



OFFICE OF THE TREASURER-TAX COLLECTOR

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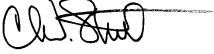
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ADMINISTRATION

December 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 Month ended November 30, 2009

Attached please find the Treasurer's Management Report for the County of Orange for the month ended November 30, 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.

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 November 30th. 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.

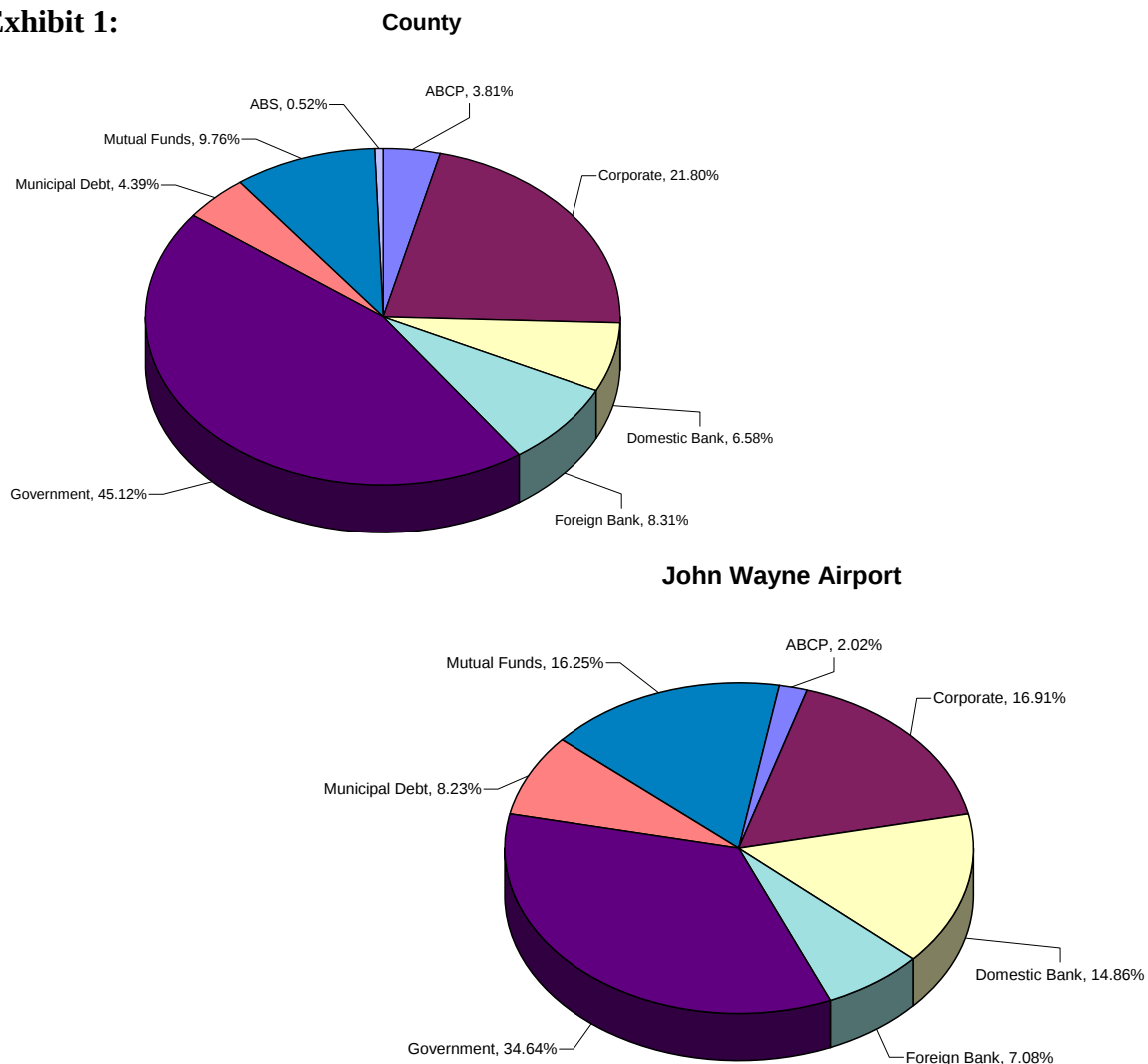
APPORTIONMENT OF COMMINGLED POOL INTEREST EARNINGS

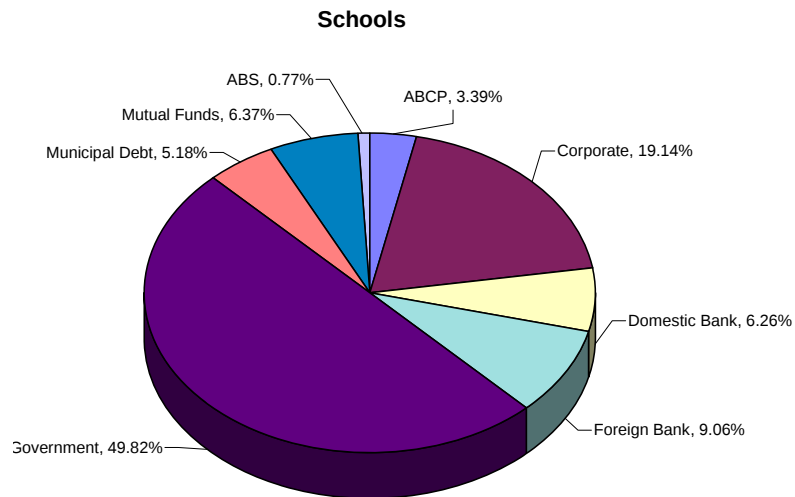
We have prepared a forecast for the timing of the County Investment Pool's October 2009 and November 2009 interest apportionments. The October 2009 interest apportionment was posted to participants' cash accounts in the County general ledger on December 9, 2009. We anticipate posting the November 2009 interest apportionment to participants' cash accounts in the County general ledger by approximately December 18, 2009.

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:





MARKET OBSERVATIONS

The Holidays are a time to celebrate the many blessings we have received, show concerns for those who are less fortunate and make resolutions to change for the better. As 2009 draws to a close, the County of Orange is AA rated, your investment funds are AAAM rated and we have \$7.4 billion in the bank. With the world's economy beginning to bottom and unemployment still on the rise, many people are still hurting. Everyone needs to make a resolution to live within their means, which means that the United States and California needs to cut deficit spending by 25%.

On Nov. 25, the sand palace of Dubai announced they would "delay," better known as default, on their \$4.1 billion bond payment this month. The Emirate and its state-controlled companies borrowed at least \$80 billion dollars to develop a wonderland of indoor snow skiing and financial speculation to diversify away from the oil they do not possess. The Thanksgiving Day announcement sparked renewed fears of sovereign risk and sent the PIGS (Portugal, Italy, Greece and Spain) reeling. Fortunately for Dubai, their nice neighbor recently announced that they will provide Dubai \$10 billion of alms to the poor to push the problem into next year.

The Obama Administration failed to hear the proverbial "turkey in the mineshaft." Washington continues to extol the virtue of 'spending our way out of this recession' and is now badgering banks to make new bad loans.

Moody's Investor Services responded by warning that there has been a "global economic recovery, but fiscal crisis remain." In their December report, the rating service noted that the US federal government debt jumped this year to 53.5% of Gross Domestic Product and will be at over 100% of GDP by 2013 if the spending spree continues. Moody's commented that the US still may have control of its economic destiny, but the Nation's "pubic finances are deteriorating considerably and may therefore test the Aaa boundaries." On the heels of this report Congressional Democrats began considering how to raise the Nation's debt limit by another \$2 trillion

California has joined the "PIGS" in their race to the bottom and has managed to join Argentina, Iceland, Venezuela, Russia and Dubai as the Top Ten Riskiest Sovereign Debt. California's fiscal

house is in such poor shape CMA, included the state in their analysis even though it's not a sovereign nation. Facing an \$11 billion cash shortfall this February that will grow to \$23 billion shortfall by August, all options are on the table. It has been reported that the Governor has asked the Attorney General's office to research if the State can revert to a Territory and then file bankruptcy. In troubled times, it is nice to see our leaders think outside their cardboard box.

Today, December 15th, the Orange County Board of Supervisors unanimously approved the 2010 Treasurer's Investment Policy Statement (IPS). Our IPS is posted on our website, and I encourage you to review our conservative approach for the coming year. Our team is always available and open for questions, comments and or complaints. We encourage the public to come in to our office and watch how your money is managed between 5:30 AM and 2 PM every weekday. I am also available to make public presentations on our investment process and our track record of being one of the top ten performing government funds nationwide three years running.

Orange County understands the wisdom of fiscal discipline. Over the last year, your Board of Supervisors, under the admirable leadership of Supervisor Patricia Bates made the tough decisions necessary to slow the growth of County spending and stabilize our cash reserves. Looking to the coming year, we expect new Chairman Janet Nguyen to continue her drive to minimize taxes and fees, while growing the pro-business policies that have kept unemployment far below the State average.

A Year End Thank You

As 2009 comes to a happy close, I want to thank my investment team for their outstanding performance record this year. The markets have been very challenging, and their diligence has paid dividends for our investors and County's taxpayers.

A weak economy may be further crippled if Federal taxes are increased to pay for the Nation's exploding deficits. In this increasingly likely scenario, unemployment will remain high next year. We also expect that Wall Street analysts predicting high inflation will be walloped by deflation caused by falling prices and wages. Consequently, we are anticipating a miserly 1.35% return for the coming year. This low forecast reflects our conservative investment philosophy and our unwillingness to risk any principal on more aggressive investing.

I would also like to express my gratitude to members of the Treasury Oversight Committee and the Treasury Advisory Committee for the insights they have provided and the often-thankless service they perform for their community. Finally, I would like to thank you, our investors, for your support and kind words of encouragement over the last year. It is an honor to serve you and the County's taxpayers in this role.

Wishing you and your family a Blessed season.

ORANGE COUNTY TREASURER-TAX COLLECTOR

EXECUTIVE SUMMARY

December 1, 2008 - November 30, 2009

PERIOD ENDING - MONTH / YEAR	MARKET VALUE	EARNINGS FOR MONTH	YIELD FOR MONTH	MONTH END WAM
<i>Current Month - November 2009</i>				
County Pool - Money Market Fund	\$ 2,213,498,431	\$ 507,764	0.29%	52
Educational Pool - Money Market Fund	\$ 1,157,124,969	\$ 375,995	0.41%	60
Extended Fund	\$ 2,595,489,296	\$ 6,021,428	2.78%	340
OC Extended Fund B	\$ 37,545,360	\$ -	N/A	187
<i>September 2009</i>				
County Pool - Money Market Fund	\$ 2,129,243,138	\$ 560,511	0.33%	53
Educational Pool - Money Market Fund	\$ 1,322,589,455	\$ 407,887	0.44%	59
Extended Fund	\$ 2,566,724,258	\$ 3,600,287	1.62%	498
OC Extended Fund B	\$ 38,277,435	\$ -	N/A	217
<i>September 2009</i>				
County Pool - Money Market Fund	\$ 1,970,027,204	\$ 583,000	0.35%	54
Educational Pool - Money Market Fund	\$ 1,368,057,984	\$ 517,448	0.56%	57
Extended Fund	\$ 2,531,354,790	\$ 3,569,904	1.71%	486
OC Extended Fund B	\$ 38,725,414	\$ -	N/A	248
<i>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
December 1, 2008 - November 30, 2009	Annual Average	Total for Year	Annual Average	Annual Average
County Pool - Money Market Fund	\$ 2,099,406,125	\$ 15,733,002	0.72%	52
Educational Pool - Money Market Fund	\$ 1,550,381,021	\$ 12,244,156	0.78%	55
Extended Fund	\$ 2,572,571,354	\$ 70,774,300	2.77%	428