California Mental Health Service Authority  
FINANCE COMMITTEE TELECONFERENCE  
AGENDA  
November 26, 2012  
3:00 pm – 4:00 pm  
Dial-in Number: 877-339-2412  
Access Code: 2250381321

The Finance Committee welcomes and encourages public participation in its meetings. Following each item, time is reserved for members of the public to address the Committee. Items not on the agenda are reserved for the end of the meeting.

Comments will be limited to three minutes per person and twenty minutes total. When it appears there are several members of the public wishing to address the Committee on a specific item, at the outset of the item, the Committee Chair may announce the maximum amount of time that will be allowed for presentation of testimony on that item.

1. Call to Order
2. Roll Call and Public Comment Instruction
3. Approval of the Agenda as Posted (Or Amended)
4. Consent Calendar
   - Minutes from the July 30, 2012 Finance Committee Teleconference
   - Treasurer’s Report as of September 30, 2012
   Recommendation: Approval of the consent calendar.

5. CalMHSA First Quarter Financial Statement as of September 30, 2012
   Recommendation: Approval of the First Quarter Financial Statement as of September 30, 2012 for presentation at the December 13, 2012 Board of Directors Meeting.

6. CalMHSA Investment Update
   Recommendation: None, information only.

7. CalMHSA Statewide PEI Implementation Work Plan Update
   Recommendation: None, information only.


9. CalMHSA Draft Indirect Cost Rate Policy
   Recommendation: Approval of draft Indirect Cost Rate Policy for presentation at the December 13, 2012 Board of Directors Meeting.

10. George Hills Company Contract
    Recommendation: None, information only.

11. Discussion on Statewide Hospital Beds
    Recommendation: Discussion and/or action as deemed appropriate.

12. General Public Comment

13. Closing Comments

14. Adjournment
Agenda Item 4

SUBJECT: Consent Calendar

BACKGROUND AND STATUS:

The minutes of the previous meeting require approval or acceptance and require no additional discussion. If the Committee would like to make a correction to the meeting minutes, they may do so at the time of request for approval.

- Minutes from the July 30, 2012 Finance Committee Teleconference
- Treasurer's Report as of September 30, 2012

RECOMMENDATION:

Approval of the consent calendar.

REFERENCE MATERIAL(S) ATTACHED:

- Minutes from the July 30, 2012 Finance Committee Teleconference
- Treasurer's Report as of September 30, 2012
Agenda Item 5

SUBJECT: CalMHSA First Quarter Financial Statement as of September 30, 2012

BACKGROUND AND STATUS:

The Finance Committee will review and discuss the financial statements for the quarter ended September 30, 2012. Upon committee approval, the financial statement will be presented at the December 13, 2012 Board of Directors Meeting.

Some key items are noted in the attached cover memo to the financial statements.

RECOMMENDATION:

Approval of the First Quarter Financial Statement as of September 30, 2012 for presentation at the December 13, 2012 Board of Directors Meeting.

REFERENCE MATERIALS ATTACHED:

- First Quarter Financial Statement as of September 30, 2012
Agenda Item 6

SUBJECT: CalMHSA Investment Update

BACKGROUND AND STATUS:

John Liddle, Morgan Stanley Smith Barney, will present an update on the CalMHSA investments being managed by Public Financial Management (PFM). PFM was selected as CalMHSA's investment manager at the December 15, 2011 Board of Directors meeting. MSSB reviews PFM’s performance and stability on an ongoing basis. While meeting CalMHSA’s cash flow needs, PFM is tasked with:

1. Maintaining safety of principle
2. Meeting liquidity need
3. Meeting market rate of return
4. Investing according to the CalMHSA Investment Policy

The liquidity requirements communicated to PFM are as follows:

- 2012: LAIF monies ($45M)
- 2013: $5M/month available
- 2014: $3M/month available, with all remaining funds available on July 1, 2014

RECOMMENDATION:

None, information only.

REFERENCE MATERIALS ATTACHED:

- Account – Executive Summary
Agenda Item 7

SUBJECT: CalMHSA Statewide PEI Implementation Work Plan Update

BACKGROUND AND STATUS:

In August 2012, the Mental Health Services Oversight and Accountability Commission approved CalMHSA’s Plan Update to the Statewide Prevention and Early Intervention (PEI) Implementation Work Plan. This update shifted additional funds to program activities. Consistent with CalMHSA values and statutory requirements, CalMHSA sought public input on the update.

The chart below includes approved funding allocations to date (the budget from the CalMHSA Implementation Work Plan and additional funding from the First Work Plan Amendment) and the changes outlined in the update (program funds made available as part of the CalMHSA Plan Update).

<table>
<thead>
<tr>
<th>Funding</th>
<th>5% Phase I Planning</th>
<th>71% Program/Direct</th>
<th>9% Contingency Reserve¹</th>
<th>7.5% Evaluation²</th>
<th>7.5% Admin²</th>
<th>100% Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work Plan Budget</td>
<td>$6,810,520</td>
<td>$97,322,330</td>
<td>$11,645,988</td>
<td>$10,215,780</td>
<td>$10,215,780</td>
<td>$136,210,398</td>
</tr>
<tr>
<td>First WP Amendment</td>
<td>$409,155</td>
<td>$5,810,001³</td>
<td>$736,479³</td>
<td>$613,733</td>
<td>$613,733</td>
<td>$8,183,100</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$7,219,675</td>
<td>$103,132,331</td>
<td>$12,382,467</td>
<td>$10,829,513</td>
<td>$10,829,513</td>
<td>$144,393,498</td>
</tr>
<tr>
<td>Changes in CalMHSA Membership</td>
<td>$119,625</td>
<td>$1,698,675⁴⁷</td>
<td>$215,325</td>
<td>$179,438</td>
<td>$179,438</td>
<td>$2,392,500</td>
</tr>
<tr>
<td>CalMHSA Plan Update</td>
<td>$2,869,658 moved to program/direct</td>
<td>$2,869,658⁵ + $9,662,072⁶ = $12,531,730⁷</td>
<td>$9,662,072 moved to program/direct</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revised</td>
<td>$4,469,642</td>
<td>$117,362,736</td>
<td>$2,935,720</td>
<td>$11,008,950</td>
<td>$11,008,950</td>
<td>$146,785,998</td>
</tr>
<tr>
<td>Revised Percentage</td>
<td>3.0%</td>
<td>80.0%</td>
<td>2.0%</td>
<td>7.5%</td>
<td>7.5%</td>
<td>100%</td>
</tr>
</tbody>
</table>

1. Originally, the Contingency Reserve was calculated as 9% of the Approved Plan. It is the intent of CalMHSA to maximize the delivery of services. In this Plan Update, $9,662,072 of this reserve will now be utilized for program activities.

2. The maximum allocation permitted by DMH for Indirect Administration services is 15%. Included in this 15% is the requirement to provide evaluation of programs.
3. These dollars differ slightly from those shared during the First Work Plan Amendment; this change is due to the program/direct percentage being calculated as 71%, based on the approved plan.

4. Changes in CalMHSA membership and the assignment of funds by counties and cities resulted in an additional $1,698,675 for program funds.

5. Based on the FY 12-13 CalMHSA Budget approved by the CalMHSA Board on June 14, 2012, planning dollars ($2,869,658) were moved to fund program/direct activities. The new overall percentage of funds dedicated to planning is 3.0%.

6. Contingency reserve dollars ($9,662,072) were moved to fund program/direct activities. The new overall percentage of funds dedicated to the contingency reserve is 2.0%.

7. The total increase in program funds is $14,230,405 (shift planning and contingency reserve: $12,531,730, plus changes in CalMHSA membership: $1,698,675).

RECOMMENDATION:
None, information only.

REFERENCE MATERIALS ATTACHED:
- CalMHSA Statewide PEI Implementation Work Plan Update
Agenda Item 8


BACKGROUND AND STATUS:

At the October 11, 2012 Board Meeting, the board of directors approved engaging James Marta & Company to conduct annual audits for the fiscal years ending June 30, 2012, 2013 and 2014, in accordance with Article 7, Section 7.1 of the Bylaws, which states “the Board shall cause to be made, by a qualified, independent individual or firm, an annual audit of the financial accounts and records of the Authority.” James Marta & Company provided a first draft of their audit of CalMHSA’s financial statements for the years ended June 30, 2012 and 2011 on November 20, 2012 for staff review.

RECOMMENDATION:


REFERENCE MATERIALS ATTACHED:

Agenda Item 9

SUBJECT: CalMHSA Indirect Cost Rate Policy

BACKGROUND AND STATUS:

In July 2012, the CalMHSA officers asked the Finance Committee to discuss an indirect rate or indirect rate range to be utilized and reported for CalMHSA. The discussion for the CalMHSA indirect rate was based on the estimated expenditures for the three CalMHSA programs—Technical Assistance and Capacity Building (TTACB), Contra Costa County WET Program (CCCWET), and PEI Statewide Projects (PEI). CalMHSA manages the complete program for TTACB and PEI, and serves only as the fiscal intermediary for CCCWET.

The CalMHSA contract with the Department of Mental Health (DMH) does not specify regulations or provide guidelines for cost principles. Staff has based its guidance on the Federal guidelines utilized for Federal awards (OMB Circular A-87, Part 225 – Cost Principles for State, Local, and Indian Tribal Governments). These are the same cost principles used by county governments and non-profits partners (Part 230) for determination of allowable costs and classifications of direct and indirect costs for Federal programs. The guidelines for determining direct costs and indirect costs are summarized below.

Direct Costs—those that can be identified specifically with a particular final cost objective. Examples are:

- Salaries, benefits and compensation of persons working on program.
- Materials acquired or used for the program.
- Travel Associated with the project
- Capital expenditures

Indirect Costs—those incurred for a common or joint purpose benefiting more than one cost objective (program), and not readily assignable to the cost objective specifically benefitted.

Staff has compiled a table of costs of the CalMHSA programs allocated into direct and indirect costs below.

<table>
<thead>
<tr>
<th>Expenses</th>
<th>TTACB 1</th>
<th>Contra Costa - WET 2</th>
<th>PEI Statewide Projects 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Historical</td>
<td>Percent</td>
<td>Historical</td>
</tr>
<tr>
<td>Planning Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Contracts</td>
<td>$462,926</td>
<td>85%</td>
<td>$135,000</td>
</tr>
<tr>
<td>Program Implementation,</td>
<td>83,000</td>
<td>15%</td>
<td>13,450</td>
</tr>
<tr>
<td>Management and Oversight</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Direct Program Expenses</td>
<td>545,926</td>
<td>100%</td>
<td>148,450</td>
</tr>
<tr>
<td>General &amp; Admin (Indirect Costs)</td>
<td>-</td>
<td></td>
<td>6,750</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$545,926</td>
<td>100%</td>
<td>$155,200</td>
</tr>
</tbody>
</table>
1. **TTACB Program**—in the development stages of contracting for the TTACB program 15% was maintained for staffing program for implementation, management and oversight. Direct Staffing actual is 15%. Staff did not include an indirect cost rate for this program in the budget. The authorized indirect cost rate will be utilized for budgets in future contracts.

2. **CCCWET Program**—CalMHSA has executed a contract to provide fiscal intermediary services only. The 9% of program management will be performed by Contra Costa County and CalMHSA has contracted for a 5% indirect cost rate for fiscal intermediary services based on the program contract amount of $135,000.

3. **PEI Program**—staff has utilized the cost and allocation principles as described in OMB A-87, Part 225 to record direct and indirect costs and the allocation of staff time is based on time report for the year ended June 30, 2012.

Based on consideration of CalMHSA’s historical experience, the committee concluded CalMHSA would utilize an indirect cost range of 4% to 8% to be determined during contract development of new programs based on contract specifications. Staff was directed to draft an Indirect Cost Rate Policy for review at the November 2012 Finance Committee call.

**RECOMMENDATION:**

Approval of draft Indirect Cost Rate Policy for presentation at the December 13, 2012 Board of Directors Meeting.

**REFERENCE MATERIALS ATTACHED:**

- CalMHSA Draft Indirect Cost Rate Policy
Agenda Item 10

SUBJECT: George Hills Company Contract

BACKGROUND AND STATUS:

Text

RECOMMENDATION:

None, information only.

REFERENCE MATERIALS ATTACHED:

- Contractual History and Current Status: CalMHSA – GHC
- CalMHSA Contract/Staffing Analysis – 2008 to September 2012
- CalMHSA Staffing Timeline
- CalMHSA Organizational Chart
Agenda Item 11

SUBJECT: Discussion on Statewide Hospital Beds

BACKGROUND AND STATUS:

CalMHSA has proceeded with the direction provided by the Board of Directors to begin the administrative planning for implementation on one of the priority items identified at the April 13, 2012 Strategic Planning Session. This priority item is in regard to CalMHSA working with CMHDA to explore the feasibility of the JPA acting on behalf of member counties (and possibly non-member counties via a contractual agreement) in the development of an annual purchase agreement with the new State Department of Hospitals for a statewide utilization of state hospitals beds (as provided under sections 4330 et seq. of WIC). Since that planning meeting in April, CalMHSA and CMHDA have been working closely in moving this item forward.

As part of the initial planning, on June 14, 2012, Mr. John Chaquica, CalMHSA Executive Director, asked the CalMHSA Board to approve the JPA as a contracting entity on behalf of all participating counties. In addition, Mr. Chaquica requested approval to establish a budget up to $100,000 for planning and development as CalMHSA has no discretionary funds for such administrative activity. The Board approved both recommendations.

On June 19, 2012, there was a meeting at the Department of Mental Health (DMH). DMH was represented by Cliff Allenby, Kathy Gaither (by telephone), Cynthia Rodriguez, Mark Beckley, Irene Briggs, and Pam Ahlin. CalMHSA was represented by William Arroyo and Mary Marx from Los Angeles County (by telephone), Allan Rawland (by telephone), Doug Alliston, and John Chaquica. CMHDA was represented by Patricia Ryan and Don Kindon. Discussion included CalMHSA’s authority to act; the impact on nonmember counties, if any; DMH’s preference for a MOU over a contract; bed rates; utilization; flow of funds; basis for the 2012-13 rates; and the prior Small Counties Bed Pool.

Since the June Board meeting, staff has surveyed the counties for interest in participation in Phase One, which includes the necessary administrative planning with a proposed budget of up to $100,000 that would be proportionally incurred by those participating counties.

In addition, staff has solicited CalMHSA Members (or their designated staff) for a short-term Work Group for the development of the Statewide Hospital Bed Utilization Plan, which is being proposed to have seven county representatives. It is recommended that participants on the Work Group be CalMSHA Board members or the members’ delegate, preferably someone who has been involved with managing their county’s State Hospital Bed contract. Don Kindon, CMHDA, will also participate in the work group, which will be convened by CalMHSA staff.

As an update, CalMHSA has:

1. Received affirmative responses from 19 counties representing 264 beds.
2. Received two negative responses on the basis that those counties do not procure state hospital beds.
3. Received six responses from interested individuals willing to participate in the short-term Work Group. The Executive Director with concurrence from the President will select the seven representatives ensuring diverse representation by size and location.

4. Directed counsel to send a memo to legal counsel for the Department of State Hospitals (DSH) explaining the authority for JPA to act on behalf of the counties, along with a copy of the agenda item subsequently approved by CalMHSA’s Board.

5. Engaged in ongoing communication with DSH about CalMHSA progress and its readiness to review their first draft of a MOU (they are moving to a MOU from a contract). The department’s attorney indicates they have formed a committee to work on the proposed MOU.

6. Begun working on the development of a “County Participation Agreement”, and have reviewed the formation documents of the prior Small Counties Bed Pool. Staff will await the proposed MOU before creating a working draft the County Participation Agreement for circulation and review.

7. CalMHSA’s attorney is reviewing WIC 17601 regarding the “election” each county is entitled to make between paying state hospital bed reimbursement directly or having it withheld by the Controller’s office from monthly realignment amounts that would otherwise be distributed to the county.

8. Proposed the following timeline:
   a. Establish Working Group by August, 2012
   b. MOU for 2012-13, July to Dec 1 to complete, with a target of October, 2012
   c. MOU for 2013-14, April to June 30, 2013 to complete, with a target by May, 2013
   d. County Participation Agreement drafted by September, 2012
   e. Operations Plan (administrative, fiscal and bed management)
      • Plan will be drafted for input by October
      • Plan can be executed at one of the three points:
        1. MOU completion (October-Dec)
        2. January 1, 2013 as final bed count is due to DSH
        3. July 1, 2013 contractual agreement or MOU
   f. Management and working with the State will start with completion of MOU.

**RECOMMENDATION:**
Discussion and/or action as deemed appropriate.

**REFERENCE MATERIALS ATTACHED:**
- None
July 30, 2012
11:00 am – 12:00 pm

CalMHSA Finance Committee Teleconference Minutes

The Finance Committee Members Present:
- Mr. Scott Gruendl, Chair, Glenn County
- Mr. Tom Sherry, Sutter/Yuba County
- Ms. Amy Wilner, Butte County

Finance Committee Members Absent:
- Dr. Bill Arroyo, Los Angeles County
- Ms. Tanya Bratton, San Bernardino County
- Dr. Wayne Clark, CalMHSA President (Ex-Officio)

CalMHSA Staff Present:
- Kim Santin, Finance Director
- Ann Collentine, Program Director
- Allan Rawland, Associate Administrator – Government Relations
- Maya Maas, Executive Assistant
- Michelle Yang, Executive Assistant

Consultants Present:
- John T. Liddle, Morgan Stanley Smith Barney
- Deborah Dunn, Morgan Stanley Smith Barney

Public Present:
- David Kopperud, California Department of Education
- Shirley Martin, Mono County

The Finance Committee Meeting was called to order at 11:02 a.m. by Committee Chair Scott Gruendl. Kim Santin, CalMHSA Finance Director, took roll, and introductions were made. Committee Chair Gruendl then provided instructions for public comment.

3. **Approval of the Agenda as Posted (Or Amended)**
   Committee Chair Gruendl asked for any amendments to the July 30, 2012 agenda. Hearing none, he accepted the agenda as approved.

   **Action:** Approval of Finance Committee May 21, 2012 Agenda as presented.
4. **Consent Calendar**
   Committee Chair Gruendl asked if there were any requests to pull items from the consent calendar. None were made.

   **Action:** Approval of consent calendar.

   **Motion:** Tom Sherry, Sutter/Yuba County  
   **Second:** Amy Wilner, Butte County

   Committee Chair Gruendl made a note to staff that on page 10 of the budget narrative, in the section titled Budget Notes, the items and numbers appear to be correct but the columns don’t appear to match.

5. **CalMHSA’s Treasurer’s Report as of June 30, 2012**
   Ms. Santin gave a review of the Treasurer's Report, which include the market values and book balances. Prior to the meeting, staff noticed the totals on the bottom of the two graphics were not updated to reflect the values provided on the spreadsheet; updated graphs were distributed prior to the meeting.

   **Action:** Approval of the Treasurer’s Report as of June 30, 2012 for presentation at the August 9, 2012 Board of Directors Meeting.

   **Motion:** Tom Sherry, Sutter/Yuba County  
   **Second:** Amy Wilner, Butte County

6. **CalMHSA Investment Update**
   Committee Chair Gruendl called on John Liddle and Deborah Dunn of Morgan Stanley Smith Barney to give an update on CalMHSA’s investments. First, Mr. Liddle provided a current marker update. During the second quarter, the 10 year treasury yield has gone down, which is good for CalMHSA’s portfolio. With the European Central Bank and the Federal Open Market Committee meeting later in the week, MSSB staff will be tracking the decisions reached at those meetings as well as the results of the motor vehicle sales report being issued on Thursday and the unemployment report on Friday. Next, Mr. Liddle reviewed the performance of Public Financial Management (PFM) which is currently returning .51 basis points while LAIF is at .36 basis points, which puts the portfolio well ahead of LAIF.

   Mr. Liddle then presented an overview of the Account – Executive Summary. CalMHSA’s portfolio is up 21 basis points, well ahead of Barclay’s one to three year index. To date, interest received is at $680,539.17, all of which is being rolled back into the money market account. Committee Chair Gruendl asked how the interest aligns with the anticipated revenue in the budget. Ms. Santin responded that it was tracking with what was anticipated in the budget at $1.2 million for June 30, 2013.

   **Recommendation:** None, information only.
7. **CalMHSA Statewide Prevention and Early Intervention Implementation Work Plan Update**  
Ms. Santin reviewed the financial piece of the Plan Update and provided an overview of the budget from the original CalMHSA Statewide PEI Implementation Work Plan, approved by the Mental Health Services Oversight and Accountability Commission on January 5, 2011, as well as the First Amendment to the work plan, approved March 23, 2012. The Plan Update recommends moving $2,869,658 from planning and $9,662,072 from contingency reserve to program/direct funds.

Committee Chair Gruendl asked if CalMHSA has just not spent as much on planning as estimated. Ms. Santin responded in the affirmative. Amy Wilner, Butte County, asked how it was determined to reduce the contingency reserve to 2%. Ms. Santin responded that with the reversion date fast approaching and program partners strictly adhering to their budgets, staff wants to get as much money moving into contracts and included in the plan. Ms. Collentine added that it takes about six months to go from a plan update to an executed contract, possibly longer for a new program. Conservatively money needs to be kept in the contingency reserve and in planning funds in the event of something unforeseen, but with the six months required to see a program implemented and the reversion date of June 30, 2014, the Plan Update moves as much of the funds as is feasible into programs and gets the money spent appropriately to fix any gaps in the existing PEI programs or address new issues that may emerge.

Mr. Liddle asked if there was anything new in regards to extending the time period CalMHSA has to disperse the assets. Mr. Rawland responded a letter has been sent to Cliff Allenby, Department of Mental Health, and to Vanessa Baird, Department of Health Care Services, requesting the date be extended to 2017. Mr. Rawland and John Chaquica, CalMHSA Executive Director, will be meeting with Ms. Baird in the coming weeks to discuss the matter further.

**Recommendation: None, information only.**

Ms. Santin to provide the rationale behind CalMHSA engaging James Marta & Company to conduct fiscal audits for June 30, 2012 through 2014. Ms. Santin noted the importance of consistency as well as the fact that the first year an auditor works with an organization tends to be more challenging, thus re-engaging James Marta & Company would ensure a more efficient process. However, she acknowledged there can be good reasons for changing an auditor as well as for keeping them. She added following the 2014 audit, the matter would be brought up again for discussion.

Committee Chair Gruendl then noted the front page of the agenda listed the recommendation as “none, information only,” making the committee unable to take action. Instead it was decided the item would be moved to the board for action at their August 9, 2012 meeting. Committee Chair Gruendl will report out to the board on the committee’s discussion at that time.
Ms. Wilner noted that it makes sense to have a consistent auditor for that period of time.

Tom Sherry, Sutter/Yuba County, agreed with Ms. Wilner and stated James Marta & Company has extensive experience working with JPAs. Ms. Santin added they also participate in the California Association of JPAs and sits on the accreditation committee.

Committee Chair Gruendl asked Ms. Santin if, in her knowledge, they were comparable to other available vendors in terms of cost. Ms. Santin responded that, to her knowledge, they were comparable. He then asked Ms. Santin what she envisioned for 2014 when the matter would be revisited. Ms. Santin explained that a similar discussion would be had addressing CalMHSA’s experience and satisfaction with James Marta & Company. Mr. Rawland noted Doug Alliston, Legal Counsel, should review the procurement policy as it relates to contract renewals and if a solicitation process needs to take place following the 2014 audit.

Committee Chair Gruendl stated he would report out at the August 9, 2012 board meeting that there were no concerns noted by the committee.

9. CalMHSA Indirect Rate Discussion

Ms. Santin reviewed historical data related to the indirect rate on three current projects—Training/Technical Assistance and Capacity Building; Contra Costa County Workforce, Education and Training; and the PEI programs. For the PEI programs, DMH did not provide any guidelines regarding cost principles so Ms. Santin used the Federal guidelines in OMB Circular A 87 Part 225. She noted CalMHSA’s indirect rate has historically run at 4%, well below the budget 7.5% approved in the PEI Work Plan and First Amendment to the Work Plan.

Committee Chair Gruendl asked Ms. Santin to clarify the items included in the direct rate. Ms. Santin noted that because staff had been tracking their hours, they were able to directly allocate salaries, benefits and resources, so the 15% direct rate shown did include those items.

Mr. Rawland added staff was recommending a policy be developed to provide a directive for future programs.

Committee Chair Gruendl suggested a range depending on the type of project, with statewide projects being listed at one level and county projects being listed at a different level.

Mr. Sherry suggested following Federal requirements, which counties and other entities are familiar with and will see as standard. Should CalMHSA have federally funded programs in the future, adjustments would not have to be made in the handling of the indirect rate.

Following discussion, Committee Chair Gruendl reiterated the indirect rate range will be 8% for fully administrated programs close to 4% for intermediary services.
Staff was then directed to create a draft policy and range which will be brought back to the committee for approval. Committee Chair Gruendl with work with Ms. Santin and staff on the creation of the policy.

**Recommendation:** Discussion and/or action as deemed appropriate.

10. Finance Committee Calendar, Fiscal Year 2012-2013

The Committee reviewed the calendar compiled by staff, based upon a survey done of Committee members, the board of directors meeting schedule and items needing the committee’s attention in preparation for those board meetings. The Committee discussed the dates proposed and agreed that Mondays were preferred over Tuesdays.

**Action:** Approval of the Finance Committee calendar, Fiscal Year 2012-2013.

11. Discussion on Statewide Hospital Beds

Allan Rawland, Associate Administrator – Government Relations, gave an update on CalMHSA’s progress in negotiating a statewide hospital bed annual purchase agreement on behalf of interested counties. Staff is waiting for an MOU that is being issued by the Department of Mental Health. There is currently no formula in place to cover administrative and planning costs; George Hills Company is providing in-kind support until such a formula is finalized.

Staff has solicited CalMHSA members to participate in a short-term work group for the development of the Statewide Hospital Bed Utilization Plan, which is being proposed to have seven county representatives. It is recommended that participants in the work group be CalMSHA board members, or the members’ delegate, preferably someone who has been involved with managing their county’s state hospital bed contract. Don Kingdon, California Mental Health Director’s Association, will also participate in the work group, which will be convened by CalMHSA staff.

**Recommendation:** Discussion and/or action as deemed appropriate.

12. General Public Comment

Committee Chair Gruendl asked for any general comments from members of the public. There were none.

13. Closing Comments

Committee Chair Gruendl asked for any closing comments. There were none.

Hearing no further comments, Committee Chair Gruendl adjourned the call at 12:05 p.m.
Treasurer’s Report
As of September 30, 2012

<table>
<thead>
<tr>
<th>Investment Fund</th>
<th>Book Balance</th>
<th>Market Value</th>
<th>Effective Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Agency Investment Fund</td>
<td>$31,176,589</td>
<td>$31,217,557</td>
<td>.348%</td>
</tr>
<tr>
<td>Morgan Stanley Smith Barney</td>
<td>91,845,625</td>
<td>91,369,897</td>
<td>1.52%</td>
</tr>
<tr>
<td>Cash with California Bank &amp; Trust</td>
<td>11,227</td>
<td>11,227</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Cash and Investments</strong></td>
<td><strong>$123,033,441</strong></td>
<td><strong>$122,598,681</strong></td>
<td></td>
</tr>
</tbody>
</table>

Attached are the Local Agency Investment Fund (LAIF) statements detailing all investment transactions.

The LAIF market value was derived by applying the September fair value factor of 1.001314 to the book balance.

I certify that this report reflects all cash and investments and is in conformance with the Authority’s Investment Policy. The investment program herein shown provides sufficient cash flow liquidity to meet the Authority’s expenditures for the next six (6) months.

Respectfully submitted,  

Accepted,

______________________________  ________________________________
Kim Santin, Finance Director    Scott Gruendl, Treasurer
Total Cash and Investments $122,598,681

Summary of Investment Portfolio

- $44,992,993 (36.7%) Morgan Stanley AA Money Trust
- $19,391,730 (15.82%) LAIF
- $21,185,558 (17.28%) Corporate bonds
- $31,217,557 (25.46%) Federal Agencies
- $798,516 (0.65%) CB&T Checking
- $11,227 (0.01%) Corporate bonds
- $25,001,100 (4.08%) Certificates of Deposit

Investment Policy Objectives
- Safety of Principal
- Meeting Liquidity Needs
- Rate of Return

Total Cash Portfolio Dollars – September 30, 2012
- $25,001,100
- $21,185,558
- $19,391,730
- $44,992,993
- $31,217,557
- $11,227
- $798,516

Total Cash Portfolio Dollars – September 30, 2012

Summary of Maturities

- **0-1 year**
  - $49,089,832
  - (54.20%)

- **1-2 years**
  - $41,481,549
  - (45.80%)

Total Cash and Investments $90,571,381

## INVESTMENTS

**Certificates of Deposit**

<table>
<thead>
<tr>
<th>Maturity</th>
<th>Purchase</th>
<th>Original</th>
<th>Market</th>
<th>Unrealized</th>
</tr>
</thead>
<tbody>
<tr>
<td>8/3/2012</td>
<td>12/3/2012</td>
<td>5,000,000</td>
<td>5,000,000</td>
<td>5,001,100</td>
</tr>
</tbody>
</table>

**Corporate Bonds:**

- Westpac Banking Corp NY
  - 1/20/2012 to 1/22/2013: 5,000,000
  - 1/20/2012 to 1/22/2013: 5,000,000
  - 1/22/2013: 5,000,000

- PepsiCo Inc/NC
  - 10/5/2013: 4,950,000

- General Electric Capital Corp
  - 1/7/2014: 2,949,000

- John Deere Capital Corp
  - 3/3/2014: 2,275,000

- Bank of New York Mellon
  - 5/15/2014: 2,760,000

- JP Morgan Chase & Co
  - 6/1/2014: 2,795,000

Total corporate bonds: 20,725,000

**Other Fixed Income:**

- US Bank N.A.
  - 1/20/2012: 5,000,000

- Bank of Nova Scotia
  - 10/16/2012: 5,000,000

- Bank of Tokyo-Mitsubishi UFJ
  - 1/20/2012: 4,400,000

- Toyota Motor Credit Co
  - 4/15/2013: 5,000,000

Total other fixed income: 19,400,000

**Federal Agencies**

- FHLMC Notes .5%
  - 1/20/2012: 4,970,000

- FHLMC Notes 3.875%
  - 1/20/2012: 4,740,000

- FHLMC Notes 4.5%
  - 7/15/2013: 4,700,000

- FHLMC Notes 5%
  - 7/15/2014: 2,695,000

- FNMA Notes 5%
  - 8/9/2013: 4,970,000

- FNMA Debs 4.125%
  - 4/15/2014: 2,740,000

- FHLMC 1%
  - 7/30/2014: 2,940,000

- FNMA 3%
  - 9/16/2014: 2,785,000

Total government & GSE bonds: 43,965,000

**Total Portfolio Investments:**

<table>
<thead>
<tr>
<th>Purchase</th>
<th>Date of Maturity</th>
<th>Par Value</th>
<th>Original Cost</th>
<th>Market Value</th>
<th>Unrealized Gain/Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>89,090,000</td>
<td>123,031,441</td>
<td>122,598,68</td>
<td>90,699,394</td>
<td>90,571,381</td>
<td>43,200</td>
</tr>
</tbody>
</table>

**Local Agency Investment Fund (LAIF):**

- Morgan Stanley AA Money Trust: 798,516

**Checking Account:**

Total cash and investments: 89,090,000

*Government Sponsored Entity

### Summary of Portfolio Investments

<table>
<thead>
<tr>
<th>Year to Date Activity of</th>
<th>Market Value</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of Deposit</td>
<td>5,001,100</td>
<td>Fair Market Value 7/1/12</td>
</tr>
<tr>
<td>Corporate Bonds</td>
<td>21,185,558</td>
<td>Purchases</td>
</tr>
<tr>
<td>Other Fixed Income</td>
<td>10,391,730</td>
<td>Sales/Maturities</td>
</tr>
<tr>
<td>Federal Agencies</td>
<td>44,992,993</td>
<td>Net Unrealized Gain/Losses</td>
</tr>
</tbody>
</table>

**Summary of Portfolio Investments Year to Date Activity of**

<table>
<thead>
<tr>
<th>Date of Maturity</th>
<th>Par Value</th>
<th>Original Cost</th>
<th>Market Value</th>
<th>Unrealized Gain/Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>89,090,000</td>
<td>123,031,441</td>
<td>122,598,68</td>
<td>90,699,394</td>
<td>90,571,381</td>
</tr>
</tbody>
</table>

**Notes:**

- **Certificates of Deposit:** $5,001,100 Fair Market Value 7/1/12.
- **Corporate Bonds:** 21,185,558 Purchases.
- **Other Fixed Income:** 10,391,730 Sales/Maturities.
- **Federal Agencies:** 44,992,993 Net Unrealized Gain/Losses.

<table>
<thead>
<tr>
<th>2-3 year</th>
<th>0-1 year</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ -</td>
<td>49,089,832</td>
</tr>
</tbody>
</table>

**Summary of Portfolio Investments Year to Date Activity of**

**Notes:**

- **Certificates of Deposit:** $5,001,100 Fair Market Value 7/1/12.
- **Corporate Bonds:** 21,185,558 Purchases.
- **Other Fixed Income:** 10,391,730 Sales/Maturities.
- **Federal Agencies:** 44,992,993 Net Unrealized Gain/Losses.

**NOTES:**

- Market Value is an approximation of the total worth of the asset, and fluctuates on a daily basis depending on market factors.
- YTD Unrealized is the constant interest rate that makes the net present value of future principal & interest cash flows equal the purchase price of the security on the acquisition date.
- YTD Market is the constant interest rate that makes the net present value of future principal & interest cash flows equal the current market price of the security.

Prepared by

Treasurer

PepsiCo

To update CalMHSA's current investment policy, CalMHSA has sufficient funds to meet its expenditure requirements for the next six months.
SUMMARY OF SIGNIFICANT CHANGES IN FINANCIAL STATEMENTS
FOR THE FISCAL QUARTER ENDING
SEPTEMBER 30, 2012

BALANCE SHEET:

Cash and cash equivalents - Overall cash balance is $32.0 million as of September 30, 2012. This is a decrease of $7.4 million compared to the $39.4 million in cash as of June 30, 2012. The decrease in cash mainly relates to the current quarter expenditures for the PEI and TTACB programs.

Investments – Current Portion – See Treasurers’ Report

Contractor prepayments – The overall balance in contractor prepayments has increased by $323,120. A deposit was paid to the Mental Health Association of California in July 2012 per their agreement to develop “Wellness Works!”, a statewide mental health in the workplace program.

Program and planning receivables – $175,000 in total planning and program receivables are due from the following counties:

- Mariposa $75,000
- Mono $100,000

Interest receivable – Total interest receivable of $381,114 comprises $31,437 in accrued LAIF interest and $349,677 in accrued bond interest.

Noncurrent Investments – See Treasurers’ Report

Accounts Payable – The balance in account payable as of September 30, 2012 is $5.2 million. This is a $255,389 decrease compared to the balance as of June 30, 2012.
STATEMENT OF REVENUE AND CHANGES IN NET ASSETS:

Operating Revenue – No operating revenues were generated for the fiscal quarter ended September 30, 2012.

Expenses – Overall expenses for the fiscal quarter ended September 30, 2012 were approximately $7.5 million. The expenses mainly related to planning and program costs for implementation of the state-wide program initiatives.
# California Mental Health Services Authority

**UNAUDITED BALANCE SHEET**

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2012</th>
<th>September 30, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>$32,027,300</td>
<td>$139,293,929</td>
</tr>
<tr>
<td>Investments - Current Portion</td>
<td>49,089,832</td>
<td>-</td>
</tr>
<tr>
<td>Contractor Prepayments</td>
<td>3,693,052</td>
<td>1,599,435</td>
</tr>
<tr>
<td>Receivables:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PEI Program Funds</td>
<td>166,250</td>
<td>374,680</td>
</tr>
<tr>
<td>PEI Planning Funds</td>
<td>8,750</td>
<td>19,720</td>
</tr>
<tr>
<td>Application Fees</td>
<td>1,250</td>
<td>250</td>
</tr>
<tr>
<td>Interest</td>
<td>381,114</td>
<td>47,398</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>85,367,548</td>
<td>141,335,412</td>
</tr>
<tr>
<td><strong>Noncurrent Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>41,481,549</td>
<td>-</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$126,849,097</td>
<td>$141,335,412</td>
</tr>
<tr>
<td><strong>LIABILITIES AND NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable and Accrued Expenses</td>
<td>$5,190,412</td>
<td>$373,470</td>
</tr>
<tr>
<td>WET Program Funding</td>
<td>155,220</td>
<td>-</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>5,345,632</td>
<td>373,470</td>
</tr>
<tr>
<td><strong>Net Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations</td>
<td>510,165</td>
<td>4,751</td>
</tr>
<tr>
<td>Tech Asst/Capacity Building</td>
<td>9,743</td>
<td>277,648</td>
</tr>
<tr>
<td>PEI Program Funding</td>
<td>120,983,557</td>
<td>140,679,543</td>
</tr>
<tr>
<td>Total Net Assets</td>
<td>121,503,465</td>
<td>140,961,942</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$126,849,097</td>
<td>$141,335,412</td>
</tr>
</tbody>
</table>

Unaudited
## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Three Months Ended, September 30, 2012 and September 30, 2011

### OPERATING REVENUES:

<table>
<thead>
<tr>
<th></th>
<th>Tech Asst/ Capacity Building</th>
<th>PEI Program Funding</th>
<th>2012 Total</th>
<th>2011 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Assistance/Capacity Building</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Community Planning (5%)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,860,055</td>
</tr>
<tr>
<td>PEI State Wide Program Funding</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>35,374,295</td>
</tr>
<tr>
<td>Application Fee</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Operating Revenue</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>37,234,350</td>
</tr>
</tbody>
</table>

### PROGRAM EXPENSES:

<table>
<thead>
<tr>
<th></th>
<th>Tech Asst/ Capacity Building</th>
<th>PEI Program Funding</th>
<th>2012 Total</th>
<th>2011 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Assistance/Capacity Building</td>
<td>Program Contract</td>
<td>-</td>
<td>-</td>
<td>17,926</td>
</tr>
<tr>
<td>Community Planning (5%)</td>
<td>Program Implementation &amp; Oversight</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>PEI State Wide Program Funding:</td>
<td>Program Contract</td>
<td>-</td>
<td>6,712,789</td>
<td>6,712,789</td>
</tr>
<tr>
<td></td>
<td>Program Mgmt &amp; Oversight</td>
<td>-</td>
<td>159,656</td>
<td>159,656</td>
</tr>
<tr>
<td></td>
<td>Legal</td>
<td>-</td>
<td>7,567</td>
<td>7,567</td>
</tr>
<tr>
<td></td>
<td>Meeting and Other</td>
<td>-</td>
<td>28,762</td>
<td>28,762</td>
</tr>
<tr>
<td>Evaluation Expense:</td>
<td>Program Contract</td>
<td>-</td>
<td>27,104</td>
<td>27,104</td>
</tr>
<tr>
<td></td>
<td>Program Mgmt &amp; Oversight</td>
<td>-</td>
<td>23,479</td>
<td>23,479</td>
</tr>
<tr>
<td></td>
<td>Meeting and Other</td>
<td>-</td>
<td>3,325</td>
<td>3,325</td>
</tr>
<tr>
<td>Planning Expense:</td>
<td>Program Mgmt &amp; Oversight</td>
<td>-</td>
<td>89,220</td>
<td>89,220</td>
</tr>
<tr>
<td>Other Contract Services</td>
<td>-</td>
<td>2,210</td>
<td>2,210</td>
<td>59,401</td>
</tr>
<tr>
<td>Legal</td>
<td>-</td>
<td>2,562</td>
<td>2,562</td>
<td>49,723</td>
</tr>
<tr>
<td>Meeting and Other</td>
<td>-</td>
<td>28,762</td>
<td>28,762</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Program Expense</strong></td>
<td>-</td>
<td>7,114,310</td>
<td>7,114,310</td>
<td>910,235</td>
</tr>
</tbody>
</table>

### INDIRECT EXPENSES:

<table>
<thead>
<tr>
<th></th>
<th>Tech Asst/ Capacity Building</th>
<th>PEI Program Funding</th>
<th>2012 Total</th>
<th>2011 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Management</td>
<td>-</td>
<td>197,222</td>
<td>197,222</td>
<td>-</td>
</tr>
<tr>
<td>Other Contract Services</td>
<td>-</td>
<td>9,424</td>
<td>9,424</td>
<td>-</td>
</tr>
<tr>
<td>Legal Services</td>
<td>3,552</td>
<td>10,924</td>
<td>14,476</td>
<td>-</td>
</tr>
<tr>
<td>Insurance</td>
<td>32,374</td>
<td>-</td>
<td>32,374</td>
<td>29,938</td>
</tr>
<tr>
<td>Investment Management Fees</td>
<td>24,005</td>
<td>-</td>
<td>24,005</td>
<td>-</td>
</tr>
<tr>
<td>Meeting and Other</td>
<td>1,679</td>
<td>20,461</td>
<td>22,140</td>
<td>-</td>
</tr>
<tr>
<td>Formation Fees</td>
<td>-</td>
<td>56,625</td>
<td>56,625</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total General And Administrative</strong></td>
<td>61,610</td>
<td>294,656</td>
<td>356,266</td>
<td>29,938</td>
</tr>
</tbody>
</table>

### Change in Net Assets

<table>
<thead>
<tr>
<th></th>
<th>2012 Total</th>
<th>2011 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from Operations</td>
<td>(61,610)</td>
<td>(7,408,966)</td>
</tr>
<tr>
<td><strong>Nonoperating Income</strong></td>
<td>-</td>
<td>(9,695)</td>
</tr>
</tbody>
</table>

### Change in Net Assets

<table>
<thead>
<tr>
<th></th>
<th>2012 Total</th>
<th>2011 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from Operations</td>
<td>(61,610)</td>
<td>(7,408,966)</td>
</tr>
<tr>
<td><strong>Nonoperating Income</strong></td>
<td>-</td>
<td>(9,695)</td>
</tr>
</tbody>
</table>

### Ending Net Assets

<table>
<thead>
<tr>
<th></th>
<th>2012 Total</th>
<th>2011 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from Operations</td>
<td>(61,610)</td>
<td>(7,408,966)</td>
</tr>
<tr>
<td><strong>Nonoperating Income</strong></td>
<td>-</td>
<td>(9,695)</td>
</tr>
<tr>
<td><strong>Ending Net Assets</strong></td>
<td>$ 510,165</td>
<td>$ 9,743</td>
</tr>
</tbody>
</table>
CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY
UNAUDITED
STATEMENT OF CASH FLOWS

For the Three Months Ended, September 30, 2012 and September 30, 2011

Cash Flows from Operating Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Payments for Technical Assistant/Capacity Building</td>
<td>$ (390,713)</td>
<td>$ -</td>
</tr>
<tr>
<td>Cash Payments for PEI State Wide Program Funding</td>
<td>(6,784,021)</td>
<td>(1,605,319)</td>
</tr>
<tr>
<td>Cash Payments for Planning Expense</td>
<td>(389,891)</td>
<td>(603,227)</td>
</tr>
<tr>
<td>Cash Payments for Evaluation Expense</td>
<td>(334,446)</td>
<td>-</td>
</tr>
<tr>
<td>Cash Payments for Indirect Expenses</td>
<td>(150,014)</td>
<td>(29,938)</td>
</tr>
<tr>
<td>Cash Payments Received for PEI Community Planning</td>
<td>6,250</td>
<td>2,502,830</td>
</tr>
<tr>
<td>Cash Payments Received for Program Funding</td>
<td>118,750</td>
<td>47,553,770</td>
</tr>
<tr>
<td>Cash Payments Received for Technical Assistant/Capacity Building</td>
<td>119,400</td>
<td>-</td>
</tr>
<tr>
<td>Cash Payments Received for WET Program</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash Received for Application Fees</td>
<td>250</td>
<td>500</td>
</tr>
</tbody>
</table>

Net Cash Provided by Operating Activities

(7,804,435) $ 47,818,616

Cash Flows from Investing Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Received for Investment Income</td>
<td>371,458</td>
<td>29,750</td>
</tr>
<tr>
<td>Cash Received for Investment Maturity</td>
<td>14,399,924</td>
<td>-</td>
</tr>
<tr>
<td>Cash Payments for Purchases of Investments</td>
<td>(14,376,178)</td>
<td>-</td>
</tr>
</tbody>
</table>

Net Cash (Used) Provided by Investing Activities

395,204 $ 29,750

Net Chance in Cash and Cash Equivalents

(7,409,231) $ 47,848,366

Beginning Cash and Cash Equivalents

39,436,531 $ 91,445,563

Ending Cash and Cash Equivalents

$ 32,027,300 $ 139,293,929

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

Operating Income

$ (7,470,576) $ 36,294,117

Adjustment to net cash used by operating activities:

Decrease (Increase) in Accounts Receivable

244,650 $ 12,822,750

Increase in Contractor Prepayments

(323,120) (1,599,435)

(Decrease) Increase in Accounts Payable

(255,389) 301,184

Net Cash Provided By Operating Activities

(7,804,435) $ 47,818,616

Supplementary Information

Noncash Financing and Investing Activities

Increase in Fair Market Value of Investment

222,249 $ 9,809

Unaudited
CalMHSA Account Review
Wednesday, November 14, 2012

155 Cadillac Drive
Sacramento, CA 95825
tel: (916) 567-2030
fax: (916) 927-8500

John T. Liddle
<table>
<thead>
<tr>
<th>Table of Contents</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>CalMHSA Balance</td>
<td>3</td>
</tr>
<tr>
<td>CalMHSA Proj Monthly Income Summ</td>
<td>8</td>
</tr>
<tr>
<td>CalMHSA Bond Ratings</td>
<td>9</td>
</tr>
<tr>
<td>CalMHSA Maturity Summary</td>
<td>10</td>
</tr>
<tr>
<td>CalMHSA Asset Appraisal</td>
<td>12</td>
</tr>
<tr>
<td>Cal MHSA Orion 11-13-12 net</td>
<td>15</td>
</tr>
</tbody>
</table>
** Market Value % Of Assets**

<table>
<thead>
<tr>
<th>Acct. 178-116821-451</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepared by John T Liddle</td>
</tr>
<tr>
<td>Ph. +1 916 567-2030</td>
</tr>
<tr>
<td>CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY (PFM)</td>
</tr>
<tr>
<td>3043 GOLD CANAL DRIVE</td>
</tr>
<tr>
<td>SUITE 200</td>
</tr>
<tr>
<td>RNCHO CORDOVA CA 95670-6394</td>
</tr>
<tr>
<td>As of 11/13/2012</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Market Value</th>
<th>% Of Assets**</th>
</tr>
</thead>
<tbody>
<tr>
<td>MMF And Bank Deposits</td>
<td>$4,986,279.05</td>
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** Total Account Value **

| Total Account Value | $91,726,748.86 | 100.00% |

** % of Assets reflects account balances as a percentage of long position & cash rounded to the nearest hundredth. As a result the total may not equal 100%.

Third-party and Morgan Stanley Wealth Management research on certain companies is available to clients of the firm at no cost. Clients can access this research at www.morganstanleyclientserv.com or contact their Financial Advisor to request a copy of this research be sent to them.
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Citigroup Investment Research’s research ratings are displayed within the Research Rating column of the ‘Positions’ %.
### Holdings

**As of 11/13/2012**

**CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY (PFM)**

**3043 GOLD CANAL DRIVE**

**SUITE 200**

**RNCHO CORDOVA CA 95670-6394**

**Acct. 178-116821-451**

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**Accrued Interest**: 504,603.51

**Holdings**: 91,222,145.35

**Total Account Value**: 91,726,748.86
Long Positions and Cash
The above summary/prices/quotes/statistics/ have been obtained from sources believed reliable but are not necessarily complete and cannot be guaranteed. The information contained in client monthly account statements and confirmations reflects all transactions, and as such supersedes all other reports for financial and tax purposes. This report does not supersede or replace your monthly Client Statement. If we do not hold the securities in a Morgan Stanley Wealth Management account, the report reflects securities which we believe you own, based upon your communications with our Financial Advisor. Investments and services offered through Morgan Stanley Smith Barney LLC, and accounts carried by Citigroup Global Markets Inc., Members SIPC. © 2012 Morgan Stanley Smith Barney LLC
## Projected Monthly Income - Summary

**As of 11/13/2012**

Prepared by John T Liddle  
Ph. +1 916 567-2030

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<th>Current Month</th>
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<th>Jan</th>
<th>Feb</th>
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<th>Jul</th>
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<th>Sep</th>
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** Monthly projections are rounded to the nearest dollar and totaled, therefore, % yield calculations are approximate.

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*This report includes External Holdings

The above summary/prices/quotes/statistics/ have been obtained from sources believed reliable but are not necessarily complete and cannot be guaranteed. The information contained in client monthly account statements and confirmations reflects all transactions, and as such supersedes all other reports for financial and tax purposes. This report does not supersede or replace your monthly Client Statement. If we do not hold the securities in a Morgan Stanley Wealth Management account, the report reflects securities which we believe you own, based upon your communications with our Financial Advisor. Investments and services offered through Morgan Stanley Smith Barney LLC, and accounts carried by Citigroup Global Markets Inc., Members SIPC. © 2012 Morgan Stanley Smith Barney LLC
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<td>Total 90+ Days to 1 Year</td>
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Page 1 of 2
## Bond Maturity Schedule - Summary *

**As of 11/13/2012**

**PREPARED BY JOHN T LIDDLE**

**P H. +1 916 567-2030**

**CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY (PFM)**
3043 GOLD CANAL DRIVE
SUITE 200
RNCHO CORDOVA CA 95670-6394

**ACCOUNT 178-116821-451**

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</table>

*This report includes External Holdings.*

The above summary/prices/quotes/statistics/ have been obtained from sources believed reliable but are not necessarily complete and cannot be guaranteed. The information contained in client monthly account statements and confirmations reflects all transactions, and as such supersedes all other reports for financial and tax purposes. This report does not supersede or replace your monthly Client Statement. If we do not hold the securities in a Morgan Stanley Wealth Management account, the report reflects securities which we believe you own, based upon your communications with our Financial Advisor. Investments and services offered through Morgan Stanley Smith Barney LLC, and accounts carried by Citigroup Global Markets Inc., Members SIPC. © 2012 Morgan Stanley Smith Barney LLC.
<table>
<thead>
<tr>
<th>Security Description</th>
<th>Symbol/CUSIP</th>
<th>Quantity</th>
<th>Avg. Unit Cost</th>
<th>Total Cost</th>
<th>Market Price</th>
<th>Market Value</th>
<th>Unrealized Gain/Loss</th>
<th>% Gain/Loss</th>
<th>Estimated Annual Income</th>
<th>Estimated Annual Yield</th>
<th>% of Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BANK OF NEW YORK MELLON Coupon 4.30% Maturity 05/15/14</td>
<td>06406HBL2</td>
<td>2,760,000.000</td>
<td>$107.74</td>
<td>$2,899,471</td>
<td>$105.70</td>
<td>$2,917,348</td>
<td>$(56,276)</td>
<td>(1.9)%</td>
<td>$118,680</td>
<td>4.1%</td>
<td>3.2%</td>
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<tr>
<td>FED HOME LN BK Coupon 3.88% Maturity 06/14/13</td>
<td>31339X2M5</td>
<td>4,740,000.000</td>
<td>105.06</td>
<td>4,840,113</td>
<td>102.14</td>
<td>4,841,199</td>
<td>(138,583)</td>
<td>(2.8)</td>
<td>183,675</td>
<td>3.8</td>
<td>5.3</td>
</tr>
<tr>
<td>FED HOME LN BK Coupon 0.50% Maturity 08/28/13</td>
<td>313374Y61</td>
<td>4,970,000.000</td>
<td>100.33</td>
<td>4,977,958</td>
<td>100.23</td>
<td>4,981,381</td>
<td>(4,771)</td>
<td>(0.1)</td>
<td>24,850</td>
<td>0.5</td>
<td>5.5</td>
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<tr>
<td>FED HOME LN MTG CORP MED TERM NOTE Coupon 1.00% Maturity 07/30/14</td>
<td>3137EACU1</td>
<td>2,940,000.000</td>
<td>101.27</td>
<td>2,965,306</td>
<td>101.25</td>
<td>2,976,779</td>
<td>(470)</td>
<td>(0.0)</td>
<td>29,400</td>
<td>1.0</td>
<td>3.3</td>
</tr>
<tr>
<td>FED HOME LN MTG CORP Coupon 5.00% Maturity 07/15/14</td>
<td>3134A4UU6</td>
<td>2,695,000.000</td>
<td>111.10</td>
<td>2,896,526</td>
<td>107.85</td>
<td>2,906,558</td>
<td>(87,480)</td>
<td>(2.9)</td>
<td>134,750</td>
<td>4.6</td>
<td>3.2</td>
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<tr>
<td>FED HOME LN MTG CORP Coupon 4.50% Maturity 07/15/13</td>
<td>3134A4TZ7</td>
<td>4,700,000.000</td>
<td>106.27</td>
<td>4,832,999</td>
<td>102.88</td>
<td>4,835,454</td>
<td>(159,095)</td>
<td>(3.2)</td>
<td>211,500</td>
<td>4.4</td>
<td>5.3</td>
</tr>
<tr>
<td>FED HOME LN MTG CORP Coupon 0.38% Maturity 10/30/13</td>
<td>3137EACX5</td>
<td>4,990,000.000</td>
<td>100.04</td>
<td>4,991,191</td>
<td>100.13</td>
<td>4,996,487</td>
<td>4,291</td>
<td>0.1</td>
<td>18,713</td>
<td>0.4</td>
<td>5.5</td>
</tr>
<tr>
<td>FED NATL MTG ASSN Coupon 4.13% Maturity 04/15/14</td>
<td>31359MUT8</td>
<td>2,740,000.000</td>
<td>108.16</td>
<td>2,882,486</td>
<td>105.47</td>
<td>2,889,878</td>
<td>(73,816)</td>
<td>(2.5)</td>
<td>113,025</td>
<td>3.9</td>
<td>3.2</td>
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<tr>
<td>FED NATL MTG ASSN Coupon 3.00% Maturity 09/16/14</td>
<td>31398AYY2</td>
<td>2,785,000.000</td>
<td>106.47</td>
<td>2,910,138</td>
<td>105.07</td>
<td>2,926,088</td>
<td>(38,962)</td>
<td>(1.3)</td>
<td>83,550</td>
<td>2.9</td>
<td>3.2</td>
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<tr>
<td>FED NATL MTG ASSN Coupon 2.75% Maturity 02/05/14</td>
<td>31398AVD1</td>
<td>2,825,000.000</td>
<td>104.70</td>
<td>2,905,006</td>
<td>103.15</td>
<td>2,914,044</td>
<td>(43,844)</td>
<td>(1.5)</td>
<td>77,688</td>
<td>2.7</td>
<td>3.2</td>
</tr>
<tr>
<td>FED NATL MTG ASSN Coupon 0.50% Maturity 08/09/13</td>
<td>3135G0BR3</td>
<td>4,970,000.000</td>
<td>100.32</td>
<td>4,977,536</td>
<td>100.21</td>
<td>4,980,238</td>
<td>(5,616)</td>
<td>(0.1)</td>
<td>24,850</td>
<td>0.5</td>
<td>5.5</td>
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<tr>
<td>FED NATL MTG ASSN Coupon 0.75% Maturity 12/18/13</td>
<td>31398A5W8</td>
<td>5,610,000.000</td>
<td>100.73</td>
<td>5,634,064</td>
<td>100.60</td>
<td>5,643,716</td>
<td>(7,123)</td>
<td>(0.1)</td>
<td>42,075</td>
<td>0.7</td>
<td>6.2</td>
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<tr>
<td>GENERAL ELECTRIC CAP CORP Coupon 2.10% Maturity 01/07/14</td>
<td>36962G4X9</td>
<td>2,945,000.000</td>
<td>101.66</td>
<td>2,973,807</td>
<td>101.78</td>
<td>2,997,421</td>
<td>3,563</td>
<td>0.1</td>
<td>61,845</td>
<td>2.1</td>
<td>3.3</td>
</tr>
</tbody>
</table>

Third-party and Morgan Stanley Wealth Management research on certain companies is available to clients of the firm at no cost. Clients can access this research at www.morganstanleyclientserv.com or contact their Financial Advisor to request a copy of this research be sent to them.
Asset Appraisal Report
As of 11/13/2012

Prepared by John T Liddle
Ph. +1 916 567-2030

<table>
<thead>
<tr>
<th>Security Description</th>
<th>Symbol/</th>
<th>Quantity</th>
<th>Avg. Unit Cost</th>
<th>Total Cost</th>
<th>Market Price</th>
<th>Market Value</th>
<th>Unrealized Gain/Loss</th>
<th>% Gain/Loss</th>
<th>Estimated Annual Income</th>
<th>Estimated Annual Yield</th>
<th>% of Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>JOHN DEERE CAP CORP MTN</td>
<td>24422ERA9</td>
<td>2,275,000.000</td>
<td>$101.92</td>
<td>$2,302,065</td>
<td>$101.49</td>
<td>$2,308,966</td>
<td>$(9,760)</td>
<td>(0.4)%</td>
<td>$36,400</td>
<td>1.6%</td>
<td>2.5%</td>
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<tr>
<td>JP MORGAN CHASE &amp; CO</td>
<td>46625HNN3</td>
<td>2,795,000.000</td>
<td>106.56</td>
<td>2,916,325</td>
<td>105.83</td>
<td>2,958,032</td>
<td>(20,320)</td>
<td>(0.7)%</td>
<td>129,968</td>
<td>4.4%</td>
<td>3.2%</td>
</tr>
<tr>
<td>MIZUHO CORPORATE BK LTD NY CD</td>
<td>60687GP51</td>
<td>5,000,000.000</td>
<td>100.00</td>
<td>5,000,000</td>
<td>100.01</td>
<td>5,000,600</td>
<td>600</td>
<td>0.0%</td>
<td>19,500</td>
<td>0.4%</td>
<td>5.5%</td>
</tr>
<tr>
<td>PEPSICO INC</td>
<td>713448BG0</td>
<td>4,950,000.000</td>
<td>100.74</td>
<td>4,969,855</td>
<td>100.45</td>
<td>4,972,077</td>
<td>(14,652)</td>
<td>(0.3)%</td>
<td>43,313</td>
<td>0.9%</td>
<td>5.5%</td>
</tr>
<tr>
<td>STANDARD CHARTERED BK NEW YORK NY CD</td>
<td>85325BRY2</td>
<td>5,000,000.000</td>
<td>100.00</td>
<td>5,000,000</td>
<td>100.07</td>
<td>5,003,500</td>
<td>3,500</td>
<td>0.1%</td>
<td>23,500</td>
<td>0.5%</td>
<td>5.5%</td>
</tr>
<tr>
<td>TOYOTA MOTOR CREDIT C/P</td>
<td>89233GRF5</td>
<td>5,000,000.000</td>
<td>99.65</td>
<td>4,982,440</td>
<td>99.88</td>
<td>4,994,050</td>
<td>11,610</td>
<td>0.2%</td>
<td>-</td>
<td>-</td>
<td>5.5%</td>
</tr>
<tr>
<td>WACHOVIA CORP</td>
<td>92976WBA3</td>
<td>5,000,000.000</td>
<td>104.22</td>
<td>5,188,883</td>
<td>103.73</td>
<td>5,186,250</td>
<td>(24,750)</td>
<td>(0.5)%</td>
<td>285,000</td>
<td>5.5%</td>
<td>5.7%</td>
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<tr>
<td>WESTPAC BANKING CORP YCD</td>
<td>96121TLK2</td>
<td>5,000,000.000</td>
<td>100.00</td>
<td>5,000,000</td>
<td>100.12</td>
<td>5,005,800</td>
<td>5,800</td>
<td>0.1%</td>
<td>36,500</td>
<td>0.7%</td>
<td>5.5%</td>
</tr>
</tbody>
</table>

**Fixed Income Totals**
- 586,046,168
- 86,235,866
- $(656,153)
- (0.8)%
- $1,698,750
- 2.0%
- 94.5%

**Cash & Equivalents**
- MS ACTIVE ASSETS MONEY TRUST AAMT
  - -
  - -
  - -
  - 4,986,279
  - -
  - -
  - -
- 5.5%

**Cash & Equivalents Totals**
- -
- 4,986,279
- -
- -
- 5.5%

**Asset Total**
- 586,046,168
- 91,222,145
- 89,699
- 2.0%
- $1,698,750
- 1.9%
- 100.0%

Page 2 of 3
The above summary/prices/quotes/statistics/ have been obtained from sources believed reliable but are not necessarily complete and cannot be guaranteed. The information contained in client monthly account statements and confirmations reflects all transactions, and as such supersedes all other reports for financial and tax purposes. This report does not supersede or replace your monthly Client Statement. If we do not hold the securities in a Morgan Stanley Wealth Management account, the report reflects securities which we believe you own, based upon your communications with our Financial Advisor. Investments and services offered through Morgan Stanley Smith Barney LLC, and accounts carried by Citigroup Global Markets Inc., Members SIPC. © 2012 Morgan Stanley Smith Barney LLC
ACCOUNT - EXECUTIVE SUMMARY

CALIFORNIA MENTAL HEALTH #178-116821   PFM Asset Mgmt - Short Term 1-3 yr Fixed Inc AS OF 11/13/2012

Asset Allocation ($000)

<table>
<thead>
<tr>
<th>Govt</th>
<th>Corporate</th>
<th>Accruals</th>
<th>Cash</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>44,892</td>
<td>41,344</td>
<td>505</td>
<td>4,986</td>
<td>91,726</td>
</tr>
</tbody>
</table>

Portfolio Characteristics

Current Yield 1.86%           Avg. Maturity 0.83 yrs
Yield to Mat. 0.28%           Duration 0.86 yrs
Avg. Coupon 2.01%           Avg. Yrs. to Call 0.83 yrs
# of Bonds 21

Asset Growth ($000)

<table>
<thead>
<tr>
<th>Beginning Market Value</th>
<th>Fiscal Qtr 09/30/12</th>
<th>Fiscal YTD 06/30/12</th>
<th>Trailing 12 Months</th>
<th>Trailing 3 Years</th>
<th>Trailing 5 Years</th>
<th>Since 01/31/12</th>
<th>Inception 01/11/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>91,720</td>
<td>0.01</td>
<td>0.21</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>0.43</td>
<td>0.42</td>
</tr>
<tr>
<td>91,527</td>
<td>0.02</td>
<td>0.28</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>0.31</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Portfolio Performance (%)

INVESTMENT PRODUCTS: NOT FDIC INSURED · NO BANK GUARANTEE · MAY LOSE VALUE

Please refer to the attached Disclosures for important information.
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Accounts included in this Performance Report may have had different investment objectives, been subject to different rules and restrictions, and incurred different types of fees, mark-ups, commissions, and other charges. Accordingly, the performance results for this portfolio may blend the performance of assets and strategies that may not have been available in all of your accounts at all times during the reporting period. Please consult your Financial Advisor for more information about the fees and expenses applicable to the accounts included in this Performance Report.

Net Rates of Return
The investment returns in this report for your account as a whole are your net returns after deducting investment management fees and any Select Retirement fees. For more details on fees, please see your client contract, the applicable Morgan Stanley Smith Barney ADV brochure and any applicable Select Retirement prospectus. Returns in excess of one year are annualized. Select UMA accounts: If this report is for a Select UMA account, the investment returns shown for the individual investment managers are your gross returns for each manager before deducting investment management fees and any Select Retirement fees. The returns for each manager would be lower if these fees were deducted.

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Bond Average
Please note that all averages calculated are weighted averages meaning that the calculation takes into account the par value of each position. CMO's and Asset Backed securities are excluded from the calculation. Any bonds that are non-rated by both Moody's and S&P are excluded from the average rating calculation.
Fiscal Year
Acct# 178-116821’s fiscal year ends on 2013/06

International and Small Capitalization Securities
To the extent the investments depicted herein represent international securities, you should be aware that there may be additional risks associated with international investing involving foreign, economic, political, and/or legal factors. International investing may not be for everyone. In addition, small capitalization securities may be more volatile than those of larger companies, but these companies may present greater growth potential.

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Daily Performance
Beginning January 1, 2005 (former Smith Barney accounts) and July 1, 2011 (former Morgan Stanley accounts), portfolio performance is calculated using a daily valuation methodology, with contributions and withdrawals to the portfolio reflected as of days they were actually made. Portfolio performance for earlier periods reflects various methodologies. Different calculation methods may result in portfolio performance figures that vary from those shown above.

Account Primary Index

Alpha
Alpha is the value added by active management of the portfolio's assets, given the risk of that portfolio. In other words, alpha is equal to the incremental return earned by the manager when the market is flat or stationary. An alpha of zero indicates that the manager earned the exact return dictated by the level of market risk (i.e., beta) of the portfolio. A positive alpha indicates that the manager has earned, on average, more than the portfolio's level of market risk would have dictated. A negative alpha indicates that the manager has earned, on average, less than the portfolio's level of market risk would have dictated. Alpha is the Y-intercept of the least squares regression line.

Beta
Beta is the systematic risk of the portfolio. Measured by the slope of the least squares regression, beta is the measure of portfolio risk which cannot be removed through diversification. Beta is also known as market risk. Beta is a statistical estimate of the average change in the portfolio's performance with a corresponding 1.0 percent change in the risk index. A beta of 1.0 indicates that the portfolio moves, on average, lock step with the risk index. A beta in excess of 1.0 indicates that the portfolio is highly sensitive to movements in the risk index. A beta of 1.5, for example, indicates that the portfolio tends to move 1.5 percent with every 1.0 percent movement in the risk index. A beta of less than 1.0 indicates that the portfolio is not as sensitive to movements in the risk index. A beta of 0.5, for example, indicates that the portfolio moves only 0.5 percent for every 1.0 percent movement in the risk index.

R-Squared
R-squared, or the coefficient of determination, measures the strength of the least squares regression relationship between the portfolio (the dependent variable) and the risk index (the independent variable). The statistic reveals the extent to which the variability in the dependent variable is due to the variability in the independent variable. As such, R-squared measures how well the portfolio returns move in tandem with the returns of the risk benchmark. Though it is true that the higher the R-squared the better, an R-squared of less than 0.9 (i.e., 90 percent), indicates that the total fund does not track closely with the risk benchmark. The strength of the R-squared statistic will reflect on the strength of alpha and beta. A weak R-squared, for example, would indicate that alpha and beta cannot be strictly interpreted.
Brokerage Account

In a brokerage relationship, your Financial Advisor will work with you to facilitate the execution of securities transactions on your behalf. Your Financial Advisor also provides investor education and professional, personalized information about financial products and services in connection with these brokerage services. You can choose how you want to pay for these services and you will receive the same services regardless of which pricing option you choose. There are important differences in your relationship with your Financial Advisor and Morgan Stanley Smith Barney in brokerage accounts and in advisory accounts.
BACKGROUND AND STATUS

The California Mental Health Services Authority (CalMHSA) is an independent administrative and fiscal government agency focused on the efficient delivery of California mental health projects. California counties established CalMHSA as a Joint Powers Authority (JPA). Member counties worked together to develop, fund and implement mental health services, projects and educational programs at the state, regional and local levels. CalMHSA members developed an Implementation Work Plan in Fiscal Year 2010-11 that describes how $136 million of MHSA funds is being utilized to implement California’s Statewide Prevention and Early Intervention (PEI) Plan to prevent suicides, reduce stigma and discrimination, and improve student mental health.

The CalMHSA Implementation Work Plan was approved by the Mental Health Services Oversight and Accountability Commission (MHSOAC) in February 2011. Since the original work plan, new counties and cities joined CalMHSA, resulting in a work plan amendment to serve these communities. The First Work Plan Amendment was approved by the MHSOAC in March 2012.

An update to the CalMHSA Statewide PEI Implementation Work Plan is proposed in order to expeditiously shift available funding into program activities. Available funding includes the previously approved contingency/operating reserve ($9,662,072) and planning funds ($2,869,658), and funds resulting from changes in CalMHSA participation by counties and cities ($1,698,675). In total, the CalMHSA Plan Update seeks to increase program funding by $14,230,405. In addition, funds set aside from the First Work Plan Amendment for Stigma and Discrimination Reduction will be utilized as approved and consistent with new principles adopted with this Plan Update.
It is the intention of CalMHSA staff to strengthen existing statewide PEI programs. However, if any new programs are proposed to be funded, they must be posted for 30 days for public comment and be approved by the MHSOAC.

**Key Principles for Funding Allocations**

Key principles were adopted by CalMHSA and were utilized in determining funding priorities for the First Work Plan Amendment approved in March 2012.

1. Maintain overall consistency in the proportion of funds allocated to Suicide Prevention (25%); Stigma and Discrimination Reduction (37.5%); and Student Mental Health (37.5%).
2. Strengthen local and regional capacity by ensuring new CalMHSA participants are included in funded activities.
3. Strengthen racial, ethnic and cultural competency within existing projects.
4. Implement PEI projects in an expeditious manner.
5. Expand the scope of regional projects to include additional geographic areas and underserved populations.
6. Consider the unique characteristics of communities participating in CalMHSA, including local factors such as capacity, population, and setting (rural, suburban, urban).

This CalMHSA Plan Update continues to utilize the above principles and CalMHSA staff is recommending that two additional principles be adopted for determining the utilization of program funds. The recommended principles are:

7. Consider performance, sustainability and leveraging opportunities to maximize available funding.
8. Enhance capacity for data-driven decision making and contribute to the body of knowledge of emerging PEI best practices to improve student mental health, prevent suicide and reduce stigma and resulting discrimination.

Staff recommends the addition of these new principles in order to plan for sustainability and maximize the impact and legacy of CalMHSA projects, per the MHSOAC PEI Statewide Project Guidelines

**PROPOSED FUNDING ALLOCATIONS**

This CalMHSA Plan Update dedicates an additional $14,230,405 to program activities. Within each initiative, CalMHSA staff will apply the key principles to determine the utilization of program funds. Based on Key Principle #1, newly available program funds will be allocated to Suicide Prevention (25%); Stigma and Discrimination Reduction (37.5%); and Student Mental Health (37.5%) as follows:

**Suicide Prevention (SP):** Increase by approximately $3.6M (25% of $14.2M).
Student Mental Health Initiative (SMHI): Increase by approximately $5.3M (37.5% of $14.2M).

Stigma and Discrimination Reduction (SDR): Increase by approximately $5.3M (37.5% of $14.2M). In addition, increase by the approximately $2.9M that was set aside during the First Work Plan Amendment (approved by the MHSOAC on 3/23/12). Overall, increase SDR programs by approximately $8.2M.

The chart below includes approved funding allocations to date (the budget from the CalMHSA Implementation Work Plan and additional funding from the First Work Plan Amendment) and proposed changes (program funds made available as part of the CalMHSA Plan Update).

<table>
<thead>
<tr>
<th>Funding</th>
<th>5% Phase I Planning</th>
<th>71% Program/Direct</th>
<th>9% Contingency Reserve</th>
<th>7.5% Evaluation</th>
<th>7.5% Admin</th>
<th>100% Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work Plan Budget</td>
<td>$6,810,520</td>
<td>$97,322,330</td>
<td>$11,645,988</td>
<td>$10,215,780</td>
<td>$10,215,780</td>
<td>$136,210,398</td>
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<tr>
<td>First WP Amendment</td>
<td>$409,155</td>
<td>$5,810,001^3</td>
<td>$736,479^3</td>
<td>$613,733</td>
<td>$613,733</td>
<td>$8,183,100</td>
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<tr>
<td>Subtotal</td>
<td>$7,219,675</td>
<td>$103,132,331</td>
<td>$12,382,467</td>
<td>$10,829,513</td>
<td>$10,829,513</td>
<td>$144,393,498</td>
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<tr>
<td>Changes in CalMHSA membership</td>
<td>$119,625</td>
<td>$1,698,675^4,7</td>
<td>$215,325</td>
<td>$179,438</td>
<td>$179,438</td>
<td>$2,392,500</td>
</tr>
<tr>
<td>CalMHSA Plan Update</td>
<td>$2,869,658 moved to program/direct</td>
<td>$2,869,658^5 + $9,662,072^6 = $12,531,730^7</td>
<td>$9,662,072 moved to program/direct</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Revised Total</td>
<td>$4,469,642</td>
<td>$117,362,736</td>
<td>$2,935,720</td>
<td>$11,008,950</td>
<td>$11,008,950</td>
<td>$146,785,998</td>
</tr>
<tr>
<td>Revised Percentage</td>
<td>3.0%</td>
<td>80.0%</td>
<td>2.0%</td>
<td>7.5%</td>
<td>7.5%</td>
<td>100%</td>
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1. Originally, the Contingency Reserve was calculated as 9% of the Approved Plan. It is the intent of CalMHSA to maximize the delivery of services. In this Plan Update, $9,662,072 of this reserve will now be utilized for program activities.
2. The maximum allocation permitted by DMH for Indirect Administration services is 15%. Included in this 15% is the requirement to provide evaluation of programs.
3. These dollars differ slightly from those shared during the First Work Plan Amendment; this change is due to the program/direct percentage being calculated as 71%, based on the approved plan.
4. Changes in CalMHSA membership and the assignment of funds by counties and cities resulted in an additional $1,698,675 for program funds.
5. Based on the FY 12-13 CalMHSA Budget approved by the CalMHSA Board on June 14, 2012, planning dollars ($2,869,658) were moved to fund program/direct activities. The new overall percentage of funds dedicated to planning is 3.0%.

6. Contingency reserve dollars ($9,662,072) were moved to fund program/direct activities. The new overall percentage of funds dedicated to the contingency reserve is 2.0%.

7. The total increase in program funds is $14,230,405 (Shift planning and contingency reserve: $12,531,730, plus changes in CalMHSA membership: $1,698,675).

**CalMHSA Plan Update Timeline**

To expeditiously implement enhanced program activities, staff developed a tentative timeline for the CalMHSA Plan Update as follows:

- **July 5:** Public Posting of CalMHSA Plan Update to www.calmhsa.org
- **July 12:** Obtain feedback on CalMHSA Plan Update at CalMHSA Advisory Committee meeting. Utilize feedback to refine CalMHSA Plan Update
- **August 9:** CalMHSA Board Action on Proposed CalMHSA Plan Update
- **August/September:** Submission of CalMHSA Plan Update to MHSOAC and DHCS
- **September:** Implement CalMHSA Plan Update
EXHIBIT A
VERBATIM PUBLIC COMMENT

The Update to the CalMHSA Statewide Prevention and Early Intervention Implementation Work Plan was posted and distributed for public comment on July 5, 2012. Comments were submitted over a 30 day period, starting on July 5, 2012 and ending on August 4, 2012. The following are the comments received verbatim.

<table>
<thead>
<tr>
<th>#</th>
<th>Date</th>
<th>Submitted By</th>
<th>Comment</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>7/9/2012</td>
<td>Maxine Hayden</td>
<td>Please submit this NIMH funded study, information and the contact information included, for this study, for the present CalMHSA Public Comment period of July 5, 2012 through August 4, 2012. ***SEE: Link Below. Maxine Hayden <a href="http://scienceblog.com:80/38533/study-mental-illness-stigma-entrenched-in-american-culture-new-strategies-needed/">http://scienceblog.com:80/38533/study-mental-illness-stigma-entrenched-in-american-culture-new-strategies-needed/</a></td>
</tr>
<tr>
<td>2.</td>
<td>7/9/2012</td>
<td>Maxine Hayden</td>
<td>Please submit the following (4) Article(s) and Related Article(s) within these articles, for the CalMHSA Public Comment period, July 5, 2012 Through August 4, 2012, contained, in NaturalNews Insider Alert at Original Message to me, Dated: Sunday, July 08, 2012, 10:00 PM, at Link(s) Below. Maxine Hayden NaturalNews Insider Alert ( <a href="http://www.NaturalNews.com">www.NaturalNews.com</a> ) email newsletter The rampant criminality of Big Pharma has just graduated from the realm of &quot;conspiracy theory&quot; to &quot;judicial fact.&quot; GlaxoSmithKline just pleaded guilty to criminal fraud and is now paying a monster $3 billion fine for bribery, fraud, price fixing and more: <a href="http://www.naturalnews.com/036416_GlaxoSmithKline_fraud_criminal_charges.html">http://www.naturalnews.com/036416_GlaxoSmithKline_fraud_criminal_charges.html</a> But of course no one is being arrested in all this, so it's back to business as usual. Merck, meanwhile, faked its vaccine efficacy studies by spiking blood samples with animal antibodies, then threatening its own employee whistleblowers if they didn't stay silent, allege two former Merck virologists. Here's a compilation of the fraud, criminality and lawsuits now involving Merck, Glaxo and Pfizer: <a href="http://www.naturalnews.com/036417_Glaxo_Merck_fraud.html">http://www.naturalnews.com/036417_Glaxo_Merck_fraud.html</a> Big Pharma criminality no longer a conspiracy theory: Bribery, fraud, price fixing now a matter of public record (NaturalNews) Those of us who have long been describing the pharmaceutical industry as a &quot;criminal racket&quot; over the last few years have been wholly vindicated by recent news. Drug and vaccine manufacturer Merck was caught red-handed by two of its... GlaxoSmithKline pleads guilty to criminal fraud charges, pays massive $3 billion in fines (NaturalNews) U.K.-based pharmaceutical giant GlaxoSmithKline (GSK), a corporate &quot;person&quot; in the eyes of the federal government (<a href="http://blog.timesunion.com/occupyalbany/corporations">http://blog.timesunion.com/occupyalbany/corporations</a>...</td>
</tr>
<tr>
<td>3.</td>
<td>7/9/2012</td>
<td>Maxine Hayden</td>
<td>CORRECTION: Please correct the date of this Army Times article to May 03, 2012, for the CalMHSA Public Comment, July 5, 2012 through August 4, 2012, as below. Maxine Hayden cc: Laura Li</td>
</tr>
<tr>
<td>#</td>
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<td>Submitted By</td>
<td>Comment</td>
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</tbody>
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| 4. | 7/12/2012  | Karen Ventimiglia, MHSA Coordinator, County of San Diego                       | Hi Laura –  
San Diego County has reviewed the revised CalMHSA Draft Plan Update which includes a plan for utilizing additional funding for the three statewide projects: 1) Suicide Prevention; 2) Stigma Discrimination Reduction and; 3) Student Mental Health Initiative (SMHI). 
We are requesting that the following be considered:  
**That the majority of the additional funding for SMHI is dedicated to Community Colleges. Community Colleges have large numbers of students who have many behavioral health needs (vets, young adults (transition age youth), foster youth) and very little to resources to help them.**

Thank you.  
Karen Ventimiglia  
MHSA Coordinator  
County of San Diego |
| 5. | 7/23/2012  | Karena Weil (Kirkpatrick), Transition Program Manager/Counselor, Hearing and Speech Center of Northern California | Hello, I am writing in regards to the Revised Plan Update for the Statewide Prevention and Early Intervention Implementation Work Plan Update. This was emailed to me by a community partner. 
Our Center provides Counseling, Outreach and Psychosocial support to Deaf and Hard of Hearing youth, adults, seniors and their families. We are a small non profit and have strong ties in the community. As the manager of our youth program, I am concerned about the rise in serious mental health issues affecting Deaf and Hard of Hearing youth. We have seen a rise in suicidal ideation, self-harming behaviors, depression, and psychosis and something must be done. 
I am searching for funding to expand our program to have a focus on early intervention and prevention of mental health issues and wanted to inquire as to how we might apply for funding from CalMHSA? It is crucial that professionals, such as those in our department, who are trained and well aware of the specific issues affecting youth with hearing loss are able to provide direct service and psychoeducation to the Deaf and Hard of Hearing. 
Please let me know if this is possible and what specific steps need to be taken to do so. 
Thank you. We really appreciate your time,  
Karena  
Karena Weil (Kirkpatrick),  
MS, MFTi #68037  
Transition Program Manager/ Counselor  
Hearing and Speech Center of N. Cal.  
1234 Divisadero Street  
San Francisco, CA 94115  
V. 415.921.7658 xt. 47  
Fax. 415.921.2243 |
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<th>Comment</th>
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| 6.| 8/2/2012 | Veronica Scarpelli, Area Director, Greater Los Angeles Region, American Foundation For Suicide Prevention | Good afternoon Laura,  
Attached is the AFSP Greater Los Angeles Region Chapter’s public comment submission with regard to CalMHSA Statewide Prevention and Early Intervention Work Plan. If we can be of any other help, or if you have any questions, please feel free to contact us.  
Sincerely,  
Veronica Scarpelli  
Area Director, Greater Los Angeles Region  
American Foundation For Suicide Prevention  
PO Box 57437  
Sherman Oaks, Ca. 91413  
818 687-4055  
818 385-0903 fax  
vscarrelli@afsp.org  
www.afsp.org/losangeles |

The Los Angeles Chapter of the American Foundation for Suicide Prevention (AFSP) supports the principles behind the proposed funding allocations for the CalMHSA Statewide Prevention and Early Intervention Workplan. AFSP Los Angeles stands ready to join CalMHSA in implementing this important and lifesaving program.

We do have several comments regarding the utilization of program funds. First, we see a lack of suicide prevention education in our local high schools. We would ideally like to see a state mandate that requires suicide prevention education in schools for faculty, administration, and students. Currently, while this type of education and training may be provided for through the use of professional block grand funds (under §41533 of the California Education Code, or the Jason Flatt Act), appropriation of those funds has been lacking. The CalMHSA suicide prevention program funds may be able to fill this gap.

We also continue to face significant barriers to providing volunteer facilitated suicide prevention education to our local high schools. Other agencies within the state have expressed to us that they have come up against similar obstacles. We know that stigma and silence play a large role in this, and believe that increased funding for suicide prevention education can help reduce that stigma, ultimately opening doors and saving lives.

Through our work, we are also aware that there are many health and mental health professionals in our state with very little, inadequate, or outdated suicide prevention education and training. In reviewing the annual training provided in hospital settings, we believe that the current curricula (a general overview of suicide risk factors and or a handout that lists generic depressive signs) is not sufficient. When we have been asked to provide a more detailed, comprehensive educational program that includes practical guidance on how to help a patient at-
risk, the feedback from clinicians has been overwhelmingly positive. There continues to be myths and stigma that circulate even in a clinical setting, and this misinformation needs to be directly addressed through updated and easily accessible educational and training programs for professionals.

Lastly, we continue to request additional awareness activities that address the needs of the bereaved after a suicide occurs and resources for this at-risk population.

Thank you.

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| 7 | 8/2/2012| Jessica van der Stad, Area Director, American Foundation for Suicide Prevention (AFSP) | Hello -
Please see the attached document regarding public comments for the implementation of the CA MHSA Prevention & Early Intervention Plan.
If you have any questions, feel free to contact me.
Thank you,
Jessica
Jessica van der Stad
Area Director
American Foundation for Suicide Prevention (AFSP)
(760) 459-9959
Jvanderstad@afsp.org
www.afsp.org

The San Diego Chapter of the American Foundation for Suicide Prevention (AFSP) supports the principles behind the proposed funding allocations for the CalMHSA Statewide Prevention and Early Intervention Workplan.

AFSP is the leading national not-for-profit organization exclusively dedicated to understanding and preventing suicide through research, education and advocacy, and to reaching out to people with mental disorders and those impacted by suicide. In support of this mission, the AFSP San Diego Chapter:

- Supports scientific research
- Offers educational programs for high schools, colleges, and professionals
- Educates the public about mood disorders and suicide prevention
- Provides programs and resources for survivors of suicide loss and people at risk throughout San Diego County

AFSP San Diego stands ready to join CalMHSA in implementing this important and lifesaving program. Thank you.
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| 8 | 8/3/2012 | Sandra O. Poole, MPA, Assistant Director, Racial and Ethnic Mental Health Disparities Coalition (REMHDCO) | Good Afternoon Laura:  
Attached are REMHDCO’s public comment on the above referenced work plan. If you have any questions, please feel free to contact me at the number below.  

**Sandra O. Poole**  
Sandra O. Poole, MPA  
Assistant Director  
Racial and Ethnic Mental Health Disparities Coalition (REMHDCO)  
1127 11th Street, Suite 925  
Sacramento, CA  95814  
(916) 557-1167 ext. 116 |

CalMHSA  
Attention:  Laura Li  
George Hills Company  
3043 Gold Canal Drive, Suite 200  
Rancho Cordova, CA 95670-6394  
Re:  CalMHSA Statewide Prevention and Early Intervention Implementation Work Plan Update – Public Comment  
Thank you for the opportunity to offer public comment on the CalMHSA Statewide Prevention and Early Intervention Implementation Work Plan Update.  
The Racial and Ethnic Mental Health Disparities Coalition (REMHDCO) is appreciative of the funding allocation principle contained in the work plan that includes strengthened racial, ethnic and cultural competency within existing projects.  Because we represent many traditionally un-served and underserved racial, ethnic and cultural communities, it is crucial that priority be given to funding services to these communities,  
We are concerned however about the language in the recommendation to add a principle to “enhance capacity for data-driven decision making and contribute to the body of knowledge of emerging PEI best practices to improve student mental health, prevent suicide and reduce stigma and resulting discrimination” (emphasis added).  The terminology “data-driven” clearly needs to be, at a minimum, defined and expanded to include community defined practices.  Studies have suggested that despite countless efforts to improve data collection, state and county information systems often lack the resources and capacity to provide accurate, timely, and useful data for our communities.  For a number of reasons, our communities are often not reflected in the data currently collected.  Unless the definition of data-driven includes community define practices, our communities will continue to be underrepresented in decisions and policies to reduce stigma and discrimination in mental health services.  

**Sandra Poole**  
Sandra Poole, MPA  
Assistant Director  
Racial and Ethnic Mental Health Disparities Coalition |
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| 9 | 8/4/2012  | Taisha L. Caldwell, PhD, Community Mental Health Program Manager - CalMHSA SMHI Grant, University of California, Office of the President | Please see attached for input from the University of California, Office of the President. Dr. Taisha Caldwell  
Taisha L. Caldwell, PhD  
Community Mental Health Program Manager - CalMHSA SMHI Grant  
University of California, Office of the President  
Student Affairs  
1111 Franklin Street, 9th Floor  
Oakland, CA 94607  
Taisha.Caldwell@ucop.edu  
(510) 987-9353  
The University of California supports CalMHSA’s proposal to move a portion of the contingency reserve fund to support program activities. In line with the key principles for funding allocations, we are invested in our programming meeting the highest evidenced based performance standards and being sustainable past the end of our contract. Additionally, we are committed to contributing to the body of knowledge on prevention and early intervention strategies for college students. Current CalMHSA funding has ensured our ability to develop/enhance multiple resources including training protocols for students, faculty & staff, suicide prevention efforts, peer education, and social marketing across our UC campuses. An increase in our program activities budget would make the following initiatives possible:  
• Currently we are able to develop, print, and distribute training protocols for students, faculty and staff in responding to students in distress. We are able to compliment these materials with live trainings to enhance their use and reach. With added funding, we would be able to ensure opportunities to develop these materials into electronic, on-line, and smart-device accessible resources, thus making them more accessible to our campus population and more transferable to our state and community college partners as we look share these resources with them. Electronic resources also increase accessibility of our program activities to our students and the greater community located in more remote/rural areas where certain opportunities are not readily available. Furthermore, electronic, on-line, and smart-device accessibility will also ensure the sustainability of these projects for years to come.  
• With current funding, we are able to provide select training opportunities for our campus clinicians to ensure their competence and adherence to best practices in providing direct service to our increasing number of diverse students including student veterans, LGBTQ students, foster youth, immigrant and undocumented students, and other marginalized groups. Additionally, we are able to enhance our understanding of the
intersectionality of gender as it applies to these groups, learn advanced clinical techniques, and how to engage in ethical use of social media to reach these students. With additional support, we would be able to increase the number of trainings offered ensuring no need goes unmet, and we would be able to extend these trainings more readily to our CSU, CCC, and community partners. Additional funding would allow for the possibility of webcasting these trainings, further extending their reach beyond the end of our contract.

- Current funding has allowed the UC system to prepare a social marketing campaign to include PSA’s toward stigma reduction and discrimination. Increased funding would allow us to further enhance our stigma and discrimination reduction efforts with promotional products, incentives for student engagement, and increased outreach activities to address cultural differences in ways of connecting and healing. Furthermore, the UC system would be able to initiate cross-system efforts to change the public perception/culture on how mental health (particularly student mental health) is perceived and discussed in the media and by the general public. Increasing cross-system collaborations towards this end would help to promote non-judgmental and compassionate language for engaging in dialogue about mental health.

- Current funding provides provisions for research on new programs initiated from the current CalMHSA contract including research collaborations across the state of California, contributing to the literature on prevention and early intervention strategies with college students. Research efforts will address the link between PEI strategies and direct service provided to our students to enhance public confidence in our approach and reduce stigma around participation in prevention efforts. Additional support would allow us to provide a platform to showcase this research including conferences on best practices in student engagement, peer education, etc.

- Currently, all of our campuses provide free counseling, assessment, and referrals to students in need of mental health services. All of our prevention and early intervention strategies are aimed at ensuring students struggling with mental health issues receive services in a timely fashion. With success, this leads to an increase in demand on our direct clinical hours. Additional funding could provide for extended clinical hours, the offering of specialized counseling groups, the forging of new referral relationships, etc. to provide these direct services to our students.

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</table>
California Mental Health Services Authority

Indirect Cost Rate Policy

The California Mental Health Services Authority (CalMHSA) is an independent administrative and fiscal government agency focused on the efficient delivery of California Mental Health Projects. Member counties jointly develop, fund and implement mental health services, projects and educational programs at the state, regional, and local levels. CalMHSA is not a legislative agency, nor an approval or advocacy body. CalMHSA is a best practice inter-governmental structure with growing capacity and capability to promote systems and services arising from a shared member commitment to community mental health.

Designated as a Joint Powers of Authority (JPA), CalMHSA implements and administers programs on behalf of member counties. As such, indirect rates are applied to each project according to the guidelines established in this policy.

Cost Policy Statement

I. General Accounting Policies

A. Basis of Accounting

Basis of Accounting

Accrual Basis

B. Fiscal Period

Fiscal Period

July 1st through June 30th

C. Allocation Basis

Allocation Basis

Direct Allocation Basis – those that can be identified specifically with a particular final cost objective. Examples are:

- Salaries, benefits, and compensation of persons working on program
- Materials acquired or used for program
- Travel assistance with project
- Capital expenditure

D. Indirect Cost Rate Allocation Base

Indirect Cost Rate Allocation Base

Those incurred for common or joint purpose benefiting more than one cost objective program and not readily assignable to the cost objective specifically benefited.

E. CalMHSA maintains internal controls to insure that no cost is charged both directly and indirectly.

F. CalMHSA is managed by an administration firm who provides staff, office space, utilities and equipment. Because of this CalMHSA directly has no employees and does not rent, lease or own property or equipment.

II. Description of Cost Allocation Methodology
A. Salaries and Wages

1. **Direct Costs** – Administration firm staff costs are based on hourly rates and hours worked. Hourly rates are all inclusive and include salaries, benefits, contract services, direct costs (equipment, office lease, telephone, postage, photocopies, supplies and travel).
   
   a. Finance Director  
   b. Personnel Officer  
   c. Secretary to the Executive Director  

2. **Mixed Charges** – The following employees may charge their salary costs to both direct and indirect activities based on a time-study and timekeeping:

   a. Executive Director  
   b. Finance Director  
   c. Program Director  
   d. Senior Program Manager  
   e. Program Manager  
   f. Program Analyst  
   g. Executive Assistant  

The distinction between direct and indirect is based on task and project. For example, when the positions shown are performing functions that are necessary and beneficial to all programs they are indirect. When functions are specific to one more programs they are direct because they do not benefit all.

Auditable time records which reflect the actual activities of employees are maintained to support the mix of direct/indirect charges.

Release time costs (variation leave earned, sick leave used, and holiday pay) are considered part of salary costs. Consequently, separate claims for release time costs are not made. CALMHSA's accounting system records release time as a direct or indirect cost in the same manner that salary costs are recorded. Vacation leave earned but not used during each fiscal period is recorded as a cost in the period earned.

B. Travel

Travel costs are charged either as a direct charge or an indirect charge depending upon the predominant purpose of the trip. Costs incurred for travel are supported by auditable travel expense forms and receipts. Costs are limited to those allowable under the CalMHSA travel policies, unless expressly allowed by a contract or grant.
C. Board Expenses

Board expenses include room rental, AV equipment rental, teleconference services and refreshments. Other Board expenses (e.g., postage, agenda preparation and distribution, printing) are absorbed by CalMHSA’s administration firm and are not charged either directly or indirectly.

D. Supplies and Material

To the maximum extent possible, office supplies and materials are charged on a direct basis.

E. Communications

Long distance telephone calls, local telephone service costs, and postage are absorbed by CalMHSA’s administration firm and are not charged either directly or indirectly.

F. Outside Services

CALMHSA incurs outside service costs for its annual audit, legal fees and for staff development specialists.

The cost of the annual audit is charged indirectly.

In general, legal fees are charged directly to the benefiting program or activity.

Legal fees that are not identifiable to specific direct programs are charged indirectly.

G. Service to Members

The activities performed primarily as a service to member, clients, or the general public are provided by CalMHSA’s administration firm and are not charged directly or indirectly. These activities include: meeting planning; maintenance of membership rolls; maintenance of minutes, subscriptions, publications, and related functions; and providing services and information to members, legislative or administrative bodies, or the public.

H. Unallowable Costs

CALMHSA recognizes that the following costs are unallowable charges and has internal controls in place to insure that such costs are not included in indirect costs:

   a. Fund raising
   b. Alcoholic beverages
   c. Lobbying
   d. Bad debts
   e. Fines and penalties
   f. Contributions
   g. Loss of personal property
I. Historical Indirect Cost Summary

Staff has compiled a table of costs of the CalMHSA programs allocated into direct and indirect costs below.

<table>
<thead>
<tr>
<th>Expenses</th>
<th>TTACB¹</th>
<th>Contra Costa – WET²</th>
<th>PEI Statewide Projects³</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Historical</td>
<td>Percent</td>
<td>Historical</td>
</tr>
<tr>
<td>Planning Expenses</td>
<td>$462,926</td>
<td>85%</td>
<td>$135,000</td>
</tr>
<tr>
<td>Program Implementation, Management and Oversight</td>
<td>83,000</td>
<td>15%</td>
<td>13,450</td>
</tr>
<tr>
<td><strong>Total Direct Program Expenses</strong></td>
<td>$545,926</td>
<td>100%</td>
<td>$148,450</td>
</tr>
<tr>
<td>General &amp; Admin (Indirect Costs)</td>
<td>-</td>
<td>-</td>
<td>6,750</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$545,926</td>
<td>100%</td>
<td>$155,200</td>
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1. **TTACB Program**—in the development stages of contracting for the TTACB program 15% was maintained for staffing program for implementation, management and oversight. Direct Staffing actual is 15%. Staff did not include an indirect cost rate for this program in the budget. The authorized indirect cost rate will be utilized for budgets in future contracts.

2. **CCCWET Program**—CalMHSA has executed a contract to provide fiscal intermediary services only. The 9% of program management will be performed by Contra Costa County and CalMHSA has contracted for a 5% indirect cost rate for fiscal intermediary services based on the program contract amount of $135,000.

3. **PEI Program**—staff has utilized the cost and allocation principles as described in OMB A-87, Part 225 to record direct and indirect costs and the allocation of staff time is based on time report for the year ended June 30, 2012.

J. Indirect Cost Rate Range

Based on consideration of CalMHSA’s historical experience, CalMHSA shall utilize an indirect cost range of 4% to 8%, to be determined during contract development of new programs based on contract specifications.
Contractual History and Current Status
California Mental Health Services Authority (CalMHSA) – George Hills Company (GHC)

- GHC approached in 2008 to discuss the merits of a Joint Powers Authority
- GHC provided consulting services from March—June 2009 with Formation Committee to research, develop, and launch a JPA
- CalMHSA launched July 1, 2009

- July 1, 2009 original contract began (executed October 28, 2009)
  A. Scope – GHC to conduct day-to-day management, operations, general administration, and financial services for CalMHSA
  B. Responsibilities – general administration, management, secretarial, financial, support services
  C. Fees
     1. Formation fees - consultation prior to the official start (July 1, 2009) of CalMHSA—$10,000
     2. Initial service fees, beginning July 1, 2009—$5,000 (per month)
     3. Increase for first financial transaction - $7,500 (per month)—started December 2009

- April 15, 2010 amendment to original contract (officially executed April 23, 2010—with 10 members as of March 2010)
  A. Scope—GHC to conduct day-to-day management, operational, general and program administration, and financial affairs of CalMHSA
  B. Responsibilities—addition of mental health program services, general member marketing services, hiring of Program Director
  C. Fees
     i. Designed to anticipate growth of JPA and resulting needed services/fees
     ii. Annual and overall contract value capped at five percent (5%) of the annual program dollars assigned to CalMHSA (this is calculated based on, number of members in the JPA, and the assigned annual value of the three initiatives. The maximum would be $40M per year of revenue for this calculation)
     iii. Specific provisions of contract to attempt to match JPA growth with need:
         a) While CalMHSA’s annual assigned program dollars are less than $15,600,000, the fees shall be on the following:
            a. Execution of CalMHSA and DMH contract, fee will increase to $25,000 per month
            b. Hiring of Program Director and additional support person, fee will increase to $45,000 per month
            c. As program funds assigned grow, additional accounting support and a Program Analyst will be required (a benchmark of 20 members of CalMHSA—or members whose population aggregates to at least 25% of the population of the State of California—will be used for additional staffing needs). The fees, as a result, will increase to $65,000 per month
iv. When the above provisions have been triggered and are in place, the fees shall remain as such until annual assigned program dollars are $15,600,000 or greater. Once CalMHSA membership has grown sufficiently to reach annual assigned program dollars in excess of $15,600,000, the fees shall be calculated monthly as follows:
   a) 5%, from $15,600,000 to $30,000,000 (below $15,600,000 is $65,000 per month)
   b) 4.5%, for revenues greater than or equal to, $30,000,000
   c) 4%, for revenues greater than or equal to, $40,000,000
   d) Fees are capped on accrued revenue. Monthly contract fees will be equal to 3%, for revenues greater than or equal to $50,000,000, and beyond

<table>
<thead>
<tr>
<th>Fee %</th>
<th>Annual Program Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>5%</td>
<td>$15.6M - $30M</td>
</tr>
<tr>
<td>4.5%</td>
<td>$30M - $40M</td>
</tr>
<tr>
<td>4%</td>
<td>$40M - $50M</td>
</tr>
<tr>
<td>3%</td>
<td>&gt; $50M</td>
</tr>
</tbody>
</table>

**Monthly Calculation Samples**

**October 2012**

Annual Allocation Assignments* $38,406,800
Calculation:
\[
\begin{align*}
\text{Annual Allocation Assignments} & = 38,406,800 \\
30,000,000 \times 5\% & = 1,500,000 \\
8,406,800 \times 4\% & = 337,306 \\
\text{Total} & = 1,837,306 \\
\text{Monthly Billing} & = \frac{1,837,306}{12} \\
\end{align*}
\]

**November 2012 Monthly Billing** $156,525.50

**November 2011**

Annual Allocation Assignments* $36,639,400
Calculation:
\[
\begin{align*}
\text{Annual Allocation Assignments} & = 36,639,400 \\
30,000,000 \times 5\% & = 1,500,000 \\
6,639,400 \times 4\% & = 265,773 \\
\text{Total} & = 1,765,773 \\
\text{Monthly Billing} & = \frac{1,765,773}{12} \\
\end{align*}
\]

**November 2011 Monthly Billing** $149,897.75

*Annual Allocation Assignments for Suicide Prevention, Student Mental Health and Stigma and Discrimination Reduction based on county member participation (if all counties participated Annual Allocation Assignment would be $40 million).
## 2008 to September 30, 2012 - Calendar Year

### Historical Staffing & Contract

<table>
<thead>
<tr>
<th>Year</th>
<th>GHCA Staff Cost (1)</th>
<th>CalMHSN Payments to GHCA (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$3,440</td>
<td>-</td>
</tr>
<tr>
<td>2009</td>
<td>$9,632</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>172</td>
<td>5,000</td>
</tr>
<tr>
<td></td>
<td>218,870</td>
<td>25,000</td>
</tr>
<tr>
<td></td>
<td>90,644</td>
<td>15,000</td>
</tr>
<tr>
<td><strong>2009 Totals</strong></td>
<td>$319,318</td>
<td>$45,000</td>
</tr>
<tr>
<td>2010</td>
<td>$181,288</td>
<td>$30,000</td>
</tr>
<tr>
<td></td>
<td>228,416</td>
<td>135,000</td>
</tr>
<tr>
<td></td>
<td>300,226</td>
<td>260,000</td>
</tr>
<tr>
<td></td>
<td>86,258</td>
<td>112,465</td>
</tr>
<tr>
<td><strong>2010 Totals</strong></td>
<td>$796,188</td>
<td>$537,465</td>
</tr>
<tr>
<td>2011</td>
<td>$86,258</td>
<td>$112,465</td>
</tr>
<tr>
<td></td>
<td>481,858</td>
<td>573,424</td>
</tr>
<tr>
<td></td>
<td>595,550</td>
<td>739,010 (5) $145,068 for Prior Fiscal Year)</td>
</tr>
<tr>
<td></td>
<td>310,804</td>
<td>299,794 (5)</td>
</tr>
<tr>
<td><strong>2011 Totals</strong></td>
<td>$1,474,470</td>
<td>$1,724,693</td>
</tr>
<tr>
<td>2012</td>
<td>1,320,088</td>
<td>1,385,459 (5) $156,526 Jul, $156,526 Aug, $156,526 Sep are Next Fiscal year.</td>
</tr>
<tr>
<td></td>
<td>83,000</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>10,016</td>
<td></td>
</tr>
<tr>
<td><strong>2012 Totals</strong></td>
<td>1,403,088</td>
<td>1,395,475</td>
</tr>
<tr>
<td><strong>Total Administration Services (3) (4)</strong></td>
<td>$3,993,064</td>
<td>$3,702,633</td>
</tr>
</tbody>
</table>

### Total Hours

- **45,899**
- **45,899**

### Average Per Hour

- **$87.00**
- **$80.67**

Agrees to Total on Staffing Analysis Detail.
(1) GHC Staff Costs are based on ALL INCLUSIVE hourly rates. Hourly rates include all costs such as salaries, benefits, contract services, direct costs (equipment, office lease, telephone, postage, photocopies, supplies and travel) and indirect costs (HR, IT, general administration, depreciation, and a management fee). The All Inclusive Hourly Rate was $86 per hour through 2011. The All inclusive Hourly rate utilized in 2012 is $88 per hour.

(2) The amounts for this time period are projected to continue a similar pattern for the three Statewide Projects through the remainder of the contract period.

(3) These payments reflect the contract terms between GHC and CalMHSA. The original contract reflected a monthly flat fees of $5,000 to start with an increase to $7,500 once check writing started (approximately December 2009). This contract was amended in April of 2010 to reflect the signing of the contract between CADMH and CalMHSA as greater resources were required. The amendment attempted to anticipate all activities through June 30, 2014 (date contract with CADMH expires). In this regard the contract included flat fee increases for identifiable increases in services required (approximately December 2010). After which once CalMHSA reached projected revenues of $15.6 million through assigned dollars the contract converted to a percentage of the annual assigned dollars with an annual cap of 5% and decreasing based on membership growth.

(4) The contract payments are made in accordance with the terms and are to reflect all services included. The anticipation was that the contract terms were complete and therefore, without amendment for changes, the payments need not match level of effort. As such GHC anticipates no collection of any difference—currently the difference of $290,431 ($3,993,064 less the 3,702,633)—if one exists. If any unforeseen changes are required GHC shall approach CalMHSA for consideration of amendment.

(5) Fiscal Year (Jul 11 to Jun 12) Contract Payments are:

<table>
<thead>
<tr>
<th>Month</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul-11</td>
<td>148,280</td>
</tr>
<tr>
<td>Aug-11</td>
<td>148,554</td>
</tr>
<tr>
<td>Sep-11</td>
<td>148,554</td>
</tr>
<tr>
<td>Oct-11</td>
<td>148,554</td>
</tr>
<tr>
<td>Nov-11</td>
<td>149,897</td>
</tr>
<tr>
<td>Dec-11</td>
<td>149,897</td>
</tr>
<tr>
<td>Jan-12</td>
<td>149,993</td>
</tr>
<tr>
<td>Feb-12</td>
<td>149,898</td>
</tr>
<tr>
<td>Mar-12</td>
<td>152,461</td>
</tr>
<tr>
<td>Apr-12</td>
<td>152,461</td>
</tr>
<tr>
<td>May-12</td>
<td>155,534</td>
</tr>
<tr>
<td>Jun-12</td>
<td>155,904</td>
</tr>
</tbody>
</table>

**Amount on the Statement of Revenue, Expenses, and Changes in Net Assets as of June 30, 2012** $1,809,987
CALMHSA STAFFING TIMELINE

2008*
• John Chaquica, Executive Director

May 2009
• Kim Santin, Finance & Administrative Director

June 2009
• Meliah Bird, Executive Assistant

October 2009
• Mady Gorrell, Marketing Director

March 2010
• Margo Walls, Executive Assistant (replaces Meliah Bird)

May 2009
• Edward Walker, Program Director

June 2009
• Laura Li, Executive Assistant (replaces Margo Walls)

July 2009
• Maya Maas, Executive Assistant

December 2009
• Michelle Hanson, Accounting Support

• CiMH contract begins**

May 2010
• Larry Edgar, Accounting Support

June 2010
• Ann Collentine, Program Director (replaces Edward Walker, retired May 2011)

• Stephanie Welch, Program Manager

July 2010
• Amy Shearer, Executive Assistant (Research Assistant as of July 2012)

December 2010
• Sarah Brichler, Program Coordinator

May 2011
• Jenifer McDonald, Event Coordinator

June 2011
• Michelle Yang, Executive Assistant

August 2011
• Sarabeth Williams Flournoy

September 2011
• Landon Williams

December 2011
• Stephanie Oprendek

November 2011
• Autumn Valerio

October 2012
• Helen Lao

**CiMH Staff:
• Doretha Williams Flournoy
• Landon Williams
• Stephanie Oprendek
• Autumn Valerio
• Helen Lao

*Indirect Staff:
• Mike Kielty, GHC CEO
• Jan Ryan, GHC Corporate Administrator
• Tim Bates, GHC IT Manager
• CMIT, GHC IT Consulting Firm

CalMHSA 10-31-12
CalMHSA Board of Directors

Advisory Committee
12 members:
- 6 standing members of the Board of Directors (1 member of the Executive Committee and 5 representing CA regions), and
- 6 stakeholder members (Co-chair and 5 representing CA regions)

Executive Committee
14 members:
- The President, Vice President, Treasurer, Secretary; and
- 10 directors, 2 from each of the five regions utilized by CMHDA: Bay Area, Central, Los Angeles, Southern, and Superior, and
- The immediate past President, if available

Finance Committee
6 members:
- The Treasurer and one representative from each of the five (5) CMHDA regions*; and
- The President, if available (ex officio member)

*At least three (3) of the Committee members shall be CalMHSA Board Members, who shall be determined and appointed by the President and approved by the Board of Directors. Two (2) of the Committee members may be Chief Financial Officers of a County member of CalMHSA

George Hills Company, Inc.