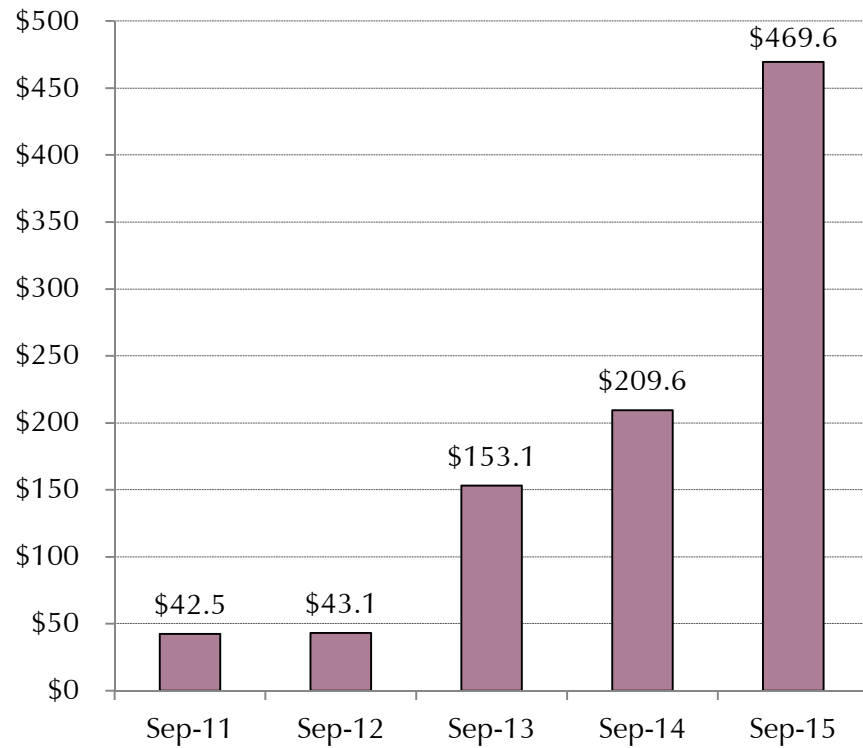
	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
<b>Total Fund</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Fixed Income	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Merrill Lynch Treasury 1-3 Year</i>	0.618	0.358	0.434	1.554	2.348	0.784	6.609	7.316	3.963	1.668
Cash	0.137	0.096	0.119	0.184	0.133	0.287	1.838	5.050	5.037	3.128
Net of Fees	0.028	-0.029	-0.019	0.042	-0.010	0.146	NA	NA	NA	NA
<i>Citigroup 3-month U.S. Treasury Bill Index</i>	0.033	0.050	0.072	0.076	0.130	0.163	1.797	4.738	4.760	3.000

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
<b>Total Fund</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Fixed Income</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Tier One: Payden Low Duration	0.752	0.434	1.118	1.752	2.023	2.485	6.716	6.817	4.348	1.851
Net of Fees	0.642	0.309	0.979	1.608	1.878	2.340	NA	NA	NA	NA
<i>Merrill Lynch Treasury 1-3 Year</i>	<i>0.618</i>	<i>0.358</i>	<i>0.434</i>	<i>1.554</i>	<i>2.348</i>	<i>0.784</i>	<i>6.609</i>	<i>7.316</i>	<i>3.963</i>	<i>1.668</i>
<i>Merrill Lynch Gov't/Corp 1-3 Year</i>	<i>0.780</i>	<i>0.705</i>	<i>1.479</i>	<i>1.562</i>	<i>2.817</i>	<i>3.833</i>	<i>4.694</i>	<i>6.874</i>	<i>4.253</i>	<i>1.751</i>
Tier Two: Logan Circle STAMP 1-5 Year	1.721	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	1.552	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Merrill Lynch 1-5 Year Treasury</i>	<i>1.238</i>	<i>-0.188</i>	<i>0.908</i>	<i>3.356</i>	<i>3.614</i>	<i>0.233</i>	<i>8.728</i>	<i>8.159</i>	<i>3.810</i>	<i>1.387</i>
<i>Merrill Lynch Corp/Gov't 1-5 Year</i>	<i>1.508</i>	<i>0.317</i>	<i>2.471</i>	<i>3.097</i>	<i>4.171</i>	<i>4.884</i>	<i>4.649</i>	<i>7.272</i>	<i>4.243</i>	<i>1.443</i>
<b>Cash</b>	<b>0.137</b>	<b>0.096</b>	<b>0.119</b>	<b>0.184</b>	<b>0.133</b>	<b>0.287</b>	<b>1.838</b>	<b>5.050</b>	<b>5.037</b>	<b>3.128</b>
<b>Net of Fees</b>	<b>0.028</b>	<b>-0.029</b>	<b>-0.019</b>	<b>0.042</b>	<b>-0.010</b>	<b>0.146</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Operating: Payden Enhanced Cash	0.137	0.096	0.119	0.184	0.133	0.287	1.838	5.050	5.037	3.128
Net of Fees	0.028	-0.029	-0.019	0.042	-0.010	0.146	NA	NA	NA	NA
<i>Citigroup 3-month U.S. Treasury Bill Index</i>	<i>0.033</i>	<i>0.050</i>	<i>0.072</i>	<i>0.076</i>	<i>0.130</i>	<i>0.163</i>	<i>1.797</i>	<i>4.738</i>	<i>4.760</i>	<i>3.000</i>

## Fund Detail

## Fixed Income Assets As of September 30, 2015





**Duration & Yield:**

Average Effective Duration (years)

Aggregate  
Fixed Income  
9/30/15

1.6

Merrill Lynch  
Treasury 1-3 Year  
9/30/15

1.8

Aggregate  
Fixed Income  
6/30/15

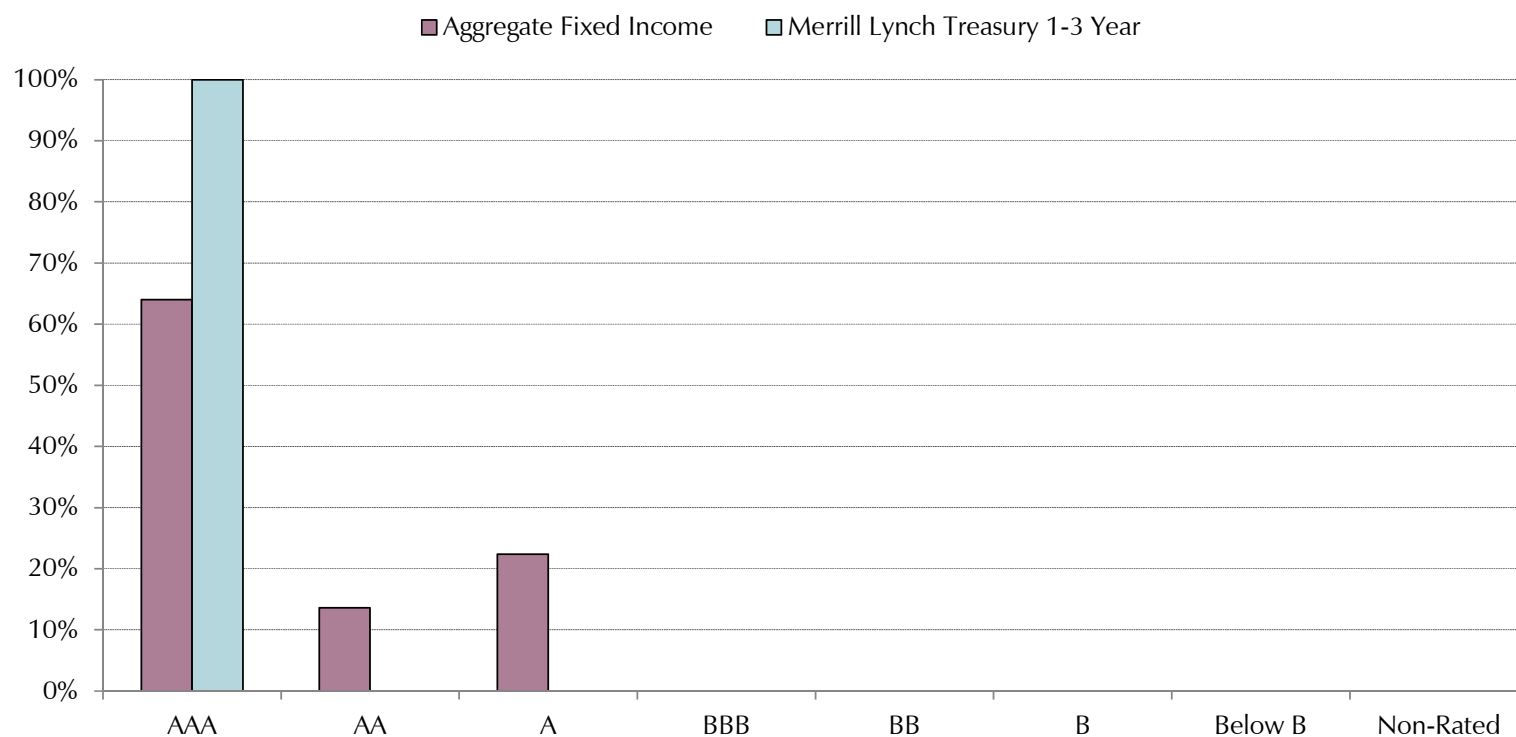
1.8

Yield to Maturity (%)

0.9

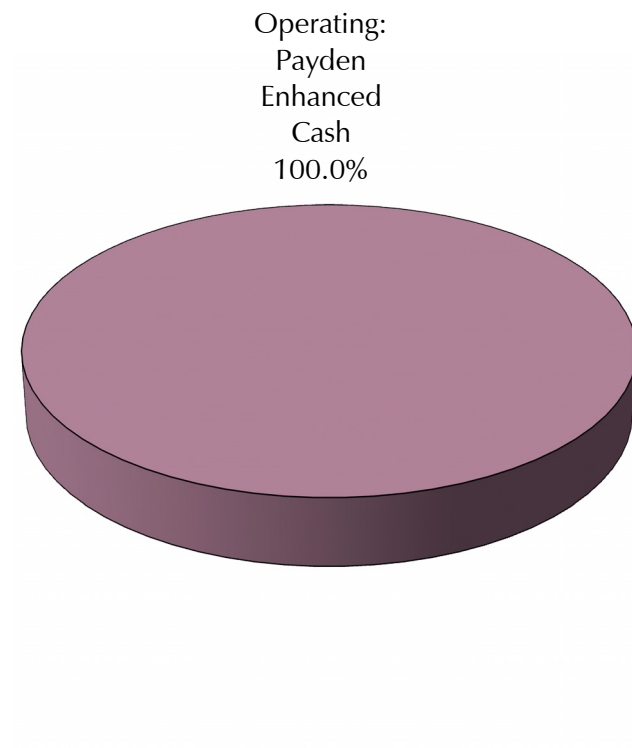
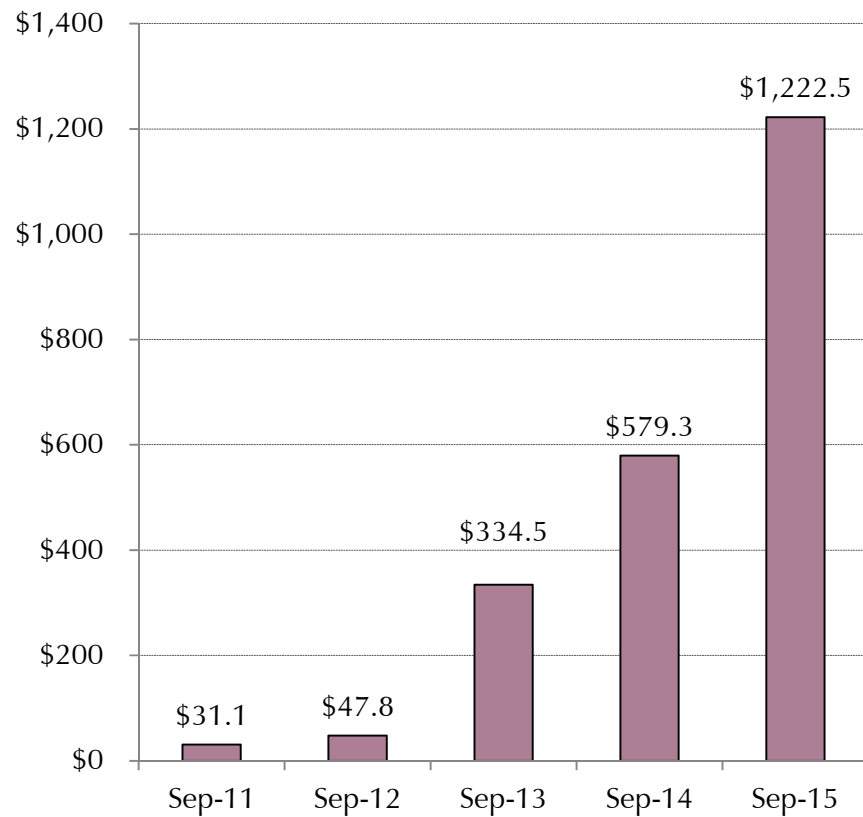
0.6

1.0



	Aggregate Fixed Income 9/30/15	Merrill Lynch Treasury 1-3 Year 9/30/15	Aggregate Fixed Income 6/30/15
<b>Market Allocation (%):</b>			
United States	100	100	100
Foreign (developed markets)	0	0	0
Foreign (emerging markets)	0	0	0
<b>Currency Allocation (%):</b>			
Non-U.S. Dollar Exposure	0	0	0
<b>Sector Allocation (%):</b>			
U.S. Treasury-Nominal	26	100	29
U.S. Treasury-TIPS	0	0	0
U.S. Agency	9	0	8
Mortgage Backed	2	0	2
Corporate	28	0	30
Bank Loans	0	0	0
Local & Provincial Government	6	0	6
Sovereign & Supranational	0	0	0
Commercial Mortgage Backed	3	0	4
Asset Backed	14	0	13
Cash Equivalent	1	0	1
Other	12	0	8

## Cash Equivalent Assets As of September 30, 2015



## **Portfolio Reviews**

### **As of September 30, 2015**

## Fixed Income Portfolio Reviews As of September 30, 2015

**Mandate:** Investment Grade Bonds  
**Active/Passive:** Active  
**Market Value:** \$381.8 million  
**Portfolio Manager:** Team  
**Location:** Los Angeles, California  
**Inception Date:** 7/1/1999  
**Account Type:** Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

**Fee Schedule:**  
 0.12% on the first \$250MM, 0.10% on next \$250MM, 0.08% on balance (assets aggregated)

**Liquidity Constraints:**  
 Daily

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

Performance (%):	3Q15	YTD	1 YR	3 YR	5 YR	Since 7/1/99
<b>Tier One: Payden Low Duration</b>	<b>0.3</b>	<b>1.0</b>	<b>1.2</b>	<b>0.8</b>	<b>0.9</b>	<b>3.3</b>
<b>Net of Fees</b>	<b>0.3</b>	<b>0.9</b>	<b>1.1</b>	<b>0.7</b>	<b>0.8</b>	<b>NA</b>
Merrill Lynch Treasury 1-3 Year	0.3	1.0	1.2	0.7	0.8	3.2
Merrill Lynch Gov't/Corp 1-3 Year	0.3	1.0	1.2	0.9	1.1	3.6
Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index	
<b>Tier One: Payden Low Duration</b>	<b>0.6%</b>	<b>1.00</b>	<b>1.40</b>	<b>0.66</b>	<b>0.93</b>	
Merrill Lynch Treasury 1-3 Year	0.6	1.00	1.24	NA	1.00	

	9/30/15		6/30/15	
	Tier One: Payden Low Duration	Merrill Lynch Treasury 1-3 Year	Tier One: Payden Low Duration	Merrill Lynch Treasury 1-3 Year
<b>Duration &amp; Yield:</b>				
Average Effective Duration (years)	1.4	1.8	1.6	1.8
Yield to Maturity (%)	0.9	0.6	0.9	0.6
<b>Quality Structure (%):</b>				
Average Quality	AA+	AAA	AA+	AAA
AAA (includes Treasuries and Agencies)	64	100	64	100
AA	12	0	12	0
A	24	0	25	0
BBB	0	0	0	0
BB	0	0	0	0
B	0	0	0	0
Below B	0	0	0	0
Non-Rated	0	0	0	0
<b>Sector Allocation (%):</b>				
U.S. Treasury-Nominal	23	100	28	100
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	10	0	8	0
Mortgage Backed	1	0	1	0
Corporate	29	0	30	0
Bank Loans	0	0	0	0
Local & Provincial Government	7	0	7	0
Sovereign & Supranational	0	0	0	0
Commercial Mortgage Backed	3	0	3	0
Asset Backed	16	0	16	0
Cash Equivalent	1	0	1	0
Other	11	0	7	0
<b>Market Allocation (%):</b>				
United States	100	100	100	100
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	0	0	0	0
<b>Currency Allocation (%):</b>				
Non-U.S. Dollar Exposure	0	0	0	0



## Tier Two: Logan Circle STAMP 1-5 Year Portfolio Detail as of 9/30/15

**Mandate:** Investment Grade Bonds  
**Active/Passive:** Active  
**Market Value:** \$87.8 million  
**Portfolio Manager:** Team  
**Location:** Philadelphia, Pennsylvania  
**Inception Date:** 4/1/2013  
**Account Type:** Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

**Fee Schedule:**

0.20% on the first \$25MM, 0.175% on the next \$25MM, and 0.10% thereafter.

**Liquidity Constraints:**

Daily

**Strategy:**

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

Performance (%):	3Q15	YTD	1 YR	Since 4/1/13
<b>Tier Two: Logan Circle STAMP 1-5 Year</b>	<b>0.8</b>	<b>1.8</b>	<b>2.4</b>	<b>1.3</b>
<b>Net of Fees</b>	<b>0.8</b>	<b>1.6</b>	<b>2.2</b>	<b>1.2</b>
Merrill Lynch 1-5 Year Treasury	0.7	1.7	2.1	1.0
Merrill Lynch Corp/Gov't 1-5 Year	0.6	1.6	2.0	1.3

	9/30/15		6/30/15	
	Tier Two: Logan Circle STAMP 1-5 Year	Merrill Lynch 1-5 Year Treasury	Tier Two: Logan Circle STAMP 1-5 Year	Merrill Lynch 1-5 Year Treasury
<b>Duration &amp; Yield:</b>				
Average Effective Duration (years)	2.5	2.7	2.7	2.7
Yield to Maturity (%)	1.2	0.9	1.4	0.9
<b>Quality Structure (%):</b>				
Average Quality	AA+	AAA	AA+	AAA
AAA (includes Treasuries and Agencies)	63	100	57	100
AA	21	0	22	0
A	16	0	21	0
BBB	0	0	0	0
BB	0	0	0	0
B	0	0	0	0
Below B	0	0	0	0
Non-Rated	0	0	0	0
<b>Sector Allocation (%):</b>				
U.S. Treasury-Nominal	40	100	34	100
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	8	0	10	0
Mortgage Backed	3	0	3	0
Corporate	23	0	29	0
Bank Loans	0	0	0	0
Local & Provincial Government	0	0	0	0
Sovereign & Supranational	0	0	0	0
Commercial Mortgage Backed	5	0	7	0
Asset Backed	5	0	2	0
Cash Equivalent	0	0	1	0
Other	15	0	15	0
<b>Market Allocation (%):</b>				
United States	100	100	100	100
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	0	0	0	0
<b>Currency Allocation (%):</b>				
Non-U.S. Dollar Exposure	0	0	0	0

## Cash Portfolio Review As of September 30, 2015

**Mandate:** Cash Equivalents  
**Active/Passive:** Active  
**Market Value:** \$1,222.5 million  
**Portfolio Manager:** Team  
**Location:** Los Angeles, California  
**Inception Date:** 7/1/1999  
**Account Type:** Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

**Fee Schedule:**  
0.12% on the first \$250MM, 0.10% on next \$250MM, 0.08% on balance (assets aggregated)

**Liquidity Constraints:**  
Daily

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

Performance (%):	3Q15	YTD	1 YR	3 YR	5 YR	Since 7/1/99
Operating: Payden Enhanced Cash	0.1	0.2	0.2	0.2	0.2	2.1
Net of Fees	0.1	0.1	0.1	0.0	0.0	NA
Citigroup 3-month U.S. Treasury Bill Index	0.0	0.0	0.0	0.0	0.1	1.9
Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure <sup>1</sup>	Info. Ratio	Correlation to Index	
Operating: Payden Enhanced Cash	0.1%	-0.20	1.65	1.64	-0.04	
Citigroup 3-month U.S. Treasury Bill Index	0.0	1.00	Neg.	NA	1.00	

	9/30/15		6/30/15	
	Operating: Payden Enhanced Cash	Citigroup 3-month U.S. Treasury Bill Index	Operating: Payden Enhanced Cash	Citigroup 3-month U.S. Treasury Bill Index
<b>Duration &amp; Yield:</b>				
Average Effective Duration (years)	0.4	0.2	0.5	0.2
Yield to Maturity (%)	0.3	0.1	0.4	0.1
<b>Quality Structure (%):</b>				
Average Quality	AAA	AAA	AAA	AAA
AAA (includes Treasuries and Agencies)	83	100	68	100
AA	7	0	13	0
A	10	0	18	0
BBB	0	0	0	0
BB	0	0	0	0
B	0	0	0	0
Below B	0	0	0	0
Non-Rated	0	0	0	0
<b>Sector Allocation (%):</b>				
U.S. Treasury-Nominal	37	100	33	100
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	27	0	13	0
Mortgage Backed	2	0	4	0
Corporate	16	0	28	0
Bank Loans	0	0	0	0
Local & Provincial Government	2	0	6	0
Sovereign & Supranational	0	0	0	0
Commercial Mortgage Backed	5	0	2	0
Asset Backed	3	0	7	0
Cash Equivalent	0	0	1	0
Other	7	0	7	0
<b>Market Allocation (%):</b>				
United States	100	100	100	100
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	0	0	0	0
<b>Currency Allocation (%):</b>				
Non-U.S. Dollar Exposure	0	0	0	0

<sup>1</sup> A negative Sharpe ratio indicated that the portfolio underperformed the risk-free rate during the sample period.

## Quarterly Investment Report Supplement

### Annual Investment Policy (2015) Maturity Requirements

Allowable Instruments	Maximum Permitted Maturity			Actual Maximum Maturity			Compliance
	Short-Term Operating Funds	Restricted Funds Tier One	Restricted Funds Tier Two	Short-Term Operating Funds	Restricted Funds Tier One	Restricted Funds Tier Two	
				<i>Payden &amp; Rygel</i>	<i>Payden &amp; Rygel</i>	<i>Logan Circle</i>	
U.S. Treasuries	450 days	5 years	5 years	366 days	2.38 years	4.92 years	Yes
U.S. Agencies	450 days	5 years	5 years	306 days	3.05 years	3.49 years	Yes
State & Local Obligations <sup>1</sup>	450 days	5 years	5 years	306 days	3.75 years	4.84 years	Yes
Negotiable Certificate of Deposit	1 year	1 year	1 year	0.41 years	0.41 years	NA	Yes
Commercial Paper	270 days	270 days	270 days	NA	NA	NA	Yes
Repurchase Agreements	30 days	30 days	30 days	NA	NA	NA	Yes
Medium Term Notes	450 days	5 years	5 years	259 days	4.62 years	4.41 years	Yes
Mortgage/ Asset-Backed	450 days	5 years	5 years	422 days	4.42 years	4.88 years	Yes
Variable & Floating Rate	450 days	5 years	5 years	92 days <sup>2</sup>	76 days	3.13 years	Yes

<sup>1</sup> Includes CA and any other state in the U.S.

<sup>2</sup> Effective Maturity.



### Annual Investment Policy (2015) Diversification Compliance

Allowable Instruments	Maximum (%)	Payden <sup>1</sup> (%)	Payden <sup>1</sup> (\$ mm)	Logan Circle (%)	Logan Circle (\$ mm)	Total (%)	Total (\$ mm)
U.S. Treasuries	100	33.7	541.3	35.3	31.0	33.8	572.3
U.S. Agencies	100	19.7	316.2	4.8	4.2	18.9	320.4
State & Local Obligations <sup>2</sup>	25	3.5	56.0	15.1	13.3	4.1	69.3
Negotiable Certificate of Deposit	30	7.0	112.3	0.0	0.0	6.6	112.3
Repurchase Agreements	100	0.0	0.0	0.0	0.0	0.0	0.0
Medium Term Notes/Commercial Paper	30	9.9	158.0	17.8	15.6	10.3	173.6
Money Market Funds	20	0.8	13.3	0.7	0.6	0.8	13.9
Mortgage/Asset-Backed	20	6.8	108.4	11.3	9.9	7.0	118.4
Variable & Floating Rate	30	18.6	298.9	15.0	13.2	18.4	312.0
<b>Total</b>		<b>100.0</b>	<b>1,604.3</b>	<b>100.0</b>	<b>87.8</b>	<b>100.0</b>	<b>1,692.1</b>

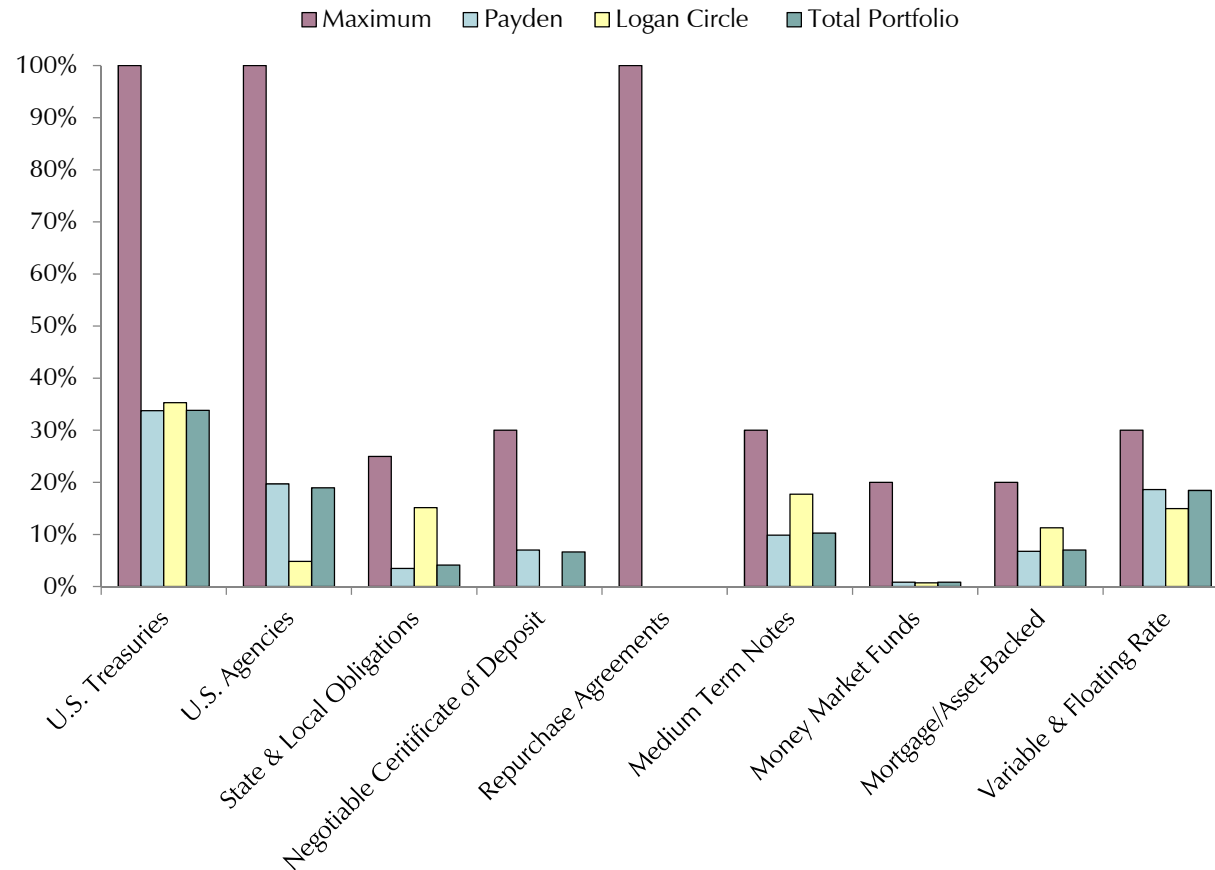
- Investment composition of each portfolio and the total portfolio are in compliance with the CalOptima Annual Investment Policy 2015.

<sup>1</sup> Blended allocations for Payden & Rygel accounts.

<sup>2</sup> Includes CA and any other state in the U.S.

### Annual Investment Policy (2015) Actual vs. Diversity Requirements

As of September 30, 2015



## **Holdings**

### **As of September 30, 2015**



**CALOPTIMA - OPERATING FUND**

Portfolio 2480

**Portfolio Positions**

as of September 30, 2015

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
<b>Cash</b>							
	CASH OR STIF	USD	4,144,983.90	4,144,983.90	0.00	1.000	0.34%
<b>Total for Cash</b>			<b>4,144,983.90</b>	<b>4,144,983.90</b>	<b>0.00</b>		<b>0.34%</b>
<b>Money Markets</b>							
7,500,000.000	SKANDINAVISKA ENSKILDA BANKEN YCD	83051H3B0	7,500,000.00	7,500,020.70	20.70	100.000	0.61%
	Mat: 10/2/15 Cpn: 0.25%		0.00	6,250.00			
	Moody's: P-1 S&P: A-1 Fitch: F1						
	Tr Date: 6/1/15 St Date: 6/3/15						
43,000,000.000	FHLMC DISCOUNT NOTE	313396NQ2	42,992,236.11	42,995,102.78	2,866.67	99.996	3.52%
	Mat: 10/30/15 Cpn: 0.00%		0.00	3,260.83			
	Moody's: Aaa S&P: AA+ Fitch: AAA						
	Tr Date: 9/9/15 St Date: 9/10/15						
7,500,000.000	BANK OF TOKYO-MITSUBISHI YCD	06538J5K8	7,500,000.00	7,500,206.03	206.03	100.003	0.61%
	Mat: 11/2/15 Cpn: 0.23%		0.00	1,006.25			
	Moody's: P-1 S&P: A-1 Fitch: F1						
	Tr Date: 9/8/15 St Date: 9/10/15						
98,000,000.000	FHLB DISCOUNT NOTE	313384NV7	97,967,879.16	97,975,024.99	7,145.83	99.995	8.02%
	Mat: 11/4/15 Cpn: 0.00%		0.00	20,088.61			
	Moody's: Aaa S&P: AA+ Fitch: AAA						
	Tr Date: 8/4/15 St Date: 8/5/15						
36,000,000.000	FNMA DISCOUNT NOTE	313588NV3	35,988,430.00	35,991,055.00	2,625.00	99.995	2.94%
	Mat: 11/4/15 Cpn: 0.00%		0.00	7,150.00			
	Moody's: Aaa S&P: AA+ Fitch: AAA						
	Tr Date: 8/6/15 St Date: 8/7/15						
7,500,000.000	CREDIT SUISSE NY YCD	22549VZ71	7,500,000.00	7,500,498.98	498.98	100.007	0.61%
	Mat: 11/9/15 Cpn: 0.31%		0.00	3,164.58			
	Moody's: P-1 S&P: A-1 Fitch: F1						
	Tr Date: 8/11/15 St Date: 8/13/15						
7,500,000.000	CREDIT AGRICOLE CIB NY CD	22533M2F7	7,500,000.00	7,500,548.93	548.93	100.007	0.61%
	Mat: 11/13/15 Cpn: 0.31%		0.00	2,906.25			
	Moody's: P-1 S&P: A-1 Fitch: F1						
	Tr Date: 8/13/15 St Date: 8/17/15						
7,500,000.000	DNB NOR BANK YCD	23290QR54	7,500,000.00	7,500,090.83	90.83	100.001	0.61%
	Mat: 11/13/15 Cpn: 0.26%		0.00	2,654.17			
	Moody's: P-1 S&P: A-1 Fitch:						
	Tr Date: 8/11/15 St Date: 8/13/15						



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**CALOPTIMA - OPERATING FUND**

Portfolio 2480

**Portfolio Positions**

as of September 30, 2015

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
7,500,000.000	MIZUHO BANK LTD YCD Mat: 11/17/15 Cpn: 0.30% Moody's: P-1 S&P: A-1 Fitch: F1 Tr Date: 8/17/15 St Date: 8/19/15	60689DJR5	7,500,000.00 0.00	7,500,498.90 2,687.50	498.90	100.007	0.61%
7,500,000.000	BNP PARIBAS YCD Mat: 12/10/15 Cpn: 0.32% Moody's: P-1 S&P: A-1 Fitch: F1 Tr Date: 9/8/15 St Date: 9/10/15	05574RB95	7,500,000.00 0.00	7,499,999.10 1,400.00	(0.90)	100.000	0.61%
50,000,000.000	FHLMC DISCOUNT NOTE Mat: 12/16/15 Cpn: 0.00% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 7/24/15 St Date: 7/27/15	313396QP1	49,975,347.22 0.00	49,976,523.61 11,458.33	1,176.39	99.976	4.09%
7,500,000.000	SUMITOMO MITSUI YCD Mat: 1/7/16 Cpn: 0.37% Moody's: P-1 S&P: A-1 Fitch: F1 Tr Date: 9/3/15 St Date: 9/8/15	86563R2Z0	7,500,000.00 0.00	7,499,380.05 1,772.92	(619.95)	99.992	0.61%
50,000,000.000	FHLB DISCOUNT NOTE Mat: 1/15/16 Cpn: 0.00% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 7/24/15 St Date: 7/27/15	313384RV3	49,959,388.89 0.00	49,959,641.53 15,583.33	252.64	99.950	4.09%
7,500,000.000	LLOYDS BANK YCD Mat: 1/21/16 Cpn: 0.38% Moody's: P-1 S&P: A-1 Fitch: F1 Tr Date: 9/8/15 St Date: 9/10/15	53945GKR1	7,500,000.00 0.00	7,499,527.73 1,662.50	(472.28)	99.994	0.61%
45,000,000.000	U.S. TREASURY BILL Mat: 2/4/16 Cpn: 0.00% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 8/10/15 St Date: 8/11/15	912796FV6	44,950,108.13 0.00	44,983,525.00 14,375.62	33,416.87	99.995	3.68%
7,500,000.000	UBS STAMFORD YCD Mat: 2/25/16 Cpn: 0.53% Moody's: P-1 S&P: A-1 Fitch: F1 Tr Date: 8/27/15 St Date: 8/31/15	90267R2B4	7,500,000.00 0.00	7,502,455.95 3,422.92	2,455.95	100.033	0.61%
106,000,000.000	U.S. TREASURY BILL Mat: 7/21/16 Cpn: 0.00% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 7/22/15 St Date: 7/24/15	912796GW3	105,643,155.42 0.00	105,732,712.50 60,696.75	89,557.08	99.804	8.65%
<b>Total for Money Markets</b>			<b>502,476,544.93 0.00</b>	<b>502,616,812.58 159,540.55</b>	<b>140,267.66</b>		<b>41.13%</b>

**Treasuries**


**CALOPTIMA - OPERATING FUND**

Portfolio 2480

**Portfolio Positions**

as of September 30, 2015

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: 3/31/16 Cpn: 0.38% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 1/9/15 St Date: 1/12/15	912828C40	50,050,948.75 53,571.43	50,054,504.50 512.30	3,555.75	100.109	4.09%
3,700,000.000	U.S. TREASURY NOTE Mat: 5/31/16 Cpn: 0.38% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 9/2/15 St Date: 9/8/15	912828WM8	3,701,089.84 3,801.23	3,703,255.89 4,662.91	2,166.05	100.088	0.30%
50,000,000.000	U.S. TREASURY NOTE Mat: 7/15/16 Cpn: 0.63% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 4/28/15 St Date: 4/29/15	912828VL1	50,173,995.63 89,779.01	50,122,497.50 66,236.41	(51,498.13)	100.245	4.11%
50,000,000.000	U.S. TREASURY NOTE Mat: 7/31/16 Cpn: 0.50% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 5/11/15 St Date: 5/12/15	912828WX4	50,082,198.75 69,751.38	50,075,001.00 42,119.57	(7,197.75)	100.150	4.10%
100,000,000.000	U.S. TREASURY NOTE Mat: 8/31/16 Cpn: 0.50% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 7/10/15 St Date: 7/14/15	912828D64	100,150,390.63 184,103.26	100,114,998.00 42,582.42	(35,392.63)	100.115	8.19%
50,000,000.000	U.S. TREASURY NOTE Mat: 9/30/16 Cpn: 0.50% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 7/10/15 St Date: 7/13/15	912828F47	50,058,593.75 71,038.25	50,051,498.50 683.06	(7,095.25)	100.103	4.09%
<b>Total for Treasuries</b>			<b>304,217,217.35</b> <b>472,044.56</b>	<b>304,121,755.39</b> <b>156,796.66</b>	<b>(95,461.96)</b>		<b>24.89%</b>
<b>Government Related</b>							
1,400,000.000	HOUSING URBAN DEVELOPMENT Mat: 8/1/16 Cpn: 0.83% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 5/19/15 St Date: 5/28/15	911759LX4	1,400,000.00 0.00	1,404,718.00 1,936.67	4,718.00	100.337	0.12%
<b>Total for Government Related</b>			<b>1,400,000.00</b> <b>0.00</b>	<b>1,404,718.00</b> <b>1,936.67</b>	<b>4,718.00</b>		<b>0.12%</b>
<b>Agencies</b>							
10,000,000.000	FFCB 3ML FRN Mat: 7/15/16 Cpn: 0.17% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 9/25/15 St Date: 9/28/15	3133EDXL1	9,998,938.60 3,516.67	9,997,900.00 3,657.33	(1,038.60)	99.979	0.82%



**CALOPTIMA - OPERATING FUND**

Portfolio 2480

**Portfolio Positions**

as of September 30, 2015

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
10,000,000.000	FFCB 1ML FRN Mat: 12/6/16 Cpn: 0.30% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 9/24/15 St Date: 9/30/15	31331K2G4	10,010,276.70 1,995.33	10,012,200.00 2,078.47	1,923.30	100.122	0.82%
5,000,000.000	FFCB 1ML FRN Mat: 12/8/17 Cpn: 0.23% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 5/12/15 St Date: 5/13/15	3133EEXN5	5,000,000.00 149.48	5,007,200.00 748.30	7,200.00	100.144	0.41%
20,000,000.000	FFCB 1ML FRN Mat: 1/17/18 Cpn: 0.24% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 9/25/15 St Date: 9/28/15	3133EEZM5	20,002,668.40 1,449.86	20,015,900.00 1,845.28	13,231.60	100.080	1.64%
10,000,000.000	FFCB 3ML FRN Mat: 9/18/18 Cpn: 0.31% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 9/25/15 St Date: 9/28/15	3133EFEC7	9,994,800.00 860.00	10,000,300.00 1,118.00	5,500.00	100.003	0.82%
<b>Total for Agencies</b>			<b>55,006,683.70 7,971.34</b>	<b>55,033,500.00 9,447.38</b>	<b>26,816.30</b>		<b>4.50%</b>
<b>Tax-Exempt</b>							
775,000.000	CA MUNI FIN ANAHEIM WATER REV Mat: 10/1/15 Cpn: 2.00% Moody's: S&P: AAA Fitch: AAA Tr Date: 5/5/15 St Date: 5/6/15	13048TTV5	780,611.00 645.83	775,000.00 6,888.89	(5,611.00)	100.000	0.06%
1,000,000.000	CA STATE PUBLIC WORKS BOARD Mat: 10/1/15 Cpn: 3.00% Moody's: A1 S&P: A+ Fitch: A Tr Date: 5/4/15 St Date: 5/7/15	13068LNX9	1,011,060.00 3,000.00	1,000,000.00 15,000.00	(11,060.00)	100.000	0.08%
1,000,000.000	CA S SAN JOAQUIN IRR EMT Mat: 10/1/15 Cpn: 4.00% Moody's: S&P: AA Fitch: Tr Date: 5/1/15 St Date: 5/5/15	840093AD0	1,015,180.00 3,777.78	1,000,000.00 20,000.00	(15,180.00)	100.000	0.08%
1,275,000.000	CA HEALTH FACS-CATHOLIC HLTH Mat: 3/1/16 Cpn: 5.00% Moody's: A3 S&P: A Fitch: A Tr Date: 4/30/15 St Date: 5/5/15	13033LSK4	1,322,761.50 11,333.33	1,298,944.50 5,312.50	(23,817.00)	101.878	0.11%
7,300,000.000	CA GOLDEN EMPIRE SCH FRN Mat: 5/1/16 Cpn: 0.22% Moody's: MIG1 S&P: SP-1 Fitch: Tr Date: 4/17/15 St Date: 5/1/15	381008AS0	7,300,000.00 0.00	7,300,000.00 1,320.00	0.00	100.000	0.60%



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**CALOPTIMA - OPERATING FUND**

Portfolio 2480

**Portfolio Positions**

as of September 30, 2015

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
<b>Total for Tax-Exempt</b>			<b>11,429,612.50 18,756.94</b>	<b>11,373,944.50 48,521.39</b>	<b>(55,668.00)</b>		<b>0.93%</b>
<b>Taxable Muni</b>							
1,280,000.000	CA ORANGE CNTY TAXABLE Mat: 11/2/15 Cpn: 0.58% Moody's: S&P: AA- Fitch: AA Tr Date: 1/9/15 St Date: 1/14/15	68428LDG6	1,280,000.00 20.62	1,280,230.40 1,196.09	230.40	100.018	0.10%
1,720,000.000	CA DEPT WATER RESOURCES-WATER TAXABLE Mat: 12/1/15 Cpn: 0.65% Moody's: Aa1 S&P: AAA Fitch: Tr Date: 10/2/14 St Date: 10/7/14	13066KX87	1,724,919.20 3,913.00	1,720,980.40 3,726.67	(3,938.80)	100.057	0.14%
9,850,000.000	CA STATE GO/ULT TAXABLE Mat: 2/1/16 Cpn: 1.05% Moody's: Aa3 S&P: AA- Fitch: A+ Tr Date: 3/17/15 St Date: 3/20/15	13063BN73	9,899,274.00 23,929.51	9,870,488.00 17,237.50	(28,786.00)	100.208	0.81%
1,000,000.000	CA UNIVERSITY OF CALIFORNIA TAXABLE Mat: 5/15/16 Cpn: 0.54% Moody's: Aa2 S&P: AA Fitch: AA Tr Date: 3/13/15 St Date: 3/25/15	91412GWS0	1,000,000.00 0.00	1,000,790.00 2,790.00	790.00	100.079	0.08%
4,400,000.000	RICE UNIVERSITY - TAXABLE MUNI Mat: 5/15/16 Cpn: 0.50% Moody's: Aaa S&P: AAA Fitch: NR Tr Date: 4/15/15 St Date: 4/22/15	96926GAB9	4,400,000.00 0.00	4,398,732.80 9,716.67	(1,267.20)	99.971	0.36%
4,905,000.000	NEW YORK UNIVERSITY Mat: 7/1/16 Cpn: 0.57% Moody's: Aa3 S&P: AA- Fitch: Tr Date: 4/10/15 St Date: 4/16/15	650119AC4	4,905,000.00 0.00	4,902,115.86 12,814.31	(2,884.14)	99.941	0.40%
3,000,000.000	CA SACRAMENTO CITY USD GO/ULT TAXABLE Mat: 8/1/16 Cpn: 0.70% Moody's: S&P: AA Fitch: Tr Date: 5/15/15 St Date: 6/4/15	785870VZ6	3,000,000.00 0.00	3,003,990.00 6,864.00	3,990.00	100.133	0.25%
<b>Total for Taxable Muni</b>			<b>26,209,193.20 27,863.13</b>	<b>26,177,327.46 54,345.23</b>	<b>(31,865.74)</b>		<b>2.15%</b>
<b>Credit</b>							
5,275,000.000	UNITEDHEALTH GROUP Mat: 10/15/15 Cpn: 0.85% Moody's: A3 S&P: A+ Fitch: A- Tr Date: 2/4/15 St Date: 2/9/15	91324PBX9	5,288,408.00 7,187.82	5,275,601.35 20,675.07	(12,806.65)	100.011	0.43%



**CALOPTIMA - OPERATING FUND**

Portfolio 2480

**Portfolio Positions**

as of September 30, 2015

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
2,500,000.000	AMERICAN EXPRESS CENTURION Mat: 11/13/15 Cpn: 0.88% Moody's: Aa2 S&P: A- Fitch: A+ Tr Date: 1/29/15 St Date: 2/3/15	025815AA9	2,505,200.00 4,861.11	2,500,997.50 8,385.42	(4,202.50)	100.040	0.21%
6,260,000.000	GEORGIA POWER Mat: 11/15/15 Cpn: 0.63% Moody's: A3 S&P: A- Fitch: A+ Tr Date: 2/3/15 St Date: 2/6/15	373334JZ5	6,264,398.20 13,284.38	6,259,755.86 14,780.56	(4,642.34)	99.996	0.51%
2,000,000.000	CAROLINA POWER & LIGHT Mat: 12/15/15 Cpn: 5.25% Moody's: Aa2 S&P: A Fitch: A+ Tr Date: 4/16/15 St Date: 4/21/15	144141CX4	2,061,520.00 36,750.00	2,018,782.00 30,916.67	(42,738.00)	100.939	0.17%
1,500,000.000	GE CAPITAL CORP Mat: 1/8/16 Cpn: 1.00% Moody's: A1 S&P: AA+ Fitch: Tr Date: 2/4/15 St Date: 2/9/15	36962G6R0	1,507,170.00 1,291.67	1,502,541.00 3,458.33	(4,629.00)	100.169	0.12%
1,994,000.000	BANK OF AMERICA Mat: 1/11/16 Cpn: 1.25% Moody's: Baa1 S&P: A- Fitch: A Tr Date: 4/21/15 St Date: 4/24/15	06051GES4	1,999,363.86 7,131.32	1,997,112.63 5,538.89	(2,251.23)	100.156	0.16%
5,892,000.000	GOLDMAN SACHS Mat: 2/7/16 Cpn: 3.63% Moody's: A3 S&P: A- Fitch: A Tr Date: 1/29/15 St Date: 2/3/15	38143USC6	6,035,072.72 43,700.58	5,948,728.18 32,037.75	(86,344.54)	100.963	0.49%
1,590,000.000	WYETH Mat: 2/15/16 Cpn: 5.50% Moody's: A1 S&P: AA Fitch: A+ Tr Date: 2/4/15 St Date: 2/9/15	983024AJ9	1,670,724.30 42,267.50	1,619,195.58 11,174.17	(51,528.72)	101.836	0.13%
2,391,000.000	JPMORGAN CHASE Mat: 3/1/16 Cpn: 3.45% Moody's: A3 S&P: A Fitch: A+ Tr Date: 1/29/15 St Date: 2/3/15	46625HHX1	2,455,461.36 34,828.90	2,417,439.68 6,874.13	(38,021.68)	101.106	0.20%
2,400,000.000	MANUFACTURERS & TRADERS FRN Mat: 3/7/16 Cpn: 0.63% Moody's: A2 S&P: A Fitch: A- Tr Date: 4/15/15 St Date: 4/20/15	55279HAB6	2,400,816.00 1,578.08	2,399,620.80 969.07	(1,195.20)	99.984	0.20%
5,000,000.000	UNITEDHEALTH GROUP Mat: 3/15/16 Cpn: 5.38% Moody's: A3 S&P: A+ Fitch: A- Tr Date: 4/22/15 St Date: 4/27/15	91324PAQ5	5,213,600.00 31,354.17	5,098,830.00 11,944.44	(114,770.00)	101.977	0.42%



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**CALOPTIMA - OPERATING FUND**

Portfolio 2480

**Portfolio Positions**

as of September 30, 2015

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
1,300,000.000	WACHOVIA BANK Mat: 3/15/16 Cpn: 5.60% Moody's: Aa3 S&P: A+ Fitch: A+ Tr Date: 5/21/15 St Date: 5/22/15	92976GAE1	1,353,235.00 13,548.89	1,328,559.70 3,235.56	(24,675.30)	102.197	0.11%
5,185,000.000	BANK OF AMERICA Mat: 3/17/16 Cpn: 3.63% Moody's: Baa1 S&P: A- Fitch: A Tr Date: 2/4/15 St Date: 2/9/15	06051GEG0	5,325,095.85 51,036.47	5,254,001.98 7,309.41	(71,093.87)	101.331	0.43%
5,250,000.000	CATERPILLAR FINANCIAL Mat: 4/1/16 Cpn: 2.65% Moody's: A2 S&P: A Fitch: A Tr Date: 2/4/15 St Date: 2/9/15	14912L4S7	5,368,500.00 28,818.75	5,307,456.00 69,562.50	(61,044.00)	101.094	0.44%
2,000,000.000	CITIGROUP Mat: 4/1/16 Cpn: 1.30% Moody's: Baa1 S&P: A- Fitch: A Tr Date: 1/30/15 St Date: 2/4/15	172967GP0	2,008,680.00 8,883.33	2,003,952.00 13,000.00	(4,728.00)	100.198	0.16%
8,020,000.000	WAL-MART STORES Mat: 4/11/16 Cpn: 0.60% Moody's: Aa2 S&P: AA Fitch: AA Tr Date: 4/20/15 St Date: 4/23/15	931142DE0	8,039,649.00 1,604.00	8,029,142.80 22,723.33	(10,506.20)	100.114	0.66%
2,500,000.000	MORGAN STANLEY Mat: 4/29/16 Cpn: 3.80% Moody's: A3 S&P: A- Fitch: A Tr Date: 2/4/15 St Date: 2/9/15	61747YDD4	2,581,625.00 26,388.89	2,541,200.00 40,111.11	(40,425.00)	101.648	0.21%
515,000.000	NSTAR ELECTRIC FRN Mat: 5/17/16 Cpn: 0.56% Moody's: A2 S&P: A Fitch: A+ Tr Date: 7/29/14 St Date: 8/1/14	67021CAH0	515,020.60 493.15	514,286.21 360.82	(734.39)	99.861	0.04%
260,000.000	NATL RURAL UTILITIES FRN Mat: 5/27/16 Cpn: 0.58% Moody's: A2 S&P: A Fitch: A Tr Date: 7/31/14 St Date: 8/5/14	63743HEG3	260,343.20 235.66	260,170.04 141.24	(173.16)	100.065	0.02%
5,570,000.000	WELLS FARGO Mat: 6/15/16 Cpn: 3.68% Moody's: A2 S&P: A+ Fitch: AA- Tr Date: 4/14/15 St Date: 4/17/15	949746QU8	5,763,792.80 20,038.29	5,687,432.31 9,100.14	(76,360.49)	102.108	0.47%
1,000,000.000	FIFTH THIRD BANK FRN Mat: 11/18/16 Cpn: 0.83% Moody's: A3 S&P: A- Fitch: A Tr Date: 8/6/14 St Date: 8/11/14	31677QAZ2	1,004,640.00 1,737.42	999,320.00 1,019.88	(5,320.00)	99.932	0.08%



**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
2,750,000.000	KEYBANK FRN Mat: 11/25/16 Cpn: 0.82% Moody's: A3 S&P: A- Fitch: A- Tr Date: 2/3/15 St Date: 2/6/15	49327M2E3	2,756,022.50 4,030.89	2,751,380.50 2,315.10	(4,642.00)	100.050	0.23%
3,145,000.000	ROCKWELL COLLINS FRN Mat: 12/15/16 Cpn: 0.69% Moody's: A3 S&P: A- Fitch: A Tr Date: 7/31/14 St Date: 8/5/14	774341AD3	3,148,347.75 2,421.40	3,140,549.83 960.55	(7,797.93)	99.859	0.26%
1,600,000.000	UNITEDHEALTH GROUP FRN Mat: 1/17/17 Cpn: 0.74% Moody's: A3 S&P: A+ Fitch: A- Tr Date: 7/20/15 St Date: 7/23/15	91324PCJ9	1,600,000.00 0.00	1,600,481.60 2,314.98	481.60	100.030	0.13%
2,075,000.000	MANUFACTURERS & TRADERS TRUST FRN Mat: 1/30/17 Cpn: 0.67% Moody's: A2 S&P: A Fitch: A- Tr Date: 7/29/14 St Date: 8/1/14	55279HAC4	2,079,634.75 121.33	2,072,978.95 2,439.47	(6,655.80)	99.903	0.17%
6,000,000.000	US BANK CINCINNATI FRN Mat: 1/30/17 Cpn: 0.53% Moody's: A1 S&P: AA- Fitch: Tr Date: 7/30/14 St Date: 8/4/14	90331HMD2	6,004,316.00 3,648.08	5,995,542.00 5,531.40	(8,774.00)	99.926	0.49%
1,000,000.000	BANK OF AMERICA FRN Mat: 2/14/17 Cpn: 0.78% Moody's: A1 S&P: A Fitch: A+ Tr Date: 7/29/14 St Date: 8/1/14	06050TLU4	1,001,050.00 1,525.36	998,357.00 1,039.07	(2,693.00)	99.836	0.08%
1,645,000.000	CITIGROUP FRN Mat: 3/10/17 Cpn: 0.87% Moody's: Baa1 S&P: A- Fitch: A Tr Date: 7/29/14 St Date: 8/1/14	172967HL8	1,648,125.50 1,828.66	1,642,762.80 836.76	(5,362.70)	99.864	0.13%
225,000.000	AT&T FRN Mat: 3/30/17 Cpn: 0.75% Moody's: Baa1 S&P: BBB+ Fitch: A- Tr Date: 8/4/14 St Date: 8/7/14	00206RCF7	225,614.25 155.35	224,154.68 4.67	(1,459.58)	99.624	0.02%
2,240,000.000	HUNTINGTON NATL BANK FRN Mat: 4/24/17 Cpn: 0.72% 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	2,226,123.20 3,080.47	(11,704.00)	99.381	0.18%
620,000.000	BANK OF OKLAHOMA FRN Mat: 5/15/17 Cpn: 1.01% Moody's: A2 S&P: A- Fitch: A- Tr Date: 8/8/14 St Date: 8/13/14	064207UV3	619,491.60 1,416.47	613,620.20 817.94	(5,871.40)	98.971	0.05%



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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
1,150,000.000	GOLDMAN SACHS FRN Mat: 5/22/17 Cpn: 1.00% Moody's: A3 S&P: A- Fitch: A Tr Date: 5/19/15 St Date: 5/22/15	38148LAD8	1,150,000.00 0.00	1,149,824.05 1,212.80	(175.95)	99.985	0.09%
2,332,000.000	AMERICAN EXPRESS FRN Mat: 6/5/17 Cpn: 0.60% Moody's: A2 S&P: A- Fitch: A+ Tr Date: 4/15/15 St Date: 4/20/15	0258M0DN6	2,329,178.28 1,594.63	2,320,006.52 896.91	(9,171.76)	99.486	0.19%
975,000.000	PACCAR FINANCIAL FRN Mat: 6/6/17 Cpn: 0.52% Moody's: A1 S&P: A+ Fitch: Tr Date: 7/31/14 St Date: 8/5/14	69371RL95	975,614.25 695.67	974,114.70 325.16	(1,499.55)	99.909	0.08%
6,075,000.000	NATIONAL CITY BANK FRN Mat: 6/7/17 Cpn: 0.70% Moody's: A3 S&P: A- Fitch: A Tr Date: 8/7/14 St Date: 8/12/14	63534PAH0	6,049,486.75 4,216.37	6,043,057.65 2,724.64	(6,429.10)	99.474	0.49%
3,400,000.000	VERIZON COMMUNICATIONS FRN Mat: 6/9/17 Cpn: 0.73% Moody's: Baa1 S&P: BBB+ Fitch: A- Tr Date: 1/29/15 St Date: 2/3/15	92343VCD4	3,394,110.00 3,275.81	3,387,817.80 1,523.01	(6,292.20)	99.642	0.28%
6,000,000.000	ORACLE FRN Mat: 7/7/17 Cpn: 0.48% Moody's: A1 S&P: AA- Fitch: A+ Tr Date: 7/31/14 St Date: 8/5/14	68389XAT2	6,007,230.00 859.92	5,998,380.00 6,941.63	(8,850.00)	99.973	0.49%
3,000,000.000	US BANK OHIO FRN Mat: 9/11/17 Cpn: 0.53% Moody's: A1 S&P: AA- Fitch: AA- Tr Date: 9/8/14 St Date: 9/11/14	90331HJM9	2,999,180.00 1,036.89	2,988,831.00 888.33	(10,349.00)	99.628	0.24%
730,000.000	AMERICAN EXPRESS FRN Mat: 9/22/17 Cpn: 0.62% Moody's: A2 S&P: A- Fitch: A+ Tr Date: 9/18/14 St Date: 9/23/14	0258M0DS5	730,000.00 0.00	726,654.41 113.00	(3,345.59)	99.542	0.06%
4,190,000.000	BERKSHIRE HATHAWAY FRN Mat: 1/12/18 Cpn: 0.59% Moody's: Aa2 S&P: AA Fitch: A+ Tr Date: 4/15/15 St Date: 4/20/15	084664CD1	4,200,515.04 469.20	4,175,318.24 5,456.31	(25,196.80)	99.650	0.34%
4,800,000.000	JOHN DEERE CAPITAL CORP FRN Mat: 1/16/18 Cpn: 0.58% Moody's: A2 S&P: A Fitch: Tr Date: 4/17/15 St Date: 4/22/15	24422ESU4	4,810,656.00 452.44	4,785,249.60 5,939.27	(25,406.40)	99.693	0.39%



**CALOPTIMA - OPERATING FUND**

Portfolio 2480

**Portfolio Positions**

as of September 30, 2015

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
6,000,000.000	JPMORGAN CHASE FRN Mat: 1/25/18 Cpn: 1.20% Moody's: A3 S&P: A Fitch: A+ Tr Date: 1/29/15 St Date: 2/3/15	46625HJF8	6,062,765.85 13,171.20	6,030,642.00 13,146.10	(32,123.85)	100.511	0.49%
1,560,000.000	CAPITAL ONE BANK FRN Mat: 2/5/18 Cpn: 0.98% Moody's: Baa1 S&P: BBB+ Fitch: A- Tr Date: 2/2/15 St Date: 2/5/15	14042E4K3	1,560,000.00 0.00	1,558,285.56 2,429.74	(1,714.44)	99.890	0.13%
6,000,000.000	IBM FRN Mat: 2/6/18 Cpn: 0.49% Moody's: Aa3 S&P: AA- Fitch: A+ Tr Date: 2/3/15 St Date: 2/6/15	459200JA0	6,002,922.00 2,223.02	5,986,398.00 4,583.60	(16,524.00)	99.773	0.49%
2,000,000.000	WELLS FARGO FRN Mat: 4/23/18 Cpn: 0.92% 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	2,008,782.00 3,593.72	4,842.00	100.439	0.16%
1,730,000.000	MORGAN STANLEY FRN Mat: 4/25/18 Cpn: 1.58% Moody's: A3 S&P: A- Fitch: A Tr Date: 7/29/14 St Date: 8/1/14	6174467V5	1,766,793.00 730.49	1,755,451.76 4,995.69	(11,341.24)	101.471	0.14%
3,000,000.000	GOLDMAN SACHS FRN Mat: 4/30/18 Cpn: 1.50% Moody's: A3 S&P: A- Fitch: A Tr Date: 7/29/14 St Date: 8/1/14	38141GVK7	3,050,390.00 6,625.48	3,027,576.00 7,858.20	(22,814.00)	100.919	0.25%
5,000,000.000	QUALCOMM FRN Mat: 5/18/18 Cpn: 0.60% Moody's: A1 S&P: A+ Fitch: Tr Date: 5/13/15 St Date: 5/20/15	747525AH6	5,000,000.00 0.00	4,939,670.00 3,516.63	(60,330.00)	98.793	0.40%
4,125,000.000	AMERICAN EXPRESS FRN Mat: 5/22/18 Cpn: 0.92% Moody's: A3 S&P: BBB+ Fitch: A+ Tr Date: 4/14/15 St Date: 4/17/15	025816BH1	4,132,961.25 5,268.66	4,122,343.50 4,212.54	(10,617.75)	99.936	0.34%
6,000,000.000	BNY MELLON FRN Mat: 5/22/18 Cpn: 0.71% Moody's: A1 S&P: A+ Fitch: AA- Tr Date: 5/22/15 St Date: 5/29/15	06406HDC0	5,998,200.00 0.00	5,975,340.00 4,490.97	(22,860.00)	99.589	0.49%
3,200,000.000	KEYBANK FRN Mat: 6/1/18 Cpn: 0.84% 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	3,196,838.40 2,251.73	(3,161.60)	99.901	0.26%



**CALOPTIMA - OPERATING FUND**

Portfolio 2480

**Portfolio Positions**

as of September 30, 2015

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
3,200,000.000	PNC BANK FRN Mat: 6/1/18 Cpn: 0.74% 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	3,183,427.20 1,985.07	(16,572.80)	99.482	0.26%
2,910,000.000	CISCO SYSTEMS FRN Mat: 6/15/18 Cpn: 0.65% Moody's: A1 S&P: AA- Fitch: Tr Date: 6/10/15 St Date: 6/17/15	17275RAY8	2,910,000.00 0.00	2,899,270.83 837.05	(10,729.17)	99.631	0.24%
1,000,000.000	PFIZER FRN Mat: 6/15/18 Cpn: 0.64% Moody's: A1 S&P: AA Fitch: A+ Tr Date: 4/16/15 St Date: 4/21/15	717081DF7	1,002,654.00 570.60	997,128.00 283.20	(5,526.00)	99.713	0.08%
3,000,000.000	FIFTH THIRD BANK FRN Mat: 8/20/18 Cpn: 1.24% Moody's: A3 S&P: A- Fitch: Ae Tr Date: 8/17/15 St Date: 8/20/15	31677QBE8	3,000,000.00 0.00	3,004,674.00 4,349.98	4,674.00	100.156	0.25%
590,000.000	LOWES COMPANIES FRN Mat: 9/14/18 Cpn: 0.94% Moody's: A3 S&P: A- Fitch: Tr Date: 9/9/15 St Date: 9/16/15	548661DF1	590,000.00 0.00	592,502.78 229.98	2,502.78	100.424	0.05%
3,000,000.000	VERIZON COMMUNICATIONS FRN Mat: 9/14/18 Cpn: 2.09% 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	3,086,748.00 2,955.17	(36,852.00)	102.892	0.25%
1,000,000.000	WELLS FARGO FRN Mat: 9/14/18 Cpn: 0.74% 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	996,167.00 347.56	(3,833.00)	99.617	0.08%
1,000,000.000	AT&T FRN Mat: 11/27/18 Cpn: 1.24% 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	1,000,941.00 1,202.64	(18,919.00)	100.094	0.08%
1,200,000.000	BANK OF AMERICA FRN Mat: 1/15/19 Cpn: 1.33% Moody's: Baa1 S&P: A- Fitch: A Tr Date: 7/29/14 St Date: 8/1/14	06051GEY1	1,219,078.00 652.57	1,210,174.80 3,454.88	(8,903.20)	100.848	0.10%
1,828,000.000	ORACLE FRN Mat: 1/15/19 Cpn: 0.87% 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	1,830,625.01 3,441.03	(5,475.78)	100.144	0.15%



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**CALOPTIMA - OPERATING FUND**

Portfolio 2480

**Portfolio Positions**

as of September 30, 2015

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	MORGAN STANLEY FRN Mat: 1/24/19 Cpn: 1.14% Moody's: A3 S&P: A- Fitch: A Tr Date: 4/15/15 St Date: 4/20/15	61746BDN3	3,011,250.00 7,742.70	3,004,233.00 6,569.38	(7,017.00)	100.141	0.25%
1,000,000.000	BB&T CORPORATION FRN Mat: 2/1/19 Cpn: 0.96% Moody's: A2 S&P: A- Fitch: A+ Tr Date: 7/31/14 St Date: 8/5/14	05531FAR4	1,009,240.00 99.96	996,835.00 1,573.50	(12,405.00)	99.684	0.08%
1,150,000.000	CITIGROUP FRN Mat: 4/8/19 Cpn: 1.05% Moody's: Baa1 S&P: A- Fitch: A Tr Date: 8/7/14 St Date: 8/12/14	172967HN4	1,154,324.00 1,121.52	1,141,918.95 2,862.58	(12,405.05)	99.297	0.09%
1,000,000.000	MORGAN STANLEY FRN Mat: 7/23/19 Cpn: 1.03% Moody's: A3 S&P: A- Fitch: A Tr Date: 7/29/14 St Date: 8/1/14	61746BDS2	1,000,500.00 243.28	993,835.00 2,010.75	(6,665.00)	99.384	0.08%
<b>Total for Credit</b>			<b>187,443,294.65 453,582.40</b>	<b>186,319,138.13 441,861.61</b>	<b>(1,124,156.52)</b>		<b>15.28%</b>

**Mortgage-Backed**

24,612,034.200	FHMS K501 A2 CMBS Mat: 11/25/16 Cpn: 1.66% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 9/17/15 St Date: 9/22/15	3137ANLP8	24,749,718.79 23,760.87	24,769,969.62 33,944.10	20,250.83	100.642	2.03%
10,014,126.790	FNA 2014-M6 FA 1MOFRN CMBS Mat: 12/25/17 Cpn: 0.50% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 9/24/15 St Date: 9/29/15	3136AJ7D2	10,020,385.62 3,867.20	10,022,508.61 4,143.43	2,122.99	100.084	0.82%
14,994,312.608	FNA 2015-M8 FA 1MOFRN CMBS Mat: 11/25/18 Cpn: 0.37% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 5/12/15 St Date: 5/29/15	3136ANMF1	14,989,596.43 3,716.51	14,987,055.36 4,654.61	(2,541.07)	99.952	1.23%
11,735,942.410	NGN 2011-R1 1A 1MOFRN NCUA GNTD Mat: 1/8/20 Cpn: 0.65% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 5/14/15 St Date: 5/19/15	62888YAA0	11,809,509.21 2,665.39	11,793,894.49 5,745.92	(15,614.71)	100.494	0.97%
8,653,336.610	NGN 2011-R4 1A 1MOFRN NCUA GNTD Mat: 3/6/20 Cpn: 0.58% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 5/19/15 St Date: 5/22/15	62889FAA0	8,676,322.03 2,021.10	8,668,782.82 3,782.37	(7,539.22)	100.179	0.71%



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**CALOPTIMA - OPERATING FUND**

Portfolio 2480

**Portfolio Positions**

as of September 30, 2015

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
5,732,945.055	NGN 2011-R3 1A 1MO FRN NCUA GNTD Mat: 3/11/20 Cpn: 0.60% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 5/18/15 St Date: 5/21/15	62889EAA3	5,758,132.47 876.32	5,750,969.43 2,015.56	(7,163.03)	100.314	0.47%
12,000,000.000	FNA 2015-M12 FA Mat: 4/25/20 Cpn: 0.54% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 9/10/15 St Date: 9/30/15	3136AP3Z3	11,995,680.00 5,220.00	12,000,000.00 5,400.00	4,320.00	100.000	0.98%
<b>Total for Mortgage-Backed</b>			<b>87,999,344.55 42,127.40</b>	<b>87,993,180.34 59,685.99</b>	<b>(6,164.20)</b>		<b>7.20%</b>
<b>Asset-Backed</b>							
195,303.996	HONDA 2015-1 A1 CAR Mat: 2/16/16 Cpn: 0.24% Moody's: P-1 S&P: A-1+ Fitch: Tr Date: 1/21/15 St Date: 1/28/15	43814KAA9	195,304.00 0.00	195,304.58 20.83	0.59	100.000	0.02%
426,244.792	GEET 2015-1 A1 EQP Mat: 3/23/16 Cpn: 0.25% Moody's: P-1 S&P: Fitch: F1+ Tr Date: 2/24/15 St Date: 3/4/15	36164EAA3	426,244.79 0.00	426,247.78 23.68	2.98	100.001	0.03%
846,327.539	JOHN DEERE 2015-A A1 EQP Mat: 4/1/16 Cpn: 0.27% Moody's: P-1 S&P: Fitch: F1+ Tr Date: 3/3/15 St Date: 3/11/15	47787UAA1	846,327.54 0.00	846,189.59 101.56	(137.95)	99.984	0.07%
832,125.846	HARLEY 2015-2 A1 CYCLE Mat: 5/16/16 Cpn: 0.31% Moody's: P-1 S&P: A-1+ Fitch: Tr Date: 5/20/15 St Date: 5/27/15	41284CAA2	832,125.85 0.00	832,129.17 114.65	3.33	100.000	0.07%
3,600,807.791	MERCEDES 2015-1 A1 CAR Mat: 8/15/16 Cpn: 0.39% Moody's: S&P: A-1+ Fitch: Tr Date: 7/15/15 St Date: 7/22/15	58772PAA6	3,600,807.79 0.00	3,599,223.44 624.14	(1,584.36)	99.956	0.29%
4,200,241.296	NISSAN 2015-B A1 CAR Mat: 8/15/16 Cpn: 0.38% Moody's: P-1 S&P: Fitch: F1+ Tr Date: 7/15/15 St Date: 7/22/15	65475WAA6	4,200,241.30 0.00	4,200,342.10 709.37	100.81	100.002	0.34%
3,495,307.626	USAA 2015-1 A1 CAR Mat: 8/15/16 Cpn: 0.38% Moody's: P-1 S&P: A-1+ Fitch: Tr Date: 7/21/15 St Date: 7/29/15	90290XAA5	3,495,307.63 0.00	3,497,971.05 590.32	2,663.42	100.076	0.29%



**CALOPTIMA - OPERATING FUND**

Portfolio 2480

**Portfolio Positions**

as of September 30, 2015

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
5,035,000.000	NISSAN 2013-A A 1MOFRN FLOOR Mat: 2/15/18 Cpn: 0.51% Moody's: Aaa S&P: Fitch: AAA Tr Date: 1/29/15 St Date: 2/3/15	65474VAG6	5,035,000.00 1,239.66	5,033,111.88 1,133.55	(1,888.13)	99.963	0.41%
2,878,178.872	HARLEY 2015-1 A2B 1MOFRN CYCLE Mat: 1/15/19 Cpn: 0.51% Moody's: Aaa S&P: (P)AAA Fitch: AAA Tr Date: 1/22/15 St Date: 1/28/15	41284BAC0	2,878,178.87 0.00	2,877,819.10 647.97	(359.77)	99.988	0.24%
9,500,000.000	CHASE 2015-A3 A CDT 1MOFRN Mat: 4/15/19 Cpn: 0.46% Moody's: Aaa S&P: AAA Fitch: AAA Tr Date: 5/26/15 St Date: 5/29/15	161571GW8	9,501,484.38 1,609.30	9,495,820.00 1,927.66	(5,664.38)	99.956	0.78%
11,455,000.000	GEDFT 2014-2 A 1MOFRN FLOOR Mat: 10/20/19 Cpn: 0.67% Moody's: Aaa S&P: Fitch: AAA Tr Date: 10/16/14 St Date: 10/21/14	36159LCN4	11,453,851.56 1,842.32	11,401,734.25 2,119.18	(52,117.31)	99.535	0.93%
<b>Total for Asset-Backed</b>			<b>42,464,873.70 4,691.28</b>	<b>42,405,892.93 8,012.90</b>	<b>(58,980.77)</b>		<b>3.47%</b>
<b>Grand Total</b>			<b>1,222,791,748.47 1,027,037.05</b>	<b>1,221,591,253.24 940,148.39</b>	<b>(1,200,495.24)</b>		<b>100.00%</b>



**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of September 30, 2015

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
<b>Cash</b>							
	CASH OR STIF	USD	9,125,844.63	9,125,844.63	0.00	1.000	2.39%
<b>Total for Cash</b>			<b>9,125,844.63</b>	<b>9,125,844.63</b>	<b>0.00</b>		<b>2.39%</b>
<b>Money Markets</b>							
3,750,000.000	SKANDINAVISKA ENSKILDA BANKEN YCD	83051H3B0	3,750,000.00	3,750,010.35	10.35	100.000	0.98%
	Mat: 10/2/15 Cpn: 0.25%		0.00	3,125.00			
	Moody's: P-1 S&P: A-1 Fitch: F1						
	Tr Date: 6/1/15 St Date: 6/3/15						
3,750,000.000	BANK OF TOKYO-MITSUBISHI YCD	06538J5K8	3,750,000.00	3,750,103.01	103.01	100.003	0.98%
	Mat: 11/2/15 Cpn: 0.23%		0.00	503.13			
	Moody's: P-1 S&P: A-1 Fitch: F1						
	Tr Date: 9/8/15 St Date: 9/10/15						
3,800,000.000	CREDIT SUISSE NY YCD	22549VZ71	3,800,000.00	3,800,252.81	252.81	100.007	1.00%
	Mat: 11/9/15 Cpn: 0.31%		0.00	1,603.39			
	Moody's: P-1 S&P: A-1 Fitch: F1						
	Tr Date: 8/11/15 St Date: 8/13/15						
3,750,000.000	CREDIT AGRICOLE CIB NY CD	22533M2F7	3,750,000.00	3,750,274.46	274.46	100.007	0.98%
	Mat: 11/13/15 Cpn: 0.31%		0.00	1,453.13			
	Moody's: P-1 S&P: A-1 Fitch: F1						
	Tr Date: 8/13/15 St Date: 8/17/15						
3,750,000.000	DNB NOR BANK YCD	23290QR54	3,750,000.00	3,750,045.41	45.41	100.001	0.98%
	Mat: 11/13/15 Cpn: 0.26%		0.00	1,327.08			
	Moody's: P-1 S&P: A-1 Fitch:						
	Tr Date: 8/11/15 St Date: 8/13/15						
3,500,000.000	MIZUHO BANK LTD YCD	60689DJR5	3,500,000.00	3,500,232.82	232.82	100.007	0.92%
	Mat: 11/17/15 Cpn: 0.30%		0.00	1,254.17			
	Moody's: P-1 S&P: A-1 Fitch: F1						
	Tr Date: 8/17/15 St Date: 8/19/15						
3,750,000.000	BNP PARIBAS YCD	05574RB95	3,750,000.00	3,749,999.55	(0.45)	100.000	0.98%
	Mat: 12/10/15 Cpn: 0.32%		0.00	700.00			
	Moody's: P-1 S&P: A-1 Fitch: F1						
	Tr Date: 9/8/15 St Date: 9/10/15						
3,750,000.000	SUMITOMO MITSUI YCD	86563RZ20	3,750,000.00	3,749,690.03	(309.98)	99.992	0.98%
	Mat: 1/7/16 Cpn: 0.37%		0.00	886.46			
	Moody's: P-1 S&P: A-1 Fitch: F1						
	Tr Date: 9/3/15 St Date: 9/8/15						



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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
3,750,000.000	LLOYDS BANK YCD Mat: 1/21/16 Cpn: 0.38% Moody's: P-1 S&P: A-1 Fitch: F1 Tr Date: 9/8/15 St Date: 9/10/15	53945GKR1	3,750,000.00 0.00	3,749,763.86 831.25	(236.14)	99.994	0.98%
3,750,000.000	UBS STAMFORD YCD Mat: 2/25/16 Cpn: 0.53% Moody's: P-1 S&P: A-1 Fitch: F1 Tr Date: 8/27/15 St Date: 8/31/15	90267R2B4	3,750,000.00 0.00	3,751,227.98 1,711.46	1,227.98	100.033	0.98%
<b>Total for Money Markets</b>			<b>37,300,000.00 0.00</b>	<b>37,301,600.28 13,395.06</b>	<b>1,600.28</b>		<b>9.77%</b>

**Treasuries**

1,140,000.000	U.S. TREASURY NOTE Mat: 8/31/16 Cpn: 0.50% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 3/30/15 St Date: 3/31/15	912828D64	1,141,113.28 480.16	1,141,310.98 485.44	197.70	100.115	0.30%
15,400,000.000	U.S. TREASURY NOTE Mat: 10/31/16 Cpn: 0.38% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 1/21/15 St Date: 1/22/15	912828F88	15,377,793.78 13,241.02	15,395,688.00 24,167.12	17,894.22	99.972	4.04%
11,685,000.000	U.S. TREASURY NOTE Mat: 1/31/17 Cpn: 0.50% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 1/29/15 St Date: 2/2/15	912828H78	11,682,261.38 322.79	11,690,375.68 9,843.34	8,114.30	100.046	3.06%
16,210,000.000	U.S. TREASURY NOTE Mat: 4/30/17 Cpn: 0.88% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 1/21/15 St Date: 1/22/15	912828SS0	16,304,401.57 32,520.75	16,293,643.44 59,355.91	(10,758.13)	100.516	4.28%
22,210,000.000	U.S. TREASURY NOTE Mat: 7/31/17 Cpn: 0.63% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 7/30/15 St Date: 7/31/15	912828XP0	22,166,621.09 0.00	22,219,550.08 23,386.89	52,928.99	100.043	5.83%
10,000,000.000	U.S. TREASURY NOTE Mat: 11/15/17 Cpn: 0.88% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 1/21/15 St Date: 1/22/15	912828G20	10,017,611.63 16,436.46	10,036,100.00 33,050.27	18,488.37	100.361	2.64%
9,180,000.000	U.S. TREASURY NOTE Mat: 2/15/18 Cpn: 1.00% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 3/4/15 St Date: 3/6/15	912828H94	9,206,006.06 28,577.90	9,228,562.84 11,724.46	22,556.78	100.529	2.42%



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**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of September 30, 2015

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased	Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
<b>Total for Treasuries</b>			<b>85,895,808.79</b>		<b>86,005,231.02</b>	<b>109,422.23</b>		<b>22.57%</b>
			<b>91,579.09</b>		<b>162,013.43</b>			
<b>Government Related</b>								
1,300,000.000	HOUSING URBAN DEVELOPMENT	911759LZ9	1,300,000.00		1,309,496.50	9,496.50	100.731	0.34%
	Mat: 8/1/18	Cpn: 1.33%		0.00	2,881.67			
	Moody's: Aaa	S&P: AA+u						
	Tr Date: 5/19/15	St Date: 5/28/15						
<b>Total for Government Related</b>			<b>1,300,000.00</b>		<b>1,309,496.50</b>	<b>9,496.50</b>		<b>0.34%</b>
			<b>0.00</b>		<b>2,881.67</b>			
<b>Agencies</b>								
7,580,000.000	FHLB	3130A2T97	7,580,521.90		7,582,253.21	1,731.31	100.030	1.99%
	Mat: 9/28/16	Cpn: 0.50%		7,233.33	315.83			
	Moody's: Aaa	S&P: AA+						
	Tr Date: 8/6/14	St Date: 8/7/14						
7,500,000.000	FHLB	3130A5EP0	7,493,775.00		7,498,625.25	4,850.25	99.982	1.97%
	Mat: 5/30/17	Cpn: 0.63%		0.00	15,755.21			
	Moody's: Aaa	S&P: AA+						
	Tr Date: 5/14/15	St Date: 5/15/15						
5,700,000.000	FHLMC	3137EADV8	5,695,554.00		5,713,952.46	18,398.46	100.245	1.50%
	Mat: 7/14/17	Cpn: 0.75%		0.00	14,487.50			
	Moody's: Aaa	S&P: AA+						
	Tr Date: 5/28/15	St Date: 5/29/15						
7,800,000.000	FHLB	3130A62S5	7,782,528.00		7,811,733.54	29,205.54	100.150	2.05%
	Mat: 8/28/17	Cpn: 0.75%		0.00	5,362.50			
	Moody's: Aaa	S&P: AA+						
	Tr Date: 7/23/15	St Date: 7/24/15						
3,800,000.000	FHLMC C 4/5/13 Q	3134G3N55	3,798,822.00		3,800,000.00	1,178.00	100.000	1.00%
	Mat: 10/5/17	Cpn: 1.10%		3,831.67	20,435.56			
	Moody's: Aaa	S&P: AA+						
	Tr Date: 5/6/15	St Date: 5/8/15						
4,000,000.000	FNMA	3135G0E58	3,993,520.00		4,014,038.80	20,518.80	100.351	1.05%
	Mat: 10/19/18	Cpn: 1.13%		0.00	3,750.00			
	Moody's: Aaa	S&P: AA+						
	Tr Date: 8/27/15	St Date: 9/1/15						
<b>Total for Agencies</b>			<b>36,344,720.90</b>		<b>36,420,603.26</b>	<b>75,882.36</b>		<b>9.56%</b>
			<b>11,065.00</b>		<b>60,106.60</b>			
<b>Tax-Exempt</b>								



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**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of September 30, 2015

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
70,000.000	CA SAC CNTY SFM ESCROWED-AMT Mat: 7/1/16 Cpn: 8.00% Moody's: Aaa S&P: AA+ Fitch: Tr Date: 1/14/13 St Date: 1/17/13	786149GJ7	86,817.50 248.89	73,855.60 1,400.00	(12,961.90)	105.508	0.02%
3,625,000.000	CT STATE GO/ULT Mat: 3/15/17 Cpn: 3.00% Moody's: Aa3 S&P: AA Fitch: AA Tr Date: 3/31/15 St Date: 4/6/15	20772JZR6	3,791,242.50 3,322.92	3,756,333.75 4,833.33	(34,908.75)	103.623	0.99%
<b>Total for Tax-Exempt</b>			<b>3,878,060.00 3,571.81</b>	<b>3,830,189.35 6,233.33</b>	<b>(47,870.65)</b>		<b>1.00%</b>
<b>Taxable Muni</b>							
110,000.000	CA DEPT WATER RESOURCES-WATER TAXABLE Mat: 12/1/15 Cpn: 0.65% Moody's: Aa1 S&P: AAA Fitch: Tr Date: 9/20/12 St Date: 9/27/12	13066KX87	110,000.00 0.00	110,062.70 238.33	62.70	100.057	0.03%
3,785,000.000	CA STATE GO/ULT TAXABLE Mat: 2/1/16 Cpn: 1.05% Moody's: Aa3 S&P: AA- Fitch: A+ Tr Date: 3/14/13 St Date: 3/27/13	13063BN73	3,808,766.80 6,925.63	3,792,872.80 6,623.75	(15,894.00)	100.208	1.00%
50,000.000	CA STATE GO/ULT TAXABLE Mat: 4/1/16 Cpn: 5.95% Moody's: Aa3 S&P: AA- Fitch: A+ Tr Date: 8/21/14 St Date: 8/22/14	13063A5D2	54,274.50 1,165.21	51,326.00 1,487.50	(2,948.50)	102.652	0.01%
200,000.000	CA UNIVERSITY OF CALIFORNIA TAXABLE Mat: 5/15/16 Cpn: 0.91% Moody's: Aa2 S&P: AA Fitch: AA Tr Date: 9/26/13 St Date: 10/2/13	91412GSX4	200,000.00 0.00	200,606.00 685.29	606.00	100.303	0.05%
230,000.000	CA UNIVERSITY OF CALIFORNIA TAXABLE Mat: 5/15/16 Cpn: 0.63% Moody's: Aa2 S&P: AA Fitch: Tr Date: 4/4/14 St Date: 4/10/14	91412GUT0	230,000.00 0.00	230,315.10 550.88	315.10	100.137	0.06%
2,000,000.000	HI STATE TAXABLE Mat: 8/1/16 Cpn: 0.73% Moody's: Aa2 S&P: AA Fitch: AA Tr Date: 1/29/15 St Date: 2/3/15	4197915E4	2,004,180.00 2,761.56	2,003,420.00 2,436.67	(760.00)	100.171	0.53%
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	1,163,712.00 3,093.33	3,712.00	100.320	0.31%



**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of September 30, 2015

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
550,000.000	CA UNIVERSITY OF CALIFORNIA TAXABLE Mat: 5/15/17 Cpn: 1.22% Moody's: Aa2 S&P: AA Fitch: Tr Date: 4/4/14 St Date: 4/10/14	91412GUU7	550,000.00 0.00	554,323.00 2,539.04	4,323.00	100.786	0.15%
1,020,000.000	CA EARTHQUAKE AUTH TAXABLE Mat: 7/1/17 Cpn: 1.82% Moody's: A3 S&P: Fitch: A Tr Date: 10/29/14 St Date: 11/6/14	13017HAD8	1,024,970.00 4,610.67	1,027,945.80 4,651.20	2,975.80	100.779	0.27%
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	1,601,600.00 6,489.60	1,600.00	100.100	0.42%
2,400,000.000	MS STATE ULT/GO TAXABLE Mat: 10/1/17 Cpn: 1.09% Moody's: Aa2 S&P: AA Fitch: AA+ Tr Date: 2/4/15 St Date: 2/18/15	605581FX0	2,400,000.00 0.00	2,406,048.00 13,080.00	6,048.00	100.252	0.63%
2,000,000.000	CA STATE GO TAXABLE Mat: 11/1/17 Cpn: 1.25% Moody's: Aa3 S&P: AA- Fitch: A+ Tr Date: 1/22/15 St Date: 1/27/15	13063CPN4	2,013,560.00 4,305.56	2,006,820.00 10,416.67	(6,740.00)	100.341	0.53%
200,000.000	CA LOS ANGELES PUB WORKS TAXABLE Mat: 12/1/17 Cpn: 1.51% Moody's: A1 S&P: AA Fitch: A+ Tr Date: 8/13/15 St Date: 9/2/15	54473ERP1	200,000.00 0.00	200,990.00 242.79	990.00	100.495	0.05%
1,500,000.000	MS STATE ULT/OG TAXABLE Mat: 10/1/18 Cpn: 1.47% Moody's: Aa2 S&P: AA Fitch: AA+ Tr Date: 2/4/15 St Date: 2/18/15	605581FY8	1,500,000.00 0.00	1,521,900.00 11,040.00	21,900.00	101.460	0.40%
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	762,450.00 5,815.63	6,630.00	101.660	0.20%
450,000.000	CA LOS ANGELES PUB WORKS TAXABLE Mat: 12/1/18 Cpn: 2.04% Moody's: A1 S&P: AA Fitch: A+ Tr Date: 8/13/15 St Date: 9/2/15	54473ERQ9	450,000.00 0.00	454,261.50 738.05	4,261.50	100.947	0.12%
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	2,553,100.00 17,531.25	23,175.00	102.124	0.67%



**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of September 30, 2015

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	CA UNIVERSITY OF CALIFORNIA TAXABLE Mat: 7/1/19 Cpn: 1.80% Moody's: Aa2 S&P: AA Fitch: AA Tr Date: 3/2/15 St Date: 3/5/15	91412GSB2	1,000,000.00 3,192.89	1,008,280.00 4,490.00	8,280.00	100.828	0.27%
<b>Total for Taxable Muni</b>			<b>21,591,496.30 34,126.25</b>	<b>21,650,032.90 92,149.98</b>	<b>58,536.60</b>		<b>5.70%</b>
<b>Credit</b>							
1,100,000.000	FIFTH THIRD BANK Mat: 2/26/16 Cpn: 0.90% Moody's: A3 S&P: A- Fitch: A Tr Date: 8/21/14 St Date: 8/26/14	31677QAX7	1,103,806.00 0.00	1,100,096.80 962.50	(3,709.20)	100.009	0.29%
725,000.000	JPMORGAN CHASE Mat: 3/1/16 Cpn: 3.45% Moody's: A3 S&P: A Fitch: A+ Tr Date: 6/17/13 St Date: 6/20/13	46625HHX1	765,801.68 0.00	733,017.05 2,084.38	(32,784.63)	101.106	0.19%
2,905,000.000	WELLS FARGO Mat: 5/16/16 Cpn: 5.75% Moody's: Aa3 S&P: A+ Fitch: A+ Tr Date: 1/21/15 St Date: 1/26/15	94980VAE8	3,086,678.70 32,943.51	2,996,068.85 63,103.06	(90,609.86)	103.135	0.80%
250,000.000	JPMORGAN CHASE FRN Mat: 6/13/16 Cpn: 0.67% Moody's: A1 S&P: A Fitch: A Tr Date: 8/27/14 St Date: 8/29/14	48121CJM9	249,785.00 299.34	249,507.25 78.63	(277.75)	99.803	0.07%
1,500,000.000	BNY MELLON Mat: 7/28/16 Cpn: 2.30% Moody's: A1 S&P: A+ Fitch: AA- Tr Date: 2/3/15 St Date: 2/5/15	06406HBX6	1,536,270.00 670.83	1,519,405.50 6,037.50	(16,864.50)	101.294	0.40%
2,000,000.000	AMERICAN EXPRESS Mat: 7/29/16 Cpn: 1.30% Moody's: A2 S&P: A- Fitch: A+ Tr Date: 1/28/15 St Date: 2/2/15	0258M0DG1	2,014,360.00 216.67	2,007,964.00 4,477.78	(6,396.00)	100.398	0.53%
170,000.000	JOHN DEERE CAPITAL Mat: 10/11/16 Cpn: 1.05% Moody's: A2 S&P: A Fitch: Tr Date: 10/8/13 St Date: 10/11/13	24422ESD2	169,784.10 0.00	170,579.08 842.92	794.98	100.341	0.04%
1,570,000.000	FIFTH THIRD BANK Mat: 11/18/16 Cpn: 1.15% Moody's: A3 S&P: A- Fitch: A Tr Date: 11/18/13 St Date: 11/20/13	31677QAY5	1,572,881.10 3,002.14	1,567,417.76 6,670.32	(5,463.34)	99.836	0.41%



**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of September 30, 2015

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
540,000.000	JPMORGAN CHASE FRN Mat: 11/18/16 Cpn: 0.77% Moody's: A3 S&P: A Fitch: A+ Tr Date: 11/13/14 St Date: 11/18/14	46623EKB4	540,000.00 0.00	539,908.74 511.14	(91.26)	99.983	0.14%
2,500,000.000	KEYBANK Mat: 11/25/16 Cpn: 1.10% Moody's: A3 S&P: A- Fitch: A- Tr Date: 1/21/15 St Date: 1/26/15	49327M2J2	2,504,175.00 4,659.72	2,498,661.63 9,625.00	(5,513.38)	99.947	0.66%
80,000.000	JOHN DEERE CAPITAL Mat: 12/15/16 Cpn: 1.05% Moody's: A2 S&P: A Fitch: Tr Date: 1/14/14 St Date: 1/17/14	24422ESH3	79,840.00 0.00	80,175.27 247.33	335.27	100.219	0.02%
1,100,000.000	ROCKWELL COLLINS FRN Mat: 12/15/16 Cpn: 0.69% Moody's: A3 S&P: A- Fitch: A Tr Date: 12/11/13 St Date: 12/16/13	774341AD3	1,101,169.20 463.39	1,098,443.50 335.96	(2,725.70)	99.859	0.29%
1,000,000.000	MORGAN STANLEY Mat: 1/9/17 Cpn: 5.45% Moody's: A3 S&P: A- Fitch: A Tr Date: 10/21/14 St Date: 10/24/14	617446C23	1,091,000.00 15,895.83	1,049,609.99 12,413.89	(41,390.01)	104.961	0.28%
900,000.000	CITIGROUP Mat: 1/10/17 Cpn: 4.45% Moody's: Baa1 S&P: A- Fitch: A Tr Date: 10/21/14 St Date: 10/24/14	172967FW6	963,720.00 11,570.00	933,425.49 9,011.25	(30,294.51)	103.714	0.25%
212,000.000	JOHN DEERE CAPITAL Mat: 1/13/17 Cpn: 2.00% Moody's: A2 S&P: A Fitch: Tr Date: 8/29/14 St Date: 9/4/14	24422ERL5	217,263.96 600.67	214,840.40 918.67	(2,423.56)	101.340	0.06%
250,000.000	PFIZER Mat: 1/15/17 Cpn: 0.90% Moody's: A1 S&P: AA Fitch: A+ Tr Date: 1/21/15 St Date: 1/23/15	717081DD2	250,405.00 50.00	250,169.87 475.00	(235.13)	100.068	0.07%
160,000.000	NATL RURAL UTILITIES Mat: 1/27/17 Cpn: 1.10% Moody's: A1 S&P: A Fitch: A+ Tr Date: 1/21/14 St Date: 1/28/14	637432MW2	159,905.60 0.00	160,216.06 312.89	310.46	100.135	0.04%
250,000.000	PNC BANK Mat: 1/27/17 Cpn: 1.13% Moody's: A2 S&P: A Fitch: A+ Tr Date: 1/23/14 St Date: 1/28/14	69353RCG1	249,632.50 0.00	249,601.23 500.00	(31.27)	99.841	0.07%



**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of September 30, 2015

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
1,750,000.000	MANUFACTURERS & TRADERS TRUST FRN Mat: 1/30/17 Cpn: 0.67% Moody's: A2 S&P: A Fitch: A- Tr Date: 8/25/14 St Date: 8/28/14	55279HAC4	1,750,657.50 436.16	1,748,295.50 2,057.39	(2,362.00)	99.903	0.46%
250,000.000	MANUFACTURERS & TRADERS TRUST Mat: 1/30/17 Cpn: 1.25% Moody's: A2 S&P: A Fitch: A- Tr Date: 1/27/14 St Date: 1/30/14	55279HAD2	249,977.50 0.00	249,516.97 529.51	(460.54)	99.807	0.07%
3,750,000.000	SIMON PROPERTY GROUP Mat: 1/30/17 Cpn: 2.80% Moody's: A2 S&P: A Fitch: A Tr Date: 8/21/14 St Date: 8/26/14	828807CH8	3,879,205.00 39,997.22	3,816,394.05 17,791.67	(62,810.95)	101.771	1.00%
1,000,000.000	CAPITAL ONE BANK Mat: 2/13/17 Cpn: 1.20% Moody's: Baa1 S&P: BBB+ Fitch: A- Tr Date: 8/21/14 St Date: 8/26/14	140420NG1	1,002,630.00 433.33	993,714.83 1,600.00	(8,915.17)	99.372	0.26%
400,000.000	BANK OF AMERICA Mat: 2/14/17 Cpn: 1.25% Moody's: A1 S&P: A Fitch: A+ Tr Date: 2/11/14 St Date: 2/14/14	06050TLT7	399,648.00 0.00	399,760.00 652.78	112.00	99.940	0.10%
1,000,000.000	BANK OF AMERICA FRN Mat: 2/14/17 Cpn: 0.78% Moody's: A1 S&P: A Fitch: A+ Tr Date: 8/19/14 St Date: 8/22/14	06050TLU4	1,001,057.50 1,123.01	998,357.00 1,039.07	(2,700.50)	99.836	0.26%
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	509,169.50 1,693.06	(8,640.50)	101.834	0.13%
580,000.000	JPMORGAN CHASE Mat: 2/15/17 Cpn: 1.35% Moody's: A3 S&P: A Fitch: A+ Tr Date: 2/12/14 St Date: 2/18/14	46623EJY6	580,826.50 249.38	580,058.00 1,000.50	(768.50)	100.010	0.15%
1,000,000.000	SUNTRUST BANK Mat: 2/15/17 Cpn: 1.35% Moody's: Baa1 S&P: A- Fitch: BBB+ Tr Date: 1/21/14 St Date: 1/24/14	86787EAP2	1,002,838.80 1,554.00	996,300.00 1,725.00	(6,538.80)	99.630	0.26%
1,950,000.000	PEPSICO Mat: 2/22/17 Cpn: 0.95% Moody's: A1 S&P: A Fitch: A Tr Date: 1/29/15 St Date: 2/2/15	713448CL0	1,953,081.00 8,233.33	1,948,050.00 2,006.88	(5,031.00)	99.900	0.51%



**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of September 30, 2015

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
640,000.000	ILLINOIS TOOL WORKS Mat: 2/25/17 Cpn: 0.90% Moody's: A2 S&P: A+ Fitch: Tr Date: 2/18/14 St Date: 2/25/14	452308AS8	638,564.40 20.00	638,720.00 480.00	155.60	99.800	0.17%
220,000.000	CATERPILLAR FINANCIAL Mat: 3/3/17 Cpn: 1.00% Moody's: A2 S&P: A Fitch: A Tr Date: 2/26/14 St Date: 3/3/14	14912L5Z0	219,870.20 0.00	219,560.00 171.11	(310.20)	99.800	0.06%
500,000.000	CITIGROUP FRN Mat: 3/10/17 Cpn: 0.87% Moody's: Baa1 S&P: A- Fitch: A Tr Date: 3/4/14 St Date: 3/10/14	172967HL8	500,582.00 513.07	499,320.00 254.33	(1,262.00)	99.864	0.13%
300,000.000	TEXAS INSTRUMENTS Mat: 3/12/17 Cpn: 0.88% Moody's: A1 S&P: A+ Fitch: A+ Tr Date: 3/5/14 St Date: 3/12/14	882508AX2	299,406.00 0.00	299,347.57 138.54	(58.43)	99.783	0.08%
300,000.000	JOHN DEERE CAPITAL Mat: 3/15/17 Cpn: 1.40% Moody's: A2 S&P: A Fitch: Tr Date: 11/26/13 St Date: 12/2/13	24422ERN1	302,691.00 898.33	301,440.00 186.67	(1,251.00)	100.480	0.08%
1,000,000.000	PACCAR FINANCIAL Mat: 3/15/17 Cpn: 1.60% Moody's: A1 S&P: A+ Fitch: Tr Date: 10/24/14 St Date: 10/27/14	69371RK54	1,014,700.00 1,866.67	1,006,522.90 711.11	(8,177.10)	100.652	0.26%
70,000.000	BANK OF AMERICA Mat: 3/22/17 Cpn: 3.88% Moody's: Baa1 S&P: A- Fitch: A Tr Date: 8/26/14 St Date: 8/29/14	06051GEQ8	74,281.90 1,182.95	72,419.51 67.81	(1,862.39)	103.456	0.02%
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	1,115,713.05 507.99	(18,353.95)	101.429	0.29%
1,000,000.000	HUNTINGTON NATL BANK Mat: 4/24/17 Cpn: 1.38% Moody's: A3 S&P: BBB+ Fitch: A- Tr Date: 4/21/14 St Date: 4/24/14	446438RH8	1,001,725.00 2,339.41	994,593.05 5,996.53	(7,131.95)	99.459	0.26%
2,000,000.000	HUNTINGTON NATL BANK FRN Mat: 4/24/17 Cpn: 0.72% Moody's: A3 S&P: BBB+ Fitch: A- Tr Date: 1/29/15 St Date: 2/3/15	446438RJ4	1,998,060.00 302.71	1,987,610.00 2,750.42	(10,450.00)	99.381	0.52%



**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of September 30, 2015

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	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	1,022,648.70 12,291.67	(20,891.30)	102.265	0.27%
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	997,400.00 4,687.50	(3,743.00)	99.740	0.26%
750,000.000	BANK OF OKLAHOMA FRN Mat: 5/15/17 Cpn: 1.01% Moody's: A2 S&P: A- Fitch: A- Tr Date: 1/29/14 St Date: 1/31/14	064207UV3	747,852.50 1,650.40	742,282.50 989.45	(5,570.00)	98.971	0.19%
460,000.000	GE CAPITAL CORP Mat: 5/15/17 Cpn: 1.25% Moody's: A1 S&P: AA+ Fitch: Tr Date: 5/12/14 St Date: 5/15/14	36962G7J7	459,931.00 0.00	461,418.51 2,172.22	1,487.51	100.308	0.12%
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	419,001.59 1,881.25	(540.61)	99.762	0.11%
50,000.000	AMERICAN EXPRESS Mat: 6/5/17 Cpn: 1.13% Moody's: A2 S&P: A- Fitch: A+ Tr Date: 6/2/14 St Date: 6/5/14	0258M0DM8	49,878.00 0.00	49,717.63 181.25	(160.37)	99.435	0.01%
485,000.000	NATIONAL CITY BANK FRN Mat: 6/7/17 Cpn: 0.70% Moody's: A3 S&P: A- Fitch: A Tr Date: 8/21/14 St Date: 8/26/14	63534PAH0	483,797.20 631.13	482,449.87 217.52	(1,347.33)	99.474	0.13%
2,800,000.000	VERIZON COMMUNICATIONS FRN Mat: 6/9/17 Cpn: 0.73% Moody's: Baa1 S&P: BBB+ Fitch: A- Tr Date: 1/29/15 St Date: 2/3/15	92343VCD4	2,794,876.00 2,768.39	2,789,967.60 1,254.24	(4,908.40)	99.642	0.73%
670,000.000	JOHN DEERE CAPITAL Mat: 6/12/17 Cpn: 1.13% Moody's: A2 S&P: A Fitch: Tr Date: 6/9/14 St Date: 6/12/14	24422ESN0	670,939.50 770.00	669,753.72 2,282.19	(1,185.78)	99.963	0.18%
440,000.000	MONSANTO Mat: 6/30/17 Cpn: 1.15% Moody's: A3 S&P: BBB+ Fitch: A- Tr Date: 6/26/14 St Date: 7/1/14	61166WAR2	439,573.20 0.00	437,376.49 1,279.06	(2,196.71)	99.404	0.11%





**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of September 30, 2015

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
1,200,000.000	ORACLE FRN Mat: 7/7/17 Cpn: 0.48% Moody's: A1 S&P: AA- Fitch: A+ Tr Date: 1/21/15 St Date: 1/26/15	68389XAT2	1,200,060.00 287.28	1,199,676.00 1,388.33	(384.00)	99.973	0.31%
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	511,199.20 1,396.83	1,296.10	100.235	0.13%
260,000.000	MANUFACTURERS & TRADERS TRUST Mat: 7/25/17 Cpn: 1.40% Moody's: A2 S&P: A Fitch: A- Tr Date: 7/22/14 St Date: 7/25/14	55279HAF7	259,901.20 0.00	259,827.98 667.33	(73.22)	99.934	0.07%
1,800,000.000	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	1,793,934.00 7,656.25	1,788,876.76 2,625.00	(5,057.24)	99.382	0.47%
900,000.000	CITIGROUP Mat: 8/14/17 Cpn: 1.55% Moody's: Baa1 S&P: A- Fitch: A Tr Date: 8/7/14 St Date: 8/14/14	172967HY0	900,566.20 1,386.39	899,223.54 1,821.25	(1,342.66)	99.914	0.24%
2,295,000.000	BB&T CORPORATION Mat: 8/15/17 Cpn: 1.60% Moody's: A2 S&P: A- Fitch: A+ Tr Date: 8/7/12 St Date: 8/14/12	05531FAL7	2,311,254.55 12,415.55	2,303,603.11 4,692.00	(7,651.44)	100.375	0.60%
2,000,000.000	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	2,021,180.00 17,888.89	2,017,391.66 5,111.11	(3,788.34)	100.870	0.53%
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	159,861.04 238.89	(58.96)	99.913	0.04%
310,000.000	BANK OF AMERICA Mat: 8/25/17 Cpn: 1.70% Moody's: Baa1 S&P: A- Fitch: A Tr Date: 8/21/14 St Date: 8/26/14	06051GFJ3	309,674.50 0.00	310,421.72 527.00	747.22	100.136	0.08%
1,250,000.000	MORGAN STANLEY Mat: 8/28/17 Cpn: 6.25% Moody's: A3 S&P: A- Fitch: A Tr Date: 8/26/14 St Date: 8/29/14	617446V71	1,413,512.50 217.01	1,354,190.73 7,161.46	(59,321.78)	108.335	0.36%



**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of September 30, 2015

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	GOLDMAN SACHS Mat: 9/1/17 Cpn: 6.25% Moody's: A3 S&P: A- Fitch: A Tr Date: 8/19/14 St Date: 8/22/14	38144LAB6	1,133,440.00 29,687.50	1,085,096.97 5,208.33	(48,343.03)	108.510	0.29%
300,000.000	WELLS FARGO Mat: 9/8/17 Cpn: 1.40% Moody's: A2 S&P: A+ Fitch: AA- Tr Date: 9/2/14 St Date: 9/9/14	94974BGB0	299,703.00 0.00	299,903.82 268.33	200.82	99.968	0.08%
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	1,212,848.12 924.31	175.72	100.235	0.32%
2,750,000.000	PNC BANK Mat: 9/21/17 Cpn: 4.88% Moody's: A3 S&P: A- Fitch: A Tr Date: 1/8/14 St Date: 1/13/14	69349LAC2	2,984,367.50 46,109.38	2,919,360.24 3,723.96	(65,007.27)	106.159	0.77%
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	249,182.05 1,687.50	(662.95)	99.673	0.07%
590,000.000	UNITEDHEALTH GROUP Mat: 10/15/17 Cpn: 1.40% Moody's: A3 S&P: A+ Fitch: A- Tr Date: 8/21/14 St Date: 8/26/14	91324PBY7	591,006.90 3,022.25	589,801.58 3,808.78	(1,205.32)	99.966	0.16%
750,000.000	CATERPILLAR FINANCIAL Mat: 11/6/17 Cpn: 1.25% Moody's: A2 S&P: A Fitch: A Tr Date: 1/21/15 St Date: 1/22/15	14912L5J6	754,050.00 1,979.17	748,194.01 3,776.04	(5,855.99)	99.759	0.20%
880,000.000	CHEVRON Mat: 11/15/17 Cpn: 1.35% Moody's: Aa1 S&P: AA Fitch: Tr Date: 11/10/14 St Date: 11/18/14	166764AL4	880,000.00 0.00	879,965.09 4,471.38	(34.91)	99.996	0.23%
3,190,000.000	PACCAR FINANCIAL Mat: 11/17/17 Cpn: 1.40% Moody's: A1 S&P: A+ Fitch: Tr Date: 11/12/14 St Date: 11/17/14	69371RM37	3,199,016.80 6,413.17	3,190,204.93 16,623.44	(8,811.87)	100.006	0.84%
2,600,000.000	CHEVRON Mat: 12/5/17 Cpn: 1.10% Moody's: Aa1 S&P: AA Fitch: Tr Date: 1/21/15 St Date: 1/26/15	166764AA8	2,601,352.00 4,066.40	2,586,491.00 9,249.07	(14,861.00)	99.480	0.68%



**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of September 30, 2015

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
330,000.000	JOHN DEERE CAPITAL Mat: 12/15/17 Cpn: 1.55% Moody's: A2 S&P: A Fitch: Tr Date: 9/10/14 St Date: 9/15/14	24422ESR1	329,920.80 0.00	331,666.16 1,506.08	1,745.36	100.505	0.09%
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	251,673.13 211.44	909.88	100.669	0.07%
3,430,000.000	UNITEDHEALTH GROUP Mat: 12/15/17 Cpn: 1.40% Moody's: A3 S&P: A+ Fitch: A- Tr Date: 12/3/14 St Date: 12/8/14	91324PCF7	3,452,746.60 5,716.67	3,425,031.34 14,139.22	(27,715.26)	99.855	0.90%
263,000.000	JOHN DEERE CAPITAL CORP Mat: 1/16/18 Cpn: 1.35% Moody's: A2 S&P: A Fitch: Tr Date: 1/13/15 St Date: 1/16/15	24422EST7	262,868.50 0.00	262,756.61 739.69	(111.89)	99.908	0.07%
3,420,000.000	GOLDMAN SACHS Mat: 1/22/18 Cpn: 2.38% Moody's: A3 S&P: A- Fitch: A Tr Date: 10/21/14 St Date: 10/24/14	38141GRC0	3,474,342.60 7,747.78	3,461,826.84 15,568.13	(12,515.76)	101.223	0.91%
700,000.000	JPMORGAN CHASE FRN Mat: 1/25/18 Cpn: 1.20% Moody's: A3 S&P: A Fitch: A+ Tr Date: 1/17/13 St Date: 1/25/13	46625HJF8	705,286.40 151.58	703,574.90 1,533.71	(1,711.50)	100.511	0.18%
1,300,000.000	US BANK Mat: 1/26/18 Cpn: 1.35% Moody's: A1 S&P: AA- Fitch: AA- Tr Date: 1/22/15 St Date: 1/27/15	90331HMQ3	1,298,024.00 0.00	1,298,783.03 3,168.75	759.03	99.906	0.34%
1,895,000.000	CAPITAL ONE BANK Mat: 2/5/18 Cpn: 1.65% Moody's: Baa1 S&P: BBB+ Fitch: A- Tr Date: 2/2/15 St Date: 2/5/15	14042E4L1	1,894,262.25 160.42	1,875,963.11 4,863.83	(18,299.14)	98.995	0.49%
2,660,000.000	CITIGROUP Mat: 2/5/18 Cpn: 1.80% Moody's: Baa1 S&P: A- Fitch: A Tr Date: 1/29/15 St Date: 2/5/15	172967JH5	2,657,978.40 0.00	2,656,883.01 7,448.00	(1,095.39)	99.883	0.70%
2,100,000.000	IBM Mat: 2/6/18 Cpn: 1.13% Moody's: Aa3 S&P: AA- Fitch: A+ Tr Date: 2/3/15 St Date: 2/6/15	459200HZ7	2,093,595.00 0.00	2,092,927.85 3,609.38	(667.15)	99.663	0.55%



**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of September 30, 2015

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
570,000.000	ELI LILLY & CO Mat: 3/1/18 Cpn: 1.25% Moody's: A2 S&P: AA- Fitch: A Tr Date: 2/24/15 St Date: 3/5/15	532457BK3	569,498.40 0.00	569,040.01 593.75	(458.39)	99.832	0.15%
900,000.000	CHEVRON Mat: 3/2/18 Cpn: 1.37% Moody's: Aa1 S&P: AA Fitch: Tr Date: 2/24/15 St Date: 3/3/15	166764AV2	900,000.00 0.00	897,739.29 989.63	(2,260.71)	99.749	0.24%
2,000,000.000	EXXON MOBIL Mat: 3/6/18 Cpn: 1.31% Moody's: Aaa S&P: AAA Fitch: Tr Date: 3/3/15 St Date: 3/6/15	30231GAL6	2,000,000.00 0.00	1,999,235.84 1,812.50	(764.16)	99.962	0.52%
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	901,645.82 787.50	2,779.82	100.183	0.24%
1,975,000.000	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	1,973,631.25 1,989.17	1,973,038.75 452.60	(592.50)	99.901	0.52%
1,000,000.000	WELLS FARGO FRN Mat: 4/23/18 Cpn: 0.92% Moody's: A2 S&P: A+ Fitch: AA- Tr Date: 4/16/13 St Date: 4/23/13	94974BFBK1	1,001,773.00 243.95	1,004,391.00 1,796.86	2,618.00	100.439	0.26%
220,000.000	GOLDMAN SACHS FRN Mat: 4/30/18 Cpn: 1.50% Moody's: A3 S&P: A- Fitch: A Tr Date: 4/25/13 St Date: 4/30/13	38141GVK7	220,000.00 0.00	222,022.24 576.27	2,022.24	100.919	0.06%
1,200,000.000	PEPSICO Mat: 4/30/18 Cpn: 1.25% Moody's: A1 S&P: A Fitch: A Tr Date: 4/27/15 St Date: 4/30/15	713448CR7	1,199,856.00 0.00	1,196,329.92 6,291.67	(3,526.08)	99.694	0.32%
1,220,000.000	ABBVIE Mat: 5/14/18 Cpn: 1.80% Moody's: Baa1 S&P: A Fitch: Tr Date: 5/5/15 St Date: 5/14/15	00287YAN9	1,218,755.60 0.00	1,216,239.44 8,357.00	(2,516.16)	99.692	0.32%
660,000.000	CONOCOPHILLIPS Mat: 5/15/18 Cpn: 1.50% Moody's: A2 S&P: A Fitch: A Tr Date: 5/13/15 St Date: 5/18/15	20826FAL0	659,920.80 0.00	657,113.96 3,657.50	(2,806.84)	99.563	0.17%



**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of September 30, 2015

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
2,430,000.000	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	2,426,743.80 0.00	2,416,216.87 12,379.50	(10,526.93)	99.433	0.64%
1,850,000.000	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	1,849,833.50 0.00	1,849,945.52 10,031.11	112.02	99.997	0.49%
1,490,000.000	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	1,489,746.70 0.00	1,498,622.70 7,102.33	8,876.00	100.579	0.39%
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	280,370.89 958.22	477.29	100.133	0.07%
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	595,601.51 2,117.44	6,350.81	100.949	0.16%
1,400,000.000	PNC BANK Mat: 7/20/18 Cpn: 1.85% Moody's: A2 S&P: A Fitch: A+ Tr Date: 7/16/15 St Date: 7/21/15	69353RER5	1,399,832.00 0.00	1,404,033.41 5,036.11	4,201.41	100.288	0.37%
425,000.000	BNY MELLON FRN Mat: 8/1/18 Cpn: 0.86% Moody's: A1 S&P: A+ Fitch: AA- Tr Date: 2/3/15 St Date: 2/6/15	06406HCM9	426,636.25 38.47	424,322.98 599.08	(2,313.28)	99.841	0.11%
1,200,000.000	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	1,199,796.00 0.00	1,207,790.68 2,938.33	7,994.68	100.649	0.32%
310,000.000	GILEAD SCIENCES Mat: 9/4/18 Cpn: 1.85% Moody's: A3 S&P: A- Fitch: Tr Date: 9/9/15 St Date: 9/14/15	375558BE2	309,965.90 0.00	312,046.00 270.82	2,080.10	100.660	0.08%
380,000.000	LOWES COMPANIES FRN Mat: 9/14/18 Cpn: 0.94% Moody's: A3 S&P: A- Fitch: Tr Date: 9/9/15 St Date: 9/16/15	548661DF1	380,000.00 0.00	381,611.96 148.12	1,611.96	100.424	0.10%



**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of September 30, 2015

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
90,000.000	PACCAR FINANCIAL FRN Mat: 12/6/18 Cpn: 0.93% Moody's: A1 S&P: A+ Fitch: Tr Date: 12/3/13 St Date: 12/6/13	69371RL79	90,000.00 0.00	90,366.93 53.59	366.93	100.408	0.02%
600,000.000	BB&T CORPORATION FRN Mat: 2/1/19 Cpn: 0.96% Moody's: A2 S&P: A- Fitch: A+ Tr Date: 8/19/14 St Date: 8/22/14	05531FAR4	606,306.00 314.86	598,101.00 944.10	(8,205.00)	99.684	0.16%
225,000.000	CITIGROUP FRN Mat: 4/8/19 Cpn: 1.05% Moody's: Baa1 S&P: A- Fitch: A Tr Date: 8/19/14 St Date: 8/22/14	172967HN4	225,738.00 282.12	223,418.93 560.07	(2,319.08)	99.297	0.06%
450,000.000	JPMORGAN CHASE FRN Mat: 1/23/20 Cpn: 1.25% Moody's: A3 S&P: A Fitch: A+ Tr Date: 1/15/15 St Date: 1/23/15	46625HKB5	450,000.00 0.00	452,432.70 1,092.96	2,432.70	100.541	0.12%
1,900,000.000	MORGAN STANLEY FRN Mat: 1/27/20 Cpn: 1.44% Moody's: A3 S&P: A- Fitch: A Tr Date: 1/22/15 St Date: 1/27/15	61747YDX0	1,900,000.00 0.00	1,916,229.80 4,998.93	16,229.80	100.854	0.50%
870,000.000	ABBVIE Mat: 5/14/20 Cpn: 2.50% Moody's: Baa1 S&P: A Fitch: Tr Date: 5/5/15 St Date: 5/14/15	00287YAT6	866,433.00 0.00	865,254.00 8,277.08	(1,179.00)	99.455	0.23%
<b>Total for Credit</b>			<b>111,626,853.69 305,622.01</b>	<b>110,945,554.66 398,186.56</b>	<b>(681,299.03)</b>		<b>29.17%</b>

**Mortgage-Backed**

234,304.060	FHMS K501 A2 CMBS Mat: 11/25/16 Cpn: 1.66% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 12/5/12 St Date: 12/10/12	3137ANLP8	241,610.49 92.82	235,807.59 323.14	(5,802.90)	100.642	0.06%
145,354.420	FHMS K502 A1 CMBS Mat: 12/25/16 Cpn: 0.73% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 3/1/13 St Date: 3/14/13	3137B03V4	145,351.80 38.16	145,546.72 88.06	194.92	100.132	0.04%
203,828.665	FNA 2014-M5 FA 1MOFRN CMBS Mat: 1/25/17 Cpn: 0.56% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 5/9/14 St Date: 5/30/14	3136AJ2A3	203,760.50 82.36	203,962.78 94.87	202.28	100.066	0.05%



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**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of September 30, 2015

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
598,216.140	FNA 2014-M4 ASQ2 CMBS Mat: 1/25/17 Cpn: 1.27% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 4/14/14 St Date: 4/30/14	3136AJB21	604,198.30 613.11	600,936.23 634.25	(3,262.07)	100.455	0.16%
940,000.000	FNA 2014-M9 ASQ2 CMBS Mat: 4/25/17 Cpn: 1.46% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 8/13/14 St Date: 8/29/14	3136AKXS7	949,393.89 1,068.88	947,632.80 1,145.23	(1,761.09)	100.812	0.25%
409,049.318	FNA 2012-M9 ASQ2 CMBS Mat: 12/25/17 Cpn: 1.51% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 4/26/13 St Date: 5/1/13	3136A7L26	418,093.14 0.00	411,577.24 515.74	(6,515.90)	100.618	0.11%
2,000,000.000	FNA 2015-M7 ASQ2 CMBS Mat: 4/25/18 Cpn: 1.55% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 4/15/15 St Date: 4/30/15	3136ANJY4	2,019,992.80 2,497.22	2,016,780.00 2,583.33	(3,212.80)	100.839	0.53%
864,972.565	FNA 2014-M8 FA 1MOFRN CMBS Mat: 5/25/18 Cpn: 0.46% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 7/11/14 St Date: 7/31/14	3136AKQJ5	864,740.75 289.77	864,719.13 328.10	(21.62)	99.971	0.23%
1,000,000.000	FHMS K704 A2 CMBS Mat: 8/25/18 Cpn: 2.41% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 10/2/14 St Date: 10/7/14	3137AH6Q6	1,024,609.38 402.00	1,028,340.00 2,010.00	3,730.62	102.834	0.27%
1,131,013.000	FNA 14-M1 ASQ2 CMBS Mat: 11/25/18 Cpn: 2.32% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 1/17/14 St Date: 1/30/14	3136AHUV0	1,149,645.93 2,064.85	1,161,652.14 2,189.45	12,006.21	102.709	0.30%
2,950,000.000	FHMS KP01 A2 CMBS Mat: 1/25/19 Cpn: 1.72% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 10/24/14 St Date: 10/29/14	3137ATSC7	2,965,542.97 4,185.33	2,980,963.20 4,228.33	15,420.23	101.050	0.78%
534,897.850	FNMA #890170 Mat: 9/1/19 Cpn: 4.50% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 10/3/14 St Date: 10/20/14	31410K6F6	567,326.03 1,270.38	556,371.86 2,005.87	(10,954.17)	104.015	0.15%
237,920.440	FNMA #MA0204 10YR Mat: 10/1/19 Cpn: 4.50% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 1/27/15 St Date: 2/18/15	31417YGN1	251,266.29 505.58	248,064.00 892.20	(3,202.29)	104.263	0.07%



**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of September 30, 2015

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
3,719,168.138	FNMA #AM8381 DUS CMBS Mat: 3/1/20 Cpn: 2.22% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 3/2/15 St Date: 3/31/15	3138L9J37	3,768,272.76 6,880.46	3,811,745.67 6,880.46	43,472.91	102.489	1.00%
<b>Total for Mortgage-Backed</b>			<b>15,173,805.04 19,990.92</b>	<b>15,214,099.37 23,919.05</b>	<b>40,294.33</b>		<b>3.99%</b>
<b>Asset-Backed</b>							
848,585.248	MERCEDES 2013-B A3 LEASE Mat: 7/15/16 Cpn: 0.62% Moody's: Aaa S&P: Fitch: AAA Tr Date: 8/18/14 St Date: 8/21/14	58768DAC5	849,181.91 124.22	848,554.70 233.83	(627.21)	99.996	0.22%
48,649.263	HONDA 2012-4 A3 CAR Mat: 8/18/16 Cpn: 0.52% Moody's: Aaa S&P: AAA Fitch: Tr Date: 7/8/13 St Date: 7/11/13	43813CAC4	48,546.64 16.16	48,641.28 9.14	94.64	99.984	0.01%
374,389.622	HONDA 2013-2 A3 CAR Mat: 2/16/17 Cpn: 0.53% Moody's: Aaa S&P: Fitch: AAA Tr Date: 8/18/14 St Date: 8/21/14	43814EAC9	374,623.62 27.56	374,252.22 82.68	(371.39)	99.963	0.10%
394,953.709	JOHN DEERE 2013-A A3 EQP Mat: 3/15/17 Cpn: 0.60% Moody's: Aaa S&P: Fitch: AAA Tr Date: 8/18/14 St Date: 8/21/14	47787TAC0	395,138.84 39.50	394,895.65 105.32	(243.19)	99.985	0.10%
3,801,000.000	VOLKSWAGEN 2014-A A3 LEASE Mat: 4/20/17 Cpn: 0.80% Moody's: Aaa S&P: AAA Fitch: Tr Date: 8/18/14 St Date: 8/21/14	92867QAD3	3,800,780.78 564.73	3,801,383.90 929.13	603.12	100.010	1.00%
1,038,727.166	MERCEDES 2013-1 A3 CAR Mat: 8/15/17 Cpn: 0.78% Moody's: S&P: AAA Fitch: AAA Tr Date: 10/23/14 St Date: 10/28/14	58768WAC3	1,041,121.11 292.58	1,039,274.58 360.09	(1,846.53)	100.053	0.27%
1,038,190.115	VOLKSWAGEN 2013-1 A3 CAR Mat: 8/21/17 Cpn: 0.56% Moody's: Aaa S&P: Fitch: AAA Tr Date: 1/21/15 St Date: 1/26/15	92867MAC4	1,037,257.37 96.90	1,036,546.66 177.65	(710.71)	99.842	0.27%
806,280.056	HONDA 2013-4 A3 CAR Mat: 9/18/17 Cpn: 0.69% Moody's: S&P: AAA Fitch: AAA Tr Date: 10/23/14 St Date: 10/28/14	43814FAC6	806,479.48 156.95	805,918.04 200.90	(561.44)	99.955	0.21%





**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of September 30, 2015

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
1,929,890.001	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	1,928,870.22 149.80	1,928,990.67 497.48	120.45	99.953	0.51%
4,180,000.000	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	4,179,765.50 0.00	4,168,513.95 1,596.53	(11,251.55)	99.725	1.09%
3,730,000.000	JOHN DEERE 2015-A A2A EQP Mat: 2/15/18 Cpn: 0.87% Moody's: Aaa S&P: Fitch: AAA Tr Date: 3/3/15 St Date: 3/11/15	47787UAB9	3,729,759.79 0.00	3,730,682.59 1,442.27	922.80	100.018	0.98%
1,000,000.000	JOHN DEERE 2014-A A3 EQP Mat: 4/16/18 Cpn: 0.92% Moody's: Aaa S&P: Fitch: AAA Tr Date: 4/2/14 St Date: 4/9/14	47787VAC5	999,839.80 0.00	999,991.00 408.89	151.20	99.999	0.26%
1,100,000.000	GEEMT 2014-1 A3 EQP Mat: 5/22/18 Cpn: 1.14% Moody's: S&P: AAA Fitch: AAA Tr Date: 9/9/14 St Date: 9/17/14	36163TAC7	1,099,993.29 0.00	1,103,353.90 313.50	3,360.61	100.305	0.29%
1,100,000.000	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	1,099,952.37 0.00	1,100,027.91 454.67	75.54	100.003	0.29%
7,900,000.000	HONDA 2015-1 A3 CAR Mat: 10/15/18 Cpn: 1.05% Moody's: Aaa S&P: AAA Fitch: Tr Date: 1/21/15 St Date: 1/28/15	43814KAC5	7,899,395.65 0.00	7,898,263.50 3,686.67	(1,132.15)	99.978	2.07%
5,836,307.156	HARLEY 2015-1 A2A CYCLE Mat: 1/15/19 Cpn: 0.80% Moody's: Aaa S&P: (P)AAA Fitch: AAA Tr Date: 1/22/15 St Date: 1/28/15	41284BAB2	5,836,259.88 0.00	5,836,406.37 2,075.13	146.49	100.002	1.53%
4,175,000.000	TOYOTA 2015-A A3 CAR Mat: 2/15/19 Cpn: 1.12% Moody's: Aaa S&P: AAA Fitch: Tr Date: 2/24/15 St Date: 3/4/15	89236WAC2	4,174,368.74 0.00	4,179,332.48 2,078.22	4,963.74	100.104	1.10%
2,335,000.000	GEET 2015-1 A3 EQP Mat: 2/25/19 Cpn: 1.28% Moody's: Aaa S&P: Fitch: AAA Tr Date: 2/24/15 St Date: 3/4/15	36164EAC9	2,334,655.59 0.00	2,346,170.64 664.18	11,515.05	100.478	0.61%



**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of September 30, 2015

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
3,800,000.000	TOYOTA 2015-B A3 GREEN CAR Mat: 5/15/19 Cpn: 1.27% Moody's: Aaa S&P: AAA Fitch: Tr Date: 6/10/15 St Date: 6/17/15	89237CAD3	3,799,794.42 0.00	3,808,850.85 2,144.89	9,056.43	100.233	1.00%
1,900,000.000	TOYOTA 2015-C A3 CAR Mat: 6/17/19 Cpn: 1.44% Moody's: Aaa S&P: AAA Fitch: Tr Date: 8/18/15 St Date: 8/26/15	89231TAD2	1,899,722.60 0.00	1,908,739.34 1,216.00	9,016.74	100.460	0.50%
1,564,000.000	CHASE 2014-A6 A 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	1,570,221.12 875.84	5,474.32	100.398	0.41%
3,400,000.000	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	3,399,351.62 0.00	3,410,179.60 2,992.00	10,827.98	100.299	0.89%
3,400,000.000	GEDFT 2014-2 A 1MOFRN FLOOR Mat: 10/20/19 Cpn: 0.67% Moody's: Aaa S&P: Fitch: AAA Tr Date: 6/18/15 St Date: 6/23/15	36159LCN4	3,393,625.00 60.14	3,384,190.00 629.00	(9,435.00)	99.535	0.89%
3,425,000.000	CHASE 2014-A7 A CDT Mat: 11/15/19 Cpn: 1.38% Moody's: Aaa S&P: AAA Fitch: AAA Tr Date: 11/7/14 St Date: 11/17/14	161571GQ1	3,430,628.70 685.21	3,444,786.60 2,100.67	14,157.90	100.578	0.90%
<b>Total for Asset-Backed</b>			<b>59,123,859.72 2,353.89</b>	<b>59,168,167.54 25,274.66</b>	<b>44,307.83</b>		<b>15.51%</b>
<b>Grand Total</b>			<b>381,360,449.07 468,308.98</b>	<b>380,970,819.51 784,160.33</b>	<b>(389,629.56)</b>		<b>100.00%</b>



## CalOptima (The Orange County Health Authority)

Account #: LCEF0023802

As of 9/30/2015

## 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
<b>CASH &amp; CASH EQUIVALENTS</b>												
<b>AGENCIES</b>												
3130A6G92	FEDERAL HOME LOAN BANKS	.245	6/21/2016	6/21/2016	Agency	2,575,000	2,575,081.340	.728	.224	.234	2.93%	2,575,000.00
<b>AGENCIES TOTALS</b>							<b>2,575,081.340</b>					<b>2,575,000.00</b>
<b>CASH</b>												
NA9123459	US DOLLARS	.193	10/1/2015		Agency	1,134,910	1,134,909.830	.001	.001	.193	1.29%	1,134,909.83
USD120030	USD INTEREST RECEIVABLE	-				332,795	0.000	-	-	-	.38%	332,794.98
USD220010	USD PAYABLE FOR INVESTMENTS PURCHASED	-				(852,181)	(852,180.730)	-	-	-	(.97%)	(852,180.73)
<b>CASH TOTALS</b>							<b>282,729.100</b>					<b>615,524.08</b>
<b>CASH &amp; CASH EQUIVALENTS TOTALS</b>							<b>2,857,810.440</b>					<b>3,190,524.08</b>
<b>FIXED INCOME</b>												
<b>AGENCIES</b>												
3137EACA5	FEDERAL HOME LOAN MORTGAGE CORP	3.750	3/27/2019	3/27/2019	Agency	1,425,000	1,519,055.230	3.492	3.291	1.156	1.77%	1,551,145.28
3137EADH9	FEDERAL HOME LOAN MORTGAGE CORP	1.000	6/29/2017	6/29/2017	Agency	900,000	901,340.740	1.747	1.724	.607	1.03%	906,139.80
3134G7UX7	FEDERAL HOME LOAN MORTGAGE CORP	1.350	9/14/2018	9/14/2018	Agency	875,000	875,000.000	.206	.723	.525	1.00%	876,482.25
3135G0PQ0	FEDERAL NATIONAL MORTGAGE ASSOCIATION	.875	10/26/2017	10/26/2017	AA+	900,000	901,945.380	2.072	2.042	.729	1.03%	902,699.10
<b>AGENCIES TOTALS</b>							<b>4,197,341.350</b>					<b>4,236,466.43</b>
<b>ASSET BACKED</b>												
161571GR9	CHASE ISSUANCE TRUST	.457	11/15/2018	11/15/2016	AAA	835,000	835,000.000	1.125	.041	.505	.95%	834,499.84
47787RAD2	JOHN DEERE OWNER TRUST 2012-B	.690	1/15/2019	11/15/2016	Aaa	422,369	422,432.590	.465	.463	.726	.48%	422,301.03
58772PAC2	MERCEDES-BENZ AUTO RECEIVABLES TRUST 2015-1	.477	6/15/2018	4/17/2017	AAA	960,000	960,096.250	.911	.043	.583	1.09%	959,029.44
55314MAD8	MMAF EQUIPMENT FINANCE LLC 2011-A	2.100	7/15/2017	7/15/2016	Aaa	255,280	255,684.320	.301	.299	.872	.29%	256,220.68
60689LAC9	MMAF EQUIPMENT FINANCE LLC 2013-A	1.030	12/11/2017	12/9/2016	Aaa	433,443	433,600.920	.523	.520	.963	.49%	433,598.13
55315GAC2	MMAF EQUIPMENT FINANCE LLC 2015-A	1.380	10/16/2019	9/16/2018	Aaa	750,000	749,869.620	1.957	1.919	1.434	.85%	749,426.25
90290XAC1	USAA AUTO OWNER TRUST 2015-1	1.200	6/17/2019	1/15/2018	Aaa	565,000	564,942.490	1.692	1.684	.961	.65%	567,280.34
<b>ASSET BACKED TOTALS</b>							<b>4,221,626.190</b>					<b>4,222,355.71</b>
<b>CMBS</b>												
3136A7L26	FANNIE MAE-ACES	1.513	12/25/2017	6/25/2017	Agency	1,222,446	1,232,972.470	1.625	1.598	1.069	1.40%	1,230,000.95
3136ACGF2	FANNIE MAE-ACES	1.083	2/25/2016	2/25/2016	Agency	169,413	169,704.600	.342	.342	.656	.19%	169,537.53
3136AC3C3	FANNIE MAE-ACES	1.451	2/25/2018	2/25/2018	Agency	1,092,923	1,100,048.460	2.267	2.223	1.073	1.25%	1,101,176.07
3137B03W2	FHLMC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	1.426	8/25/2017	8/25/2017	AAA	400,000	403,411.300	1.467	1.447	.841	.46%	403,037.60
3137ANLP8	FHLMC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	1.655	11/25/2016	11/25/2016	Aaa	568,312	573,680.360	.860	.852	.804	.65%	571,836.64
3137A1N82	FHLMC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	2.746	12/25/2019	12/25/2019	Agency	109,077	112,593.600	1.950	1.889	1.120	.13%	112,292.77
3137AH6Q6	FHLMC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	2.412	8/25/2018	8/25/2018	Aaa	600,000	612,070.570	2.703	2.605	1.287	.70%	617,004.00
<b>CMBS TOTALS</b>							<b>4,204,481.360</b>					<b>4,204,885.56</b>
<b>CMOS</b>												
313921TM0	FANNIE MAE	6.000	10/25/2016	9/25/2016	Agency	49,637	49,839.770	.434	.429	1.052	.06%	50,500.66
31392BVM5	FANNIE MAE REMICS	5.500	2/25/2017	12/25/2016	Agency	28,716	28,868.710	.468	.463	.897	.03%	29,227.74

## 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
<b>FIXED INCOME (Continued)</b>												
<b>CMOS (Continued)</b>												
31393BF91	FANNIE MAE REMICS	5.000	5/25/2018	4/25/2018	Agency	128,924	130,945.750	1.035	1.010	1.426	.15%	133,217.64
31398M5L6	FANNIE MAE REMICS	3.750	8/25/2018	5/25/2018	Agency	194,303	199,078.860	1.139	1.116	.797	.23%	200,313.29
31398GZS1	FANNIE MAE REMICS	2.500	12/25/2018	7/25/2018	Agency	151,697	153,059.990	1.085	1.068	.833	.18%	154,170.62
31392GPN9	FANNIE MAE REMICS	5.000	1/25/2018	12/25/2017	Agency	172,570	175,213.130	.917	.899	.966	.20%	178,337.89
31396YXB3	FANNIE MAE REMICS	4.000	12/25/2018	2/25/2018	Agency	208,361	211,835.670	1.077	1.054	1.254	.24%	213,915.15
31398VUA2	FREDDIE MAC REMICS	2.000	3/15/2019	10/15/2018	Agency	234,073	235,726.140	1.218	1.198	.898	.27%	237,010.73
31398WLZ5	FREDDIE MAC REMICS	2.000	11/15/2018	8/15/2018	Agency	140,066	140,758.760	.973	.961	.701	.16%	141,719.18
31394GH22	FREDDIE MAC REMICS	4.500	7/15/2018	1/15/2018	Agency	337,151	348,694.970	1.035	1.013	.851	.40%	349,221.81
31393GWV2	FREDDIE MAC REMICS	5.000	12/15/2017	11/15/2017	Agency	144,912	147,489.400	.891	.874	.803	.17%	150,025.38
3137A1LC5	FREDDIE MAC REMICS	2.000	8/15/2020	10/15/2019	Agency	296,072	300,583.990	1.783	1.732	.974	.34%	301,202.97
31393NDD8	FREDDIE MAC REMICS	5.000	3/15/2018	2/15/2018	Agency	102,115	103,423.390	.981	.958	1.449	.12%	105,441.12
31394TVB8	FREDDIE MAC REMICS	4.500	3/15/2019	7/15/2018	Agency	120,193	123,132.240	1.251	1.218	1.165	.14%	124,950.32
3137A5J21	FREDDIE MAC REMICS	1.750	1/15/2017	1/15/2017	Agency	41,433	41,476.230	.630	.625	1.034	.05%	41,591.78
<b>CMOS TOTALS</b>							<b>2,390,127.000</b>					<b>2,410,846.28</b>
<b>CORPORATES</b>												
00138CAA6	AIG GLOBAL FUNDING	1.650	12/15/2017	12/15/2017	A2	200,000	199,863.300	2.208	2.159	1.548	.23%	200,438.00
02580ECC5	AMERICAN EXPRESS BANK FSB	6.000	9/13/2017	9/13/2017	A2	300,000	324,755.690	1.953	1.865	1.610	.37%	325,215.60
0258M0DP1	AMERICAN EXPRESS CREDIT CORP	2.250	8/15/2019	8/15/2019	A2	400,000	398,729.360	3.875	3.700	2.155	.46%	401,400.00
0258M0DN6	AMERICAN EXPRESS CREDIT CORP	.602	6/5/2017	6/5/2017	A2	400,000	398,007.500	1.683	.184	.938	.45%	397,778.00
060505DP6	BANK OF AMERICA CORP	5.750	12/1/2017	12/1/2017	A-	200,000	214,924.550	2.169	2.033	1.921	.25%	216,188.80
06051GET2	BANK OF AMERICA CORP	2.000	1/11/2018	1/11/2018	A-	600,000	601,050.280	2.281	2.224	1.833	.69%	602,218.80
06050TKN1	BANK OF AMERICA NA	5.300	3/15/2017	3/15/2017	A-	250,000	261,785.810	1.458	1.413	1.777	.30%	262,622.50
06406HCU1	BANK OF NEW YORK MELLON CORP/THE	2.200	5/15/2019	5/15/2019	A+	300,000	304,398.260	3.542	3.427	1.952	.34%	302,532.60
073928S46	BEAR STEARNS COS LLC/THE	.723	11/21/2016	11/21/2016	A	425,000	424,564.240	1.144	.148	.905	.48%	424,143.20
084664BS9	BERKSHIRE HATHAWAY FINANCE CORP	1.600	5/15/2017	5/15/2017	Aa2	70,000	70,370.880	1.625	1.593	.976	.08%	70,702.31
084664CD1	BERKSHIRE HATHAWAY FINANCE CORP	.586	1/12/2018	1/12/2018	Aa2	110,000	110,056.040	2.294	.035	.811	.12%	109,552.85
084670BH0	BERKSHIRE HATHAWAY INC	1.550	2/9/2018	2/9/2018	Aa2	500,000	504,424.040	2.358	2.314	1.200	.57%	504,059.50
07330NAF2	BRANCH BANKING & TRUST CO	.754	12/1/2016	12/1/2016	A1	500,000	500,402.400	1.172	.171	.699	.57%	500,392.50
166764AN0	CHEVRON CORP	2.193	11/15/2019	11/15/2019	AA	500,000	508,680.600	4.042	3.885	1.914	.58%	505,397.00
172967JH5	CITIGROUP INC	1.800	2/5/2018	2/5/2018	A-	300,000	299,148.430	2.347	2.297	1.842	.34%	299,709.00
172967JQ5	CITIGROUP INC	.985	4/27/2018	4/27/2018	A-	500,000	499,239.200	2.575	.074	1.170	.57%	498,222.00
209111ET6	CONSOLIDATED EDISON CO OF NEW YORK INC	5.850	4/1/2018	4/2/2018	A-	250,000	274,525.890	2.503	2.302	1.579	.31%	276,099.50
30231GAL6	EXXON MOBIL CORP	1.305	3/6/2018	3/6/2018	AAA	445,000	445,000.000	2.433	2.388	1.206	.51%	446,050.20
31677QAV1	FIFTH THIRD BANK/CINCINNATI OH	1.450	2/28/2018	2/28/2018	A-	500,000	496,528.430	2.411	2.349	1.682	.57%	497,272.00
36962G5W0	GENERAL ELECTRIC CAPITAL CORP	2.300	4/27/2017	4/27/2017	A1	400,000	399,795.990	1.575	1.534	.987	.46%	408,184.00
36962G7H1	GENERAL ELECTRIC CAPITAL CORP	.601	5/15/2017	5/15/2017	A1	305,000	305,407.670	1.536	.130	.548	.35%	305,306.53
37331NAF8	GEORGIA-PACIFIC LLC	2.539	11/15/2019	11/15/2019	Baa1	450,000	449,695.400	4.042	3.859	2.408	.51%	452,252.70
38141GRC0	GOLDMAN SACHS GROUP INC/THE	2.375	1/22/2018	1/22/2018	A-	215,000	217,746.490	2.311	2.245	1.795	.25%	217,808.12
38141GEG5	GOLDMAN SACHS GROUP INC/THE	.769	3/22/2016	3/22/2016	A-	130,000	129,980.190	.481	.227	.825	.15%	129,970.49
38141GVK7	GOLDMAN SACHS GROUP INC/THE	1.497	4/30/2018	4/30/2018	A-	500,000	504,901.450	2.583	.098	1.210	.57%	504,278.50
41283LAF2	HARLEY-DAVIDSON FINANCIAL SERVICES INC	2.150	2/26/2020	2/26/2020	A-	650,000	648,946.350	4.406	4.193	2.208	.74%	648,417.90
437076BB7	HOME DEPOT INC/THE	2.250	9/10/2018	9/10/2018	A	550,000	557,660.890	2.944	2.850	1.379	.64%	563,776.95
40428HPQ9	HSBC USA INC	1.700	3/5/2018	3/5/2018	A	380,000	378,286.120	2.431	2.375	1.815	.43%	378,959.94
48121CYK6	JPMORGAN CHASE BANK NA	6.000	10/1/2017	10/2/2017	A	626,000	673,178.750	2.003	1.865	1.880	.77%	676,461.86

## 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
<b>FIXED INCOME (Continued)</b>												
<b>CORPORATES (Continued)</b>												
49327M2A1	KEYBANK NA/CLEVELAND OH	1.650	2/1/2018	2/1/2018	A-	300,000	300,795.330	2.336	2.289	1.615	.34%	300,237.30
55279HAA8	MANUFACTURERS & TRADERS TRUST CO	1.450	3/7/2018	3/7/2018	A2	500,000	497,895.510	2.436	2.387	1.768	.57%	496,218.00
55279HAH3	MANUFACTURERS & TRADERS TRUST CO	.595	7/25/2017	7/25/2017	A2	450,000	448,056.700	1.822	.074	.684	.51%	449,572.95
57629WBU3	MASSMUTUAL GLOBAL FUNDING II	2.350	4/9/2019	4/9/2019	AA+	400,000	407,139.350	3.525	3.348	1.805	.46%	407,417.20
57629WBQ2	MASSMUTUAL GLOBAL FUNDING II	2.000	4/5/2017	4/5/2017	AA+	250,000	252,248.550	1.514	1.479	1.137	.29%	253,229.75
585055BQ8	MEDTRONIC INC	1.500	3/15/2018	3/15/2018	A3	250,000	249,458.250	2.458	2.407	1.667	.28%	248,998.00
58933YAH8	MERCK & CO INC	.684	5/18/2018	5/18/2018	A	850,000	851,453.500	2.636	.138	.637	.97%	851,265.65
59217GBE8	METROPOLITAN LIFE GLOBAL FUNDING I	.663	4/10/2017	4/10/2017	AA-	380,000	380,716.280	1.528	.050	.716	.43%	379,937.68
59217GAY5	METROPOLITAN LIFE GLOBAL FUNDING I	1.500	1/10/2018	1/10/2018	AA-	640,000	640,617.760	2.278	2.233	1.572	.73%	638,972.16
61746BDC7	MORGAN STANLEY	.737	10/18/2016	10/18/2016	A-	150,000	149,802.510	1.050	.052	.976	.17%	149,704.05
617446V71	MORGAN STANLEY	6.250	8/28/2017	8/28/2017	A-	450,000	482,624.610	1.911	1.818	1.703	.56%	488,304.45
553794AB4	MUFG AMERICAS HOLDINGS CORP	2.250	2/10/2020	2/10/2020	A	500,000	498,231.000	4.361	4.120	2.331	.57%	498,331.50
637432NB7	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2.300	11/15/2019	11/15/2019	A1	650,000	659,779.300	4.042	3.877	2.069	.75%	655,784.35
69353RDD7	PNC BANK NA	2.250	7/2/2019	7/2/2019	A	320,000	322,062.700	3.672	3.555	2.073	.37%	321,994.56
74153WCE7	PRICOA GLOBAL FUNDING I	1.350	8/18/2017	8/18/2017	A+	440,000	440,365.430	1.883	1.856	1.503	.50%	438,753.04
74153WC83	PRICOA GLOBAL FUNDING I	1.150	11/25/2016	11/25/2016	A+	150,000	149,958.000	1.153	1.142	.947	.17%	150,347.10
828807CM7	SIMON PROPERTY GROUP LP	1.500	2/1/2018	2/1/2018	A	305,000	302,796.380	2.336	2.223	1.572	.35%	304,497.36
91324PCG5	UNITEDHEALTH GROUP INC	2.300	12/15/2019	12/16/2019	A-	230,000	232,293.370	4.208	3.987	1.971	.27%	233,038.76
91324PCF7	UNITEDHEALTH GROUP INC	1.400	12/15/2017	12/15/2017	A-	240,000	239,757.900	2.211	2.165	1.442	.27%	239,753.28
91159HHE3	US BANCORP	1.950	11/15/2018	11/15/2018	A+	366,000	368,736.090	3.042	2.981	1.597	.42%	369,817.75
90327QCW7	USAA CAPITAL CORP	2.250	12/13/2016	12/13/2016	Aa1	150,000	149,900.630	1.203	1.190	.811	.17%	152,579.10
25468PDA1	WALT DISNEY CO/THE	1.850	5/30/2019	5/30/2019	A	380,000	380,756.870	3.667	3.517	1.669	.44%	382,428.58
94974BGF1	WELLS FARGO & CO	2.150	1/30/2020	1/30/2020	A+	750,000	747,820.290	4.333	4.120	2.209	.85%	748,160.25
<b>CORPORATES TOTALS</b>							<b>20,255,320.510</b>					<b>20,284,754.17</b>
<b>MORTGAGES</b>												
31413XVG5	FANNIE MAE POOL	4.361	6/1/2019	6/25/2019	Agency	400,000	427,863.620	3.736	3.439	2.364	.49%	428,420.08
31391WS93	FANNIE MAE POOL	5.500	11/1/2017	3/25/2017	Agency	39,917	40,247.080	.759	.744	1.939	.05%	40,840.06
31371KT68	FANNIE MAE POOL	5.500	10/1/2017	7/25/2017	Agency	55,672	56,231.710	.847	.830	.989	.07%	57,581.99
31371KVC2	FANNIE MAE POOL	5.500	11/1/2017	8/25/2017	Agency	63,467	64,163.930	.878	.860	.996	.07%	65,728.26
31385XBG1	FANNIE MAE POOL	6.000	3/1/2018	3/25/2017	Agency	59,339	59,880.250	.709	.697	1.226	.07%	61,098.44
31404WTT3	FANNIE MAE POOL	4.500	5/1/2019	2/25/2019	Agency	14,754	15,137.880	1.436	1.378	1.637	.02%	15,306.99
31294KUP8	FREDDIE MAC GOLD POOL	5.000	11/1/2018	7/15/2018	Agency	101,661	104,085.670	1.218	1.188	.408	.12%	107,130.02
36200MPV9	GINNIE MAE I POOL	4.500	7/15/2018	2/15/2018	Govt	25,785	26,288.980	1.159	1.128	1.390	.03%	26,659.45
36200MMZ3	GINNIE MAE I POOL	4.500	6/15/2018	2/15/2018	Govt	64,329	65,515.790	1.162	1.131	1.409	.08%	66,502.82
<b>MORTGAGES TOTALS</b>							<b>859,414.910</b>					<b>869,268.11</b>
<b>MUNICIPALS</b>												
03667PEB4	ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT	1.954	8/1/2018	8/1/2018	AA-	345,000	345,000.000	2.836	2.751	1.489	.40%	349,433.25
072031AF4	BAY AREA WATER SUPPLY & CONSERVATION AGENCY	1.914	10/1/2019	10/1/2019	Aa3	150,000	150,421.830	4.003	3.813	1.796	.17%	150,681.00
120827CS7	BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY	2.475	7/1/2016	7/1/2016	A	300,000	300,000.000	.753	.745	1.245	.34%	302,754.00
13066KW21	CALIFORNIA STATE DEPARTMENT OF WATER RESOURCES	.991	12/1/2016	12/1/2016	Aa1	450,000	450,153.310	1.169	1.160	.703	.51%	451,507.50

## 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
<b>FIXED INCOME (Continued)</b>												
<b>MUNICIPALS (Continued)</b>												
13077CT38	CALIFORNIA STATE UNIVERSITY	1.982	11/1/2019	11/1/2019	AA-	245,000	245,000.000	4.086	3.911	1.627	.28%	248,430.00
156792GT4	CERRITOS COMMUNITY COLLEGE DISTRICT	2.165	8/1/2019	8/1/2019	Aa2	175,000	175,000.000	3.836	3.668	1.833	.20%	177,140.25
156792GR8	CERRITOS COMMUNITY COLLEGE DISTRICT	1.312	8/1/2017	8/1/2017	Aa2	500,000	500,000.000	1.836	1.810	1.138	.57%	501,570.00
190335GM5	COAST COMMUNITY COLLEGE DISTRICT	.844	8/1/2016	8/1/2016	AA	700,000	700,000.000	.836	.833	.965	.80%	699,293.00
68428LDG6	COUNTY OF ORANGE CA	.580	11/2/2015	11/2/2015	AA-	555,000	555,016.240	.089	.090	.377	.63%	555,099.90
786149GJ7	COUNTY OF SACRAMENTO CA	8.000	7/1/2016	7/1/2016	AA+	55,000	57,657.610	.753	.733	.651	.07%	58,029.40
797398DH4	COUNTY OF SAN DIEGO CA	5.765	8/15/2019	8/15/2019	AA+	475,000	535,476.920	3.875	3.510	1.974	.62%	541,842.00
492244CS5	KERN COMMUNITY COLLEGE DISTRICT	5.000	11/1/2016	11/1/2016	Aa2	400,000	417,144.380	1.086	1.052	.378	.48%	420,020.00
54473ERR7	LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY	2.560	12/1/2019	12/2/2019	A+	255,000	255,000.000	4.169	3.952	2.167	.29%	258,978.00
616794QN6	MORELAND SCHOOL DISTRICT	3.649	7/1/2016	7/1/2016	Aa3	415,000	422,655.740	.753	.742	.922	.48%	423,466.00
621196XM1	MOUNT DIABLO UNIFIED SCHOOL DISTRICT/CA	3.887	8/1/2017	8/1/2017	Aa3	400,000	417,905.120	1.836	1.774	1.440	.48%	417,668.00
630360EJ0	NAPA VLY CA CMNTY C	1.776	8/1/2018	8/1/2018	AA-	600,000	600,000.000	2.836	2.758	1.360	.69%	606,918.00
661334DQ2	NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT/CA	.964	8/1/2016	8/1/2016	AA	250,000	250,109.860	.836	.833	.378	.29%	251,222.50
661334DS8	NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT/CA	1.540	8/1/2018	8/1/2018	AA	165,000	164,282.900	2.836	2.766	1.010	.19%	167,440.35
735000QD6	PORT OF OAKLAND	5.000	5/1/2017	5/1/2017	A+	525,000	555,161.770	1.586	1.512	.755	.64%	560,064.75
76886PFB4	RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION	2.848	8/1/2020	8/3/2020	Aa2	355,000	365,801.650	4.836	4.512	1.924	.42%	370,076.85
786134SU1	SACRAMENTO COUNTY SANITATION DISTRICTS FINANCING AUTHORITY	3.089	12/1/2016	12/1/2016	AA-	500,000	510,201.980	1.169	1.145	1.338	.58%	510,120.00
786005NA2	SACRAMENTO MUNICIPAL UTILITY DISTRICT	5.000	8/15/2017	8/15/2017	AA-	160,000	171,241.220	1.875	1.801	.611	.20%	173,070.40
79765A7G5	SAN FRANCISCO CITY & COUNTY AIRPORTS COMM-SAN FRANCISCO INTERNATIONAL AIRPORT	5.000	5/1/2017	5/1/2017	A+	600,000	632,716.830	1.586	1.512	.776	.73%	639,876.00
83412PDW9	SOLANO COUNTY COMMUNITY COLLEGE DISTRICT	1.840	8/1/2018	8/1/2018	Aa3	600,000	600,000.000	2.836	2.755	1.420	.69%	606,978.00
842477TD3	SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY	.645	7/1/2016	7/1/2016	AA-	700,000	700,000.000	.753	.749	.842	.80%	698,964.00
130638FU1	STATE OF CALIFORNIA	6.200	3/1/2019	3/1/2019	Aa3	550,000	621,023.980	3.419	3.123	1.709	.72%	631,686.00
13063A7G3	STATE OF CALIFORNIA	6.200	10/1/2019	10/1/2019	Aa3	500,000	583,271.600	4.003	3.525	1.734	.67%	585,995.00
20772JL59	STATE OF CONNECTICUT	2.500	8/1/2020	8/3/2020	AA	635,000	638,503.040	4.836	4.549	2.053	.74%	647,998.45
649791CJ7	STATE OF NEW YORK	4.290	3/1/2019	3/1/2019	AA+	225,000	242,233.440	3.419	3.197	1.600	.28%	245,058.75
91412GWV3	UNIVERSITY OF CALIFORNIA	2.003	5/15/2019	5/15/2019	AA	250,000	250,000.000	3.625	3.458	1.552	.29%	253,960.00
91412GPX7	UNIVERSITY OF CALIFORNIA	.659	5/15/2016	5/16/2016	AA	500,000	499,693.440	.625	.623	.415	.57%	500,760.00
932889VJ4	WALNUT VALLEY UNIFIED SCHOOL DISTRICT	2.000	8/1/2018	8/1/2018	Aa2	285,000	286,940.600	2.836	2.750	1.297	.33%	290,563.20
<b>MUNICIPALS TOTALS</b>							<b>13,197,613.460</b>					<b>13,296,664.55</b>
<b>US TREASURIES</b>												
912828K41	UNITED STATES TREASURY FLOATING RATE NOTE	.089	4/30/2017	5/1/2017	Govt	4,100,000	4,100,091.110	1.586	.007	.127	4.67%	4,097,146.40
912828J84	UNITED STATES TREASURY NOTE/BOND	1.375	3/31/2020	3/31/2020	Govt	4,385,000	4,338,386.670	4.500	4.351	1.306	5.01%	4,398,247.09
912828UB4	UNITED STATES TREASURY NOTE/BOND	1.000	11/30/2019	12/2/2019	Govt	4,635,000	4,557,077.080	4.167	4.058	1.246	5.23%	4,588,770.51
912828XM7	UNITED STATES TREASURY NOTE/BOND	1.625	7/31/2020	7/31/2020	Govt	4,500,000	4,504,087.650	4.834	4.625	1.363	5.19%	4,554,963.00
912828VV9	UNITED STATES TREASURY NOTE/BOND	2.125	8/31/2020	8/31/2020	Govt	4,675,000	4,788,911.000	4.918	4.660	1.390	5.51%	4,837,774.15
912828UF5	UNITED STATES TREASURY NOTE/BOND	1.125	12/31/2019	12/31/2019	Govt	3,825,000	3,769,779.680	4.250	4.126	1.264	4.33%	3,802,987.13

## 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
<b>FIXED INCOME (Continued)</b>												
<b>US TREASURIES (Continued)</b>												
912828UA6	UNITED STATES TREASURY NOTE/BOND	.625	11/30/2017	11/30/2017	Govt	4,400,000	4,387,628.870	2.167	2.143	.710	5.00%	4,391,978.80
912828UZ1	UNITED STATES TREASURY NOTE/BOND	.625	4/30/2018	4/30/2018	Govt	2,410,000	2,392,100.630	2.584	2.546	.826	2.73%	2,397,636.70
912828KQ2	UNITED STATES TREASURY NOTE/BOND	3.125	5/15/2019	5/15/2019	Govt	1,900,000	2,011,271.650	3.625	3.403	1.121	2.32%	2,034,881.00
<b>US TREASURIES TOTALS</b>							<b>34,849,334.340</b>					<b>35,104,384.78</b>
<b>FIXED INCOME TOTALS</b>							<b>84,175,259.120</b>					<b>84,629,625.59</b>
<b>PORTFOLIO TOTALS</b>							<b>87,033,069.560</b>					<b>87,820,149.67</b>

## **Disclaimer, Glossary, and Notes**

### **As of September 30, 2015**



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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**

## **SPECIAL MEETING OF THE CALOPTIMA BOARD OF DIRECTORS' FINANCE AND AUDIT COMMITTEE**

**CALOPTIMA  
505 CITY PARKWAY WEST  
ORANGE, CALIFORNIA**

**MONDAY, SEPTEMBER 21, 2015, 1:00 P.M.**

### **CALL TO ORDER**

Chair Lee Penrose called the meeting to order at 1:01 p.m. Director Agarwal led the Pledge of Allegiance.

**Members Present:** Lee Penrose, Chair; Peter Agarwal, Mark Refowitz, Mike Ryan (non-voting)

**Members Absent:** All members present

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

### **MINUTES**

#### **Approve the Minutes of the May 21, 2015 Regular Meeting of the CalOptima Board of Directors' Finance and Audit Committee**

The minutes of the May 21, 2015 meeting will be presented for approval at the next Board of Directors' Finance and Audit Committee meeting due to a lack of quorum.

#### **Receive and File Minutes of the April 27, 2015 Meeting of the CalOptima Board of Directors' Investment Advisory Committee**

***Action: On motion of Director Agarwal, seconded and carried, the Committee received and filed the Minutes of the April 27, 2015 Meeting of the Board of Directors' Investment Advisory Committee. (Motion carried 3-0-0)***

### **PUBLIC COMMENT**

Christina Altmayer, Executive Director, Children and Families Commission of Orange County – Oral re: Agenda Item IX. A, Intergovernmental Transfer (IGT) Funding Entity Report.

### **MANAGEMENT REPORTS**

#### **Chief Executive Officer (CEO) Report**

CEO Michael Schrader reported that the state delayed the transition of coverage for Behavioral Health Treatment (BHT) services, including Applied Behavior Analysis (ABA) services, to begin in February

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2016 and will occur over a six-month period. The state's rates for the services are consistent with CalOptima's proposal to pay \$42 per hour for ABA paraprofessional services in new cases, and for the first six months after the transition, \$50 per hour for regional center cases that were receiving a higher rate. Staff reviewed the proposed rates with the Provider Advisory Committee (PAC) at their August and September meetings; BHT providers were invited and several attended the meetings. The PAC agreed that the proposed rate was fair and reasonable.

The National Committee for Quality Assurance (NCQA) released its ratings, and for the second year in a row, CalOptima is the highest rated Medicaid health plan in California, receiving a 4 out of 5 score. Health plan ratings are based on three elements: consumer satisfaction, prevention, and treatment.

### **Chief Financial Officer (CFO) Report**

CFO Chet Uma reported that proposed revisions to the FY 2015-16 Medi-Cal Operating Budget reflecting the Medi-Cal Expansion rate decrease approved by the Board at the September 3, 2015 meeting will be presented to the Board of Directors for consideration at the October meeting.

Mr. Uma noted that several financial audits are currently underway: a joint Department of Managed Health Care/Department of Health Care Services audit of the medical loss ratio for the Medi-Cal program, an audit by the Department of Health and Human Services Office of the Inspector General to test the medical loss ratio of all Medicaid plans at the state level, and a OneCare Medicare financial audit conducted by Bland and Associates on behalf of the Centers for Medicare & Medicaid Services.

### **INVESTMENT ADVISORY COMMITTEE UPDATE**

The Quarterly Treasurer's Report for the period April 1, 2015 through June 30, 2015 was accepted as presented.

### **CONSENT CALENDAR**

#### **Recommend the Board of Directors Consider Appointments to the CalOptima Board of Directors' Investment Advisory Committee**

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

### **REPORTS**

#### **Recommend Board of Directors Receive and File the FY 2015 CalOptima Audited Financial Statements**

John Blakey of Moss Adams, CalOptima's independent financial auditor, presented the audit of the consolidated financial statement for the fiscal year ending June 30, 2015. 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 2015 financial statements fairly state the financial condition of CalOptima in all material respects.

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

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**Action:**            *On motion of Director Agarwal, seconded and carried, the Committee recommended the Board of Directors receive and file the FY 2015 CalOptima Audited Financial Statements as presented. (Motion carried 3-0-0)*

**Recommend Adoption of Resolutions Approving Updated CalOptima Human Resources Policy and for Employer Paid Member Contributions and Resolution Affirming and Implementing the Provisions of Section 414(h)(2) of the Internal Revenue Code to Tax Defer Employee Retirement Contributions to CalPERS**

Ron Santos, Human Resources Executive Director, presented the following actions: 1) Recommend Board of Directors adoption of Resolution No. 15-1001-01, Approving CalOptima's Updated Human Resources Policy and for Employer Paid Member Contributions; and 2) Recommend Board of Directors adoption of Resolution No. 15-1001-02, Affirming and Implementing the Provisions of Section 414(h)(2) of the Internal Revenue Code to Tax Defer Employee Retirement Contributions to CalPERS.

**Action:**            *On motion of Director Refowitz, seconded and carried, the Committee recommended Board adoption of Resolution No. 15-1001-01 and Resolution No. 15-1001-02 as presented. (Motion carried 3-0-0)*

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

Mr. Santos presented the action to recommend Board of Directors adoption of Resolution No. 15-1001-03, Approving Updated Policy GA.8058, Salary Schedule.

**Action:**            *On motion of Director Refowitz, seconded and carried, the Committee recommended Board adoption of Resolution No. 15-1001-03 as presented. (Motion carried 3-0-0)*

**Receive and File Quarterly Internal Audit Report**

John Valenta of Deloitte, CalOptima's internal auditor, presented the Quarterly Internal Audit Report including a review of the status of open observations. Mr. Valenta reported that the report has been revised to reflect closure of the Payroll Follow-Up audit. Two internal audits are in process: Provider Data Management and Provider Contracting.

Caitlin Holleran of Deloitte provided a review of the observations and management action plans implemented for the following internal audits: Physical Security Awareness, Cal MediConnect Policy Review, and Telecommunications. Ms. Holleran reported that Deloitte will initiate the risk assessment process for the FY 2016 Internal Audit Plan. Chair Penrose requested that the risk assessment process include interviews with all members of the Board of Directors.

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

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

## **INFORMATION ITEMS**

### **Intergovernmental Transfer (IGT) Funding Entity Report**

Stan Rosenstein of Health Management Associates provided a brief overview of IGT funding and potential IGT funding entities in Orange County including the University of California, Irvine (UCI), the County of Orange, and the First 5 Commission. Proposed recommendations were presented to the Committee for discussion including expanding CalOptima's IGT program to include the County and Children & Families Commission, working with UCI to explore increasing UCI's IGT amounts, and advising IGT participants that their funding may be temporary. Mr. Rosenstein reported that the state routinely allows 2 percent of its IGT payment for an administrative fee that should allow sufficient funds to hire an IGT program manager.

### **Reserve Policy Update**

Mr. Uma presented a brief update on the Board-designated Reserve Funds policy, which requires a minimum of 1.4 months to a maximum of 2 months of revenues. As of June 30, 2015, Board-designated reserves total \$518 million. Staff will provide proposed recommendations regarding liquidity as it relates to the Board-designated Reserves Fund policy to the Committee for review at a future meeting.

### **Cost Containment Improvements/Initiatives, Catastrophic Claims Update, CalOptima Insurance Coverage Summary for 2015-16**

These Information Items were accepted as presented.

### **Quarterly Reports to the Finance and Audit Committee**

The Shared Risk Pool Performance Update, Health Network Financial Report, Reinsurance Report, and Purchasing Report were accepted as presented.

### **CalOptima Computer Systems Security Update**

This Information Item was accepted as presented.

### **COMMITTEE MEMBER COMMENTS**

Members of the Board of Directors' Finance and Audit Committee congratulated staff on a successful financial audit.

## **ADJOURNMENT**

Hearing no further business, Chair Penrose adjourned the meeting at 2:57 p.m.

/s/ Suzanne Turf

Suzanne Turf  
Clerk of the Board



# MINUTES

## REGULAR MEETING OF THE CALOPTIMA BOARD OF DIRECTORS' FINANCE AND AUDIT COMMITTEE

CALOPTIMA  
505 CITY PARKWAY WEST  
ORANGE, CALIFORNIA

THURSDAY, MAY 21, 2015, 2:00 P.M.

### **CALL TO ORDER**

Chair Lee Penrose called the meeting to order at 2:07 p.m. Director Ryan led the Pledge of Allegiance.

**Members Present:** Lee Penrose, Chair; Mark Refowitz, Mike Ryan (non-voting)

**Members Absent:** Peter Agarwal

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

### **MINUTES**

**Approve the Minutes of the February 24, 2015 Special Meeting of the CalOptima Board of Directors' Finance and Audit Committee; Receive and File Minutes of the January 26, 2015 Meeting of the CalOptima Board of Directors' Investment Advisory Committee**

*Action: On motion of Director Refowitz, seconded and carried, the Committee approved the Minutes of the February 24, 2015 Special Meeting of the Board of Directors' Finance and Audit Committee meeting as presented, and received and filed the Minutes of the January 26, 2015 Meeting of the Board of Directors' Investment Advisory Committee. (Motion carried 2-0-0; Director Agarwal absent)*

### **PUBLIC COMMENT**

There were no requests for public comment.

### **MANAGEMENT REPORTS**

#### **Chief Financial Officer (CFO) Report**

##### March 2015 Financial Summary

This item was accepted as presented.

Request for Proposal (RFP) for Annual Financial Audit Services Status Report

Mr. Uma reported that CalOptima conducted a RFP process for annual financial audit services in compliance with CalOptima's Purchasing Policy, and Moss Adams was the selected vendor. It is anticipated that field work for the FY 2014-15 audit will begin next month.

**PUBLIC COMMENTS**

There were no requests for public comment.

**INVESTMENT ADVISORY COMMITTEE UPDATE**

The Quarterly Treasurer's Report for the period January 1, 2015 through March 31, 2015 was accepted as presented. Mr. Uma noted that an RFP process for investment manager services will be conducted consistent with the Board approved Purchasing Policy. Staff has finalized the scope of work and will issue the RFP later this month with a target date of completion in July.

**CONSENT CALENDAR**

**A. Recommend the Board of Directors Consider Appointments to the CalOptima Board of Directors' Investment Advisory Committee**

*Action: On motion of Director Refowitz, seconded and carried, the Board of Directors' Finance and Audit Committee approved the Consent Calendar as presented. (Motion carried 2-0-0; Director Agarwal absent).*

**REPORTS**

**Recommend Board of Directors' Approval of the CalOptima Fiscal Year 2015-16 Operating Budget**

Mr. Uma presented the action to recommend the Board of Directors: 1) Approve the CalOptima Fiscal Year (FY) 2015-16 Operating Budget; 2) Authorize and approve items listed in Attachment B, Administrative Budget Details, in conjunction with CalOptima Policy GA.5002, Purchasing Policy; and 3) Approve continued Medi-Cal medical expenditures at payment rates in effect on June 30, 2015, until the Board approves a final FY 2015-16 Medi-Cal medical budget. In authorizing continued Medi-Cal medical expenditures, the Board expressly reserves the right to consider retroactive adjustments based on Board approved rate amendments from the State.

Mr. Uma reported that the proposed FY 2015-16 Operating Budget assumes an average monthly enrollment of approximately 789,000 members, operating income of \$153.7 million, and a total change in net assets of \$156.2 million. A detailed review of the proposed FY 2015-16 Operating Budget by line of business was provided to the Committee for discussion.

Director Refowitz noted for the record that 91% or \$3.3 billion of the proposed FY 2015-16 Budget is for medical care: provider capitation, 38%, or \$1.2 billion; inpatient care, 15% or \$505 million; ancillary claims and facility outpatient is approximately \$360 million; long-term care/skilled nursing facilities, \$533 million; prescriptions, \$413 million; quality incentives, approximately \$20 million; and case management and other medical, \$223 million.

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

**Action:**        *On motion of Director Refowitz, seconded and carried, the Committee recommended the Board of Directors: 1) Approve the CalOptima Fiscal Year (FY) 2015-16 Operating Budget; 2) Authorize and approve items listed in Attachment B, Administrative Budget Details, in conjunction with CalOptima Policy GA.5002, Purchasing Policy; and 3) Approve continued Medi-Cal medical expenditures at payment rates in effect on June 30, 2015, until the Board approves a final FY 2015-16 Medi-Cal medical budget. In authorizing continued Medi-Cal medical expenditures, the Board expressly reserves the right to consider retroactive adjustments based on Board approved rate amendments from the State. (Motion carried 2-0-0; Director Agarwal absent)*

**Recommend Board of Directors' Approval of the CalOptima FY 2015-16 Capital Budget**

Mr. Uma presented the action to recommend Board of Directors' approval of the CalOptima FY 2015-16 Capital Budget composed of the following: investment in computer hardware, computer software, and professional fees and training, \$6.8 million; 505 Building owner capital expenditures, \$988,800; and PACE, \$21,241. As proposed, the FY 2015-16 Capital Budget will enable necessary system upgrades, enhance operational efficiencies, support strategic initiatives, comply with federal and state requirements, and provide expansion of building capacity to accommodate CalOptima's growth.

**Action:**        *On motion of Director Refowitz, seconded and carried, the Committee recommended Board of Directors' approval of the CalOptima FY 2015-16 Capital Budget as presented. (Motion carried 2-0-0; Director Agarwal absent)*

**Receive and File Quarterly Internal Audit Report**

John Valenta of Deloitte presented the quarterly Internal Audit Report including a review of the status of open observations, and a summary of the follow up internal audit of payroll and claims payment review. Upcoming internal audits include physical and IT network security, oversight of delegated entities, provider contracting, and provider data management, which are estimated to begin in June.

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

**Action**        *On motion of Director Refowitz, seconded and carried, the Committee received and filed the Quarterly Internal Audit Report as presented. (Motion carried 2-0-0; Director Agarwal absent)*

**INFORMATION ITEMS**

**Cost Containment Improvements/Initiatives**

Mr. Uma presented a brief overview of cost containments in the following areas: labor and non-labor (professional fees, purchased services, printing and postage, and other operating expenses), and contingency contracts.

**Catastrophic Claims Update, CalOptima Computer Systems Security Update**

These Information Items were accepted as presented.

**Quarterly Reports to the Finance and Audit Committee**

The Shared Risk Pool Performance Update, Health Network Financial Report, Reinsurance Report, and Purchasing Report were accepted as presented.

**COMMITTEE MEMBER COMMENTS**

Members of the Board of Directors' Finance and Audit Committee extended their thanks to staff for their work in preparing the proposed budgets.

**ADJOURNMENT**

Hearing no further business, Chair Penrose adjourned the meeting at 3:36 p.m.

/s/ Suzanne Turf  
Suzanne Turf  
Clerk of the Board

## **MINUTES**

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

**July 27, 2015**

A Regular Meeting of the CalOptima Board of Directors' Investment Advisory Committee was held on Monday, July 27, 2015, at CalOptima, 505 City Parkway West, Orange, California 92868.

#### **CALL TO ORDER**

The meeting was called to order at 3:02 p.m. Chair Moore led the Pledge of Allegiance.

#### **ROLL CALL**

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

Members Absent: Caroline Harkins, Rodney Johnson

Others Present: Laura Wirick and Colleen Smiley from Meketa Investment Group; Asha Joshi, Larry Manis and Jeffrey Cleveland from Payden & Rygel; Scott Pavlak and Wendy Kaszak from Logan Circle Partners; Michael Schrader, Chief Executive Officer; Nancy Huang, Controller; Faye Heidari, Cash Accountant; Ken Wong, Director Budget and Procurement; Ryan Prest, Buyer Sr.; Barbara Whiteman, Executive Assistant; Melodie Martinez, Administrative Assistant

#### **MINUTES**

#### **Approve Minutes of the April 27, 2015, Regular Meeting of the CalOptima Board of Directors' Investment Advisory Committee**

*Action: On motion of Committee Member Eckroth, seconded and carried, the minutes of the April 27, 2015, Regular Meeting of the CalOptima Board of Directors' Investment Advisory Committee were approved as presented. (Motion carried 5-0)*

#### **PUBLIC COMMENT**

There were no requests for public comment.

#### **CEO REPORT**

Michael Schrader gave the Committee an update on member enrollment and increased responsibilities for CalOptima programs.

Mr. Schrader provided a brief overview of the integration and enrollment of the OneCare Connect program. Centers for Medicare and Medicaid Services (CMS) is transferring behavioral health services from the Regional Center of Orange County (RCOC) to CalOptima. With this move MediCal and Medicare is requiring an increase of personal care coordinators and individual care plans for members with higher health needs.

## **REPORT ITEMS**

### **Recommend Appointment to the Board of Directors' Investment Advisory Committee to the CalOptima Board of Directors' Finance and Audit Committee for Consideration**

Chet Uma informed the Committee that member terms for Peggy Eckroth and Caroline Harkins will expire on October 31, 2015. He recommended that the IAC consider recommending their reappointment by the CalOptima Board of Directors for additional terms beginning November 1, 2015.

1. Caroline Harkins for a two-year term and
2. Peggy Eckroth for a two-year term

*Action: On motion of Committee Member Laird, seconded and carried, approval of the recommendation of Caroline Harkins for a two-year term on the Investment Advisory Committee Commencing November 1, 2015. (Motion carried 5-0)*

*Action: On motion of Committee Member Laird seconded and carried, approval of the recommendation of Peggy Eckroth for a two-year term on the Investment Advisory Committee Commencing November 1, 2015. (Motion carried 4-0-1; Member Eckroth abstained)*

## **INFORMATION ITEMS**

### **Quarterly Investment Report**

Laura Wirick presented the investment report for the period of April 1, 2015 through June 20, 2015. Meketa Investment Group provided a peer performance report surveying 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 to provide more accurate performance comparison.

Investments comprising a total portfolio of \$1,214.7 million are in compliance with the 2015 CalOptima Investment Policy.

### **Presentation by Payden & Rygel**

Jeffery Cleveland, Chief Global Economist, provided an overview of the current financial environment. Asha Joshi provided a review of CalOptima Investment Policy vs. California Code. Larry Manis provided a review of CalOptima's portfolio performance for the period ending June 30, 2015.

Member Laird inquired on the status on the recommendation on investing in supranationals. Laura Wirwick, Meketa Investment Group, will bring recommendations to the next policy review in October.

**Presentation by Logan Circle Partners**

Wendy Kuszak presented the organizational review and new assets. Scott Pavlak provided a review of the current themes, market review and portfolio performance.

**MANAGEMENT REPORTS**

Member Uma stated that there was no financial report due to the Board of Directors not meeting in July.

Laura Wirick and Colleen Smiley from Meketa Investment Group presented an overview on the Investment Manager RFP respondents which is in their quarterly investment report under fixed income manager search. No recommendations are given at this time.

**ADJOURNMENT**

Hearing no further business, Patrick Moore, Chair, adjourned the meeting at 4:29 p.m.

/s/ Barbara A. Whiteman

Barbara A. Whiteman  
Executive Assistant

*Approved: October 26, 2015*



**CalOptima**  
Better. Together.

# **Proposed Changes to 2016 AIP**

**Board of Directors' Finance and Audit Committee Meeting  
November 19, 2015**

**Chet Uma  
Chief Financial Officer**



# Background

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- CalOptima's two investment managers and investment adviser, Meketa Investment Group, Inc., submitted proposed revisions to the AIP for CY 2016.
- Staff reviewed the proposed revisions and recommends the following changes effective 1/1/16
- 10/26/15 IAC meeting
  - Members approved the recommendation for the Finance and Audit Committee to approve the proposed changes to the AIP for CY 2016

# Summary of Changes - 1

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- Section VII.B.: Add the National Credit Union Administration (NCUA) as a permitted investment
  - NCUA is an agency that has been an allowed entity in the past, but was not specifically included in the policy
  - Recommended to add NCUA at this time to mitigate potential ambiguity regarding its status as an issuer of allowable CalOptima investments pursuant to Government Code section 53601, subdivision (f)
  - Investments will be in accordance with existing policy and compliant with the California Government Code

# Summary of Changes - 2

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- Sections VII.L. and N.: 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%)
    - Code limit is 30%; 15% is recommended as a precautionary measure for the first year by the Investment Advisor and Investment Managers
  - Adds supranationals to the list of eligible floating rate securities
    - International Bank of Reconstructions and Development (IBRD)
    - International Finance Corporation (IFC)
    - Inter-American Development Bank (IAD)
  - Management recommends the addition of supranational obligations for diversification purposes and the potential for higher investment returns

## **CALOPTIMA BOARD ACTION AGENDA REFERRAL**

**Action To Be Taken November 19, 2015**

### **Regular Meeting of the CalOptima Board of Directors’ Finance and Audit Committee**

#### **Report Item**

3. Recommend Approval of Proposed Changes to the Annual Investment Policy for Calendar Year 2016

#### **Contact**

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

#### **Recommended Action**

Recommend that the Board of Directors approve the proposed changes to the Annual Investment Policy (AIP) for Calendar Year (CY) 2016.

#### **Background**

At the February 27, 1996, meeting, the CalOptima Board of Directors 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 CalOptima’s FAC and the Board for their respective approvals.

At the March 5, 2015, meeting, the Board approved changes to the AIP for CY 2015. 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 language on delegation of authority to the Treasurer;
- Clarify policy on underlying nature of investments; and
- Other minor and conforming changes.

At the October 26, 2015, meeting, the IAC approved the recommendation for the Finance and Audit Committee to approve the proposed changes to the AIP for CY 2016.

#### **Discussion**

Payden & Rygel and Logan Circle Partners, CalOptima’s investment managers, and Meketa Investment Group, Inc., CalOptima’s investment adviser submitted proposed revisions to the AIP for CY 2016. Staff has reviewed the proposed revisions and recommends the following changes effective January 1, 2016:

- Section VII.B.: Add the National Credit Union Administration (NCUA) as a permitted investment under “Federal Agencies and U.S. Government Sponsored Enterprises.” The NCUA is an agency that has been an allowed entity in the past, but was not specifically included in the policy. It is being recommended for addition at this time to mitigate potential ambiguity regarding its status as an issuer of allowable CalOptima investments pursuant to

Government Code section 53601, subdivision (f). Investments will be in accordance with existing policy and compliant with the California Government Code.

- Sections VII.L. and N.: 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. Chapter 59, Statutes of 2014 (AB 1933) was enacted on June 25, 2014, to amend Government Code section 53601, adding subdivision (q). This subdivision authorizes the legislative body of a local agency to invest in certain supranational obligations (i.e., United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States). Management recommends the addition of these supranational obligations for diversification purposes and the potential for higher investment returns. While the statute allows for investments of up to 30% of the investment portfolio in this category, Management is proposing an AIP cap of 15% at this time.
- Management recommends all other provisions in the current AIP remain in effect in CY 2016.

The proposed changes are indicated in the attached red-lined version of the AIP for CY 2016.

### **Fiscal Impact**

There is no immediate fiscal impact.

### **Rationale for Recommendation**

The proposed changes to the AIP for CY 2016 reflect the recommendations of CalOptima's investment managers, Payden & Rygel and Logan Circle Partners, and concurrence by CalOptima's investment adviser, Meketa Investment Group, Inc. These recommended changes continue to support CalOptima's 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 CY 2016.

### **Concurrence**

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

### **Attachments**

2016 Annual Investment Policy with proposed changes

/s/ Michael Schrader  
**Authorized Signature**

11/13/2015  
**Date**

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# **CalOptima**

**(The Orange County Health Authority, a Public Agency)**

**~~2015~~2016**

## **Annual Investment Policy**

**Adopted**

**By the**

**Board of Directors**

**On**

**~~March 5~~December 3, 2015**

## **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; and

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

15.16. 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~~ and Municipal Bonds (State and Local Agency Obligations), and Supranational 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. 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.~~

NM. 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. There are 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 supranational obligations invested funds.

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

MN. 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)
<u>M. Supranational Obligations</u>	<u>15% (Code 30%)</u>

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.



# **Additional Investment Manager RFP**

**Board of Directors' Finance and Audit Committee Meeting  
November 19, 2015**

**Chet Uma  
Chief Financial Officer**

# Background Information

## Portfolio Market Value Change (\$ in millions)

Company	Portfolio Type	FY14	FY15	as of 09/30/15
Payden & Rygel	Operating Fund	266	754	1,223
	Tier 1	88	381	381
<b>Subtotal:</b>		<b>354</b>	<b>1,135</b>	<b>1,604</b>
Logan	Tier 2	68	80	87
<b>Total:</b>		<b>421</b>	<b>1,215</b>	<b>1,692</b>

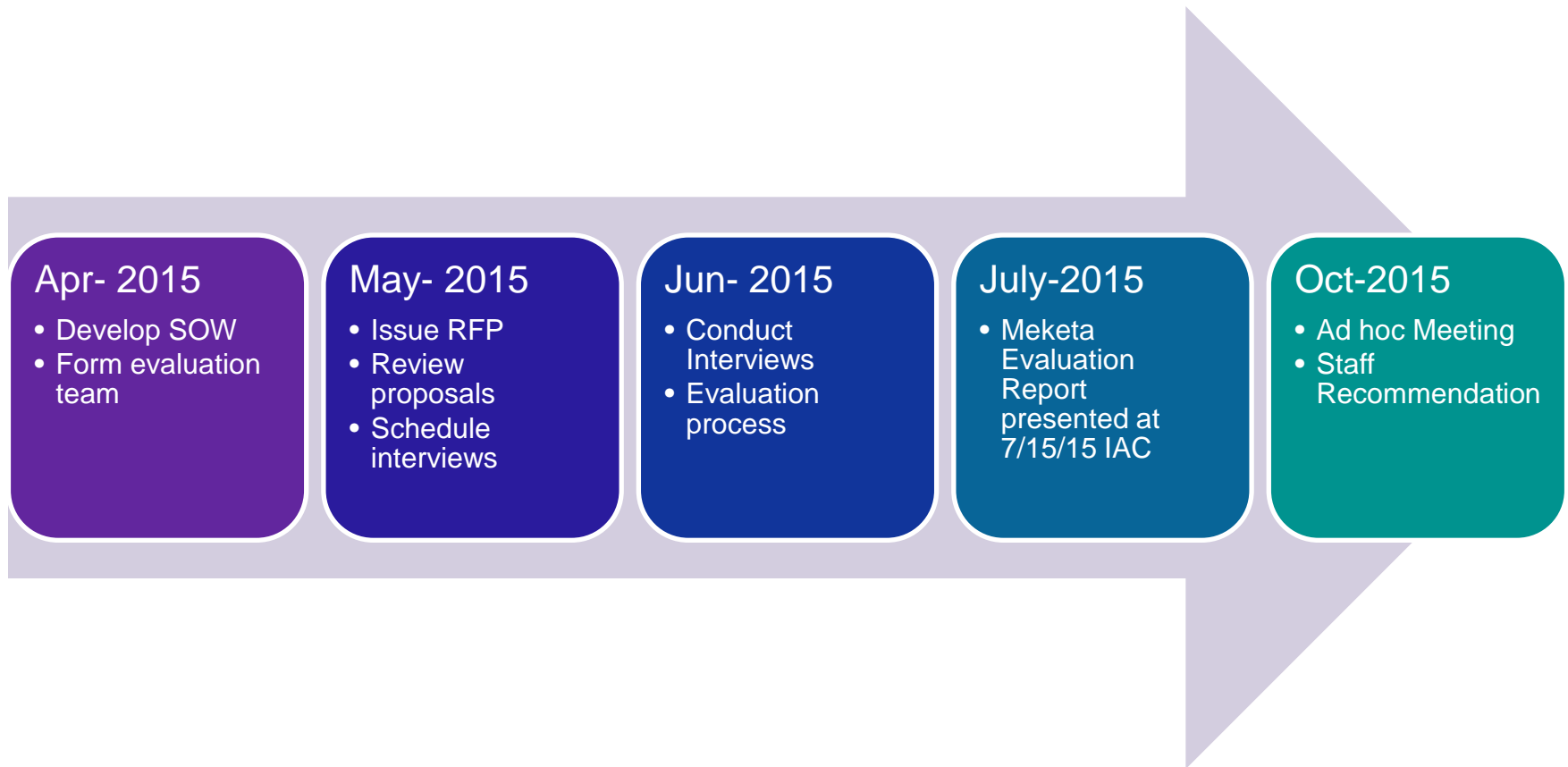
# Background Information (Cont.)

## Portfolio Fund Allocation %

Company	Portfolio Type	FY14	FY15	as of 09/30/15
Payden	Operating Fund	63%	62%	72%
	Tier 1	21%	31%	23%
	<b>Subtotal:</b>	<b>84%</b>	<b>93%</b>	<b>95%</b>
Logan	Tier 2	16%	7%	5%
	<b>Total:</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



# Investment Manager RFP Timeline



# Initial Ranking of RFP

## Respondent Overview

Firm	Product(s) Proposed	Aggregate Score	Rank Among Respondents
Eaton Vance Management	Short Duration Fixed Income	27.55	6
J.P. Morgan Asset Management	Mid-Institutional Short Duration	27.75	5
LM Capital Group	Short Term Fixed Income	26.35	7
Logan Circle	STAMP 1-3 Year	31.45	1
Mesirow Financial	Short Term Fixed Income	21.10	9
Orange County Treasurer	Orange County Investment Pool	26.25	8
Reams Asset Management	Low Duration Fixed Income	28.00	4
Wells Capital	3-Month, Taxable 1-3 Year, Taxable 1-5 Year Fixed Income	30.60	2
Western Asset Management	U.S. Managed Cash, U.S. Limited Duration	29.30	3

- The firm rankings in the right column represent a combination of the rankings determined by CalOptima Staff, CalOptima Purchasing, and Meketa Investment Group prior to the manager interviews.

# Final Ranking of RFP

## Final Results after Manager Interview

- Following the presentations, the attendees scored each of the finalist firms again, and the firm rankings were updated to reflect the information gained during the presentations.  
The final rankings, which combined Initial and Interview scores, are below:

Firm	Product(s) Proposed	Updated Rank of 5 Finalists
Logan Circle	STAMP 1-3 Year	1
Orange Country Treasurer	Orange County Investment Pool	5
Reams Asset Management	Low Duration Fixed Income	3
Wells Capital	3-Month, Taxable 1-3 Year, Taxable 1-5 Year Fixed Income	2
Western Asset Management	U.S. Managed Cash, U.S. Limited Duration	4

# Cash Forecast for Calendar Year 2016

(\$ in millions)		Cash Outflow					Tier 1 + Tier 2
Item Description	Operating Fund	Q4-2015	Q1-2016	Q2-2016	Q3-2016	Q4-2016	
Portfolio Balance	1,177						468
FY16 Budget Shortfall:				-16			
Shared Risk Pool Payout:							
DOS-FY14		-17					
DOS-FY15 (1)		-26					
DOS-FY15 (2)					-150		
DOS-FY16 (1)			-19				
DOS-FY16 (2)						-130	
Due to DHCS (MCE MLR 85%):					-212		
Deferred Revenue:				-349			
Ending Balance:	1,177	1,134	1,115	750	388	258	468
Grand Total:							726

## Select One Manager to Split 50/50 Operating and Tier 1 (Based on Cash Flow Forecast Balance at 12/31/16)

Name	Holding \$	Proposed %
Payden & Rygel	\$ 319,386,845	44%
New Manager	319,386,845	44%
Logan	87,361,271	12%
Total:	\$ 726,134,961	100%

# Recommended Actions

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- Recommend Board of Directors enter into a contract with Logan Circle, which is the investment manager selected through the Request for Proposal (RFP) process
- Recommend Board of Directors authorize the allocation of management responsibility for the Operating and Tier One Investment accounts on a 50%/50% basis between Payden & Rygel and the new investment manager selected through the RFP process

## **CALOPTIMA BOARD ACTION AGENDA REFERRAL**

### **Action To Be Taken November 19, 2015** **Regular Meeting of the CalOptima Board of Directors'** **Finance and Audit Committee**

#### **Report Item**

4. Recommend Authorization of a Contract with an Additional Investment Manager for CalOptima's Operating and Tier One Investment Accounts; Recommend Authorization to Allocate these Assets 50/50 Between the Current Investment Manager and the Additional Investment Manager

#### **Contact**

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

#### **Recommended Actions**

Recommend that the CalOptima Board of Directors:

1. Authorize the Chief Executive Officer (CEO), with the assistance of legal counsel, to enter into a contract with an investment manager selected through a Request for Proposal (RFP) process for investment management services; and
2. Authorize the allocation of management responsibility for the Operating and Tier One Investment accounts on a 50%/50% basis between Payden & Rygel and the investment manager selected through the RFP process.

#### **Background**

At the March 5, 2015, meeting, the Board directed the CEO to conduct a RFP process consistent with the Board approved purchasing policy, for investment manager services, and return to the Board with recommendations after vetting with the Investment Advisory Committee (IAC) and FAC.

Consistent with the Board approved purchasing policy, Staff conducted an RFP process for investment management of CalOptima Operating and Tier One assets. The following table provides more details on the process.

<b>Date</b>	<b>Action</b>
April 2015	<ul style="list-style-type: none"><li>• Develop Scope of Work</li><li>• Formed evaluation team comprised of CalOptima staff, CalOptima Purchasing and Meketa Investment Group</li></ul>
May 2015	<ul style="list-style-type: none"><li>• Issued RFP on May 13, 2015</li><li>• Reviewed proposals received from nine (9) firms that responded to the search</li><li>• Evaluated and ranked proposals based on the following criteria:<ul style="list-style-type: none"><li>○ Process: Firm's investment philosophy, style, decision making process, technical capabilities</li><li>○ Procedures: Trading, quality, compliance control, benchmarks</li><li>○ Professionals: Qualifications of firm and related experience</li><li>○ Performance: Composite performance results relative to respective benchmarks</li></ul></li></ul>

Date	Action
	<ul style="list-style-type: none"> <li>○ Organization: Reputation of the organization and the firm's financial stability</li> <li>○ Completeness of the RFP response</li> <li>○ Contract Readiness</li> <li>○ Competitiveness of the firm's fee offering</li> <li>● Scheduled interviews with five (5) firms</li> </ul>
June 2015	<ul style="list-style-type: none"> <li>● CalOptima Staff, Meketa Investment Group, IAC member Lisa Laird interviewed the following firms on July 9, 2015: <ul style="list-style-type: none"> <li>○ Logan Circle Partners</li> <li>○ Orange County Treasurer's Office</li> <li>○ Reams Asset Management</li> <li>○ Wells Capital</li> <li>○ Western Asset Management Company</li> </ul> </li> <li>● Scored the finalist firms again after interviews to determine final rankings</li> </ul>

At the July 15, 2015, meeting, Meketa Investment Group presented the results of the Fixed Income Manager Search. The evaluation team recommended the selection of Logan Circle Partners based on it receiving the highest ranking among the five firms which responded to the RFP.

On October 6, 2015, Staff updated the IAC Ad Hoc committee on progress that had been made. Based on a review of this information, the IAC Ad Hoc committee recommends splitting the management of CalOptima's Operating and Tier One assets evenly between the current investment manager, Payden & Rygel, and the new investment manager selected through the RFP process.

At the October 26, 2015, meeting, the IAC approved the recommended actions to recommend authorization of a contract with an additional investment manager for CalOptima's Operating and Tier One investment accounts, and to authorize the allocation of these assets 50/50 between the current investment manager and the additional investment manager.

### **Discussion**

The Evaluation Team discussed different options to re-balance CalOptima Operating and Tier One assets. Evaluations were based on portfolio balance forecast, returns on investments, and manager fees. The recommended action is to add one (1) new investment manager to manage fifty percent (50%) of CalOptima's Operating and Tier One assets. In that situation, current manager, Payden & Rygel's allocation will be reduced from ninety-five percent (95%) of the investment portfolio to approximately forty-five percent (45%). In addition, with the proposed fees included in the response to the RFP, the new allocation will not increase CalOptima's overall investment manager expenses.



CalOptima Board Action Agenda Referral  
Recommend Authorization of a Contract with an Additional  
Investment Manager for CalOptima's Operating and Tier One  
Investment Accounts; Recommend Authorization to  
Allocate these Assets 50/50 Between the Current Investment  
Manager and the Additional Investment Manager  
Page 3

<b>Portfolio Balance Forecast</b>				
<b>(in millions)</b>	<i>Actual</i>	<i>Estimated</i>	<i>Estimated</i>	<i>Estimated</i>
	<b>Aug-15</b>	<b>Dec-15</b>	<b>Jun-16</b>	<b>Dec-16</b>
Operating Portfolio	<b>1,177</b>	1,134	750	258
Tier 1	<b>381</b>	381	381	381
Tier 2	<b>87</b>	87	87	87
Total:	<b>1,645</b>	1,602	1,218	726

**Fiscal Impact**

The recommended action to authorize the asset allocation of 50/50 between a new investment manager and current manager on CalOptima's Operating and Tier One investment accounts is budget neutral. Staff expects this action to be a reallocation of funds and assumes investment manager fee structures are similar.

**Rationale for Recommendation**

To ensure that CalOptima's investment portfolio is optimally managed, authorization to execute a contract with an additional investment manager and allocation of investment responsibility is recommended.

**Concurrence**

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

**Attachments**

None

/s/ Michael Schrader  
**Authorized Signature**

11/13/2015  
**Date**

A stethoscope with a black tube and a silver chest piece is resting on a clipboard. The clipboard has a brown corkboard border and a silver metal clip on the right side. A white sheet of paper is placed on the clipboard, containing the text for the report.

# CalOptima

Finance & Audit Committee

Internal Audit Report – Fiscal Year 2015

November 19, 2015

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➤ FY15 Internal Audit Summary

SECTION B

➤ Status of Open Observations

SECTION C

➤ Executive Summary of  
Internal Audits Reported This  
Period




# Section A

## FY15 Internal Audit Summary

# FY15 Internal Audit Summary

Completed Internal Audits		Cancelled Internal Audits
Payroll Follow-Up	Provider Data Management	Oversight of Delegated Entities
Claims Payment Follow-Up	Provider Contracting	
Physical Security Awareness		
Cal MediConnect Policy Review		
Telecommunications		



# Section B

## Status of Open Observations

# Section B: Status of Open Observations

## Approach to Open/ Closed/ Off-Target Observations

- All observations are considered “open” until a change in status is communicated by management during the follow up process—resulting in closing the observation or considering it “off-target” if action steps and the agreed-upon timeframe outlined previously by management were not met.
- Management’s responses are included within the respective reports; accuracy of such responses will be confirmed during internal audit’s corrective action plan follow-up procedures. The status of management action plans are tracked and identified as **on-target**, **off-target**, or **closed**.
- Management responses to observations and the subsequent timing for implementation of action steps are the responsibility of management. Management will follow up with the identified business owners on all “off-target” open observations to determine why target dates were not met, and the resultant risk to the organization. All “off-target” open observations are reported in this summary for information purposes. It is important to note that an “off-target” open observation does not necessarily mean that this area should be considered high risk or that management is not addressing the deficiency.

## Section B: Status of Open Observations

Field-work Date	Description	Date Presented to Finance and Audit Committee	Findings Identified Internal Control Weaknesses or Operational Improvements			
			Higher Priority Observations	Improvement Opportunities	Total	Status of Observations (Closed, On-Target or Off-Target)
Q4/15	Physical Security Awareness	September 21, 2015	2	2	4	Closed (3) On-Target (1)
Q4/15	Telecommunications	September 21, 2015	0	2	2	Closed (1) On-Target (1)
Q1/16	Provider Data Management	November 19, 2015	2	2	4	Closed (2) On-Target (2)
Q1/16	Provider Contracting	November 19, 2015	4	0	4	On-Target (4)





# Section C

## Executive Summary of Internal Audits Reported This Period

# Section C: Executive Summary of Internal Audits Reported This Period

## Provider Data Management

### Scope

The objective of this internal audit was to assess the existing provider data management process, including policies and procedures, system configuration, data maintenance, and quality of the provider data presented to members at CalOptima. Evaluate whether provider directory is compliant with CMS guidelines to accurately reflect provider information.

### Summary of Observations

Two Medium-High priority observations to improve operational effectiveness of controls were identified. These areas have been summarized along with the management action plans and target completion dates on the following pages. All areas for improvement noted during this audit are being tracked and will be followed-up on quarterly as part of the internal audit procedures.

# Section C: Executive Summary of Internal Audits Reported This Period

## Provider Data Management

### Observation 1

Noted that the provider directory information for 8 of the 25 providers (32%) selected for detailed review contained one or more inaccuracies. In total, 11 inaccuracies were identified including inaccurate office hours, telephone numbers, languages spoken, provider location, new patient acceptance status, and a duplicate provider profile. There is a risk of noncompliance with CMS guidelines if provider information is not accurately reflected in the provider directory.

#### Target Completion Date

December 1, 2015  
January 31, 2016

#### Responsible Party

Director, Provider Relations  
Director, Audit & Oversight

### Management Action Plan

CalOptima will collaborate with providers to confirm accuracy of their demographic information semi-annually via provider directory validations. CalOptima will require all Community Network contracted physicians to sign-off on a printout from CalOptima's on-line search tool as evidence of validation. The process started in January 2015, however, CalOptima did not begin collecting office hours and language information until July 2015. All inaccuracies identified in the audit will be corrected.

In 2016, CalOptima's Audit and Oversight will begin conducting regular audits of the information available in the provider on-line search tool to ensure the information is accurate.

# Section C: Executive Summary of Internal Audits Reported This Period

## Provider Data Management

### Observation 2

For 12 of the 25 providers selected for detailed review, it was noted that office hours were not listed in the online provider directory. Further, noted 10 of the 12 providers without office hours are participants of the OneCare Connect program. There is a risk that members may not have adequate access to covered services that meet their needs if provider office hours are not presented in the provider directory, thus potentially resulting in noncompliance with CMS guidelines and contractual implications under the OneCare Connect program.

### Management Action Plan

Reporting provider office hours in the provider directory is a new requirement, as of July 1, 2015. CalOptima will conduct semi-annual provider directory validations for all contracted providers. Office hour information will be included in the validation and will be updated for all contracted providers.

In 2016, CalOptima's Audit and Oversight will begin conducting regular audits of the information available in the provider on-line search tool to ensure the information is accurate.

#### Target Completion Date

December 1, 2015  
January 31, 2016

#### Responsible Party

Director, Provider Relations  
Director, Audit & Oversight

# Section C: Executive Summary of Internal Audits Reported This Period

## Provider Contracting

### Scope

The objective of this internal audit was to assess the existing process documentation, policies, and procedures related to contracting including initial contracting, credentialing, and configuration of the provider within the core systems at CalOptima to evaluate the end-to-end process. Assess the monitoring controls over Access to Services (requirement 42 CFR § 422.112) including minimum number of providers (by provider type) and maximum travel time/distance between beneficiaries.

### Summary of Observations

Two High and two Medium-High priority observations to improve operational effectiveness of controls were identified. These areas have been summarized along with the management action plans and target completion dates on the following pages. All areas for improvement noted during this audit are being tracked and will be followed-up on quarterly as part of the internal audit procedures.

# Section C: Executive Summary of Internal Audits Reported This Period

## Provider Contracting

### Observation 1

Noted that for 1 provider that has been contracted with CalOptima since 2011 initial credentialing was not performed. Since 2014, approximately 5 claims in the amount of \$845.59 were paid to this provider. There is a risk of noncompliance with CMS for credentialing, as well as a risk that providers may be operating with expired or invalid Board certification, admitting privileges, malpractice coverage, or with sanctions or restrictions from licensing agencies and Medicare. Further, there is a risk that CalOptima's National Committee for Quality Assurance ("NCQA") Accreditation level can be impacted.

### Target Completion Date

March 31, 2016

### Responsible Party

Director, Provider Contracting  
Manager, Provider Contracting

### Management Action Plan

CalOptima has completed the initial credentialing for the identified provider. Additionally, the process for uploading contracted network agreements will be going through a Rapid Process Improvement ("RPI") for operational excellence. The RPI will be utilized to provide clarity on roles, responsibilities, and timeliness as well as address gaps in processes including quality checks, inaccurate data, and delay in rate schedule uploading into Facets. CalOptima will develop a protocol or policy to determine why and when retroactive contracts are inevitable. The protocols will reflect the processes to update a contract with a retroactive effective date. Impacted departments including Claims, Provider Contracting, Quality Improvement, and Information Systems will determine the actions required for each department to ascertain claims that are effected by retroactive effective dates are properly re-adjudicated and/or updated. Further, the policy will address CalOptima's processes to complete credentialing prior to execution of a contract.

# Section C: Executive Summary of Internal Audits Reported This Period

## Provider Contracting

### Observation 2

Noted 6 out of the 25 active providers had expired credentials. The length of expiration for these 6 providers' credentials ranged from 9 to 17 months. Provider profiles were manually disabled in Cactus so expired credentials would not be identified in the expired credential report thus causing a gap in the process. There is a risk that members may be obtaining services from providers who are operating with expired or invalid Board certification, expired malpractice coverage, or who are under sanctions or restrictions from licensing agencies and/or Medicare.

#### Target Completion Date

January 31, 2016

#### Responsible Party

Manager, Quality Improvement

### Management Action Plan

Quality Improvement and Provider Relations are working to credential providers who were identified as having expired credentials. An analysis of providers identified 235 providers who had expired credentials. Further, processes to ascertain re-credentials are implemented including:

- A monthly re-credential report will run to identify re-credentials due in 4 months. This will allow staff ample time to address only the current month's re-credentials.
- Staff has been reassigned responsibilities to ensure all credentialing processes are completed on a daily basis. Staff are now responsible to manage a file from the time the application is received, approved, and the approval letter is generated and mailed out.
- Any file that is to be terminated must be approved by the manager. A monthly report will be generated to capture all deactivated/terminated provider files.
- Provider Relations, Contracting and Quality Improvement meet on a monthly basis to discuss and improve processes.
- QI will make three attempts to request application. If after the three attempts the provider does not respond the information will be forwarded to Provider Relations to determine if they will continue to pursue the provider or terminate the contract.

# Section C: Executive Summary of Internal Audits Reported This Period

## Provider Contracting

### Observation 3

There is a lack of oversight over the completion of the provider contracting process across departments including initial contracting, credentialing, and system configuration. The current transition between departments occurs through e-mail communication and there is no formal mechanism to track the status and/or current workflow step for each provider contract. Further, there are no defined timelines to govern the provider setup process to ensure the timeliness of system configuration. There is a risk that provider contracts may not be executed in a timely manner. Additionally, there is a risk that the lack of oversight may cause a contract to be overlooked while in various workflow steps.

#### Target Completion Date

March 31, 2016

#### Responsible Party

Director, Provider Contracting  
Manager, Provider Contracting

### Management Action Plan

The process for uploading contracted network agreements will be going through a Rapid Process Improvement (“RPI”) for operational excellence. The RPI will be utilized to provide clarity on roles, responsibilities, and timeliness as well as address gaps in processes including quality checks, inaccurate data, and delay in rate schedule uploading into Facets.

CalOptima is currently in the process of acquiring a new contract management software for the Provider Contracting department to manage provider contracts. The new contract management software will have increased functionality to track a provider contract throughout its lifecycle and across various departments including credentialing and contract execution. Further, the software will have functionality to serve as the contract repository for providers.



# Section C: Executive Summary of Internal Audits Reported This Period

## Provider Contracting

### Observation 4

Quality assurance processes for system configuration of OneCare Connect provider fee schedules was not performed. Prior to October 2015, providers configured in Facets for the OneCare Connect program were not communicated to Provider Contracting, Claims, and Provider Relations. The communication between departments is the trigger for configuration quality assurance processes. Further, there is a lack of formal quality assurance signoff (i.e. positive affirmation) that quality assurance processes were performed for provider configurations. There is a risk that providers and their associated fee schedules could be inaccurately configured in the claims processing application.

#### Target Completion Date

March 31, 2016

#### Responsible Party

Director, Provider Contracting  
Manager, Information Systems

### Management Action Plan

As of October 2015, all product lines are being communicated on a weekly basis to Provider Contracting, Claims, and Provider Relations for providers configured in Facets. Additionally, the process for uploading contracted network agreements will be going through a Rapid Process Improvement ("RPI") for operational excellence. The RPI will be utilized to provide clarity on roles, responsibilities, and timeliness as well as address gaps in processes including quality checks, inaccurate data, and delay in rate schedule uploading into Facets.

## **CALOPTIMA BOARD ACTION AGENDA REFERRAL**

### **Action To Be Taken November 19, 2015** **Regular Meeting of the CalOptima Board of Directors'** **Finance and Audit Committee**

#### **Report Item**

6. Recommend Modification to Fiscal Year (FY) 2015 Internal Audit Plan; Approve FY 2016 Internal Audit Plan; and Repurpose Budgeted but Unused Funds from FY 2015-16 Operating Budget to Offset the Cost of the FY 2016 Internal Audit Plan

#### **Contacts**

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

Silver Ho, Executive Director, Compliance, (714) 246-8400

#### **Recommended Actions**

Recommend Board of Directors' approval to:

1. Modify the FY 2015 Internal Audit Plan to include an internal audit of CalOptima's Compliance Program to be conducted by Deloitte Consulting, CalOptima's internal auditor;
2. Adopt the FY 2016 Internal Audit Plan; and
3. Repurpose budgeted but unused funds from the CalOptima FY 2015-16 Operating Budget to offset the cost of the FY 2016 Internal Audit Plan.

#### **Background**

CalOptima has contracted with Deloitte Consulting (Deloitte) for internal auditing services since 2012. Annually, Deloitte performs a risk assessment to determine the subsequent year's internal audit plan.

CalOptima contracted with Deloitte to conduct an annual risk assessment and propose an Internal Audit Plan for FY 2015. The risk assessment was completed during the first quarter of the fiscal year and a proposed audit plan was presented to the CalOptima Board during its September 4, 2014 meeting. The Internal Audit plan included eight (8) proposed audits to include the following:

1. Claims Processing Follow Up
2. Human Resources Payroll Deep Dive
3. Information Systems Telecommunications Audit
4. Cal MediConnect Readiness Assessment
5. Oversight of Delegated Entities
6. Information Systems Physical and IT Network Security
7. Provider Contracting
8. Provider Data Accuracy

To date, all of the aforementioned internal audits have been completed with the exception of the internal audit on Oversight of Delegated Entities, which was cancelled in June 2015 because it was determined that such audit was duplicative of the audit work already performed.

#### **Discussion**

##### **Modification to FY 2015 Internal Audit Plan:**

CalOptima has developed a comprehensive Compliance Program applicable to all of its programs, including but not limited to, its Medi-Cal Program, its Medicare Advantage Prescription Drug Program (MA-PD referred to as "OneCare"), its Cal MediConnect Program (referred to as "OneCare Connect"), its

Program of All-Inclusive Care for the Elderly (PACE), and its Multipurpose Senior Services Program (MSSP). CalOptima's Compliance Program incorporates all of the seven (7) elements of an effective compliance program as recommended by the Office of the Inspector General (OIG) and required by the Centers for Medicare & Medicaid Services' (CMS) regulations.

According to Section 50.6.5 (Audit of the Sponsor's Operations and Compliance Program) of Chapters 9 and 21 of the Prescription Drug Benefit Manual and Medicare Managed Care Manual, respectively, CMS requires all plan sponsors to audit the effectiveness of its compliance program and share the results with its governing body. Audits of the compliance program should occur at least annually. In order to avoid self-policing, plan sponsors who exclusively use compliance department staff, including the compliance officer, for their auditing function should outsource the audit to external auditors.

As such, CalOptima proposes to utilize Deloitte to conduct its annual Compliance Program Effectiveness (CPE) audit using CMS' audit protocols released in October of 2015. The audit will review the performance of CalOptima's Compliance Program based on the seven (7) elements of an effective compliance program.

- Written Policies, Procedures and Standards of Conduct
- Compliance Officer, Compliance Committee, and Governing Body
- Training and Education
- Lines of Communication
- Routine Monitoring and Auditing
- Systems and Procedures for Promptly Responding to Compliance Issues
- Sponsor Oversight and Accountability of First Tier, Downstream, and Related Entities (FDRs)

Specifically, Deloitte will perform the following:

- Review policies and procedures and supporting documents
- Request and evaluate up to six (6) universes using the Compliance Program Effectiveness (CPE) record layouts, as dictated by CMS audit protocols
- Select and review up to six (6) tracer samples. Each tracer sample will be used to test against the applicable compliance elements with at least one (1) of the tracer cases used for testing oversight and accountability of FDRs
- Perform sample tracer testing onsite and identify any compliance related gaps
- Conduct up to seven (7) interviews related to CPE assessment with applicable stakeholders
- Provide observations and recommendations based on identified gaps to help improve CalOptima's Compliance Program structure and processes

#### FY 2016 Internal Audit Plan

Based on discussions with management and Board members, and consideration of other relevant factors, Deloitte has conducted a risk assessment and formulated the following (attached) draft internal audit plan for FY2016.

Proposed Internal Audit Plan: FY 2016

Quarter	Audit Area	Internal Audit Focus
FY16 / Q2	Information Technology	<b>Phishing</b> - Evaluate existing security controls by performing social engineering procedures through logical security awareness testing (inbound email filtering/protection).
FY16 / Q3	Human Resources	<b>Telework</b> - Review the policies and processes in place for administering CalOptima’s Telework program including monitoring of efficiency, metrics, and overall performance management.
FY16 / Q3	Finance	<b>Procurement</b> – Evaluate existing policies, procedures, and internal controls related to the procurement process, including request for proposal, competitive pricing, vendor selection, payment and documents retention.
FY16 / Q4	Finance	<b>Vendor Contract Management</b> - Assess the adequacy of the processes, policies and internal controls in place to appropriately manage and monitor the adherence of contracted vendor services including compliance with contractual requirements (including service level agreements), approval, payment, conflict of interest, and contract expiration monitoring.
FY16 / Q4	Human Resources	<b>Payroll Follow-Up</b> – Evaluate existing policies, procedures, and internal controls related to the payroll process with a focus on areas that contained prior audit findings.

The areas below were also identified as top risks during the risk assessment. However, it was determined by management that these areas will be covered by an independent auditor as part of the annual Compliance Program Effectiveness (“CPE”) Assessment, CalOptima Compliance, and are also the focus of audits by various regulatory agencies.

Quarter	Audit Area	Internal Audit Focus
FY16 / Q3	Regulatory Compliance	<b>Oversight of Delegated Entities</b> – Review operational processes and procedures in place related to contracts with health networks to determine compliance with contractual arrangements.
FY16 / Q4	Operations & Medical Affairs	<b>Claims Processing</b> - Evaluate existing policies, procedures, and internal controls related to claims processing, including receipt, adjudication (manual and automated), adjustments, and document retention.
FY16 / Q4	Regulatory Compliance	<b>HIPAA Privacy</b> - Evaluate the policies, procedures, and internal controls in place for HIPAA Privacy Rule requirements, including but not limited to Notice of Privacy Practices, access to PHI, administrative requirements, uses and disclosures of PHI, requests for amending PHI, on-site PHI safeguarding, and accounting of disclosures.

In addition, a preliminary proposed internal audit plan for FY2017 has been developed and is listed below. While outside the scope of the current funding request, the items included on the proposed audit plan for FY2017 were identified in the risk assessment. Staff will return to the Board for approval of the FY2017 internal audit plan prior to implementation.

Preliminary Proposed Internal Audit Plan: FY2017

Quarter	Audit Area	Internal Audit Focus
FY17 / Q1	Regulatory Compliance	<b>Compliance Program Effectiveness (“CPE”) Assessment – Evaluate</b> CalOptima’s compliance program utilizing the CMS CPE audit protocols.
FY17 / Q1	Information Technology	<b>Information Technology (“IT”) Security</b> – Evaluate the processes and internal controls relating to provisioning and de-provisioning users, logical security configurations and access reviews.
FY17 / Q2	Provider Network	<b>Credentialing</b> - Evaluate the processes and internal controls related to the provider credentialing process, including maintenance, validation, and retention of required documentation.
FY17 / Q2	Information Technology	<b>Business Continuity Management and Disaster Recovery</b> - Evaluate the processes and internal controls related to planning and preparation activities designed to ensure that critical business functions will continue to operate or will be recovered after an incident.
FY17 / Q3	Operations & Medical Affairs	<b>Pharmacy Benefit Manager (“PBM”)</b> - Perform an assessment of CalOptima’s PBM for formulary configuration and monitoring/oversight of the regulatory requirements of the PBM.
FY17 / Q3	Quality	<b>Utilization Management</b> - Evaluate procedures, processes, and internal controls related to utilization management including prior authorizations, notification requirements, and overall adherence to state and federal regulations.
FY17 / Q3	Regulatory Compliance	<b>ICD-10 Compliance</b> – Evaluate existing policies, procedures, and internal controls related to ICD-10 including claims adjudication and provider compliance with requirements.

The areas below were also identified as top risks during the risk assessment. However, it was determined by management that these areas will be covered by an independent auditor as part of the annual Compliance Program Effectiveness (“CPE”) Assessment and are also the focus of audits by various regulatory agencies.

Quarter	Audit Area	Internal Audit Focus
<b>FY17 / Q1</b>	Regulatory Compliance	<b>Fraud, Waste, and Abuse (“FWA”)</b> - Evaluate the process for monitoring, detecting, correcting, and preventing suspected FWA over medical and drug claims. Perform analytic procedures on claims to screen for potential FWA.
<b>FY17 / Q2</b>	Regulatory Compliance	<b>Medicare Advantage Risk Adjustment</b> – Evaluate procedures, processes, and internal controls related to Risk Adjustment focusing on RAPS file generation, RAPS errors and reconciliation, accruals, vendors and initiatives.

Also attached for your reference are lists of scheduled audits conducted by CalOptima’s Audit & Oversight (A&O) Department, as well as regulatory audits scheduled and/or anticipated for the remainder of FY2016. To ensure readiness, regulatory audits are often preceded by mock audits.

**Funding for FY 2016 Internal Audit Plan:**

Upon further review by staff, the FY 2016 Internal Audit Plan was not included in the CalOptima FY 2015-16 Operating Budget. In order to remain compliant with regulatory requirements, Management proposes to repurpose \$370,000 from 505 Building lease expense under the CalOptima FY 2015-16 Operating Budget to fund the FY 2016 Internal Audit Plan.

**Fiscal Impact**

The recommended action to modify the FY 2015 Internal Audit Plan is budget neutral. Unspent budgeted funds for the Internal Audit on Oversight of Delegated Entities under the CalOptima FY 2014-15 Operating Budget approved by the Board on June 5, 2014, will fund this action.

The recommended action to fund the FY 2016 Internal Audit Plan is budget neutral. Repurposing unspent budgeted funds of \$370,000 under the 505 Building lease expense in the CalOptima FY 2015-16 Operating Budget approved by the Board on June 4, 2015, will fund this action.

**Rationale for Recommendation**

It is imperative that an independent entity conducts an audit on the effectiveness of CalOptima’s Compliance Program given that this audit is a regulatory requirement. Therefore, staff recommends Board approval of the modification to the FY 2015 Internal Audit Plan. As part of the Board’s ongoing efforts to ensure an effective internal audit function, approval of the FY2016 internal audit plan, along with appropriate funding, is recommended.

**Concurrence**

Gary Crockett, Chief Counsel

CalOptima Board Action Agenda Referral  
Recommend Modification to FY 2015 Internal Audit Plan; Approve FY 2016  
Internal Audit Plan; and Repurpose Budgeted but Unused Funds from  
FY 2015-16 Operating Budget to Offset the Cost of the FY 2016 Internal  
Audit Plan  
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**Attachments**

Remaining FY 2016 Regulatory Audits  
2015 Audit & Oversight Department Audit Schedule  
CalOptima Risk Assessment FY 2016/2017

/s/ Michael Schrader  
**Authorized Signature**

11/13/2015  
**Date**

# Regulatory Audits

Regulatory Audit Schedule *		
Program	Regulator(s)	Audit Date
<b>OneCare</b>		
1 Validation of January 2015 Audit Findings	CMS	TBD (Anticipated to be November or December 2015)
2 One-Third Financial Audit	CMS	Onsite week of 1/18/16
3 Part C Risk Adjustment Data Validation (RADV) Audit	CMS	TBD (Anticipated to be November or December 2015)
4 2016 MA-PD Readiness Assessment	CMS / CalOptima	TBD (Anticipated to be November or December 2015)
5 Medicare Data Validation Audit	CMS	3/31/16 - 6/30/16
6 Full-Scope CMS 2016 Mock Audit	CalOptima	TBD (Anticipate to conduct during 2nd quarter of 2016)
7 2016 Provider Directory Audit (Pilot)	CMS	TBD (sometime in 2016)
8 2016 Part D Medication Therapy Management (MTM) Audit (Pilot)	CMS	TBD (sometime in 2016)
<b>OneCare Connect</b>		
9 2016 MMP Readiness Assessment	CMS/DHCS/CalOptima	TBD (Anticipated to be November or December 2015)
10 Full-Scope 2016 CMS Mock Audit	CalOptima	TBD (Anticipate to conduct during 2nd quarter of 2016)
11 2016 Provider Directory Audit (Pilot)	CMS/DHCS	TBD (sometime in 2016)
12 2016 Part D Medication Therapy Management (MTM) Audit (Pilot)	CMS/DHCS	TBD (sometime in 2016)
13 Quality Withhold Performance Measure Validation (PMV)	CMS/DHCS/HSAG	TBD (sometime in 2016); Document Request List expected on 12/1/15
<b>PACE</b>		
14 2015 Annual Program Audit	CMS/DHCS	November 2-5, 2015
15 2015 PACE Level of Care Audit	DHCS	December 2, 2015
<b>Medi-Cal</b>		
16 Medi-Cal Mock Audit	CalOptima	In progress and estimated to be completed in December 2015
17 DHCS / DMHC 2015 Medical Audit	DHCS/DMHC	Tentatively scheduled to start on 2/8/16 (no formal notification yet)
18 MLR Audit	DHCS/DMHC	In progress and estimated to receive final report in December 2015
19 2016 Provider Directory Audit (Pilot)	DHCS	TBD (sometime in 2016)

\* Regulatory audit schedule is for the remainder of FY 2015/2016 only.



## CY 2015 Audit & Oversight (A&O) Audit Schedule

Medi-Cal, OneCare, and OneCare Connect

<b>Monthly Monitoring</b>	
Delegated Entities	Internal
Utilization Management Claims Credentialing Pharmacy	Utilization Management Claims Grievance and Appeals Resolution Services (GARS) Pharmacy Case Management

<b>Quarterly Monitoring</b>	
Delegated Entities	Internal
Quality Management Utilization Management	Quality Management Utilization Management

<b>Annual Monitoring</b>	
Delegated Entities	Internal
Utilization Management Claims Credentialing GARS Pharmacy Case Management Quality Management	Utilization Management Claims Credentialing GARS Pharmacy Case Management Quality Management

# CalOptima Risk Assessment and Proposed Internal Audit Plan

Fiscal Year 2016/2017



# Approach

In developing the CalOptima Fiscal Year 2016/2017 (“FY16/17”) Internal Audit Plan, a risk assessment was performed to analyze risks that could impact the achievement of CalOptima’s mission, objectives, or operations.

## Approach

- Identify risks that CalOptima may be exposed to through the following activities:
  - Interview Executive Management and the Board of Directors to identify risks facing the organization.
  - Consider industry trends and knowledge of other health plans to identify risks.
  - Incorporate existing risk knowledge gleaned through internal audit work performed at CalOptima.
- Develop an internal audit plan to address residual risk exposure for CalOptima:
  - Assess the risks identified in the risk assessment against impact, vulnerability and speed of onset factors.
  - Develop an 18 month proposed Internal Audit Plan.

# Risk Areas for Consideration

Below is a summary of the risk categories that were identified in the FY16/17 Risk Assessment. These risk areas were ranked by considering their potential impact and vulnerability as well as speed of onset. The top risks (highlighted) were identified based on feedback from interviews with management and the Board of Directors, prior knowledge of CalOptima, and overall industry trends.

## CalOptima Risk Inventory

Governance, Strategy & Planning	Public/ Government Affairs	Operations & Medical Affairs	Finance & Human Resources	Information Technology	Provider Network & Quality	Regulatory Compliance
Growth	Branding & Reputation	Telework	Budgeting	Incident Response/ Tracking	Credentialing	Medicare Risk Adjustment Monitoring
Operational Planning	Competition	Enrollment/ Eligibility	Medical Loss Ratio (MLR)	Information Security	Fee Schedule Maintenance	Controls & Monitoring
Board Structure and Governance	County, State, Federal Relationships	Claims Processing and Adjudication	Performance/ Talent Management and Compensation	Privacy and Data Protection	Provider Networks	Health Insurance Portability and Accountability Act ("HIPAA")
Vision, Mission & Values	Laws & Regulations	PACE	Procurement	Project Management	Quality Management	ICD-10 Compliance
		Pharmacy Operations/ PBM	Talent Recruitment and Retention	System Change Management	Utilization Management	Monitoring of Delegated Entities
		Readiness and Implementation of New Programs	Vendor Partners/Third Party Relations	Disaster Recovery and Business Continuity	Provider Contracting	Fraud Waste and Abuse Monitoring
		Program/Project Management				

 Top Risks

[Back to Agenda](#)

# FY16 Proposed Internal Audits

Quarter	Audit Area	Internal Audit Focus
FY16 / Q2	Information Technology	<b>Phishing</b> - Evaluate existing security controls by performing social engineering procedures through logical security awareness testing (inbound email filtering/protection).
FY16 / Q3	Human Resources	<b>Telework</b> - Review the policies and processes in place for administering CalOptima's Telework program including monitoring of efficiency, metrics, and overall performance management.
FY16 / Q3	Finance	<b>Procurement</b> - Evaluate existing policies, procedures, and internal controls related to the procurement process, including request for proposal, competitive pricing, vendor selection, payment, and document retention.
FY16 / Q4	Finance	<b>Vendor Contract Management</b> - Assess the adequacy of the processes, policies and internal controls in place to appropriately manage and monitor the adherence of contracted vendor services including compliance with contractual requirements (including service level agreements), approval, payment, conflict of interest, and contract expiration monitoring.
FY16 / Q4	Human Resources	<b>Payroll Follow-Up</b> – Evaluate existing policies, procedures, and internal controls related to the payroll process with a focus on areas that contained prior audit findings.

The areas below were also identified as top risks during the risk assessment, however, it was determined by management that these areas will be covered by CalOptima Compliance and are also the focus of audits by various regulatory agencies.

Quarter	Audit Area	Internal Audit Focus
FY16 / Q3	Regulatory Compliance	<b>Oversight of Delegated Entities</b> – Review operational processes and procedures in place related to contracts with health networks to determine compliance with contractual arrangements.
FY16 / Q4	Operations & Medical Affairs	<b>Claims Processing</b> - Evaluate existing policies, procedures, and internal controls related to claims processing, including receipt, adjudication (manual and automated), adjustments, and document retention.
FY16 / Q4	Regulatory Compliance	<b>HIPAA Privacy</b> - Evaluate the policies, procedures, and internal controls in place for HIPAA Privacy Rule requirements, including but not limited to Notice of Privacy Practices, access to PHI, administrative requirements, uses and disclosures of PHI, requests for amending PHI, on-site PHI safeguarding, and accounting of disclosures.

# FY17 Proposed Internal Audits

Quarter	Audit Area	Internal Audit Focus
FY17 / Q1	Regulatory Compliance	<b>Compliance Program Effectiveness (“CPE”) Assessment – Evaluate</b> CalOptima’s compliance program utilizing the CMS CPE audit protocols.
FY17 / Q1	Information Technology	<b>Information Technology (“IT”) Security</b> – Evaluate the processes and internal controls relating to provisioning and de-provisioning users, logical security configurations and access reviews.
FY17 / Q2	Provider Network	<b>Credentialing</b> - Evaluate the processes and internal controls related to the provider credentialing process, including maintenance, validation, and retention of required documentation.
FY17 / Q2	Information Technology	<b>Business Continuity Management and Disaster Recovery</b> - Evaluate the processes and internal controls related to planning and preparation activities designed to ensure that critical business functions will continue to operate or will be recovered after an incident.
FY17 / Q3	Operations & Medical Affairs	<b>Pharmacy Benefit Manager (“PBM”)</b> - Perform an assessment of CalOptima’s PBM for formulary configuration and monitoring/oversight of the regulatory requirements of the PBM.
FY17 / Q3	Quality	<b>Utilization Management</b> - Evaluate procedures, processes, and internal controls related to utilization management including prior authorizations, notification requirements, and overall adherence to state and federal regulations.
FY17 / Q3	Regulatory Compliance	<b>ICD-10 Compliance</b> – Evaluate existing policies, procedures, and internal controls related to ICD-10 including claims adjudication and provider compliance with requirements.

The areas below were also identified as top risks during the risk assessment, however, it was determined by management that these areas will be covered by CalOptima Compliance and are also the focus of audits by various regulatory agencies.

Quarter	Audit Area	Internal Audit Focus
FY17 / Q1	Regulatory Compliance	<b>Fraud, Waste, and Abuse (“FWA”)</b> - Evaluate the process for monitoring, detecting, correcting, and preventing suspected FWA over medical and drug claims. Perform analytic procedures on claims to screen for potential FWA.
FY17 / Q2	Regulatory Compliance	<b>Medicare Advantage Risk Adjustment</b> – Evaluate procedures, processes, and internal controls related to Risk Adjustment focusing on RAPS file generation, RAPS errors and reconciliation, accruals, vendors and initiatives.



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# **Board-Designated Reserve Policy Proposed Revision**

**Board of Directors' Finance and Audit Committee Meeting  
November 19, 2015**

**Chet Uma  
Chief Financial Officer**

# Background

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- Purpose of Reserve Funds
  - Comply with State regulatory requirements and DHCS contract
  - Maintain CalOptima's healthcare delivery system during short-term crises
  - Protect CalOptima's long-term financial viability



# Proposed Revision

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- Current Board-designated Reserve Funds
  - No less than 1.4 months' consolidated capitation revenue
  - No more than 2 months' consolidated capitation revenue
  - Includes working capital deficits
  - Includes non-current assets, excluding software
- Proposed Board-designated Reserve Funds
  - No less than 1.4 months' consolidated capitation revenue
  - No more than 2 months' consolidated capitation revenue
  - Includes working capital deficits
  - Excludes non-current assets

# Discussion

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- Staff recommends to remove the inclusion of non-current assets in the calculation of total Board-designated Reserve Funds
  - Non-current assets cannot be converted to cash to meet debt obligations
  - Provides a more complete assessment of liquidity position
  - Increases CalOptima's financial stability in terms of short-term crises

# Current Reserve vs. Benchmark

(as of September 30, 2015)

Current Reserve Components	Value
Non-Current Assets	49,647,736
less: Working Capital Deficits	-
Investment Market Value	469,575,130
<b>Total:</b>	<b>519,222,865</b>
Consolidated Avg Capitation Revenue	254,841,089
Ratio to Benchmark	2.0

# Proposed Reserve vs. Benchmark

(as of September 30, 2015)

Proposed Reserve Components	Value
<del>Non-Current Assets</del>	49,647,736
less: Working Capital Deficits	-
Investment Market Value	469,575,130
<b>Total:</b>	<b>469,575,130</b>
Consolidated Avg Capitation Revenue	254,841,089
Ratio to Benchmark	1.8

## **CALOPTIMA BOARD ACTION AGENDA REFERRAL**

### **Action To Be Taken November 19, 2015** **Regular Meeting of the CalOptima Board of Directors'** **Finance and Audit Committee**

#### **Report Item**

7. Recommend Approval of Proposed Revisions to CalOptima Policy GA.3001: Board-designated Reserve Funds

#### **Contact**

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

#### **Recommended Action**

Recommend that the CalOptima Board of Directors (Board) approve the proposed revisions to CalOptima Policy GA.3001: Board-designated Reserve Funds.

#### **Background**

At the October 22, 1996, meeting, the Board approved a policy to establish a reserve fund of one (1) month's capitation revenue from the State of California. At the June 6, 2000, meeting, the Board authorized the increase of the reserve fund to equal two (2) months' capitation revenue based on an independent analysis conducted by consultants, Milliman & Roberts (now Milliman USA).

At the March 1, 2012, meeting, the Board approved several revisions to CalOptima Policy GA.3001: Board-designated Reserve Funds, including changing the level of reserves from 2.0 months of consolidated capitation revenue to a range of no less than 1.4 months to no more than 2.0 months of consolidated capitation revenue.

At the June 6, 2013, meeting, the Board approved the following revisions to CalOptima Policy GA.3001: Board-designated Reserve Funds:

- Require that working capital deficits be subtracted from Board-designated Reserve Funds for the purpose of assessing compliance with reserve policy and Tangible Net Equity (TNE);
- Include non-current assets excluding software in the calculation of TNE and Board-designated Reserve Funds. This includes CalOptima's net investment in the 505 City Parkway West office building; and
- Refine the definition of Consolidated Capitation Revenues to exclude special pass-through payments, such as quality assurance fees, intergovernmental transfers, and prior year rate adjustments implemented in the current year.

#### **Discussion**

Management recommends updating the current Board-approved reserve policy by removing the inclusion of non-current assets excluding software in the calculation the Board-designated Reserve Funds. Due to its nature, non-current assets will not have their full value realized within twelve (12) months of the balance sheet date. While CalOptima could realize cash by encumbering these assets, CalOptima would not be able to liquidate non-current assets, such as buildings and equipment, and

expect business to continue as usual. Therefore, staff recommends leaving only assets that can be converted quickly to cash to meet debt obligations in Board-designated Reserve Funds.

**Fiscal Impact**

As of September 30, 2015, CalOptima had total non-current assets of \$49,647,736 included in the Board-designated Reserve calculation. After removing these assets from the calculation, CalOptima's total Board-designated Reserve Fund will be reduced from \$519,222,865 to \$469,575,130, which is still within the 1.4 to 2.0 times of average monthly capitation revenue requirement.

**Rationale for Recommendation**

The proposed change will revise the Board-designated Reserve Funds policy to reflect that CalOptima would not be able to liquidate non-current assets, and maintain viable health plan operations.

**Concurrence**

Gary Crockett, Chief Counsel

**Attachments**

Red-lined CalOptima Policy GA.3001: Board-designated Reserve Funds

/s/ Michael Schrader  
**Authorized Signature**

11/13/2015  
**Date**

Policy #: GA.3001  
Title: **Board-designated Reserve Funds**  
Department: Financial Affairs  
Section: Not Applicable

CEO Approval: Michael Schrader  
~~Revised: 6/00, 6/1/07, 3/1/12~~

Effective Date: 11/1/96

Last Review Date: 6/6/13

Last Revised Date: 6/6/13

~~Board Approved: 6/6/00, 3/1/12, 6/6/13~~

## I. PURPOSE

To establish CalOptima's policy and procedure for the creation, maintenance, and utilization of reserve funds for the benefit of CalOptima's long-term financial viability.

## II. POLICY

A. It shall be the goal of CalOptima to maintain Board-designated reserve funds of no less than one point four (1.4) months' consolidated capitation revenues and no more than two (2.0) months' consolidated capitation revenues. Additional goals for the creation of Board-designated reserve funds shall be approved by the CalOptima Board of Directors (Board), as deemed necessary by management and the Board.

### B. Creation of Board-Designated Reserve Funds

#### ~~1. Existing Reserves:~~

~~a. All non-current assets, excluding software, on CalOptima's balance sheet shall be considered CalOptima Board-designated reserve funds, provided that said balance sheet is received and filed by the Board.~~

#### ~~b.1. Working capital deficits shall be subtracted from reserves.~~

### 2. Creation of New Reserves

- a. Management shall transfer, from time to time, funds into Board-designated reserve funds no greater than the net available for reserves for any given Fiscal Year, plus additional funds if deemed appropriate.
- b. On a Fiscal Year-to-date basis, the net available for reserves is equal to the excess of capitation revenues, investment income, and other income over the combined medical and administrative costs for the same fiscal period. This amount shall be available for increases to the Board-designated reserve funds.
- c. For purposes of this policy, one (1) month's consolidated capitation revenues is calculated based on the average consolidated capitation revenue excluding special pass-through payments such as Quality Assurance Fees (QAF) and Intergovernmental transfers (IGT) or prior year rate adjustments implemented in the current year during the most recent twelve

(12) month period for which all capitation payments have been received by CalOptima, and for which internally-prepared financial statements are available.

- d. CalOptima's Fiscal Year begins on July 1 of each year, and ends on June 30 of the following year.

#### C. Purpose and Utilization of Existing Reserves

1. Board-designated reserve funds are created for the purposes of maintaining CalOptima reserve levels in compliance with State requirements, maintaining CalOptima's healthcare delivery system during short-term crises, and protecting CalOptima's long-term financial viability.
2. Utilization of existing reserves during a delay in capitation revenues from the State.
  - a. In the event of a delay in CalOptima's receipt of capitation revenues from the State, and provided the Board-designated reserve funds level is within the range as set forth in Section II.A of this policy (Range). CalOptima staff is authorized to use the Board-designated reserve funds to provide up to two (2.0) months of continuous payments to Providers and vendors without the approval of the Board, provided that the reserve level remains within the range.
  - b. If the delay in CalOptima's receipt of capitation revenues from the State exceeds two (2) months, or the amount of Board-designated reserve funds falls below the range set forth in Section II.A. CalOptima staff may propose actions to the Board to ensure financial stability for CalOptima and its Providers and vendors.
  - c. In the event the amount of cash reserves approaches the minimum level required by the State, CalOptima may elect, with approval of the Board, to cease payments to Providers and vendors until such time as the State restores capitation revenue to CalOptima.
3. Except as authorized in Section II.C.2.a. of this policy, any withdrawals from Board-designated reserve funds shall be approved by the Board through the annual Budget process, or through a separate action approved by the Board at a regular or special meeting of the Board. The Budget is CalOptima's Board-approved annual operating Budget that incorporates net available for reserves.
4. The Board, through approval of a Board Action Request, may specifically designate all or a portion of Board-designated reserve funds for one (1) or more Special Purposes at any time. A Special Purpose is a specifically designated use, as determined solely by the Board, that best addresses a programmatic or financial need facing CalOptima. The Board may also remove or modify any or all such specific designations previously imposed through approval of a subsequent Board Action Request.
5. CalOptima management shall notify the Board of all uses of Board-designated reserve funds, regardless of prior approval requirements set forth in this policy.
6. On an annual basis, the Board may review this policy concurrently with the approval of the annual operating budget.

### III. PROCEDURE



A. Transfers to or from Board-Designated Reserve Funds

1. Prior to the end of each month, CalOptima's Chief Financial Officer (CFO), Chief Executive Officer (CEO), or designee shall instruct the Controller or his or her designee, to transfer a specified dollar amount into or from CalOptima's Board-designated reserve funds (from or to CalOptima's operating funds). Said transfer shall be consistent with either the Board's approved Budget or a subsequently approved Board Action Request.

B. Financial Reporting with Respect to Board-Designated Reserve Funds

1. When reporting each month's financial results, the CFO, or his or her designee, shall routinely update the Board as to the status of Board-designated reserve funds. The status report shall be rendered on a quarterly basis, or more frequently as directed by the Board.

- C. In accordance with Section II.C.4. of this policy, CalOptima management shall, upon its own initiative or the request of the Board, prepare and submit a Board Action Request to specifically designate, for one (1) or more Special Purposes, all or a portion of the Board-designated reserve funds. If the Board approves such Board Action Request, management shall so describe the specific designations of such funds on subsequent CalOptima balance sheets. The subsequent removal or modification of a previously approved specific designation of Board-designated reserve funds shall follow the same process as that utilized for creating the original designation. If the Board subsequently approves the removal or modification of a specific designation, management shall appropriately adjust future CalOptima balance sheets to properly account for such removal or modification.

- D. In accordance with all applicable statutory and regulatory requirements, CalOptima shall, at all times, maintain a Board-designated reserve funds level no less than the minimum tangible net equity requirements established by the State.

IV. ATTACHMENTS

Not Applicable

V. REFERENCES

Not Applicable

**VI. REGULATORY APPROVALS OR**

Not Applicable

**~~VI.~~VII. BOARD ACTION**

- A. CalOptima Board Agenda Referral, Action Taken June 6, 2013
- B. CalOptima Board Agenda Referral, Action Taken March 1, 2012
- C. CalOptima Board Agenda Referral, Action Taken June 6, 2000
- D. CalOptima Board Agenda Referral, Action Taken March 1, 2012

**~~VII.~~VIII. REVIEW/REVISION HISTORY**

Policy #: GA.3001

Title: Board-Designated Reserve Funds

Revised Date: 6/6/13

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- A. 6/6/13: GA.3001: Board-Designated Reserve Funds
- B. 3/1/12: GA.3001: Board-Designated Reserve Funds
- C. 6/1/07: GA.3001: Board-Designated Reserve Funds
- D. 6/00: GA.3001: Board-Designated Reserve Funds
- E. 11/1/96: GA.3001: Board-Designated Reserve Funds

#### **VIII. KEYWORDS**

—— Board  
—— Designated  
—— Reserve



# CalOptima

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## **Financial Summary**

### **September 2015**

**Board of Directors' Finance and Audit Committee Meeting**  
**November 19, 2015**

**Chet Uma**  
**Chief Financial Officer**

# FY 2015-16: Consolidated Enrollment

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- September 2015 MTD:

- Overall enrollment reached 767,574

- Actual lower than budget by 2.2%
      - Budgeted Medi-Cal TANF enrollment increase has not materialized
    - 0.4% increase from prior month
      - Slight increase in Medi-Cal
      - OneCare Connect increased by 712 to 1,666 from prior month 954
    - 12.9% or 87,690 increase in enrollment from prior year

- September 2015 YTD:

- Actual of 2,289,498 lower than budget by 2.2% or 50,435

- Attributable to 54,505 unfavorable variance in TANF population
    - Offset by 8,364 favorable variance in Medi-Cal Expansion population

# FY 2015-16: Consolidated Revenues

---

- September 2015 MTD:
  - MTD higher than budget
  - Positive variance of \$51.4 million or 26.8% for the month
    - Volume variance is (\$4.3) million
      - Due to the lower enrollment in Medi-Cal LOB
    - Price variance is \$55.7 million
      - A favorable variance of \$64 million in Medi-Cal for July and August approved budget revision
      - Offset by unfavorable variance due to aid code mix
- September 2015 YTD:
  - YTD lower than budget
  - Negative variance of (\$28.4) million
    - Volume variance is (\$16.3) million
      - Medi-Cal TANF enrollment (54,505) unfavorable to budget
    - Price variance is (\$12.1) million due to aid code mix

# FY 2015-16: Consolidated Medical Expenses

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- September 2015 MTD:

- Actual higher than budget by \$31.1 million or 14.9% for the month
  - Volume variance is \$4.7 million
  - Price variance is (\$35.7) million
    - Budget contains (\$29.0) million revision from July and August in contingencies
      - Booked \$7.0 million contingency payable to bring the Medi-Cal Expansion MLR to 95% for FY 2015-16

- September 2015 YTD:

- Actual lower than budget by \$28.7 million
  - Volume variance is \$15.6 million
  - Price variance is \$13.1 million: mainly attributable to Medi-Cal LOB
    - Total capitation and claims are unfavorable by (\$14.7) million due to higher estimated Shared Risk Pool payout
    - Offset by favorable variance of \$22 million in contingencies and \$4.9 million in medical management

# FY 2015-16: Consolidated Medical Expenses (continued)

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- Medical Loss Ratio (MLR):

- September 2015:    Actual: 98.6%      Budget: 108.8%
- September YTD:     Actual: 95.9%      Budget: 96.1%

# FY 2015-16: Consolidated Administrative Expenses

---

- September 2015 MTD:
  - Actual lower than budget
  - Positive variance of \$5.4 million or 43.0% for the month
    - Savings in salaries and benefits due to open positions (260)
- September 2015 YTD:
  - Actual lower than budget
  - Positive variance of \$15.1 million or 40.0%
    - Salaries and benefits positive variance is \$8.1 million
    - Other operating expenses under budget by \$2.2 million
    - Printing & postage under budget \$1.9 million
- Administrative Loss Ratio (ALR):
  - September 2015:      Actual: 2.9%      Budget: 6.5%
  - September YTD:      Actual: 3.1%      Budget: 5.0%



# FY 2015-16: Change in Net Assets

---

- September 2015 MTD:
  - \$1.7 million deficit
  - \$27.6 million favorable to budget
  - Attributable to:
    - Higher than anticipated revenue of \$51.4 million
    - Higher medical expenses of (\$31.1) million
    - Savings in administrative expenses of \$5.4 million
- September 2015 YTD:
  - \$9.3 million surplus
  - \$17.3 million favorable to budget
  - Due to:
    - Lower than budgeted revenue of \$28.4 million
    - Savings in medical expenses of \$28.7 million
    - Savings in administrative expenses of \$15.1 million

# FY 2015-16: Change in Net Assets (cont.)

- September YTD variance attributable to:
  - Medi-Cal: \$10.2 million surplus; \$14.8 million favorable to budget
    - Lower price variance for revenue of \$4.8 million
    - Lower volume variance for revenue of \$14.1 million
    - Savings in medical expenses of \$21.4 million
    - Savings in administrative expenses of \$12.3 million
  - OneCare: \$1.4 million surplus; \$0.1 million unfavorable to budget
    - Lower revenue of \$1.9 million
    - Higher drugs costs of \$1.0 million
    - Remaining medical expenses favorable by \$1.9 million
  - PACE: \$0.8 million deficit; \$0.1 million unfavorable to budget
    - Slightly higher than budgeted medical expenses
  - OneCare Connect: \$3.8 million deficit; \$0.9 million favorable to budget
    - Early start-up costs prior to implementation of program

# Enrollment Summary: September 2015 and September YTD

Month				Enrollment (By Aid Category)	Year - to - Date			
Actual	Budget	Variance	%		Actual	Budget	Variance	%
62,805	61,463	1,342	2.2%	Aged	189,888	186,989	2,899	1.6%
628	738	(110)	(14.9%)	BCCTP	1,947	2,207	(260)	(11.8%)
54,166	55,229	(1,063)	(1.9%)	Disabled	164,171	166,769	(2,598)	(1.6%)
3,592	3,722	(130)	(3.5%)	LTC	11,173	11,476	(303)	(2.6%)
200,766	197,649	3,117	1.6%	MCE	594,570	586,206	8,364	1.4%
<u>430,738</u>	<u>448,893</u>	<u>(18,155)</u>	<u>(4.0%)</u>	<u>TANF</u>	<u>1,284,962</u>	<u>1,339,467</u>	<u>(54,505)</u>	<u>(4.1%)</u>
752,695	767,694	(14,999)	(2.0%)	Medi-Cal	2,246,711	2,293,114	(46,403)	(2.0%)
466	479	(13)	(2.7%)	MSSP	1,379	1,437	(58)	(4.0%)
<b>753,161</b>	<b>768,173</b>	<b>(15,012)</b>	<b>(2.0%)</b>	<b>Tota Medi-Cal</b>	<b>2,248,090</b>	<b>2,294,551</b>	<b>(46,461)</b>	<b>(2.0%)</b>
1,666	3,960	(2,294)	(57.9%)	OneCare Connect	2,622	6,380	(3,758)	(58.9%)
119	109	10	9.2%	PACE	334	312	22	7.1%
<u>12,628</u>	<u>12,904</u>	<u>(276)</u>	<u>(2.1%)</u>	<u>OneCare</u>	<u>38,452</u>	<u>38,692</u>	<u>(240)</u>	<u>(0.6%)</u>
<b><u>767,574</u></b>	<b><u>785,146</u></b>	<b><u>(17,572)</u></b>	<b><u>(2.2%)</u></b>	<b><u>CalOptima Total</u></b>	<b><u>2,289,498</u></b>	<b><u>2,339,935</u></b>	<b><u>(50,437)</u></b>	<b><u>(2.2%)</u></b>

# Financial Highlights: September 2015 and September YTD

Month					Year-to-Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
767,574	785,143	(17,569)	(2.2%)	Member Months	2,289,498	2,339,933	(50,435)	(2.2%)
243,228,021	191,777,349	51,450,672	26.8%	Revenues	725,663,793	754,063,338	(28,399,545)	(3.8%)
239,809,333	208,744,490	(31,064,844)	(14.9%)	Medical Expenses	695,919,590	724,625,946	28,706,356	4.0%
7,104,971	12,471,287	5,366,316	43.0%	Administrative Expenses	22,746,572	37,884,905	15,138,333	40.0%
1,970,724	149,739	1,820,986	1216.1%	Non Operating	2,340,299	449,216	1,891,082	421.0%
<b>(1,715,559)</b>	<b>(29,288,689)</b>	<b>27,573,130</b>	<b>94.1%</b>	<b>Change in Net Assets</b>	<b>9,337,929</b>	<b>(7,998,297)</b>	<b>17,336,226</b>	<b>216.7%</b>
98.6%	108.8%	10.3%		Medical Loss Ratio	95.9%	96.1%	0.2%	
2.9%	6.5%	3.6%		Administrative Loss Ratio	3.1%	5.0%	1.9%	

# Consolidated Performance Actual vs. Budget: September 2015 and September YTD (in millions)

	MONTH				MONTH		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>		<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Medi-Cal	(3.7)	(29.0)	25.3	Medi-Cal	10.2	(4.6)	14.8
OneCare	1.2	0.7	0.4	OneCare	1.4	1.5	(0.1)
OCC	(0.9)	(1.0)	0.0	OCC	(3.8)	(4.7)	0.9
ASO	0.0	0.0	0.0	ASO	0.0	0.0	0.0
PACE	(0.3)	(0.2)	0.0	PACE	(0.8)	(0.7)	(0.1)
<b>Operating</b>	<b>(3.7)</b>	<b>(29.4)</b>	<b>25.8</b>	<b>Operating</b>	<b>7.0</b>	<b>(8.4)</b>	<b>15.4</b>
Inv./Rental Inc, MCO tax	<u>2.0</u>	<u>0.1</u>	<u>1.8</u>	Inv./Rental Inc, MCO tax	<u>2.3</u>	<u>0.4</u>	<u>1.9</u>
<b>Non-Operating</b>	<b><u>2.0</u></b>	<b><u>0.1</u></b>	<b><u>1.8</u></b>	<b>Non-Operating</b>	<b><u>2.3</u></b>	<b><u>0.4</u></b>	<b><u>1.9</u></b>
<b>TOTAL</b>	<b><u>(1.7)</u></b>	<b><u>(29.3)</u></b>	<b><u>27.6</u></b>	<b>TOTAL</b>	<b><u>9.3</u></b>	<b><u>(8.0)</u></b>	<b><u>17.3</u></b>

# Consolidated Revenue & Expense: September 2015

	Medi-Cal	OneCare	OneCare Connect	PACE	Behavioral Health ASO	Consolidated
<b>Member Months</b>	753,161	12,628	1,666	119	-	767,574
<b>REVENUES</b>						
Capitation revenue	225,834,952	13,497,945	3,192,531	\$ 702,593	\$ -	\$ 243,228,021
Other Income	-	-	-	-	-	-
<b>Total Operating Revenues</b>	<u>225,834,952</u>	<u>13,497,945</u>	<u>3,192,531</u>	<u>702,593</u>	<u>-</u>	<u>243,228,021</u>
<b>MEDICAL EXPENSES</b>						
Provider capitation	75,263,116	4,838,880	738,463	-	-	80,840,459
Facility inpatient	46,769,249	4,964,889	411,784	-	-	52,145,922
Ancillary	-	398,312	148,958	-	-	547,270
Skilled Nursing	-	215,760	793,962	-	-	1,009,722
Facility outpatient	9,864,821	-	-	169,618	-	10,034,439
Professional Claims	9,359,610	-	-	197,956	-	9,557,566
Prescription drugs	31,348,579	520,271	721,793	95,190	-	32,685,833
Quality Incentives	-	171,419	-	-	-	171,419
Long-term care facility payments	41,573,628	-	-	-	-	41,573,628
Contingencies	7,016,891	-	-	-	-	7,016,891
Medical management	2,328,872	401,688	381,232	-	-	3,111,792
Reinsurance & other	618,055	89,843	-	\$ 406,997	(502)	1,114,392
	<u>224,142,821</u>	<u>11,601,061</u>	<u>3,196,193</u>	<u>869,761</u>	<u>(502)</u>	<u>239,809,333</u>
<b>GROSS MARGIN</b>	1,692,131	1,896,884	(3,662)	(167,168)	502	3,418,688
<b>ADMINISTRATIVE EXPENSES</b>						
Salaries, wages & employee benefits	3,111,276	415,211	163,473	82,570	-	3,772,529
Professional fees	301,203	8,169	-	1,938	-	311,310
Purchased Services	832,244	67,572	79,514	0	-	979,330
Printing and Postage	216,541	12,907	44,369	0	0	273,817
Depreciation and Amortization	218,982	-	-	2,518	-	221,501
Other Expenses	1,166,696	35,016	6,550	7,964	-	1,216,226
Indirect cost allocation, Occupancy Expense	(477,820)	169,531	636,670	1,877	-	330,258
<b>Total Administrative Expenses</b>	<u>5,369,122</u>	<u>708,407</u>	<u>930,575</u>	<u>96,867</u>	<u>0</u>	<u>7,104,971</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	(3,676,992)	1,188,478	(934,236)	(264,035)	502	(3,686,283)
<b>INVESTMENT INCOME</b>	-	-	-	-	-	2,101,697
<b>NET RENTAL INCOME</b>	-	-	-	-	-	(131,147)
<b>NET OPERATING TAX</b>	-	-	-	-	-	0
<b>QAF/IGT</b>	-	-	-	-	-	-
<b>OTHER INCOME</b>	174	-	-	-	-	174
<b>CHANGE IN NET ASSETS</b>	<u>\$ (3,676,817)</u>	<u>\$ 1,188,478</u>	<u>\$ (934,236)</u>	<u>\$ (264,035)</u>	<u>\$ 502</u>	<u>\$ (1,715,559)</u>
<b>BUDGETED CHANGE IN ASSETS</b>	(28,999,312)	742,976	(951,371)	(230,720)	-	(29,288,689)
<b>VARIANCE TO BUDGET - FAV (UNFAV)</b>	<u>25,322,495</u>	<u>445,502</u>	<u>17,135</u>	<u>(33,315)</u>	<u>502</u>	<u>27,573,130</u>

# Consolidated Revenue & Expense: September YTD

	Medi-Cal	OneCare	OneCare Connect	PACE	Behavioral Health ASO	Consolidated
<b>Member Months</b>	2,248,090	38,452	2,622	334	-	2,289,498
<b>REVENUES</b>						
Capitation revenue	679,130,145	40,196,047	4,404,957	\$ 1,932,643	\$ -	\$ 725,663,793
Other Income	-	-	-	-	-	-
<b>Total Operating Revenues</b>	<b>679,130,145</b>	<b>40,196,047</b>	<b>4,404,957</b>	<b>1,932,643</b>	<b>-</b>	<b>725,663,793</b>
<b>MEDICAL EXPENSES</b>						
Provider capitation	236,321,898	14,420,752	983,123	-	-	251,725,772
Facility inpatient	156,436,515	14,598,534	641,709	-	-	171,676,758
Ancillary	-	1,357,174	224,142	-	-	1,581,316
Skilled Nursing	-	929,659	1,241,027	-	-	2,170,685
Facility outpatient	26,646,842	-	-	461,643	-	27,108,485
Professional Claims	38,268,922	-	-	645,720	-	38,914,642
Prescription drugs	93,169,655	2,852,303	1,005,525	199,851	-	97,227,335
Quality Incentives	-	520,967	-	-	-	520,967
Long-term care facility payments	128,223,398	-	-	-	-	128,223,398
Contingencies	(36,352,587)	-	-	-	-	(36,352,587)
Medical management	7,116,523	1,488,048	1,114,383	-	-	9,718,954
Reinsurance & other	1,915,467	331,341	-	\$ 1,162,571	(5,514)	3,403,864
	<b>651,746,633</b>	<b>36,498,777</b>	<b>5,209,909</b>	<b>2,469,785</b>	<b>(5,514)</b>	<b>695,919,590</b>
<b>GROSS MARGIN</b>	<b>27,383,512</b>	<b>3,697,270</b>	<b>(804,952)</b>	<b>(537,142)</b>	<b>5,514</b>	<b>29,744,202</b>
<b>ADMINISTRATIVE EXPENSES</b>						
Salaries, wages & employee benefits	-	-	-	-	-	-
Professional fees	11,052,819	1,346,446	810,648	248,571	-	13,458,484
Purchased Services	730,192	79,310	-	7,261	-	816,764
Printing and Postage	2,366,129	246,542	86,371	(97)	-	2,698,945
Depreciation and Amortization	653,585	22,859	162,320	1,395	174	840,332
Other Expenses	674,797	-	-	7,555	-	682,352
Indirect cost allocation, Occupancy Expense	3,040,753	112,409	6,398	17,464	-	3,177,022
<b>Total Administrative Expenses</b>	<b>(1,351,517)</b>	<b>508,593</b>	<b>1,910,009</b>	<b>5,588</b>	<b>-</b>	<b>1,072,673</b>
	<b>17,166,757</b>	<b>2,316,158</b>	<b>2,975,746</b>	<b>287,737</b>	<b>174</b>	<b>22,746,572</b>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>10,216,755</b>	<b>1,381,112</b>	<b>(3,780,698)</b>	<b>(824,880)</b>	<b>5,340</b>	<b>6,997,630</b>
<b>INVESTMENT INCOME</b>	-	-	-	-	-	2,480,112
<b>NET RENTAL INCOME</b>	-	-	-	-	-	(140,093)
<b>NET OPERATING TAX</b>	-	-	-	-	-	0
<b>QAF/IGT</b>	-	-	-	-	-	-
<b>OTHER INCOME</b>	279	-	-	-	-	279
<b>CHANGE IN NET ASSETS</b>	<b>\$ 10,217,034</b>	<b>\$ 1,381,112</b>	<b>\$ (3,780,698)</b>	<b>\$ (824,880)</b>	<b>\$ 5,340</b>	<b>\$ 9,337,929</b>
<b>BUDGETED CHANGE IN ASSETS</b>	(4,555,062)	1,500,608	(4,655,276)	(737,784)	-	(7,998,297)
<b>VARIANCE TO BUDGET - FAV (UNFAV)</b>	<b>14,772,096</b>	<b>(119,496)</b>	<b>874,578</b>	<b>(87,096)</b>	<b>5,340</b>	<b>17,336,226</b>

# Balance Sheet: As of September 2015

## ASSETS

### Current Assets

Operating Cash	\$126,226,123
Catastrophic Reserves	\$11,171,769
Investments	1,116,881,518
Capitation receivable	233,083,728
Prepaid expenses and other	21,395,887

<b>Total Current Assets</b>	<b><u>1,508,759,025</u></b>
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### Capital Assets

Furniture and equipment	25,225,592
Leasehold improvements	9,137,380
505 City Parkway West	<u>46,625,859</u>
	80,988,831
Less: accumulated depreciation	<u>(27,773,789)</u>
Capital assets, net	<u>53,215,042</u>

### Other Assets

Restricted deposit & Other	261,264
Board-designated assets	
Cash and cash equivalents	22,120,563
Short term investments	-
Long term investments	<u>447,454,567</u>
Total Board-designated Assets	<u>469,575,129</u>
Total Other Assets	<u>469,836,394</u>

Deferred outflows of Resources -

<b>TOTAL ASSETS &amp; OUTFLOWS</b>	<b><u>2,031,810,461</u></b>
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## LIABILITIES & FUND BALANCES

### Current Liabilities

Accounts payable	\$12,797,459
Medical claims liability	515,809,754
Accrued payroll liabilities	7,832,356
Deferred revenue	428,877,550
Deferred revenue - CMS	0
Deferred lease obligations	330,658
Capitation and withholds	374,642,635
Accrued insurance costs	<u>26,666,282</u>

<b>Total Current Liabilities</b>	<b><u>1,366,956,694</u></b>
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### Other (than pensions) post

employment benefits liability	26,633,882
Net Pension Liabilities	(3,891,417)
Long Term Liabilities	150,000

### TOTAL LIABILITIES

<b><u>1,389,849,159</u></b>
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### Deferred inflows of Resources

5,580,552

### Tangible net equity (TNE)

85,622,043

### Funds in excess of TNE

550,758,707

### Net Assets

<b><u>636,380,750</u></b>
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<b>TOTAL LIABILITIES, INFLOWS &amp; FUND BALANCES</b>	<b><u>2,031,810,461</u></b>
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**CalOptima**  
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## UNAUDITED FINANCIAL STATEMENTS

September 2015

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**CalOptima - Consolidated**  
**Financial Highlights**  
**For the Three Months Ended September 30, 2015**

Month					Year-to-Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
767,574	785,143	(17,569)	(2.2%)	Member Months	2,289,498	2,339,933	(50,435)	(2.2%)
243,228,021	191,777,349	51,450,672	26.8%	Revenues	725,663,793	754,063,338	(28,399,545)	(3.8%)
239,809,333	208,744,490	(31,064,844)	(14.9%)	Medical Expenses	695,919,590	724,625,946	28,706,356	4.0%
7,104,971	12,471,287	5,366,316	43.0%	Administrative Expenses	22,746,572	37,884,905	15,138,333	40.0%
1,970,724	149,739	1,820,986	1216.1%	Non Operating	2,340,299	449,216	1,891,082	421.0%
<b>(1,715,559)</b>	<b>(29,288,689)</b>	<b>27,573,130</b>	<b>94.1%</b>	<b>Change in Net Assets</b>	<b>9,337,929</b>	<b>(7,998,297)</b>	<b>17,336,226</b>	<b>216.7%</b>
98.6%	108.8%	10.3%		Medical Loss Ratio	95.9%	96.1%	0.2%	
2.9%	6.5%	3.6%		Administrative Loss Ratio	3.1%	5.0%	1.9%	

**CalOptima**  
**Financial Dashboard**  
For the Three Months Ended September 30, 2015

**MONTH**

Enrollment					
	Actual	Budget		Fav / (Unfav)	
Medi-Cal	752,695	767,691	↓	(15,009)	(2.0%)
OneCare	12,628	12,904	↓	(276)	(2.1%)
OneCare Connect	1,666	3,960	↓	(2,294)	(57.9%)
PACE	119	109	↑	10	9.2%
MSSP	466	479	↓	(13)	(2.7%)
Total	767,574	785,143	↓	(17,569)	(2.2%)

Change in Net Assets (\$000)					
	Actual	Budget		Fav / (Unfav)	
Medi-Cal (w/ MSSP)	\$ (3,677)	\$ (28,999)	↑	\$ 25,322	87.3%
OneCare	1,188	743	↑	446	60.0%
OneCare Connect	(934)	(951)	↑	17	1.8%
PACE	(264)	(231)	↓	(33)	(14.4%)
ASO	1	-	↑	1	100.0%
505 Bldg.	(131)	(59)	↓	(73)	(123.8%)
Investment Income & Other	2,102	208	↑	1,894	908.9%
Total	\$ (1,715)	\$ (29,289)	↑	\$ 27,573	94.1%

MLR				
	Actual	Budget		% Point Var
Medi-Cal (w/ MSSP)	99.3%	111.4%	↑	12.1
OneCare	85.9%	87.2%	↑	1.3
OneCare Connect	100.1%	91.4%	↓	(8.7)

Administrative Cost (\$000)					
	Actual	Budget		Fav / (Unfav)	
Medi-Cal (w/ MSSP)	\$ 5,369	\$ 9,714	↑	\$ 4,344	44.7%
OneCare	708	1,045	↑	336	32.2%
OneCare Connect	931	1,592	↑	661	41.5%
PACE	97	121	↑	24	20.1%
ASO	-	-	↑	-	0.0%
Total	\$ 7,105	\$ 12,471	↑	\$ 5,366	43.0%

Total FTE's Month			
	Actual	Budget	Fav / (Unfav)
Medi-Cal	705	870	164
OneCare	118	158	40
OneCare Connect	91	130	39
PACE	33	42	9
MSSP	18	18	(0)
Total	965	1,217	252

MM per FTE			
	Actual	Budget	Fav / (Unfav)
Medi-Cal	1,067	883	184
OneCare	107	82	25
OneCare Connect	18	31	(12)
PACE	4	3	1
MSSP	26	27	(1)
Total	1,222	1,025	197

**YEAR - TO - DATE**

Year To Date Enrollment					
	Actual	Budget		Fav / (Unfav)	
Medi-Cal	2,246,711	2,293,112	↓	(46,459)	(2.0%)
OneCare	38,452	38,692	↓	(240)	(0.6%)
OneCare Connect	2,622	6,380	↓	(3,758)	(58.9%)
PACE	334	312	↑	22	7.1%
MSSP	1,379	1,437	↓	(58)	(4.0%)
Total	2,289,498	2,339,933	↓	(50,435)	(2.2%)

Change in Net Assets (\$000)					
	Actual	Budget		Fav / (Unfav)	
Medi-Cal (w/ MSSP)	\$ 10,217	\$ (4,555)	↑	\$ 14,772	324.3%
OneCare	1,381	1,501	↓	(119)	(8.0%)
OneCare Connect	(3,781)	(4,655)	↑	875	18.8%
PACE	(825)	(738)	↓	(87)	(11.8%)
ASO	5	-	↑	5	100.0%
505 Bldg.	(140)	(176)	↑	36	20.3%
Investment Income & Other	2,480	625	↑	1,855	296.9%
Total	\$ 9,338	\$ (7,998)	↑	\$ 17,337	216.8%

MLR				
	Actual	Budget		% Point Var
Medi-Cal (w/ MSSP)	96.0%	96.4%	↑	0.5
OneCare	90.8%	88.9%	↓	(1.9)
OneCare Connect	118.3%	98.5%	↓	(19.8)

Administrative Cost (\$000)					
	Actual	Budget		Fav / (Unfav)	
Medi-Cal (w/ MSSP)	\$ 17,167	\$ 29,510	↑	\$ 12,343	41.8%
OneCare	2,316	3,167	↑	851	26.9%
OneCare Connect	2,976	4,838	↑	1,863	38.5%
PACE	288	370	↑	82	22.2%
ASO	0	-	↓	(0)	0.0%
Total	\$ 22,747	\$ 37,885	↑	\$ 15,138	40.0%

Total FTE's YTD			
	Actual	Budget	Fav / (Unfav)
Medi-Cal	2,110	2,597	487
OneCare	355	473	119
OneCare Connect	256	389	133
PACE	97	125	28
MSSP	54	53	(1)
Total	2,872	3,638	766

MM per FTE			
	Actual	Budget	Fav / (Unfav)
Medi-Cal	1,065	883	182
OneCare	108	82	27
OneCare Connect	10	16	(6)
PACE	3	2	1
MSSP	26	27	(1)
Total	1,212	1,011	202

**CalOptima - Consolidated  
Statement of Revenue and Expenses  
For the One Month Ended September 30, 2015**

	Actual		Month Budget		Variance	
	\$	PMPM*	\$	PMPM*	\$	PMPM
<b>Member Months**</b>	767,574		785,143		(17,569)	
<b>Revenues</b>						
Medi-Cal	\$ 225,834,952	\$ 299.85	\$ 169,672,166	\$ 220.88	\$ 56,162,786	\$ 78.97
OneCare	13,497,945	1,068.89	14,009,479	1,085.67	(511,534)	(16.78)
OneCare Connect	3,192,531	1,916.29	7,437,457	1,878.15	(4,244,926)	38.14
PACE	702,593	5,904.14	658,247	6,038.96	44,346	(134.82)
<b>Total Operating Revenue</b>	<b>243,228,021</b>	<b>316.88</b>	<b>191,777,349</b>	<b>244.26</b>	<b>51,450,672</b>	<b>72.62</b>
<b>Medical Expenses</b>						
Medi-Cal	224,142,821	297.60	188,957,971	245.98	(35,184,850)	(51.62)
OneCare	11,601,061	918.68	12,221,666	947.12	620,605	28.44
OneCare Connect	3,196,193	1,918	6,797,084	1,716.44	3,600,891	(202)
PACE	869,761	7,308.92	767,768	7,043.75	(101,993)	(265.17)
ASO for Specialty Mental Health Svcs	(502)	-	-	-	502	-
<b>Total Medical Expenses</b>	<b>239,809,333</b>	<b>312.43</b>	<b>208,744,490</b>	<b>265.87</b>	<b>(31,064,844)</b>	<b>(46.56)</b>
<b>Gross Margin</b>	<b>3,418,688</b>	<b>4.45</b>	<b>(16,967,141)</b>	<b>(21.61)</b>	<b>20,385,828</b>	<b>26.06</b>
<b>Administrative Expenses</b>						
Salaries and benefits	3,772,529	4.91	7,127,863	9.08	3,355,334	4.16
Professional fees	311,310	0.41	608,052	0.77	296,742	0.37
Purchased services	979,330	1.28	1,239,644	1.58	260,314	0.30
Printing and Postage	273,817	0.36	912,518	1.16	638,701	0.81
Depreciation and amortization	221,501	0.29	460,712	0.59	239,211	0.30
Other	1,216,226	1.58	1,720,539	2.19	504,313	0.61
Indirect Cost Allocation, Occupancy Expense	330,258	0.43	401,959	0.51	71,701	0.08
<b>Total Administrative Expenses</b>	<b>7,104,971</b>	<b>9.26</b>	<b>12,471,287</b>	<b>15.88</b>	<b>5,366,316</b>	<b>6.63</b>
<b>Income (Loss) From Operations</b>	<b>(3,686,283)</b>	<b>(4.80)</b>	<b>(29,438,428)</b>	<b>(37.49)</b>	<b>25,752,144</b>	<b>32.69</b>
<b>Investment income</b>						
Interest income	619,295	0.81	208,333	0.27	410,962	0.54
Realized gain/(loss) on investments	70,239	0.09	-	-	70,239	0.09
Unrealized gain/(loss) on investments	1,412,163	1.84	-	-	1,412,163	1.84
<b>Total Investment Income</b>	<b>2,101,697</b>	<b>2.74</b>	<b>208,333</b>	<b>0.27</b>	<b>1,893,364</b>	<b>2.47</b>
<b>Net Rental Income</b>	<b>(131,147)</b>	<b>(0.17)</b>	<b>(58,594)</b>	<b>(0.07)</b>	<b>(72,553)</b>	<b>(0.10)</b>
<b>Total Net Operating Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>QAF/IGT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Income</b>	<b>174</b>	<b>0.00</b>	<b>-</b>	<b>-</b>	<b>174</b>	<b>0</b>
<b>Change In Net Assets</b>	<b>(1,715,559)</b>	<b>(2.24)</b>	<b>(29,288,689)</b>	<b>(37.30)</b>	<b>27,573,130</b>	<b>35.07</b>
<b>Medical Loss Ratio</b>	<b>98.6%</b>		<b>108.8%</b>		<b>10.3%</b>	
<b>Administrative Loss Ratio</b>	<b>2.9%</b>		<b>6.5%</b>		<b>3.6%</b>	

\* 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, 2015**

	<b>Actual</b>		<b>Year to Date Budget</b>		<b>Variance</b>	
	<b>\$</b>	<b>PMPM*</b>	<b>\$</b>	<b>PMPM*</b>	<b>\$</b>	<b>PMPM</b>
<b>Member Months**</b>	2,289,498		2,339,933		(50,435)	
<b>Revenues</b>						
Medi-Cal	\$ 679,130,145	\$ 302.09	\$ 698,092,652	\$ 304.24	\$ (18,962,506)	\$ (2.15)
OneCare	40,196,047	1,045.36	42,102,538	1,088.15	(1,906,491)	(42.79)
OneCare Connect	4,404,957	1,680.00	11,982,625	1,878.15	(7,577,668)	(198)
PACE	1,932,643	5,786.36	1,885,524	6,043.35	47,119	(256.99)
<b>Total Operating Revenue</b>	<b>725,663,793</b>	<b>316.95</b>	<b>754,063,338</b>	<b>322.26</b>	<b>(28,399,546)</b>	<b>(5.31)</b>
<b>Medical Expenses</b>						
Medi-Cal	651,746,633	289.91	673,137,857	293.36	21,391,223	3.45
OneCare	36,498,777	949.20	37,434,779	967.51	936,002	18.30
OneCare Connect	5,209,909	1,987	11,799,628	1,849.47	6,589,719	(138)
PACE	2,469,785	7,394.57	2,253,683	7,223.34	(216,102)	(171.22)
ASO for Specialty Mental Health Svcs	(5,514)	-	-	-	5,514	-
<b>Total Medical Expenses</b>	<b>695,919,590</b>	<b>303.96</b>	<b>724,625,946</b>	<b>309.68</b>	<b>28,706,356</b>	<b>5.72</b>
<b>Gross Margin</b>	<b>29,744,202</b>	<b>12.99</b>	<b>29,437,392</b>	<b>12.58</b>	<b>306,810</b>	<b>0.41</b>
<b>Administrative Expenses</b>						
Salaries and benefits	13,458,484	5.88	21,584,390	9.22	8,125,906	3.35
Professional fees	816,764	0.36	1,865,403	0.80	1,048,639	0.44
Purchased services	2,698,945	1.18	3,727,627	1.59	1,028,682	0.41
Printing and Postage	840,332	0.37	2,774,235	1.19	1,933,904	0.82
Depreciation and amortization	682,352	0.30	1,382,137	0.59	699,784	0.29
Other	3,177,022	1.39	5,344,219	2.28	2,167,196	0.90
Indirect cost allocation, Occupancy Expense	1,072,673	0.47	1,206,895	0.52	134,222	0.05
<b>Total Administrative Expenses</b>	<b>22,746,572</b>	<b>9.94</b>	<b>37,884,905</b>	<b>16.19</b>	<b>15,138,333</b>	<b>6.26</b>
<b>Income (Loss) From Operations</b>	<b>6,997,630</b>	<b>3.06</b>	<b>(8,447,514)</b>	<b>(3.61)</b>	<b>15,445,144</b>	<b>6.67</b>
<b>Investment income</b>						
Interest income	1,771,489	0.77	624,998	0.27	1,146,492	0.51
Realized gain/(loss) on investments	18,789	0.01	-	-	18,789	0.01
Unrealized gain/(loss) on investments	689,834	0.30	-	-	689,834	0.30
<b>Total Investment Income</b>	<b>2,480,112</b>	<b>1.08</b>	<b>624,998</b>	<b>0.27</b>	<b>1,855,114</b>	<b>0.82</b>
<b>Net Rental Income</b>	<b>(140,093)</b>	<b>(0.06)</b>	<b>(175,782)</b>	<b>(0.08)</b>	<b>35,689</b>	<b>0.01</b>
<b>Total Net Operating Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>QAF/IGT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Income</b>	<b>279</b>	<b>0.00</b>	<b>-</b>	<b>-</b>	<b>279</b>	<b>0</b>
<b>Change In Net Assets</b>	<b>9,337,929</b>	<b>4.08</b>	<b>(7,998,297)</b>	<b>(3.42)</b>	<b>17,336,226</b>	<b>7.50</b>
<b>Medical Loss Ratio</b>	<b>95.9%</b>		<b>96.1%</b>		<b>0.2%</b>	
<b>Administrative Loss Ratio</b>	<b>3.1%</b>		<b>5.0%</b>		<b>1.9%</b>	

\* 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, 2015**

	Medi-Cal	OneCare	OneCare Connect	PACE	Behavioral Health ASO	Consolidated
<b>Member Months</b>	753,161	12,628	1,666	119	-	767,574
<b>REVENUES</b>						
Capitation revenue	225,834,952	13,497,945	3,192,531	\$ 702,593	\$ -	\$ 243,228,021
Other Income	-	-	-	-	-	-
<b>Total Operating Revenues</b>	<u>225,834,952</u>	<u>13,497,945</u>	<u>3,192,531</u>	<u>702,593</u>	<u>-</u>	<u>243,228,021</u>
<b>MEDICAL EXPENSES</b>						
Provider capitation	75,263,116	4,838,880	738,463	-	-	80,840,459
Facility inpatient	46,769,249	4,964,889	411,784	-	-	52,145,922
Ancillary		398,312	148,958	-	-	547,270
Skilled Nursing		215,760	793,962	-	-	1,009,722
Facility outpatient	9,864,821	-	-	169,618	-	10,034,439
Professional Claims	9,359,610	-	-	197,956	-	9,557,566
Prescription drugs	31,348,579	520,271	721,793	95,190	-	32,685,833
Quality Incentives		171,419	-	-	-	171,419
Long-term care facility payments	41,573,628	-	-	-	-	41,573,628
Contingencies	7,016,891	-	-	-	-	7,016,891
Medical management	2,328,872	401,688	381,232	-	-	3,111,792
Reinsurance & other	618,055	89,843	-	\$ 406,997	(502)	1,114,392
	<u>224,142,821</u>	<u>11,601,061</u>	<u>3,196,193</u>	<u>869,761</u>	<u>(502)</u>	<u>239,809,333</u>
<b>GROSS MARGIN</b>	1,692,131	1,896,884	(3,662)	(167,168)	502	3,418,688
<b>ADMINISTRATIVE EXPENSES</b>						
Salaries, wages & employee benefits	3,111,276	415,211	163,473	82,570	-	3,772,529
Professional fees	301,203	8,169	-	1,938	-	311,310
Purchased Services	832,244	67,572	79,514	0	-	979,330
Printing and Postage	216,541	12,907	44,369	0	0	273,817
Depreciation and Amortization	218,982		-	2,518	-	221,501
Other Expenses	1,166,696	35,016	6,550	7,964	-	1,216,226
Indirect cost allocation, Occupancy Expense	(477,820)	169,531	636,670	1,877	-	330,258
<b>Total Administrative Expenses</b>	<u>5,369,122</u>	<u>708,407</u>	<u>930,575</u>	<u>96,867</u>	<u>0</u>	<u>7,104,971</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	(3,676,992)	1,188,478	(934,236)	(264,035)	502	(3,686,283)
<b>INVESTMENT INCOME</b>	-	-	-	-	-	2,101,697
<b>NET RENTAL INCOME</b>	-	-	-	-	-	(131,147)
<b>NET OPERATING TAX</b>	-	-	-	-	-	0
<b>QAF/IGT</b>	-	-	-	-	-	-
<b>OTHER INCOME</b>	174	-	-	-	-	174
<b>CHANGE IN NET ASSETS</b>	<u>\$ (3,676,817)</u>	<u>\$ 1,188,478</u>	<u>\$ (934,236)</u>	<u>\$ (264,035)</u>	<u>\$ 502</u>	<u>\$ (1,715,559)</u>
<b>BUDGETED CHANGE IN ASSETS</b>	(28,999,312)	742,976	(951,371)	(230,720)	-	(29,288,689)
<b>VARIANCE TO BUDGET - FAV (UNFAV)</b>	<u>25,322,495</u>	<u>445,502</u>	<u>17,135</u>	<u>(33,315)</u>	<u>502</u>	<u>27,573,130</u>

**CalOptima - Consolidated - Year to Date**  
**Statement of Revenues and Expenses by LOB**  
**For the Three Months Ended September 30, 2015**

	Medi-Cal	OneCare	OneCare Connect	PACE	Behavioral Health ASO	Consolidated
<b>Member Months</b>	2,248,090	38,452	2,622	334	-	2,289,498
<b>REVENUES</b>						
Capitation revenue	679,130,145	40,196,047	4,404,957	\$ 1,932,643	\$ -	\$ 725,663,793
Other Income	-	-	-	-	-	-
<b>Total Operating Revenues</b>	<u>679,130,145</u>	<u>40,196,047</u>	<u>4,404,957</u>	<u>1,932,643</u>	<u>-</u>	<u>725,663,793</u>
<b>MEDICAL EXPENSES</b>						
Provider capitation	236,321,898	14,420,752	983,123	-	-	251,725,772
Facility inpatient	156,436,515	14,598,534	641,709	-	-	171,676,758
Ancillary		1,357,174	224,142	-	-	1,581,316
Skilled Nursing		929,659	1,241,027	-	-	2,170,685
Facility outpatient	26,646,842	-	-	461,643	-	27,108,485
Professional Claims	38,268,922	-	-	645,720	-	38,914,642
Prescription drugs	93,169,655	2,852,303	1,005,525	199,851	-	97,227,335
Quality Incentives		520,967	-	-	-	520,967
Long-term care facility payments	128,223,398	-	-	-	-	128,223,398
Contingencies	(36,352,587)	-	-	-	-	(36,352,587)
Medical management	7,116,523	1,488,048	1,114,383	-	-	9,718,954
Reinsurance & other	1,915,467	331,341	-	\$ 1,162,571	(5,514)	3,403,864
	<u>651,746,633</u>	<u>36,498,777</u>	<u>5,209,909</u>	<u>2,469,785</u>	<u>(5,514)</u>	<u>695,919,590</u>
<b>GROSS MARGIN</b>	27,383,512	3,697,270	(804,952)	(537,142)	5,514	29,744,202
<b>ADMINISTRATIVE EXPENSES</b>						
Salaries, wages & employee benefits						
Professional fees	11,052,819	1,346,446	810,648	248,571	-	13,458,484
Purchased Services	730,192	79,310	-	7,261	-	816,764
Printing and Postage	2,366,129	246,542	86,371	(97)	-	2,698,945
Depreciation and Amortization	653,585	22,859	162,320	1,395	174	840,332
Other Expenses	674,797	-	-	7,555	-	682,352
Indirect cost allocation, Occupancy Expense	3,040,753	112,409	6,398	17,464	-	3,177,022
<b>Total Administrative Expenses</b>	<u>(1,351,517)</u>	<u>508,593</u>	<u>1,910,009</u>	<u>5,588</u>	<u>-</u>	<u>1,072,673</u>
	<u>17,166,757</u>	<u>2,316,158</u>	<u>2,975,746</u>	<u>287,737</u>	<u>174</u>	<u>22,746,572</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	10,216,755	1,381,112	(3,780,698)	(824,880)	5,340	6,997,630
<b>INVESTMENT INCOME</b>	-	-	-	-	-	2,480,112
<b>NET RENTAL INCOME</b>	-	-	-	-	-	(140,093)
<b>NET OPERATING TAX</b>	-	-	-	-	-	0
<b>QAF/IGT</b>	-	-	-	-	-	-
<b>OTHER INCOME</b>	279	-	-	-	-	279
<b>CHANGE IN NET ASSETS</b>	<u>\$ 10,217,034</u>	<u>\$ 1,381,112</u>	<u>\$ (3,780,698)</u>	<u>\$ (824,880)</u>	<u>\$ 5,340</u>	<u>\$ 9,337,929</u>
<b>BUDGETED CHANGE IN ASSETS</b>	(4,555,062)	1,500,608	(4,655,276)	(737,784)	-	(7,998,297)
<b>VARIANCE TO BUDGET - FAV (UNFAV)</b>	<u>14,772,096</u>	<u>(119,496)</u>	<u>874,578</u>	<u>(87,096)</u>	<u>5,340</u>	<u>17,336,226</u>



## September 2015 Unaudited Financial Statements

### SUMMARY

#### MONTHLY RESULTS:

- Change in Net Assets is (\$1.7) million, \$27.6 million favorable to budget  
(Note: revised FY16 Medi-Cal budget has been loaded in Sep-15. Therefore, September monthly budget contains July and August adjustments.)
- Operating deficit is (\$3.7) million with a surplus in non-operating of \$2.0 million

#### YEAR-TO-DATE RESULTS:

- Change in Net Assets is \$9.3 million, \$17.3 million favorable to budget
- Operating surplus is \$7.0 million, and non-operating surplus is \$9.3 million

#### Change in Net Assets by LOB (\$millions)

CURRENT MONTH				YEAR-TO-DATE		
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>		<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
(3.7)	(29.0)	25.3	Medi-Cal	10.2	(4.6)	14.8
1.2	0.7	0.4	OneCare	1.4	1.5	(0.1)
(0.9)	(1.0)	0.0	OneCare Connect	(3.8)	(4.7)	0.9
<u>(0.3)</u>	<u>(0.2)</u>	<u>0.0</u>	PACE	<u>(0.8)</u>	<u>(0.7)</u>	<u>(0.1)</u>
<b>(3.7)</b>	<b>(29.4)</b>	<b>25.8</b>	<b>Operating</b>	<b>7.0</b>	<b>(8.4)</b>	<b>15.4</b>
<u>2.0</u>	<u>0.1</u>	<u>1.8</u>	Inv./Rental Inc, MCO tax	<u>2.3</u>	<u>0.4</u>	<u>1.9</u>
<b>2.0</b>	<b>0.1</b>	<b>1.8</b>	<b>Non-Operating</b>	<b>2.3</b>	<b>0.4</b>	<b>1.9</b>
<b>(1.7)</b>	<b>(29.3)</b>	<b>27.6</b>	<b>TOTAL</b>	<b>9.3</b>	<b>(8.0)</b>	<b>17.3</b>

**CalOptima**  
**Enrollment Summary**  
**For the Three Months Ended September 30, 2015**

Month				Enrollment (By Aid Category)	Year - to - Date			
Actual	Budget	Variance	%		Actual	Budget	Variance	%
62,805	61,463	1,342	2.2%	Aged	189,888	186,989	2,899	1.6%
628	738	(110)	(14.9%)	BCCTP	1,947	2,207	(260)	(11.8%)
54,166	55,229	(1,063)	(1.9%)	Disabled	164,171	166,769	(2,598)	(1.6%)
3,592	3,722	(130)	(3.5%)	LTC	11,173	11,476	(303)	(2.6%)
200,766	197,649	3,117	1.6%	MCE	594,570	586,206	8,364	1.4%
430,738	448,893	(18,155)	(4.0%)	TANF	1,284,962	1,339,467	(54,505)	(4.1%)
752,695	767,694	(14,999)	(2.0%)	Medi-Cal	2,246,711	2,293,114	(46,403)	(2.0%)
466	479	(13)	(2.7%)	MSSP	1,379	1,437	(58)	(4.0%)
<b>753,161</b>	<b>768,173</b>	<b>(15,012)</b>	<b>(2.0%)</b>	<b>Tota Medi-Cal</b>	<b>2,248,090</b>	<b>2,294,551</b>	<b>(46,461)</b>	<b>(2.0%)</b>
<b>1,666</b>	<b>3,960</b>	<b>(2,294)</b>	<b>(57.9%)</b>	<b>OneCare Connect</b>	<b>2,622</b>	<b>6,380</b>	<b>(3,758)</b>	<b>(58.9%)</b>
<b>119</b>	<b>109</b>	<b>10</b>	<b>9.2%</b>	<b>PACE</b>	<b>334</b>	<b>312</b>	<b>22</b>	<b>7.1%</b>
<b>12,628</b>	<b>12,904</b>	<b>(276)</b>	<b>(2.1%)</b>	<b>OneCare</b>	<b>38,452</b>	<b>38,692</b>	<b>(240)</b>	<b>(0.6%)</b>
<b>767,574</b>	<b>785,146</b>	<b>(17,572)</b>	<b>(2.2%)</b>	<b>CalOptima Total</b>	<b>2,289,498</b>	<b>2,339,935</b>	<b>(50,437)</b>	<b>(2.2%)</b>
<b>Enrollment (By Network)</b>								
42,479	42,994	(515)	(1.2%)	HMO	126,244	127,887	(1,643)	(1.3%)
223,477	231,979	(8,502)	(3.7%)	PHC	665,369	690,956	(25,587)	(3.7%)
340,010	349,217	(9,207)	(2.6%)	Shared Risk Group	1,011,663	1,040,339	(28,676)	(2.8%)
146,729	143,504	3,225	2.2%	Fee for Service	443,435	433,932	9,503	2.2%
752,695	767,694	(14,999)	(2.0%)	Medi-Cal	2,246,711	2,293,114	(46,403)	(2.0%)
466	479	(13)	(2.7%)	MSSP	1,379	1,437	(58)	(4.0%)
<b>753,161</b>	<b>768,173</b>	<b>(15,012)</b>	<b>(2.0%)</b>	<b>Tota Medi-Cal</b>	<b>2,248,090</b>	<b>2,294,551</b>	<b>(46,461)</b>	<b>(2.0%)</b>
<b>1,666</b>	<b>3,960</b>	<b>(2,294)</b>	<b>(57.9%)</b>	<b>OneCare Connect</b>	<b>2,622</b>	<b>6,380</b>	<b>(3,758)</b>	<b>(58.9%)</b>
<b>119</b>	<b>109</b>	<b>10</b>	<b>9.2%</b>	<b>PACE</b>	<b>334</b>	<b>312</b>	<b>22</b>	<b>7.1%</b>
<b>12,628</b>	<b>12,904</b>	<b>(276)</b>	<b>(2.1%)</b>	<b>OneCare</b>	<b>38,452</b>	<b>38,692</b>	<b>(240)</b>	<b>(0.6%)</b>
<b>767,574</b>	<b>785,146</b>	<b>(17,572)</b>	<b>(2.2%)</b>	<b>CalOptima Total</b>	<b>2,289,498</b>	<b>2,339,935</b>	<b>(50,437)</b>	<b>(2.2%)</b>

CalOptima  
Enrollment Trend by Network Type  
Fiscal Year 2016

Network Type	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	MMs
<b>HMO</b>													
Aged	275	274	276	-	-	-	-	-	-	-	-	-	825
BCCTP	-	-	-	-	-	-	-	-	-	-	-	-	-
Disabled	1,705	1,709	1,719	-	-	-	-	-	-	-	-	-	5,133
MCX	9,194	9,431	9,678	-	-	-	-	-	-	-	-	-	28,303
TANF	30,496	30,681	30,806	-	-	-	-	-	-	-	-	-	91,983
	41,670	42,095	42,479	-	-	-	-	-	-	-	-	-	126,244
<b>PHC</b>													
Aged	1,209	1,265	1,286	-	-	-	-	-	-	-	-	-	3,760
BCCTP	-	-	-	-	-	-	-	-	-	-	-	-	-
Disabled	8,147	8,148	8,139	-	-	-	-	-	-	-	-	-	24,434
MCX	31,591	32,558	33,426	-	-	-	-	-	-	-	-	-	97,575
TANF	179,126	179,848	180,626	-	-	-	-	-	-	-	-	-	539,600
	220,073	221,819	223,477	-	-	-	-	-	-	-	-	-	665,369
<b>Shared Risk Group</b>													
Aged	7,127	7,221	7,326	-	-	-	-	-	-	-	-	-	21,674
BCCTP	-	-	-	-	-	-	-	-	-	-	-	-	-
Disabled	15,565	15,485	15,439	-	-	-	-	-	-	-	-	-	46,489
MCX	125,793	127,941	130,404	-	-	-	-	-	-	-	-	-	384,138
TANF	186,142	186,379	186,841	-	-	-	-	-	-	-	-	-	559,362
	334,627	337,026	340,010	-	-	-	-	-	-	-	-	-	1,011,663
<b>Fee for Service (Dual)</b>													
Aged	52,530	52,110	51,992	-	-	-	-	-	-	-	-	-	156,632
BCCTP	35	35	34	-	-	-	-	-	-	-	-	-	104
Disabled	25,713	25,495	25,271	-	-	-	-	-	-	-	-	-	76,479
LTC	3,391	3,395	3,337	-	-	-	-	-	-	-	-	-	10,123
MCX	2,904	2,965	2,934	-	-	-	-	-	-	-	-	-	8,803
TANF	1,358	1,383	1,381	-	-	-	-	-	-	-	-	-	4,122
	85,931	85,383	84,949	-	-	-	-	-	-	-	-	-	256,263
<b>Fee for Service (Non-Dual)</b>													
Aged	2,401	2,671	1,925	-	-	-	-	-	-	-	-	-	6,997
BCCTP	629	620	594	-	-	-	-	-	-	-	-	-	1,843
Disabled	3,962	4,076	3,598	-	-	-	-	-	-	-	-	-	11,636
LTC	406	389	255	-	-	-	-	-	-	-	-	-	1,050
MCX	25,032	26,395	24,324	-	-	-	-	-	-	-	-	-	75,751
TANF	28,961	29,852	31,084	-	-	-	-	-	-	-	-	-	89,897
	61,391	64,003	61,780	-	-	-	-	-	-	-	-	-	187,174
<b>MEDI-CAL TOTAL</b>													
Aged	63,542	63,541	62,805	-	-	-	-	-	-	-	-	-	189,888
BCCTP	664	655	628	-	-	-	-	-	-	-	-	-	1,947
Disabled	55,092	54,913	54,166	-	-	-	-	-	-	-	-	-	164,171
LTC	3,797	3,784	3,592	-	-	-	-	-	-	-	-	-	11,173
MCX	194,514	199,290	200,766	-	-	-	-	-	-	-	-	-	594,570
TANF	426,083	428,143	430,738	-	-	-	-	-	-	-	-	-	1,284,964
	743,692	750,326	752,695	-	-	-	-	-	-	-	-	-	2,246,713
<b>PACE</b>	101	114	119	-	-	-	-	-	-	-	-	-	334
<b>OneCare</b>	13,021	12,803	12,628	-	-	-	-	-	-	-	-	-	38,452
<b>OneCare Connect</b>	2	954	1,666	-	-	-	-	-	-	-	-	-	2,622
<b>MSSP</b>	455	458	466	-	-	-	-	-	-	-	-	-	1,379
<b>TOTAL</b>	757,271	764,655	767,574	-	-	-	-	-	-	-	-	-	2,289,500

## **ENROLLMENT**

**Overall** enrollment was 767,574

- Increased 2,919 or 0.4% from prior month
- Increased 87,690 or 12.9% from prior year (September 2014)
- Unfavorable to budget by 17,569

**Medi-Cal** enrollment was 753,161

- Increased 2,377 from prior month
- Unfavorable to budget by 15,009 primarily driven by:
  - TANF unfavorable by 18,149
  - Offset with Medi-Cal Expansion favorable by 3,117

**OneCare** enrollment was 12,628

- Decreased 175 from prior month
- Unfavorable to budget by 276

**OneCare Connect** enrollment was 1,666

- Increased 712 from prior month
- Unfavorable to budget by 2,294

**PACE** enrollment was 119

- Increased 5 from prior month
- Favorable to budget by 10

**CalOptima - MediCal Total  
Statement of Revenues and Expenses  
For the Three Months Ended September 30, 2015**

Month			
Actual	Budget	\$ Variance	% Variance
753,161	768,170	(15,009)	-1.95%
225,834,952	169,672,166	56,162,786	33.10%
0	0	0	0.00%
225,834,952	169,672,166	56,162,786	33.10%
75,263,116	78,562,551	3,299,435	4.20%
46,769,249	43,488,709	(3,280,540)	-7.54%
9,864,821	10,242,530	377,710	3.69%
9,359,610	15,785,572	6,425,962	40.71%
31,348,579	29,995,511	(1,353,069)	-4.51%
41,573,628	40,464,710	(1,108,918)	-2.74%
7,016,891	(33,809,773)	(40,826,664)	-120.75%
2,328,872	3,680,956	1,352,084	36.73%
618,055	547,205	(70,850)	-12.95%
224,142,821	188,957,971	(35,184,850)	-18.62%
1,692,131	(19,285,805)	20,977,936	108.77%
3,111,276	5,803,740	2,692,465	46.39%
301,203	551,851	250,648	45.42%
832,244	998,383	166,139	16.64%
216,541	664,438	447,897	67.41%
0	0	0	0.00%
218,982	458,456	239,474	52.23%
1,166,696	1,642,740	476,044	28.98%
(477,820)	(406,101)	71,719	17.66%
5,369,122	9,713,507	4,344,385	44.73%
8,763,311	11,588,187	2,824,876	24.38%
0	11,588,187	11,588,187	100.00%
8,763,311	0	(8,763,311)	0.00%
0	0	0	0.00%
0	0	0	0.00%
174	0	174	0.00%
(3,676,817)	(28,999,312)	25,322,495	87.32%
=====	=====	=====	=====
99.3%	111.4%	12.1%	10.9%
2.4%	5.7%	3.3%	58.5%

	Year - To - Date			
	Actual	Budget	\$ Variance	% Variance
Member Months	2,248,090	2,294,549	(46,459)	-2.02%
Revenues				
Capitation revenue	679,130,145	698,092,652	(18,962,506)	-2.72%
Grant & other income	0	0	0	0.00%
Total Operating Revenues	679,130,145	698,092,652	(18,962,506)	-2.72%
Medical Expenses				
Provider capitation	236,321,898	257,356,523	21,034,625	8.17%
Facility inpatient	156,436,515	118,879,448	(37,557,067)	-31.59%
Facility outpatient	26,646,842	31,304,267	4,657,425	14.88%
Professional Claims	38,268,922	51,413,529	13,144,607	25.57%
Prescription drugs	93,169,655	90,453,074	(2,716,581)	-3.00%
Long-term care facility payments	128,223,398	125,175,501	(3,047,897)	-2.43%
Contingencies	(36,352,587)	(14,187,043)	22,165,544	156.24%
Medical Management	7,116,523	11,111,350	3,994,827	35.95%
Reinsurance & other	1,915,467	1,631,207	(284,260)	-17.43%
Total Medical Expenses	651,746,633	673,137,857	21,391,223	3.18%
Gross Margin	27,383,512	24,954,795	2,428,717	9.73%
Administrative Expenses				
Salaries, wages & employee benefits	11,052,819	17,568,593	6,515,774	37.09%
Professional fees	730,192	1,688,710	958,518	56.76%
Purchased services	2,366,129	3,007,943	641,814	21.34%
Printing and postage	653,585	1,999,814	1,346,230	67.32%
Occupancy expenses	0	0	0	0.00%
Depreciation & amortization	674,797	1,375,369	700,572	50.94%
Other operating expenses	3,040,753	5,086,670	2,045,917	40.22%
Indirect cost allocation	(1,351,517)	(1,217,242)	134,275	11.03%
Total Administrative Expenses	17,166,757	29,509,857	12,343,100	41.83%
Operating Tax				
Tax Revenue	26,393,088	34,585,936	8,192,848	23.69%
Premium tax expense	0	34,585,936	34,585,936	100.00%
Sales tax expense	26,393,088	0	(26,393,088)	0.00%
Total Net Operating Tax	0	0	0	0.00%
QAF and IGT - Net	0	0	0	0.00%
Grant & other income	279	0	279	0.00%
Change in Net Assets	10,217,034	(4,555,062)	14,772,096	324.30%
	=====	=====	=====	=====
Medical Loss Ratio	96.0%	96.4%	0.5%	0.5%
Admin Loss Ratio	2.5%	4.2%	1.7%	40.2%

## **MEDI-CAL INCOME STATEMENT – SEPTEMBER MONTH**

**REVENUES** of \$225.8 million are favorable to budget by \$56.2 million, driven by:

- Medi-Cal Expansion had an favorable variance of \$66.6M, due to an adjustment of \$64M for July/ August approved budget revision for the lower rates
- Price related variance of: (\$3.2M) relates to aid code mix. (*excludes the July/August budget adjustments*)
- Volume related variance of: (\$4.6M) due to the lower enrollment. (*excludes the July/August budget adjustment*)

**MEDICAL EXPENSES:** Overall \$224.1 million, unfavorable to budget by (\$35.2) million due to:

- **Capitation** is favorable to budget \$3.3 million due to:
  - Price related variance of: \$1.8M
    - Sep Budget includes the reclassification of mental health capitation from claim payments of \$1.6M for July/ August
  - Volume related variance of: \$1.5M
- **Total Claim Payments** are favorable to budget \$1.0 million due to:
  - Price related variance of: (\$1.6M)
  - Volume related variance of: \$2.7M
- **Contingencies** are unfavorable to budget (\$40.8) million driven by:
  - Expense due to risk corridor recovery to bring MLR to 95% per DHCS contract

**ADMINISTRATION EXPENSES** are \$5.4 million, favorable to budget \$4.3 million, driven by:

- Salary & Benefits: \$2.7M from unfilled FTE positions
- Non-Salary: \$1.6M favorable to budget across all categories

**CHANGE IN NET ASSETS** is (\$3.7) million for the month

**CalOptima - OneCare**  
**Statement of Revenues and Expenses**  
**For the Three Months Ended September 30, 2015**

Month					Year - To - Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
12,628	12,904	(276)	-2.14%	Member Months	38,452	38,692	(240)	-0.62%
				Revenues				
13,497,945	14,009,479	(511,534)	-3.65%	Capitation revenue	40,196,047	42,102,538	(1,906,491)	-4.53%
13,497,945	14,009,479	(511,534)	-3.65%	Total Operating Revenue	40,196,047	42,102,538	(1,906,491)	-4.53%
				Medical Expenses				
4,838,880	4,720,993	(117,887)	-2.50%	Provider capitation	14,420,752	14,191,581	(229,171)	-1.61%
4,964,889	4,892,555	(72,334)	-1.48%	Inpatient	14,598,534	14,954,913	356,379	2.38%
398,312	518,820	120,508	23.23%	Ancillary	1,357,174	1,578,581	221,407	14.03%
215,760	468,534	252,774	53.95%	Skilled nursing facilities	929,659	1,435,574	505,915	35.24%
520,271	509,878	(10,393)	-2.04%	Prescription drugs	2,852,303	1,860,460	(991,843)	-53.31%
171,419	172,007	588	0.34%	Quality incentives	520,967	515,759	(5,208)	-1.01%
401,688	685,488	283,800	41.40%	Medical management	1,488,048	2,075,109	587,061	28.29%
89,843	253,391	163,548	64.54%	Other medical expenses	331,341	822,802	491,461	59.73%
11,601,061	12,221,666	620,605	5.08%	Total Medical Expenses	36,498,777	37,434,779	936,002	2.50%
1,896,884	1,787,813	109,071	6.10%	Gross Margin	3,697,270	4,667,759	(970,489)	-20.79%
				Administrative Expenses				
415,211	663,196	247,985	37.39%	Salaries, wages & employee benefits	1,346,446	2,009,877	663,431	33.01%
8,169	36,833	28,664	77.82%	Professional fees	79,310	119,500	40,190	33.63%
67,572	91,539	23,967	26.18%	Purchased services	246,542	274,317	27,775	10.13%
12,907	42,316	29,408	69.50%	Printing and postage	22,859	126,947	104,088	81.99%
35,016	41,423	6,406	15.47%	Other operating expenses	112,409	127,917	15,509	12.12%
169,531	169,531	0	0.00%	Indirect cost allocation, Occupancy Expense	508,593	508,593	0	0.00%
708,407	1,044,837	336,430	32.20%	Total Administrative Expenses	2,316,158	3,167,151	850,993	26.87%
1,188,478	742,976	445,502	59.96%	Change in Net Assets	1,381,112	1,500,608	(119,496)	-7.96%
85.9%	87.2%	1.3%	1.5%	Medical Loss Ratio	90.8%	88.9%	-1.9%	-2.1%
5.2%	7.5%	2.2%	29.6%	Admin Loss Ratio	5.8%	7.5%	1.8%	23.4%

## **ONECARE INCOME STATEMENT – SEPTEMBER MONTH**

**REVENUES** of \$13.5 million are unfavorable to budget by \$0.5 million

**MEDICAL EXPENSES** are favorable to budget \$0.6 million due to:

- **Skilled Nursing Facility** is favorable \$0.3 million based on claim activity
- **Medical Management** is favorable \$0.3 million related to open positions

**ADMINISTRATIVE EXPENSES** are favorable to budget \$0.3 million due to:

- **Salaries** are favorable \$0.2M driven by open positions
- **Remaining expenses** are favorable \$0.1M

**CHANGE IN NET ASSETS** is in surplus by \$1.2 million, which is \$0.4 million favorable to budget



**Cal Optima - OneCare Connect  
Statement of Revenues and Expenses  
For the Three Months Ended September 30, 2015**

Month					Year - To - Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
1,666	3,960	(2,294)	-57.93%	Member Months	2,622	6,380	(3,758)	-58.90%
				Revenues				
3,192,531	7,437,457	(4,244,926)	-57.07%	Capitation revenue	4,404,957	11,982,625	(7,577,668)	-63.24%
3,192,531	7,437,457	(4,244,926)	-57.07%	Total Operating Revenue	4,404,957	11,982,625	(7,577,668)	-63.24%
				Medical Expenses				
738,463	2,164,621	1,426,158	65.88%	Provider capitation	983,123	3,487,462	2,504,340	71.81%
411,784	791,694	379,910	47.99%	Inpatient	641,709	1,280,237	638,528	49.88%
148,958	415,012	266,054	64.11%	Ancillary	224,142	670,173	446,031	66.55%
793,962	2,417,375	1,623,413	67.16%	Skilled nursing facilities	1,241,027	3,900,923	2,659,897	68.19%
721,793	252,508	(469,285)	-185.85%	Prescription drugs	1,005,525	442,167	(563,358)	-127.41%
0	65,894	65,894	100.00%	Quality incentives	0	106,163	106,163	100.00%
381,232	561,418	180,186	32.09%	Medical management	1,114,383	1,705,375	590,992	34.65%
0	128,561	128,561	100.00%	Other medical expenses	0	207,127	207,127	100.00%
3,196,193	6,797,084	3,600,891	52.98%	Total Medical Expenses	5,209,909	11,799,628	6,589,719	55.85%
(3,662)	640,373	(644,035)	-100.57%	Gross Margin	(804,952)	182,997	(987,949)	-539.87%
				Administrative Expenses				
163,473	574,435	410,962	71.54%	Salaries, wages & employee benefits	810,648	1,743,903	933,255	53.52%
0	8,367	8,367	100.00%	Professional fees	0	24,193	24,193	100.00%
79,514	140,184	60,670	43.28%	Purchased services	86,371	416,768	330,397	79.28%
44,369	201,598	157,229	77.99%	Printing and postage	162,320	634,974	472,654	74.44%
6,550	30,491	23,941	78.52%	Other operating expenses	6,398	108,424	102,027	94.10%
636,670	636,670	0	0.00%	Indirect cost allocation, Occupancy Expense	1,910,009	1,910,010	1	0.00%
930,575	1,591,744	661,170	41.54%	Total Administrative Expenses	2,975,746	4,838,273	1,862,527	38.50%
				Operating Tax				
42,583	0	42,583	0.00%	Tax Revenue	67,018	0	67,018	0.00%
42,583	0	(42,583)	0.00%	Sales tax expense	67,018	0	(67,018)	0.00%
0	0	0	0.00%	Total Net Operating Tax	0	0	0	0.00%
(934,236)	(951,371)	17,135	1.80%	Change in Net Assets	(3,780,698)	(4,655,276)	874,578	18.79%
100.1%	91.4%	-8.7%	-9.5%	Medical Loss Ratio	118.3%	98.5%	-19.8%	-20.1%
29.1%	21.4%	-7.7%	-36.2%	Admin Loss Ratio	67.6%	40.4%	-27.2%	-67.3%

OneCare Connect Total  
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**CalOptima - PACE**  
**Statement of Revenues and Expenses**  
**For the Three Months Ended September 30, 2015**

Month				Year - To - Date				
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
119	109	10	9.17%	Member Months	334	312	22	7.05%
				Revenues				
512,826	437,119	75,708	17.32%	Medi-Cal capitation revenue	1,449,588	1,249,215	200,372	16.04%
189,767	221,128	(31,361)	-14.18%	MediCare capitation revenue	483,055	636,308	(153,253)	-24.08%
0	0	0	0.00%	MediCare Part D Revenue	0	0	0	0.00%
702,593	658,247	44,346	6.74%	Total Operating Revenues	1,932,643	1,885,524	47,119	2.50%
				Medical Expenses				
223,161	232,069	8,909	3.84%	Clinical salaries & benefits	631,061	701,762	70,701	10.07%
0	0	0	0.00%	Pace Center Support salaries & benefits	0	0	0	0.00%
0	0	0	0.00%	Provider capitation	0	0	0	0.00%
169,618	91,124	(78,494)	-86.14%	Claims payments to hospitals	461,643	260,832	(200,811)	-76.99%
197,956	174,546	(23,410)	-13.41%	Professional Claims	645,720	499,621	(146,099)	-29.24%
95,190	58,860	(36,330)	-61.72%	Prescription drugs	199,851	168,480	(31,371)	-18.62%
0	0	0	0.00%	Long-term care facility payments	0	0	0	0.00%
50,117	70,850	20,733	29.26%	Patient Transportation	153,063	202,800	49,737	24.53%
60,443	54,141	(6,302)	-11.64%	Depreciation & amortization	181,329	162,424	(18,905)	-11.64%
37,655	37,235	(420)	-1.13%	Occupancy expenses	112,965	111,705	(1,260)	-1.13%
10,972	17,543	6,571	37.46%	Utilities & Facilities Expense	24,897	47,829	22,932	47.95%
150	2,521	2,371	94.05%	Purchased Services	150	7,178	7,028	97.91%
7,391	7,391	0	0.00%	Indirect Allocation	21,156	21,156	0	0.00%
0	0	0	0.00%	Reinsurance	0	0	0	0.00%
17,109	21,488	4,379	20.38%	Other Expenses	37,950	69,896	31,946	45.70%
869,761	767,768	(101,993)	-13.28%	Total Medical Expenses	2,469,785	2,253,683	(216,102)	-9.59%
(167,168)	(109,521)	(57,646)	-52.63%	Gross Margin	(537,142)	(368,159)	(168,983)	-45.90%
				Administrative Expenses				
82,570	86,492	3,922	4.53%	Salaries, wages & employee benefits	248,571	262,017	13,446	5.13%
1,938	11,000	9,062	82.38%	Professional fees	7,261	33,000	25,739	78.00%
0	9,538	9,538	100.00%	Purchased services	(97)	28,598	28,695	100.34%
0	4,167	4,167	100.00%	Printing and postage	1,395	12,500	11,105	88.84%
2,518	2,256	(262)	-11.63%	Depreciation & amortization	7,555	6,768	(787)	-11.63%
7,964	5,886	(2,077)	-35.29%	Other operating expenses	17,464	21,207	3,743	17.65%
1,877	1,859	(18)	-0.96%	Indirect cost allocation, Occupancy Expense	5,588	5,535	(54)	-0.97%
96,867	121,199	24,331	20.08%	Total Administrative Expenses	287,737	369,625	81,887	22.15%
(264,035)	(230,720)	(33,315)	-14.44%	Change in Net Assets	(824,880)	(737,784)	(87,096)	-11.81%
123.8%	116.6%	-7.2%	-6.1%	Medical Loss Ratio	127.8%	119.5%	-8.3%	-6.9%

**CalOptima - Behavioral Health ASO**  
**Statement of Revenues and Expenses**  
**For the Three Months Ended September 30, 2015**

Month					Year - To - Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
0	0	0	0.00%	Revenues	0	0	0	0.00%
0	0	0	0.00%	Other Income	0	0	0	0.00%
				Total Operating Revenues	0	0	0	0.00%
(502)	0	502	0.00%	Medical Expenses	(5,514)	0	5,514	0.00%
0	0	0	0.00%	Other Medical	0	0	0	0.00%
				Medical management	(5,514)	0	5,514	0.00%
(502)	0	502	0.00%	Total Medical Expenses	5,514	0	5,514	0.00%
502	0	502	0.00%	Gross Margin				
0	0	0	0.00%	Administrative Expenses	0	0	0	0.00%
0	0	0	0.00%	Salaries, wages & employee benefits	0	0	0	0.00%
0	0	0	0.00%	Professional fees	0	0	0	0.00%
0	0	0	0.00%	Purchased services	174	0	(174)	0.00%
0	0	0	0.00%	Printing and postage	0	0	0	0.00%
0	0	0	0.00%	Depreciation & amortization	0	0	0	0.00%
0	0	0	0.00%	Other operating expenses	0	0	0	0.00%
0	0	0	0.00%	Indirect cost allocation, Occupancy Expense	174	0	(174)	0.00%
0	0	0	0.00%	Total Administrative Expenses	5,340	0	5,340	0.00%
502	0	502	0.00%	Change in Net Assets				
0.0%	0.0%	0.0%	0.0%	Medical Loss Ratio	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	Admin Loss Ratio	0.0%	0.0%	0.0%	0.0%

**CalOptima - Building 505 City Pkwy**  
**Statement of Revenues and Expenses**  
**For the Three Months Ended September 30, 2015**

Month					Year - To - Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
(63,585)	20,473	(84,058)	-410.58%	Revenues				
				Rental income	68,249	61,420	6,829	11.12%
(63,585)	20,473	(84,058)	-410.58%	Total Operating Revenue	68,249	61,420	6,829	11.12%
				Administrative Expenses				
1,235	2,085	850	40.79%	Professional fees	3,630	6,255	2,625	41.96%
23,404	22,912	(492)	-2.15%	Purchase services	56,806	68,737	11,931	17.36%
143,674	136,086	(7,588)	-5.58%	Depreciation & amortization	431,023	408,259	(22,764)	-5.58%
14,549	15,110	561	3.72%	Insurance expense	43,647	45,331	1,684	3.72%
84,188	161,923	77,735	48.01%	Repair and maintenance	343,193	485,769	142,577	29.35%
106,220	0	(106,220)	0.00%	Other Operating Expense	272,760	0	(272,760)	0.00%
(305,708)	(259,050)	46,658	18.01%	Indirect allocation, Occupancy Expense	(942,717)	(777,150)	165,567	21.30%
				Total Administrative Expenses	208,342	237,201	28,860	12.17%
67,562	79,067	11,505	14.55%					
(131,147)	(58,594)	(72,553)	-123.82%	Change in Net Assets	(140,093)	(175,782)	35,689	20.30%
=====	=====	=====	=====		=====	=====	=====	=====

## **OTHER STATEMENTS – SEPTEMBER MONTH:**

### **ONECARE CONNECT INCOME STATEMENT**

- **Change in Net Assets** is (\$0.9M), \$17k favorable to budget
- **Medical Expenses** are \$3.6 million favorable to budget across all categories due to enrollment
- **Administration Expenses** are 41.5% or \$0.6 million favorable to budget due enrollment and timing of actual expenses

### **PACE INCOME STATEMENT**

- **Change in Net Assets** for the month is (\$264k), which is operating unfavorable to budget by (\$33.3k)

### **505 CITY PARKWAY BUILDING INCOME STATEMENT**

- **Change in Net Assets** for the month is (\$131.1k) which is unfavorable to budget \$72.6k driven by tenant vacancy timing and FASB 13 rental revenue recognition timing

**CalOptima**  
**BALANCE SHEET**  
**September 30, 2015**

**ASSETS**

Current Assets

Operating Cash	\$126,226,123
Catastrophic Reserves	\$11,171,769
Investments	1,116,881,518
Capitation receivable	233,083,728
Prepaid expenses and other	21,395,887

<b>Total Current Assets</b>	<b><u>1,508,759,025</u></b>
-----------------------------	-----------------------------

Capital Assets

Furniture and equipment	25,225,592
Leasehold improvements	9,137,380
505 City Parkway West	46,625,859
	<u>80,988,831</u>
Less: accumulated depreciation	(27,773,789)
Capital assets, net	<u>53,215,042</u>

Other Assets

Restricted deposit & Other	261,264
Board-designated assets	
Cash and cash equivalents	22,120,563
Short term investments	-
Long term investments	447,454,567
Total Board-designated Assets	<u>469,575,129</u>
Total Other Assets	<u>469,836,394</u>

Deferred outflows of Resources	-
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<b>TOTAL ASSETS &amp; OUTFLOWS</b>	<b><u>2,031,810,461</u></b>
------------------------------------	-----------------------------

**LIABILITIES & FUND BALANCES**

Current Liabilities

Accounts payable	\$12,797,459
Medical claims liability	515,809,754
Accrued payroll liabilities	7,832,356
Deferred revenue	428,877,550
Deferred revenue - CMS	0
Deferred lease obligations	330,658
Capitation and withholds	374,642,635
Accrued insurance costs	26,666,282

<b>Total Current Liabilities</b>	<b><u>1,366,956,694</u></b>
----------------------------------	-----------------------------

Other (than pensions) post

employment benefits liability	26,633,882
Net Pension Liabilities	(3,891,417)
Long Term Liabilities	150,000

<b>TOTAL LIABILITIES</b>	<b><u>1,389,849,159</u></b>
--------------------------	-----------------------------

Deferred inflows of Resources

5,580,552

Tangible net equity (TNE)	85,622,043
Funds in excess of TNE	<u>550,758,707</u>

<b>Net Assets</b>	<b><u>636,380,750</u></b>
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<b>TOTAL LIABILITIES, INFLOWS &amp; FUND BALANCES</b>	<b><u>2,031,810,461</u></b>
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**CalOptima**  
**Statement of Cash Flows**  
**September 30, 2015**

	<u>Month Ended</u>	<u>Year-To-Date</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	(1,715,559)	9,337,929
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	365,175	1,113,376
Changes in assets and liabilities:		
Prepaid expenses and other	4,514,312	(1,140,407)
Capitation receivable	(4,957,942)	326,026,402
Medical claims liability	(62,764,415)	(125,111,366)
Deferred revenue	76,504,997	217,866,503
Payable to providers	86,191,299	84,009,724
Accounts payable	(5,041,620)	(11,532,451)
Other accrued liabilities	1,720,222	611,246
Net cash provided by/(used in) operating activities	<u>94,816,469</u>	<u>501,180,955</u>
 GASB 68 CalPERS Adjustments	 (4,950,911)	 (4,950,911)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(73,746,654)	(371,088,910)
Purchase of property and equipment	(175,576)	(979,029)
Change in Board designated reserves	(1,307,599)	(9,282,268)
Net cash provided by/(used in) investing activities	<u>(75,229,830)</u>	<u>(381,350,207)</u>
 NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	 14,635,729	 114,879,836
 CASH AND CASH EQUIVALENTS, beginning of period	 122,762,163	 22,518,055
 <b>CASH AND CASH EQUIVALENTS, end of period</b>	 <b><u>137,397,892</u></b>	 <b><u>\$137,397,892</u></b>

## **BALANCE SHEET**

**ASSETS** Increased \$89.9 million from August

- **Cash and Cash Equivalents (Current)** increased by \$14.6 million from August based upon month-end cut-off and cash funding requirements
- **Investments (Current)** increased \$73.7 million based upon month-end cut-off and cash funding requirements

**LIABILITIES** increased \$86.7 million from August

- **Deferred Revenue** increased by \$76.5 million from August due to:
  - Medi-Cal Expansion: \$68 million for the overpayment amount related to the rate change effective January 1, 2015 to be recouped by DHCS

**NET WORTH** decreased \$1.7 million from August



**CalOptima Foundation**  
**Statement of Revenues and Expenses**  
**For the Three Months Ended September 30, 2015**  
**Consolidated**

Month				Year - To - Date			
		\$	%			\$	%
Actual	Budget	Variance	Variance	Actual	Budget	Variance	Variance
				<b>Revenues</b>			
2,449	110,589	(108,140)	(97.8%)	Income - Grant	71,605	331,766	(260,161) (78.4%)
25,721	0	25,721	0.0%	In Kind Revenue - HITEC Grant	62,673	0	62,673 0.0%
13	0	13	0.0%	In Kind Revenue - Foundation Corporate	13	0	13 0.0%
28,183	110,589	(82,405)	(74.5%)	Total Operating Revenue	134,291	331,766	(197,475) (59.5%)
				<b>Operating Expenditures</b>			
17,990	7,373	(10,616)	(144.0%)	Personnel	44,337	22,120	(22,217) (100.4%)
8,933	3,559	(5,374)	(151.0%)	Taxes and Benefits	21,379	10,677	(10,702) (100.2%)
0	0	0	0.0%	Travel	0	0	0 0.0%
258	0	(258)	0.0%	Supplies	380	0	(380) 0.0%
0	103,589	103,589	100.0%	Contractual	65,698	310,766	245,068 78.9%
2,462	238,282	235,820	99.0%	Other	(2,040)	714,846	716,886 100.3%
29,643	352,803	323,160	91.6%	Total Operating Expenditures	129,755	1,058,409	928,654 87.7%
0	0	0	0.0%	Investment Income	0	0	0 0.0%
(1,459)	(242,214)	(240,755)	(99.4%)	Program Income	4,536	(726,643)	(731,179) (100.6%)

**CalOptima Foundation  
Balance Sheet  
September 30, 2015**

<b><u>ASSETS</u></b>		<b><u>LIABILITIES &amp; NET ASSETS</u></b>	
Operating cash	2,874,881	Accounts payable-Current	7,347
Grants receivable	43,605	Deferred Revenue	0
Prepaid expenses	0	Payable to CalOptima	0
<b>Total Current Assets</b>	<b><u>2,918,486</u></b>	Grants-Foundation	0
		<b>Total Current Liabilities</b>	<b><u>7,347</u></b>
		<b>Total Liabilities</b>	<b>7,347</b>
		<b>Net Assets</b>	<b>2,911,140</b>
<b>TOTAL ASSETS</b>	<b><u><u>2,918,486</u></u></b>	<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b><u><u>2,918,486</u></u></b>

### **CALOPTIMA FOUNDATION INCOME STATEMENT**

- For September, expenses are \$1.5k higher than revenue
- YTD expenses are \$4.5k lower than revenue

**Budget Allocation Changes**  
**Reporting changes for September 2015**

Transfer Month	Line of Business From	To	Amount	Expense Description	Fiscal Year
July 2015	MediCal	Human Resources Professional Fees			
		Human Resources Professional Fees	\$19,428	Re-purpose funds for CareerBuilder Professional Searches & Software	2016
July 2015	Capital	Facilities - Car Charging Station			
		PACE - Blinds	\$13,000	Re-purpose FY15 unspent Board approved budget to purchase blinds for PACE	2016
July 2015	Capital	Facilities - Board Breakout Room 104 & 105			
		PACE - Water Softener	\$40,000	Re-purpose FY15 unspent Board approved budget to purchase water softener for PACE	2016
July 2015	Capital	Facilities - Car Charging Station			
		Facilities - Beacon Space Re-Wiring	\$26,000	Re-purpose FY15 unspent Board approved budget to re-wire the 7th floor space previously occupied by Beacon	2016
August	MediCal	Executive - Other Pay			
		Compliance - Professional	\$99,000	Funds needed for Susan Miller Consulting for DHCS/DHMC	2016
August	OneCare	Compliance - Professional			
		Executive - Other Pay	\$99,000	Re-allocate funds from department for DHCS/DMHC consulting services	2016
August	OneCare Connect	Community Relations - Public Activities; Printing			
		Community Relations - Professional Fees	\$10,000	Consulting services to address opt-out rate for OneCare Connect specifically in the Vietnamese community	2016
September	MediCal	IGT Security Audit Remediation			
		IGT Case Management	\$99,000	Re-allocate funds from IGT Security Audit Remediation to fund services done by Altruista	2016
September	MediCal	Professional Fees - Sal & Comp Research; Executive Coaching			
		Professional Fees	\$29,000	Re-purpose additional funds needed to cover SageView, CalOptima's 457b Plan Reviewer	2016
September	MediCal	Membership			
		Professional Fees	\$42,612	Re-allocate funds from Membership for consultation services that strengthen relationship between CalOptima & local Vietnamese providers	2016
September	MediCal	Professional Fees			
		Maintenance HW/SW	\$18,400	Re-allocate funds for add-on service by Ceridian for ACA reporting requirement, which is annual filing of ACA forms required by the Taxing Authority	2016

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.



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# Community Health Network Forecast

**Board of Directors' Finance and Audit Committee Meeting  
November 19, 2015**

**Chet Uma  
Chief Financial Officer**

# Background

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- Previous presentations
  - 2/24/15 FAC: Initial forecast presented as information item
  - 6/4/15 BOD: Community Network enrollment and related revenues and expenses were approved as part of the FY 2015-16 Consolidated Operating Budget
- Revised forecast presented as an information item
  - Updates FY 2015-16 enrollment and financial projections

# Enrollment Projection

- Enrollment includes:

Program	Population
Medi-Cal “Classic” and Expansion	<ul style="list-style-type: none"> <li>Existing CCN Complex and CCN General</li> <li>New members that select Community Network or switch from other health network</li> </ul>
OneCare Connect	<ul style="list-style-type: none"> <li>New members that select Community Network</li> </ul>

- Average Monthly Enrollment

	Existing Members		New Members	Total
	CCN Complex	CCN General		
Medi-Cal*	1,930	23,280	19,730	44,940
OneCare Connect**	831	1,728	--	2,559
Total				47,499

\* Enrollment based on Sept 2015 actuals

\*\* Enrollment projected at 16.8% of OCC population

# Consolidated Financial Forecast Summary

	CCN Complex	CCN General	New Members	Total
Avg Monthly Enrollment	2,761	25,008	19,730	47,499
Revenue	\$141,830,008	\$135,069,630	\$91,124,813	\$368,024,451
Medical Costs	\$184,121,369	\$159,269,695	\$84,143,681	\$427,534,746
Gross Margin	(\$42,291,361)	(\$24,200,066)	\$6,981,132	(\$59,510,295)
Medical Loss Ratio	129.8%	117.9%	92.3%	116.2%



# Consolidated Financial Forecast

	<u>Consolidated</u> <u>New Mbrs</u>	<u>Consolidated</u> <u>CCN General</u>	<u>Consolidated</u> <u>CCN Complex</u>	<u>Consolidated</u> <u>Total</u> <u>Community</u> <u>Network</u>	<u>Consolidated</u> <u>New Mbrs</u> <u>PMPM</u>	<u>Consolidated</u> <u>CCN</u> <u>General</u> <u>PMPM</u>	<u>Consolidated</u> <u>CCN Complex</u> <u>PMPM</u>	<u>Consolidated</u> <u>Total</u> <u>Community</u> <u>Network</u> <u>PMPM</u>
MEMBER MONTHS	236,756	300,106	33,124	569,985	236,756	300,106	33,124	569,985
Average Members	19,730	25,008	2,761	47,499	19,730	25,008	2,761	47,499
OPERATING REVENUE								
Total Revenue	\$ 91,124,813	\$ 135,069,630	\$ 141,830,008	\$ 368,024,451	\$ 384.89	\$ 450.07	\$ 4,281.84	\$ 645.67
								\$ -
MEDICAL COSTS								
Total Provider Capitation	\$ 709,609	\$ 626,382	\$ 50,358	\$ 1,386,349	\$ 3.00	\$ 2.09	\$ 1.52	\$ 2.43
Claims payments								
Professional	\$ 23,274,971	\$ 36,171,268	\$ 21,879,500	\$ 81,325,738	\$ 98.31	\$ 120.53	\$ 660.54	\$ 142.68
Facility	\$ 41,674,508	\$ 57,580,785	\$ 53,057,592	\$ 152,312,886	\$ 176.02	\$ 191.87	\$ 1,601.81	\$ 267.22
Total Claims	\$ 64,949,479	\$ 93,752,053	\$ 74,937,092	\$ 233,638,624	\$ 274.33	\$ 312.40	\$ 2,262.35	\$ 409.90
Rx Drugs	\$ 13,607,492	\$ 46,941,620	\$ 22,802,643	\$ 83,351,754	\$ 57.47	\$ 156.42	\$ 688.41	\$ 146.24
LTC	\$ 1,293,219	\$ 5,020,756	\$ 81,063,898	\$ 87,377,872	\$ 5.46	\$ 16.73	\$ 2,447.31	\$ 153.30
CBAS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CHDP	\$ 98,813	\$ 640,391	\$ 8,366	\$ 747,570	\$ 0.42	\$ 2.13	\$ 0.25	\$ 1.31
Crossovers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mental Health	\$ 1,466,576	\$ 1,650,199	\$ 186,685	\$ 3,303,461	\$ 6.19	\$ 5.50	\$ 5.64	\$ 5.80
PCP Rate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MLTSS	\$ 570,353	\$ 5,951,753	\$ 455,648	\$ 6,977,753	\$ 2.41	\$ 19.83	\$ 13.76	\$ 12.24
PCC	\$ 144,883	\$ 475,156	\$ 97,331	\$ 717,369	\$ 0.61	\$ 1.58	\$ 2.94	\$ 1.26
BHT (Autism)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Medical Costs	\$ -	\$ 662,490	\$ 412,280	\$ 1,074,770	\$ -	\$ 2.21	\$ 12.45	\$ 1.89
Contingency Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Medical Mgmt Activities	\$ 1,303,257	\$ 3,548,896	\$ 4,107,070	\$ 8,959,223	\$ 5.50	\$ 11.83	\$ 123.99	\$ 15.72
Total Medical Expenses	\$ 84,143,681	\$ 159,269,695	\$ 184,121,369	\$ 427,534,746	\$ 355.40	\$ 530.71	\$ 5,558.61	\$ 750.08
GROSS MARGIN	\$ 6,981,132	\$ (24,200,066)	\$ (42,291,361)	\$ (59,510,295)	\$ 29.49	\$ (80.64)	\$ (1,276.77)	\$ (104.41)
MLR	92.3%	117.9%	129.8%	116.2%	92.3%	117.9%	129.8%	116.2%

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# **Cost Containment Improvements/Initiatives**

**Board of Directors' Finance and Audit Committee Meeting  
November 19, 2015**

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

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# Resources Committee - Labor

## Report of Open Position/Temporary - September 2015

Line of Business	September		YTD Open Position (\$)	Temporary Help		Variance
	FTE's	Dollars		Actual	Budget	
MC	158.23	\$ 1,428,796	\$ 4,300,216	\$ 614,990	\$ 121,170	\$ (493,820)
EX	4.00	\$ 41,819	\$ 150,521	\$ -	\$ -	\$ -
OC	34.00	\$ 262,115	\$ 838,775	\$ 23,086	\$ 2,000	\$ (21,086)
OCC	35.00	\$ 281,228	\$ 986,899	\$ -	\$ 118,719	\$ 118,719
PACE	6.00	\$ 47,460	\$ 158,259	\$ 109,054	\$ 16,536	\$ (92,518)
MSSP		\$ -	\$ -	\$ 1,778	\$ 12,500	\$ 10,722
<b>Total</b>	<b>237.23</b>	<b>\$ 2,061,418</b>	<b>\$ 6,434,670</b>	<b>\$ 748,908</b>	<b>\$ 270,925</b>	<b>\$ (477,983)</b>

### Notes:

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

# Resources Committee – Non-Labor

## Professional Fees

LOB	Sept 2015		Variance		YTD		Variance		FY 2016
	Actual	Budget	\$	%	Actual	Budget	\$	%	Budget
MC	\$ 309,990	\$ 584,725	\$ 274,735	47%	\$ 745,056	\$ 1,840,015	\$ 1,094,959	60%	\$ 6,904,087
OC	\$ 8,169	\$ 37,074	\$ 28,905	78%	\$ 79,310	\$ 120,250	\$ 40,940	34%	\$ 456,500
OCC	\$ -	\$ 17,065	\$ 17,065	100%	\$ -	\$ 50,343	\$ 50,343	100%	\$ 204,099
PACE	\$ 1,938	\$ 11,000	\$ 9,062	82%	\$ 7,261	\$ 33,000	\$ 25,739	78%	\$ 132,000
MSSP	\$ 710	\$ 2,500	\$ 1,791	72%	\$ 2,129	\$ 7,500	\$ 5,372	72%	\$ 30,000
<b>Total</b>	<b>\$ 320,806</b>	<b>\$ 652,363</b>	<b>\$ 331,557</b>	<b>51%</b>	<b>\$ 833,756</b>	<b>\$ 2,051,108</b>	<b>\$ 1,217,352</b>	<b>59%</b>	<b>\$ 7,726,686</b>

## Purchased Services

LOB	Sept 2015		Variance		YTD		Variance		FY 2016
	Actual	Budget	\$	%	Actual	Budget	\$	%	Budget
MC	\$ 882,065	\$ 1,353,811	\$ 471,746	35%	\$ 2,571,475	\$ 4,078,265	\$ 1,506,790	37%	\$ 17,091,020
OC	\$ 67,572	\$ 131,231	\$ 63,659	49%	\$ 258,545	\$ 400,394	\$ 141,849	35%	\$ 1,728,252
OCC	\$ 79,514	\$ 149,351	\$ 69,837	47%	\$ 86,371	\$ 444,269	\$ 357,898	81%	\$ 3,357,207
PACE	\$ 150	\$ 12,059	\$ 11,909	99%	\$ 53	\$ 35,777	\$ 35,723	100%	\$ 142,708
MSSP	\$ 21	\$ 417	\$ 396	95%	\$ 312	\$ 1,250	\$ 939	75%	\$ 5,000
<b>Total</b>	<b>\$ 1,029,323</b>	<b>\$ 1,646,869</b>	<b>\$ 617,547</b>	<b>37%</b>	<b>\$ 2,916,756</b>	<b>\$ 4,959,955</b>	<b>\$ 2,043,199</b>	<b>41%</b>	<b>\$ 22,324,187</b>

# Resources Committee – Non-Labor (Cont'd)

## Printing and Postage

LOB	Sept 2015		Variance		YTD		Variance		FY 2016
	Actual	Budget	\$	%	Actual	Budget	\$	%	
MC	\$ 219,050	\$ 756,134	\$ 537,085	71%	\$ 723,959	\$ 2,247,003	\$ 1,523,044	68%	\$ 8,988,114
OC	\$ 12,361	\$ 73,299	\$ 60,938	83%	\$ 31,873	\$ 219,897	\$ 188,024	86%	\$ 879,588
OCC	\$ 44,369	\$ 204,931	\$ 160,563	78%	\$ 162,320	\$ 644,976	\$ 482,655	75%	\$ 2,489,356
PACE	\$ -	\$ 4,167	\$ 4,167	100%	\$ 1,395	\$ 12,500	\$ 11,105	89%	\$ 50,000
MSSP	\$ -	\$ 333	\$ 333	100%	\$ -	\$ 1,000	\$ 1,000	100%	\$ 4,000
ASO	\$ -	\$ -	\$ -		\$ 174	\$ -	\$ (174)		\$ -
<b>Total</b>	<b>\$ 275,780</b>	<b>\$ 1,038,864</b>	<b>\$ 763,085</b>	<b>73%</b>	<b>\$ 919,720</b>	<b>\$ 3,125,376</b>	<b>\$ 2,205,655</b>	<b>71%</b>	<b>\$ 12,411,058</b>

## Other Operating Expenses

LOB	Sept 2015		Variance		YTD		Variance		FY 2016
	Actual	Budget	\$	%	Actual	Budget	\$	%	
MC	\$ 1,241,005	\$ 1,827,511	\$ 586,506	32%	\$ 3,396,629	\$ 5,657,686	\$ 2,261,057	40%	\$ 21,862,978
OC	\$ 35,113	\$ 58,851	\$ 23,737	40%	\$ 113,794	\$ 201,140	\$ 87,346	43%	\$ 695,990
DUALS	\$ 6,550	\$ 41,830	\$ 35,280	84%	\$ 6,398	\$ 148,191	\$ 141,793	96%	\$ 491,653
PACE	\$ 36,044	\$ 44,917	\$ 8,873	20%	\$ 80,311	\$ 138,932	\$ 58,621	42%	\$ 523,424
MSSP	\$ 5,990	\$ 7,577	\$ 1,587	21%	\$ 21,023	\$ 22,732	\$ 1,709	8%	\$ 90,926
<b>Total</b>	<b>\$ 1,324,702</b>	<b>\$ 1,980,686</b>	<b>\$ 655,984</b>	<b>33%</b>	<b>\$ 3,618,154</b>	<b>\$ 6,168,681</b>	<b>\$ 2,550,527</b>	<b>41%</b>	<b>\$ 23,664,972</b>

Notes:

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

# Contingency Contract Report

CalOptima Contingency Contracts		Q1 FY16		invoiced and paid as of 11/6/2015									
Quarterly & Annual Medical Cost Savings or Additional Revenue and Fees Paid													
	FY09	FY10	FY11 ***	FY12 ***	FY13 ***	FY14 ***	FY15 ***	FY16					
	Total	Total	Total	Total	Total	Total	Total	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total	
<b>MEDICAL COST</b>													
<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	\$ 684,925				\$ 684,925	
Fee	297,348	702,938	484,359	641,281	586,762	\$ 361,202	\$ 794,557	157,533				\$ 157,533	
Net Savings	892,045	2,108,813	1,453,389	1,923,843	1,759,286	1,083,605	2,542,438	527,392	-	-	-	527,392	
<i>Verisk (HCI) - Claims review for appropriate billing - (expires 12/31/15)</i>													
Savings	164,913	2,397,831	3,385,560	2,517,497	2,817,113	\$ 2,647,841	\$ 3,562,859	\$ 510,210				\$ 510,210	
Fee	37,165	483,209	691,554	559,136	595,632	\$ 727,333	\$ 1,371,137	105,798				\$ 105,798	
Net Savings	127,748	1,914,622	2,694,006	1,958,361	2,221,482	1,920,508	2,191,722	404,413	-	-	-	404,413	
<i>Verisk (HCI)/ TAG - Facility claims forensic review **</i>													
Savings		-	900,976	1,362,980	3,516,297	\$ 3,727,308	\$ 16,538,781	\$ 1,762,094				\$ 1,762,094	
Fee		-	270,293	408,904	1,054,889	\$ 1,118,193	\$ 2,008,000	203,650				\$ 203,650	
Net Savings	-	-	630,683	954,076	2,461,408	2,609,114	14,530,781	1,558,444	-	-	-	1,558,444	
<b>TOTAL</b>													
Savings	1,354,306	5,209,582	6,238,068	6,767,087	8,758,803	\$ 7,853,309	\$ 23,438,635	2,957,229	-	-	-	\$ 2,957,229	
Fee	334,514	1,186,146	1,449,652	1,679,749	2,253,713	\$ 2,211,134	\$ 4,173,694	466,980	-	-	-	\$ 466,980	
Net Savings	\$ 1,019,792	\$ 4,023,436	\$ 4,788,416	\$ 5,087,338	\$ 6,505,090	5,642,175	19,264,941	\$ 2,490,249	\$ -	\$ -	\$ -	2,490,249	
<b>REVENUE</b>													
<i>Human Arc - SSI Outreach &amp; Aid Code Conversion* - (expires 12/31/16)</i>													
Capitation Revenue				\$1,723,235	\$4,526,183	\$ 5,231,987	\$ 6,539,353	\$1,799,873				\$ 1,799,873	
Fee				501,700	\$345,100	\$ 285,650	\$ 232,092	\$67,954				\$ 67,954	
Total Net Revenue	-	-	-	\$1,221,535	\$4,181,083	4,946,337	6,307,261	\$ 1,731,919	\$ -	\$ -	\$ -	1,731,919	
Note:													
*CalOptima had terminated our contract with Human Arc effective July 28, 2014. The termination has since been rescinded, new expiration date 12-31-16.													
**The Assist Group (TAG) had 90 days from contract term date of 12/31/14 to complete transactions in process. Verisk (HCI) is completing Forensic Reviews as of 1/1/2015													
*** Expired contracts for Socrates and AIM Healthcare are hidden													

**Board of Directors' Finance and Audit Committee Meeting  
November 19, 2015**

**Catastrophic Claims Update**

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**Summary of XL America Policy for Policy Year 2014**

Reinsurance is an after-the-fact payment mechanism CalOptima had historically purchased to mitigate the financial impact of catastrophic claims. The policy allowed for claims submission through next June 30 following the policy year end.

The figures reported below reflect the actual final settlements for Policy Year (PY) 2014.

	(Completed) <b>PY 2014</b>
Annual Enrollment	\$4,111,415
Cost of Obtain the Policy from XL America @\$0.67 pmpm	\$2,754,648
Retained Reinsurance Pool per Policy @ \$1.19 pmpm	\$4,892,584
*Qualifying Claims as of 9/30/15 (90% after deductible)	\$4,014,171
Remaining Balance of Pool (no recovery if positive)	\$878,413
Net Cost to CalOptima (Premium Cost – Recovery)	\$2,754,648

\*90% of the paid amount greater than the previous policy's \$1.25 million deductible

The policy deductible was \$1,250,000 for PY 2014.

**Policy Year:**

PY 2014 = August 1, 2013, through September 30, 2014

## Board of Directors' Finance and Audit Committee Meeting November 19, 2015

### Catastrophic Claims Update

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#### Self-Funded Reinsurance Update as of September 30, 2015

CalOptima became self-insured effective October 1, 2014. The figures reported below reflect the actual settlements for Policy Year (PY) 2015 and PY 2016. All qualified claims are pulled as of September 30, 2015.

	<i>(9-month)</i> <b>PY 2015</b>	<i>(est.)</i> <b>PY 2016</b>
Annual Enrollment	\$4,288,528	\$5,974,208
Est. Cost of Obtain the Policy based on @\$0.67 pmpm	\$2,873,314	**\$4,002,719
Est. Retained Reinsurance Pool per Policy @\$1.20 pmpm	\$5,146,234	**\$7,169,050
*Qualifying Claims as of 9/30/15 (90% after deductible)	\$1,333,477	\$0
Remaining Balance of Pool (no Recovery if positive)	\$3,812,756	\$7,169,050
Savings by Self-Insuring	\$2,873,314	\$4,002,719

\*90% of the paid amount greater than the previous policy's \$1.25 million deductible

\*\* Total reserve on the balance cash account: \$4,002,719 + \$7,169,050 = \$11,171,769

#### **Policy Years:**

PY 2015 = October 1, 2014, through June 30, 2015 (9 months)

PY 2016 = July 1, 2015, through June 30, 2016





**CalOptima**  
Better. Together.

# Information Security Update

**Board of Directors' Finance and Audit Committee Meeting  
November 19, 2015**

**Len Rosignoli  
Chief Information Officer**

# Agenda / Contents

---

- Information Security Staffing and Credentials
- Information Security Infrastructure
- Information Security Projects
- 2015 Penetration Testing
- Glossary / Terminology

# Who's who in Info Security at CalOptima?

Len Rosignoli  
Chief Information Officer  
Chief Information Security Officer

Gary Samarin  
Director, Infrastructure & Security

Alan Chiu  
Manager, Information Security

Jonathan Kocks  
Sr Security  
Analyst

Lori Lewis  
Sr Security  
Analyst

Tony Nielsen  
Sr Security  
Analyst

Vacant  
Sr Security  
Analyst

# CalOptima Internal Team Credentials

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- Alan Chiu, Manager, Information Security, CalOptima
  - 30 years Information Technology (IT) experience; 12+ years Security experience
  - Bachelor of Science Computer Science, Master of Business Administration
  - CISSP, CRISC, MCSE (see glossary for certifications)
- Jonathan Kocks, Sr Security Analyst, CalOptima
  - 20+ years IT experience; 10+ years Security experience
  - Bachelor of Science Computer Information Systems
  - MCSE, MCT
  - Principal Instructor at New Horizons
- Lori Lewis, Sr Security Analyst, CalOptima
  - 25+ years IT experience; 15+ years Security experience
  - Bachelor of Arts Management Information Systems
  - CISSP
- Tony Nielsen, Sr Security Analyst, CalOptima
  - 20+ years IT experience; 15+ years Security experience
  - Bachelor of Arts
  - CLSP, MCSE, MCT, ISACA Member
  - Department of Defense (NATO) security experience

# CalOptima Advisor Credentials

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- Glenn Wilson, Senior Manager, Deloitte & Touche, LLP
  - 27+ years Security experience
  - CISSP, CIP, CRISC, SCS-DLP, MCSE, and more
  - Frequent speaker on Cyber Risk, Hackers' targeting, Information Security, etc.
  - A primary facilitator for ISACA, the premier Information Security professional association
  - Published in the CIO Journal (a Wall Street Journal publication)
- Christina Whiting, Managing Director, Tevora
  - 15+ years Security experience
  - B.S. Electronic Engineering and Information Technology, Master of Management Information Systems, PhD Candidate for Information Security and Assurance
  - CISM, CRISC, PCI QSA, PA-DSS QSA, ISO 27001 Lead Auditor, and more
  - Specializes in Enterprise Risk Management, frequent Security speaker
  - Information Security Instructor at University of California, Irvine
- Clayton Riness, Managing Director, Tevora
  - 10+ years Security experience
  - B.S. Computer Science, Master of Business Administration
  - CISSP, PCI QSA

# High-Level Security Assessment

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- Are there Information Security measures in place at CalOptima?
  - **Yes, several, and many have been added in the last 18 months.**
- Have any breaches occurred in the past two years?
  - **No.**
- Have any viruses been introduced into the CalOptima network in the past two years?
  - **Yes, on 4/7/15 and 10/8/15. Both were detected and resolved in under 24 hours with no impact to protected data.**
- How does our Security Infrastructure compare?
  - **With recent improvements, CalOptima is increasingly better prepared and protected.**

# Security Infrastructure - Defined

---

**Security Governance** – The structure for management and strategic definition of the security program.

- Staff and Organization, internal and external
- Steering Committee (Information Services, Compliance, Human Resources)
- Weekly and Quarterly reporting
- Policies & Procedures
- Auditing
- Risk Management
- Threat & Vulnerability Management

**Security Operations** – The day-to-day activities, including education/training and policy enforcement through protection, monitoring, notification, prevention and blocking.

# Security Infrastructure/Tools – At-a-glance



Deloitte

## SECURITY GOVERNANCE

Assurance  
& Auditing

Security Risk  
Management

System  
Security  
Management

Threat &  
Vulnerability  
Management



## SECURITY OPERATIONS

Threat  
Intelligence

Security  
Response

Security  
Monitoring

Data  
Protection

Security  
Information &  
Event  
Management

JUNIPER  
NETWORKS



Cisco Ironport



## NETWORK SECURITY

E-Mail Security

Data Loss  
Prevention –  
Data In Motion

Network Access  
Control

Intrusion  
Detection and  
Prevention

Web Filtering

Secure  
Perimeter

## APPLICATION SECURITY

Data Loss  
Prevention –  
Data In Use

Secure  
Application  
Development &  
Delivery

Database  
Security

## END POINT SECURITY

Data Loss  
Prevention –  
Data At Rest

Enterprise  
Mobile Security

Endpoint  
Protection

Encryption  
Services



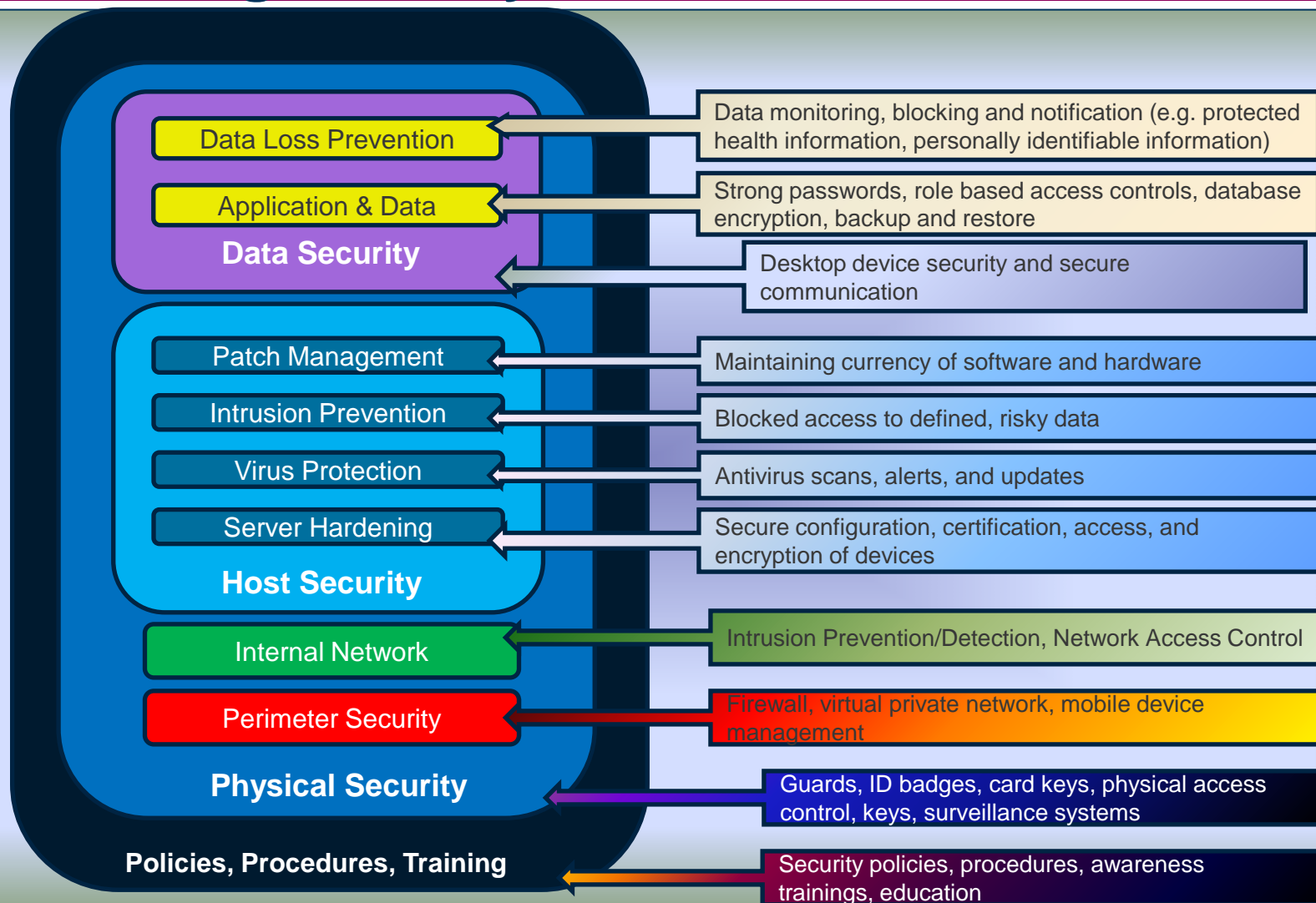
McAfee



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# Defensive Layers Of Protection (bottom up) - Illustrating The Layers Of Protection In Place.



# Information Security Projects

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(The first five are from the 2014 Security Audit)

1. Implement the Symantec Data Loss Prevention solution – complete
2. Control access for shared file storage - complete
3. Improve secure email process - complete
4. Develop and institute a Data Classification standard - complete
5. Develop a Security roadmap/strategy - complete
6. Develop a social media strategy – complete
7. Develop a security awareness program – complete
8. Complete a physical security awareness audit - complete
9. Develop a mobile device management strategy - complete
10. Perform regular internal/external penetration testing – complete
11. Develop a Risk Management program
  - in-progress – first two risk areas targeted for 12/2015
12. Complete an email and phone phishing audit - target 12/2015
13. Institute security for offline use of company devices - target 4/2016
14. Implement security on personal mobile phone devices - target 7/2016

# 2015 Internal/External Penetration Test

---

Purpose: to simulate an external “hacker” or an internal user to determine if testing can achieve the following:

- Recover electronic protected health information located on the CalOptima technical network
- Obtain privileged access to servers and/or critical systems
- Go undetected by internal monitoring and tools

Results Summary:

- Completed October, 2015
- 44 findings (15 findings in 2014)
- All remediation for the 15 findings from the 2014 test is complete.
- Increased number of findings due to new intelligence based on industry breaches, gained knowledge, and advanced testing techniques.
- Key areas of focus include Vulnerability Management, Patch Management, Database Encryption.

The remediation plan for the 2015 findings will be completed by the end of November, 2015.

# Glossary / Terminology

- Breach – an actual or suspected intrusion of the CalOptima technology network from an external source.
- CIP – Certified Information Professional
- CISSP – Certified Information Systems Security Professional
- CLSP – Certified Litigation Support Professional
- CRISC – Certified in Risk and Information Systems Control
- Data At Rest – data stored on a CalOptima storage device (e.g. Word or Excel files).
- Data In Motion - data contained in an email, or other means of electronic communication/transmission.
- Data In Use – data residing within a CalOptima system of record (e.g. Facets, Altruista, etc.).
- Encryption Services – this refers to the encryption of a physical device (e.g. a laptop, to ensure that if lost or stolen, that it cannot be accessed).
- Endpoint – an Endpoint is a device such as a desktop PC or a laptop.
- Endpoint Protection – security software installed on a desktop PC or laptop to monitor activity.
- Enterprise Mobile Security – a tool (Good Technology in this case) to enable secure access to CalOptima Email from a mobile tablet (iPad or Phone) device.
- Firewall – the virtual wall or border surrounding the technology network that is protected from external sources.
- Host – the CalOptima technology network (data center, etc.).
- Intrusion Detection and Prevention Services – the ability to detect and prevent unauthorized or questionable data from entering the network.
- ISACA – Information Systems Audit and Control Association
- ISO – International Organization for Standardization (defines security and other standards)
- MCSE – Microsoft Certified Systems Engineer
- MCT – Microsoft Certified Trainer

# Terminology (Cont'd)

- Network Access Control – monitors internal device and external integration access to the technology network, ensuring that the device software is current, that anti-virus monitoring is in place, etc.
- Patch Management - a process that is a part of the software lifecycle to enable regular updates (patches) to installed software for both repairs and upgrades.
- PCI QSA or DSS QSA – The Security Standards Council Qualified Security Assessor, or Data Security Standard QSA
- Perimeter Security – security within the firewall.
- Phishing – Emails or telephone calls designed by a 'hacker' to encourage an inappropriate website or service to be accessed.
- SCS-DLP – Symantec Certified Specialist – Data Loss Prevention
- Secure Application Development & Delivery – the use of tools to enable testing of software to identify security weaknesses.
- Secure Perimeter – the border electronically enforced within the firewall.
- Server Hardening - the process of securely configuring computer servers, to eliminate as many security risks as possible (e.g. certification, auditing, hard drive encryption)
- Threat & Vulnerability Management – monitors current security threats (e.g. viruses, hackers), their source, and defines a method of detection and prevention.
- Threat Intelligence - Threat intelligence is evidence-based knowledge, including context, mechanisms, indicators, implications and actionable advice, about an existing or emerging menace or hazard to assets that can be used to inform decisions regarding the subject's response to that menace or hazard.
- Virus - software that is capable of copying itself that typically has a detrimental effect, such as corrupting the system in general or destroying data.
- Web Filtering – a tool used for website control and/or traffic management to block network traffic according to an organizational preferences.

## Board of Directors' Finance and Audit Committee Meeting November 19, 2015

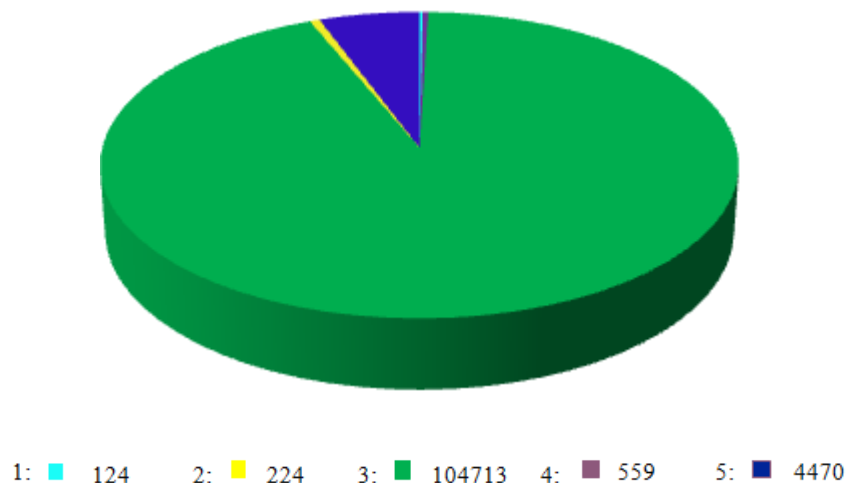
### CalOptima Information Systems Security Update

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#### Top External Attempts – First Quarter Fiscal Year 2015-2016

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

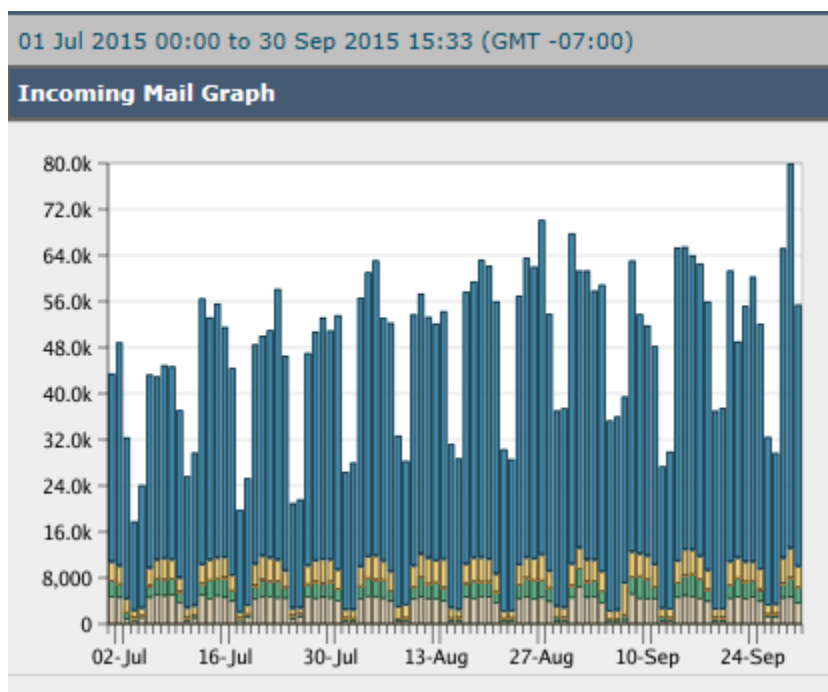
#### Top Attempts



1	<b>Web Page Command Injection Vulnerability:</b>	In a command injection attack, the attacker attempts to compromise web servers by adding malicious code to the websites, usually in a field that accepts data input, such as in a form.
2	<b>Web Page Remote Control Vulnerability:</b>	An attacker unsuccessfully attempted to gain remote control of a CalOptima server.
3	<b>Unauthorized Calls via Network Telephones:</b>	These attacks are attempts to control network telephone systems in order to place unauthorized calls.
4	<b>Cross Site Scripting:</b>	The attacker attempted to obtain sensitive information, such as credentials or session information from a web application, for example, online banking, by adding malicious code to the website.
5	<b>DNS Version Request:</b>	These are attempts to determine the version of a running program on the web server in order to compromise it with other malicious program(s).

### Incoming Email Statistics

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



Incoming Mail Summary <span>+</span>		
Message Category	%	Messages
<span style="color: blue;">■</span> Stopped by Reputation Filtering	82.1%	3.6M
<span style="color: lightblue;">■</span> Stopped as Invalid Recipients	0.4%	18.8k
<span style="color: gold;">■</span> Spam Detected	6.2%	271.2k
<span style="color: orange;">■</span> Virus Detected	0.0%	128
<span style="color: red;">■</span> Detected by Advanced Malware Protection	0.0%	0
<span style="color: brown;">■</span> Messages with Malicious URLs	0.2%	6,631
<span style="color: darkred;">■</span> Stopped by Content Filter	0.0%	0
<span style="color: grey;">■</span> Stopped by DMARC	0.0%	0
<b>Total Threat Messages:</b>	<b>88.7%</b>	<b>3.9M</b>
<span style="color: green;">■</span> Marketing Messages	4.2%	185.2k
<span style="color: tan;">■</span> Clean Messages	7.1%	308.3k
<b>Total Attempted Messages:</b>		<b>4.4M</b>

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## Board of Directors' Finance and Audit Committee Meeting November 19, 2015

### Shared Risk Pool Performance Update

#### Medi-Cal

- As of September 30, 2015, Medi-Cal has total seven (7) Shared Risk Groups (SRGs).

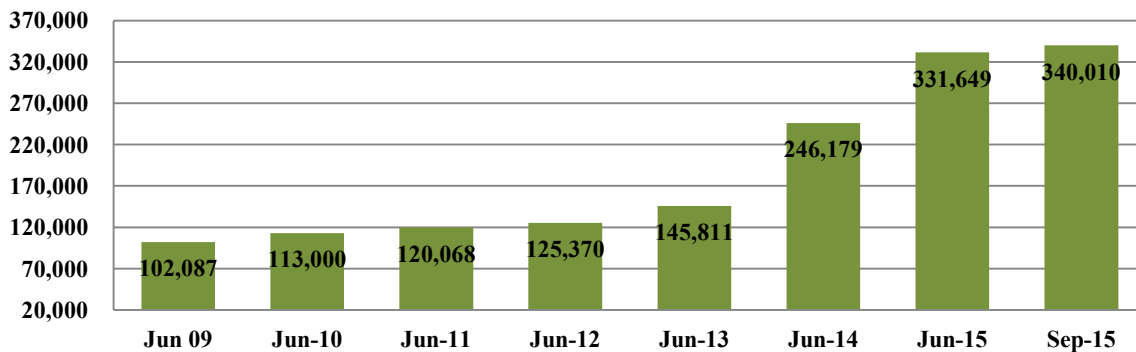
#### Effective Dates:

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

#### Enrollment Growth

- SRGs are serving approximately 340,010 members. This represents about 45% of CalOptima's Medi-Cal enrollment.
- Enrollment increase in the most recent two years is driven by Medi-Cal Expansion, TANF and Healthy Families population growth.

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



#### Pool Performance

Period	Gross Deficit	Gross Surplus	CalOptima Share (40%)	Group Share (60%)	Number of SRGs		
					Total	In Deficit	In Surplus
2007	\$(729,095)	\$ -	\$(573,542)	\$(155,553)	1	1	0
2008	(534,826)	618,829	247,532	(163,529)	3	1	2
2009	(6,786,764)	623,088	(2,465,470)	(3,698,206)	6	3	3
2010	(5,890,543)	1,636,861	(1,701,473)	(2,552,209)	6	4	2
2011	(5,127,172)	5,042,040	(34,053)	(51,079)	6	3	3
2012	(1,688,610)	7,574,810	2,354,480	3,531,720	6	3	3
One-Time Revenue	-	17,233,958	12,917,452	4,316,506	6	3	3
2013	(1,568,113)	10,019,190	3,380,430	5,070,646	6	1	5



Period	Gross Deficit	Gross Surplus	CalOptima Share (40%)	Group Share (60%)	Number of SRGs		
					Total	In Deficit	In Surplus
2014	-	56,437,281	22,574,913	33,862,369	7	0	7
2015*	-	77,400,029	30,960,011	46,440,017	7	0	7
	\$(22,325,123)	\$176,586,086	\$67,660,281	\$86,600,683			

\*Note: IBNR for MCE population is based on 85% MLR. If IBNR is calculated based on the paid claims experience, gross surplus = \$335,239,883, CalOptima Shared (40%) = \$134,095,953, and Group Shared (60%) = \$201,143,930.

### OneCare

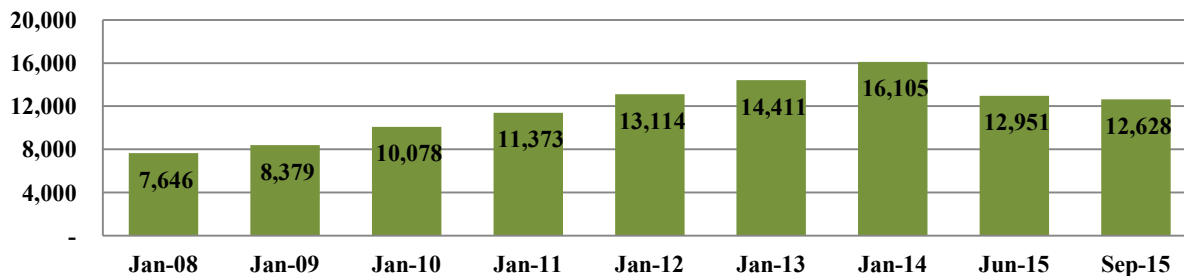
- As of September 30, 2015, OneCare has eight (8) Participating Medical Groups (PMGs). MCMF IPA, GNPs' (four PMGs) and MCMF's contracts were terminated on October 31, 2014.

### Effective Date:

- 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 Growth

**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	(2,000,242)	11,120,674	3,962,860	5,157,572	13	2	11
2014	(4,944,412)	7,939,978	(549,932)	3,545,499	13	3	10

Shared Risk Pool Performance Update  
Page 3

CY	Gross Deficit	Gross Surplus	CalOptima Share (50%)	Group Share (50%)	Total	In Deficit	In Surplus
Q3 2015	<u>(3,110,374)</u>	<u>6,743,852</u>	<u>537,931</u>	<u>3,095,546</u>	8	2	6
	\$(11,896,792)	\$75,793,753	\$27,397,679	\$36,499,281			

Group shared deficit limited to \$5.00 PMPM

**Board of Directors' Finance and Audit Committee Meeting  
November 19, 2015**

**Quarterly Health Network Financial Update**

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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 an entity whose quarter-end financial statements ended as of April 30, 2015, all other Health Network entities were required to submit their unaudited financial statements for the period ending June 30, 2015.

**Results of the June 30, 2015 Financial Review**

	<b>Physician Groups</b>	<b>Hospitals</b>
<b>Total</b>	10	3
<b>Passed Review</b>	10	3
<b>Failed Review</b>	0	0
<b>On Notice</b>	0	0
<b>On-Site Review</b>	0	0
<b>Did Not Submit Statements</b>	0	0

Note (A): Networks must pass the following tests:

- 1) Current Ratio - must be  $\geq 1.0$
- 2) Tangible Net Equity - must be  $\geq 1.0$
- 3) Cash to Claims Ratio – must be  $\geq 0.75$

## Board of Directors' Finance and Audit Committee Meeting November 19, 2015

### Quarterly Reinsurance Report

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

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

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

	<b>PY 2015 (Not finalized)</b>	<b>PY 2016</b>
Total Budgeted Reinsurance Costs	\$ 4,582,097	\$ 4,680,964
Amount paid through September 30, 2015	\$ 3,933,978	\$ -0-
Potential Remaining Payments by CY	\$ 648,119	\$ 4,680,964
Total Accrued Liability as of September 30, 2015	\$ 77,114	\$ 1,264,896
Under/(Over) Budget	\$ 571,005	\$ 3,416,068

Accrued Liability for PY 2015 is projected at \$77,114 which is under budget due to enrollment mix factors. Claims for PY 2016 will be accepted through December 31, 2016, with future payments estimated at \$3.4 million.

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

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

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



**CalOptima**  
Better. Together.

# Purchasing Report

**Board of Directors' Finance and Audit Committee Meeting  
November 19, 2015**

**Chet Uma, Chief Financial Officer**

**Ken Wong, Director, Budget and Procurement**

# Quarterly Purchasing Reports Commitments

**Quarterly Purchasing Report**  
**July 1, 2015 through September 30, 2015**  
**Completed Major Commitments over \$100,000**

<i>Nature of Services</i>	<i>FY16 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 2016</i>	<i>Remaining Amount on Contract</i>	<i>Expires</i>	<i>Expiration Status</i>
<u>BI Software Support</u>	\$127,917	Microstrategy Services Inc	Renewal	Microstrategy Services Inc	\$ 127,916	127,916	0	9/19/2016	90
<u>Learning Mangement System</u>	\$135,000	Reliance Communications, LLC		New	\$ 135,000	-	135,000	8/23/2018	90
<u>Investment Advisory Services</u>	\$170,556	Payden & Rygel	Renewal	Payden & Rygel	\$ 170,556	-	170,556	3/31/2016	90
<u>Programming Support</u>	\$193,800	Structure Networks Inc	Renewal	Structure Networks Inc	\$ 197,600	83,600	114,000	12/31/2015	60
<u>One Care Clinical Assessment</u>	\$253,000	Optuminsight Inc		New	\$ 253,000	-	253,000	12/31/2017	90
<u>Remote Data Backup</u>	\$258,000	Orange County Treasurer-Tax Collector	Renewal	Orange County Treasurer-Tax Collector	\$ 258,000	49,806	208,194	2/29/2016	90
<u>EDI Clearinghouse</u>	\$360,000	Office Ally, LLC	Renewal	Office Ally, LLC	\$ 360,000	89,511	270,489	12/31/2016	90
<u>MMS Implementation</u>	\$514,800	Dinsmore Jennings Healthcare Consulting LLC	Renewal Bid Exception	Dinsmore Jennings Healthcare Consulting LLC	\$ 514,800	-	514,800	5/31/2017	90
<u>PACE Transport</u>	\$600,000	Secure Transportation Company Inc	Renewal	Secure Transportation Company Inc	\$ 600,000	222,263	377,738	12/31/2015	60
<u>FACETS License</u>	\$145,000 \$299,130 \$322,174	Trizetto Group	Renewal	Trizetto Group	\$ 145,000 \$ 299,130 \$ 313,174	- - 21,586	145,000 299,130 291,588	12/31/2016 12/31/2016 12/31/2016	90 90 90
<u>Disaster Recovery</u>	\$230,701	HP Enterprise Services LLC	Renewal	HP Enterprise Services LLC	\$ 230,701	57,675	173,026	11/10/2018	90
<u>ER Reporting</u>	\$240,000	eCEDA Technologies	Renewal Bid Exception	eCEDA Technologies	\$ 240,000	-	240,000	6/30/2016	90
<u>Surveys</u>	\$331,345	DataStat		New	\$ 331,318	-	331,318	8/16/2017	90
<u>Scanning for Claims</u>	\$369,600	Imagenet LLC	Renewal	Imagenet LLC	\$ 369,600	36,512	333,088	6/30/2016	90

# Quarterly Purchasing Reports Commitments

<i>Nature of Services</i>	<i>FY16 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 2016</i>	<i>Remaining Amount on Contract</i>	<i>Expires</i>	<i>Expiration Status</i>
<u>Overpayment Recovery Services</u>	\$396,000	Health Management Systems Inc	Renewal	Health Management Systems Inc	\$ 396,000	251,394	144,606	5/14/2017	90
<u>Software License</u>	\$459,039	Burgess Group	Renewal	Burgess Group	\$ 459,038	-	459,038	12/31/2016	90
<u>Nurse Advice Line</u>	\$888,000	Infomedia Group Inc		New	\$ 888,000	-	888,000	3/31/2016	90
<u>Care System License</u>	\$1,199,999 \$1,495,761	Altruista Health Inc.	Renewal	Altruista Health Inc.	\$ 1,199,999 \$ 1,495,761	- 248,940	1,199,999 1,246,821	4/6/2016 4/6/2016	90 90
<u>FWA Detection Services</u>	\$1,299,996	Verisk Health Inc	Renewal	Verisk Health Inc	\$ 1,299,996	811,379	488,617	6/30/2016	90
<u>Exchange Upgrade servers</u>	\$129,230	Nth Generation Computing Inc	Bid Exception	New	\$ 129,230	-	129,230	8/30/2015	Expired
<u>Member Portal Hardware</u>	\$179,295	Nth Generation Computing Inc	Bid Exception	New	\$ 179,295	-	179,295	9/28/2016	90
<u>Windows Upgrade Servers</u>	\$355,727	Nth Generation Computing Inc	Bid Exception	New	\$ 355,726	-	355,726	9/29/2015	Expired
<u>Windows Support</u>	\$150,000	Microsoft Services	Renewal	Microsoft Services	\$ 150,000	-	150,000	1/14/2016	90
<u>Member Portal Software</u>	\$307,588	FusionStorm		New	\$ 307,588	-	307,588	9/28/2016	90
<u>Telephony Upgrade</u>	\$526,123	Intelli-Flex Inc	Renewal	Intelli-Flex Inc	\$ 526,122	-	526,122	10/24/2018	90
<u>Member Newsletter</u>	\$112,552	Dome Printing	Renewal	Dome Printing	\$ 120,058	-	120,058	3/15/2016	90
<u>OCC Mailings</u>	\$134,235	Kenny the Printer	Renewal	Kenny the Printer	\$ 139,536	10,568	128,968	3/15/2016	90
<u>Medi-Cal Member Mailings</u>	\$693,000	RR Donnelley Receivables Inc	Renewal	RR Donnelley Receivables Inc	\$ 693,000	-	693,000	3/15/2016	90

# Quarterly Purchasing Report – In Process

**Quarterly Purchasing Report  
July 1, 2015 through September 30, 2015  
Major Commitments Greater than \$100,000 in Process**

<i>Nature of Services</i>	<i>Procurement Status</i>
<u>Clinical Editing Software</u> 15-050 Implement real-time claims editing	RFP issued 07/23/2015 5 proposals received Staff is evaluating proposals
<u>Investment Manager</u> 15-058 Invest operating and short term funds	RFP issued 05/13/2015 10 proposals received Preparing to present findings to IAC
<u>Retirement Plan Advisor</u> 15-064 Fudiciary services for 457b plan	RFP issued 05/29/2015 8 proposals received Legal is reviewing contract terms
<u>Organizational Development</u> 15-065 Address internal training needs	RFP issued 06/08/2015 32 proposals received Staff is scheduling vendor interviews
<u>Web access</u> 16-008 Authenticate user on caloptima.org	RFQ issued 08/10/2015 Staff is awaiting proposals
<u>Riverbed Hardware</u> 16-017 Equipment and services for expansion	RFQ issued 09/29/2015 Staff is awaiting proposals
<u>Extreme Hardware</u> 16-020 Hardware and extended support of equipment	RFQ issued 09/09/2015 3 proposals received Staff is evaluating proposals
<u>Insurance Broker</u> 16-023 Provide business insurance options	RFP issued 09/10/2015 3 proposals received Staff is evaluating proposals