



## OFFICE OF THE TREASURER-TAX COLLECTOR

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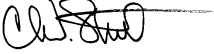
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ADMINISTRATION

September 15, 2009

TO: Board of Supervisors  
Thomas G. Mauk, County Executive Officer  
Treasury Oversight Committee  
Treasurer's Advisory Committee  
Participants

FROM: Chriss W. Street   
Treasurer-Tax Collector

SUBJECT: Treasurer's Management Report for August 31, 2009

Attached please find the Treasurer's Management Report for the County of Orange for the month ended August 31, 2009. The information provided herein, including all charts, tables, graphs and numerical representations, is provided to readers solely as a general overview of the economic and market conditions which the Treasurer utilizes in making investment decisions. In addition, a complete version of this report is also available for download at our website [www.ttc.ocgov.com](http://www.ttc.ocgov.com).

### TREASURER'S REPORT

In order to assist you in reading this report, please note that the current balances reflect the investments recorded in the portfolios for each particular fund for the period ending August 31st. Each money market fund has an average maturity of less than sixty days, with a net asset value (NAV) falling within the range of \$0.9950 and \$1.0050. The Extended Fund shall have a duration not to exceed a leading 1-3 Year index +25%. All investments are marked to the market at the end of the reporting period due to the narrow valuation range prescribed by the Pools' Investment Policy Statement.

The reports reflect the par value (face value), the cost and market value (the price of each security at the close of the market on the last trading day of the month). Market values are derived from the Bloomberg Professional Service, a premier provider of instant access to real-time and historical financial data. The difference between the market value and book value is the unrealized gain or (loss). The Detail Transaction Report Section is provided in compliance with California Government Code Section 53607, which requires that the Treasurer file such a report with the Board of Supervisors, from whom his investment authority has been delegated.

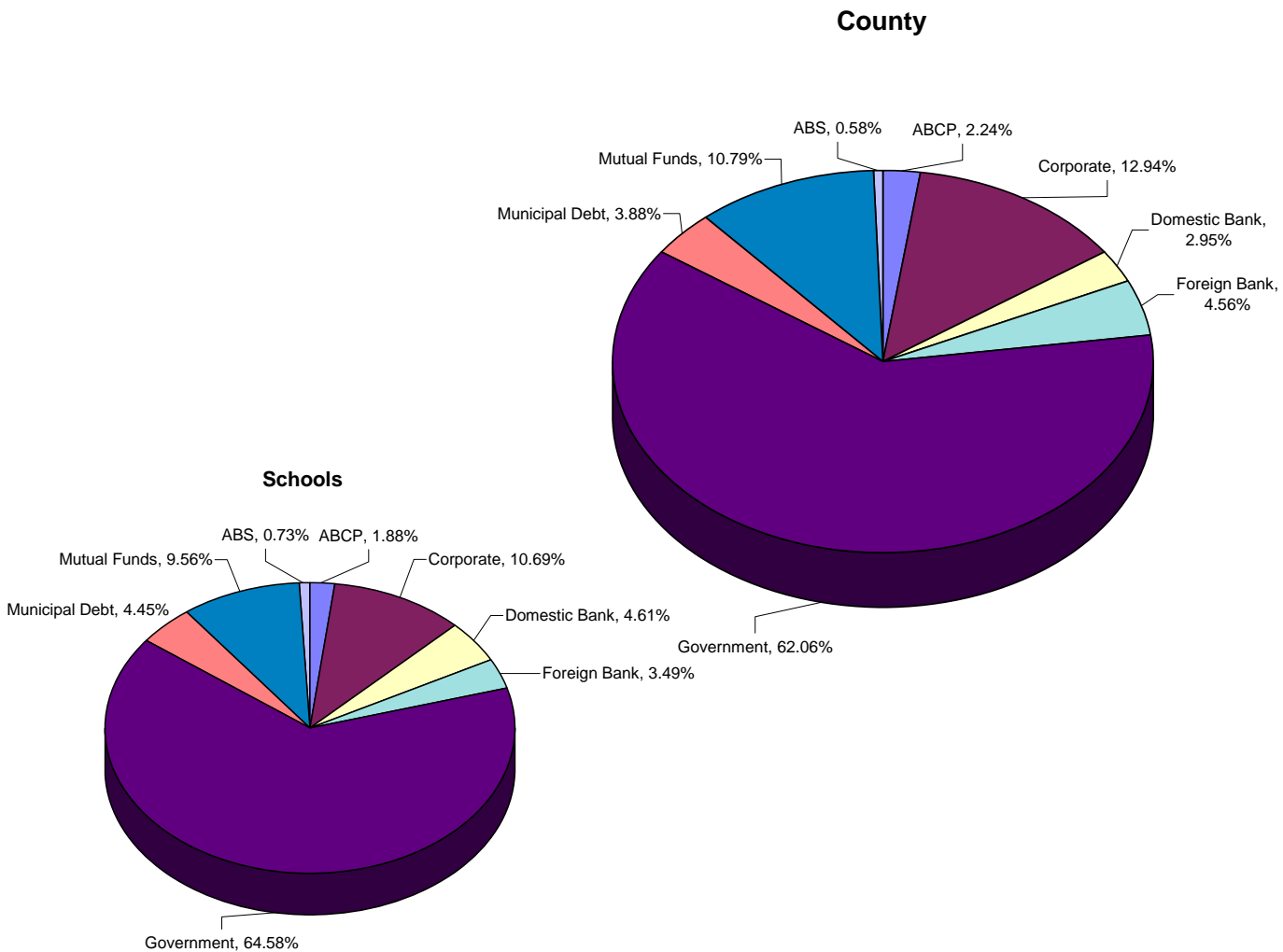
### APPORTIONMENT OF COMMINGLED POOL INTEREST EARNINGS

We have prepared a forecast for the timing of the County Investment Pool's June 2009, July 2009 and August 2009 interest apportionments. The June 2009 interest apportionment was posted to participants' cash accounts in the County general ledger on September 8 and September 11, 2009. We anticipate posting the July 2009 and August 2009 interest apportionments to participants' cash accounts in the County general ledger by approximately September 18 and October 26, 2009 respectively.

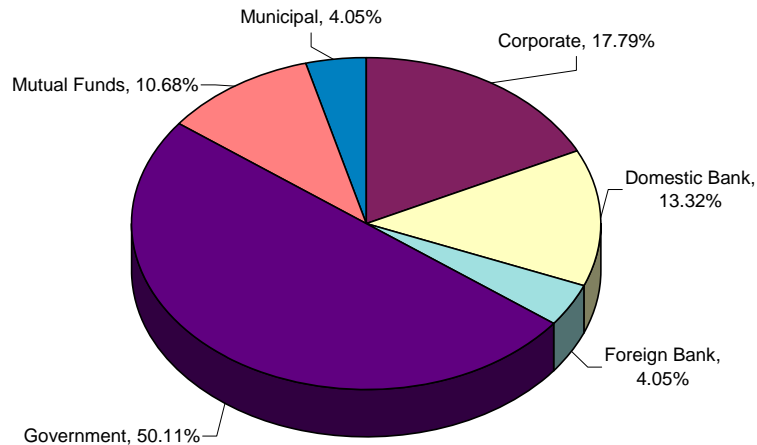
### PORTFOLIO COMPOSITION

The following graphs represent the County, School and John Wayne Airport investment pools' composition by issuer type. The County and School pools include their portion of the Extended Fund (Exhibit 1).

#### Exhibit 1:



### John Wayne Airport



### MARKET OBSERVATIONS

President Clinton's campaign manager, James Carville, once proclaimed that if he could be reincarnated he would want to come back as the bond market because "You can intimidate everyone." Mr. Carville was speaking from experience. Interest rates had risen on fears of heavy US borrowing during President Clinton's second year in office, and Clinton was forced to abandon or curtail most of his costly initiatives.

With just eight months under his belt, President Obama is facing similar pressure from the bond market. Heightened concern that additional borrowing by the US government will threaten the AAA status of US debt has forced the Obama administration to pause and regroup. Like his Democrat predecessor, the Obama Administration is learning that economics trumps everything.

Many financial experts, including Fed Chairman Ben Bernanke, believe the US economy has stopped contracting; very few experts are predicting a speedy recovery. With billions of cheap federal dollars still finding a way into the capital markets, inflation has become a real concern. If the current administration decides to vigorously pursue some of their more bold and expensive programs, inflation cannot be far around the corner. In spite of these mounting concerns, there has been no indication that the Fed will be raising interest rates in the near term. An inflationary environment may push yields higher, but it comes at a significant cost. Pool participants will see a higher return, but the goods our stakeholders purchase will also be more expensive.

Two months ago, the Orange County Treasurer's office announced that we had moved to a neutral stance on interest rates. We have continued this "wait and see" strategy throughout the last month. We are happy to report that thus far, there has been no surge in inflation. Our portfolio is still predominately invested in ultra safe and liquid US Treasuries and Government Agency securities. These securities have garnered an appropriate return while giving us the ability to quickly change course if there are changes in the bond market.

The Treasurer's Office appreciates your continued confidence as well as the opportunity to provide you exemplary portfolio and cash management services in the future. Please call Orange County Treasurer, Chriss W. Street, at 714-834-7625 with any questions.

**ORANGE COUNTY TREASURER-TAX COLLECTOR**

**EXECUTIVE SUMMARY**

**September 1, 2008 - August 31, 2009**

<b>PERIOD ENDING - MONTH / YEAR</b>	<b>MARKET VALUE</b>	<b>EARNINGS FOR MONTH</b>	<b>YIELD FOR MONTH</b>	<b>MONTH END WAM</b>
<i>Current Month - August 2009</i>				
County Pool - Money Market Fund	\$ 2,106,086,758	\$ 915,879	0.50%	57
Educational Pool - Money Market Fund	\$ 1,419,464,342	\$ 769,121	0.58%	60
Extended Fund	\$ 2,443,068,280	\$ 8,317,118	4.02%	476
OC Extended Fund B	\$ 38,891,543	\$ -	N/A	278
<i>July 2009</i>				
County Pool - Money Market Fund	\$ 2,426,411,208	\$ 951,216	0.51%	53
Educational Pool - Money Market Fund	\$ 1,664,060,971	\$ 763,406	0.62%	59
Extended Fund	\$ 2,202,254,242	\$ 8,680,964	3.98%	578
OC Extended Fund B	\$ 39,228,860	\$ -	N/A	309
<i>June 2009</i>				
County Pool - Money Market Fund	\$ 1,715,299,012	\$ 953,720	0.64%	48
Educational Pool - Money Market Fund	\$ 1,403,295,309	\$ 870,875	0.65%	52
Extended Fund	\$ 2,717,967,912	\$ 5,043,252	2.32%	491
OC Extended Fund B	\$ 39,948,442	\$ -	N/A	340
<i>May 2009</i>				
County Pool - Money Market Fund	\$ 1,930,854,836	\$ 1,331,283	0.84%	49
Educational Pool - Money Market Fund	\$ 1,557,527,352	\$ 969,271	0.68%	52
Extended Fund	\$ 2,570,383,695	\$ 5,244,514	2.27%	423
OC Extended Fund B	\$ 49,011,934	\$ -	N/A	369
<i>April 2009</i>				
County Pool - Money Market Fund	\$ 2,179,797,628	\$ 1,444,232	0.64%	51
Educational Pool - Money Market Fund	\$ 1,787,863,217	\$ 854,923	0.74%	50
Extended Fund	\$ 2,667,974,783	\$ 4,796,125	2.17%	417
OC Extended Fund B	\$ 52,200,929	\$ -	N/A	61
<i>March 2009</i>				
County Pool - Money Market Fund	\$ 2,029,134,964	\$ 1,400,404	0.81%	48
Educational Pool - Money Market Fund	\$ 1,338,411,552	\$ 1,109,701	0.88%	48
Extended Fund	\$ 2,645,713,854	\$ 5,538,166	2.57%	428
OC Extended Fund B	\$ 52,200,929	\$ -	N/A	91
<i>February 2009</i>				
County Pool - Money Market Fund	\$ 2,169,443,772	\$ 1,630,117	1.00%	53
Educational Pool - Money Market Fund	\$ 1,576,700,518	\$ 1,540,126	1.17%	59
Extended Fund	\$ 2,350,452,260	\$ 5,828,257	3.12%	387
OC Extended Fund B	\$ 52,200,929	\$ -	N/A	122
<i>January 2009</i>				
County Pool - Money Market Fund	\$ 2,014,879,118	\$ 1,827,150	0.99%	50
Educational Pool - Money Market Fund	\$ 1,856,648,856	\$ 1,820,578	1.13%	53
Extended Fund	\$ 2,533,665,548	\$ 7,079,923	3.32%	281
OC Extended Fund B	\$ 52,200,929	\$ -	N/A	150
<i>December 2008</i>				
County Pool - Money Market Fund	\$ 2,308,197,426	\$ 3,627,727	1.77%	58
Educational Pool - Money Market Fund	\$ 2,152,827,732	\$ 2,244,826	1.46%	55
Extended Fund	\$ 2,503,173,696	\$ 7,054,362	3.32%	325
OC Extended Fund B	\$ 52,200,929	\$ -	N/A	25
<i>November 2008</i>				
County Pool - Money Market Fund	\$ 1,923,820,987	\$ 3,212,472	2.18%	30
Educational Pool - Money Market Fund	\$ 1,591,357,027	\$ 2,695,568	2.01%	48
Extended Fund	\$ 2,337,562,301	\$ 6,880,107	3.45%	349
OC Extended Fund B	\$ 53,690,396	\$ -	N/A	56
<i>October 2008</i>				
County Pool - Money Market Fund	\$ 1,693,321,937	\$ 3,606,898	2.55%	36
Educational Pool - Money Market Fund	\$ 1,716,217,568	\$ 3,457,222	2.36%	43
Extended Fund	\$ 2,491,877,137	\$ 6,881,334	3.30%	345
OC Extended Fund B	\$ 53,690,395	\$ -	N/A	86
<i>September 2008</i>				
County Pool - Money Market Fund	\$ 1,633,383,931	\$ 3,733,815	2.64%	51
Educational Pool - Money Market Fund	\$ 1,707,114,565	\$ 3,660,952	2.52%	52
Extended Fund	\$ 2,333,839,343	\$ 3,483,307	1.84%	393
OC Extended Fund B	\$ 69,117,440	\$ -	N/A	117
<b>September 1, 2008 - August 31, 2009</b>	<b>Annual Average</b>	<b>Total for Year</b>	<b>Annual Average</b>	<b>Annual Average</b>
County Pool - Money Market Fund	\$ 2,010,885,965	\$ 24,634,913	1.26%	49
Educational Pool - Money Market Fund	\$ 1,647,624,084	\$ 20,756,569	1.23%	53
Extended Fund	\$ 2,533,543,059	\$ 74,827,428	2.97%	408