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ADMINISTRATION

May 15, 2008

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 April 30, 2008

Attached please find the Treasurer's Management Report for the County of Orange for the month ended April 30, 2008. 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 April 30th. Each money market fund has an average maturity of less than ninety days, with a net asset value (NAV) falling within the range of $0.9950 and $1.0050. The extended fund will have an average maturity of up to 549 days and a fluctuating NAV. 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 book value (cost to the County of the investment) 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 March 2008 and April 2008 interest apportionments. We anticipate posting the March 2008 and April 2008 interest apportionments to participants' cash accounts in the County general ledger by approximately May 27 and June 12, 2008 respectively.

CREDIT OBSERVATIONS

SIV UPDATE:

The threat from market volatility on our structured investment vehicle holdings seems to be receding or approaching resolution. Our current remaining exposure as of May 15, 2008 in the Extended Fund is $635 million. We received $1.15 million in interest payments in April as well as a final principal payment.

Sigma Finance Corporation:
Sigma continues to make payments and remain robust. The Extended Fund's $50 million holding in Sigma Finance matured on May 14, 2008. There has been a lot of attention on SIV investments with recent questions coming on the Sigma structure. We have continued to see the winding down of this position as the notes mature.

The County continues to hold $75 million in the Extended Fund that is due to mature on October 30, 2008.

Whistlejacket Capital LLC:
News surrounding Whistlejacket has been fairly quiet. As mentioned in last month's report, the Treasurer participated in several senior investor calls with the receiver, Deloitte & Touche (D&T), in April and early May. D&T discussed three refinancing proposals being pursued. They expressed their expectation that some important legal decisions would be rendered within the next 30 days, and that a restructuring would be completed soon afterwards.

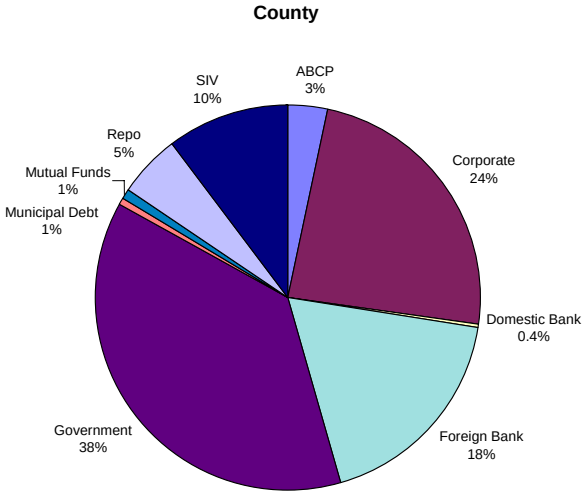
On May 7th, the Treasurer participated in a call with D&T where they confirmed that court proceedings are moving forward quickly, and anticipate having more information by the middle of next month. D&T also indicated that they have already selected an investment banker to assist them in completing the restructuring.

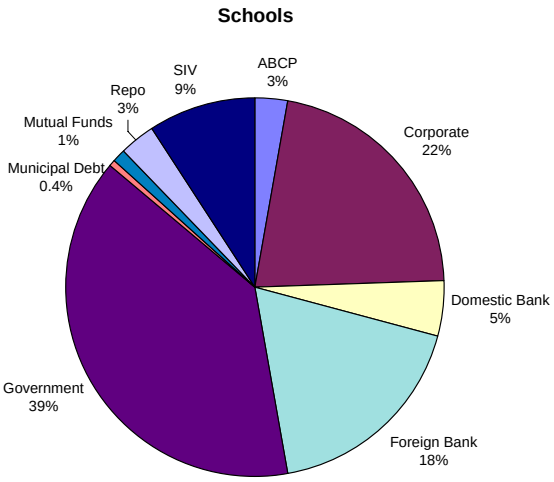
The Extended fund currently has $50 million scheduled to mature on January 25, 2009 and $30 million on January 26, 2009.

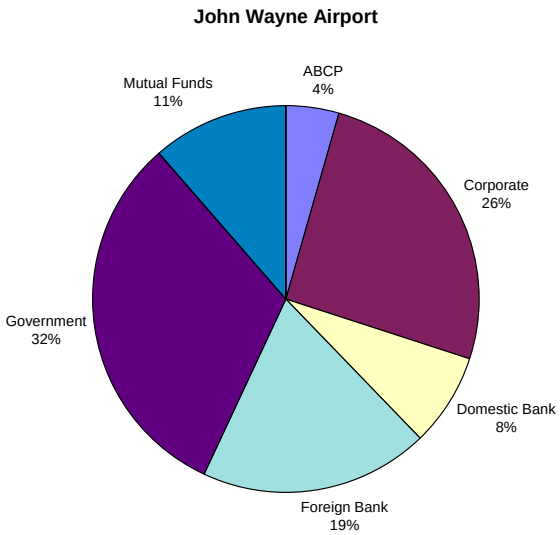
PORTFOLIO COMPOSITION:

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: Investment Pool Composition







MARKET OBSERVATIONS

Market participants continue to espouse the idea of an imminent turn around in the US economy lead by resurgence in the financial sector as banks move from writing off assets to once again raising capital. They are, however, still being rather conservative in making new loans, which has far-reaching implications on the greater economy.

While the financial markets are showing signs of recovery, the question remains whether the credit crisis is actually over. Our office is not convinced. It would appear that some optimists may have moved out of Treasuries and into riskier assets, thus causing a rise in interest rates. But it is our belief that the over optimism of last summer is re-emerging as money is moving out of the safety of the Treasury market and into more aggressive equity investments.

It's not clear whether the upswing is permanent. The recent activity shows a significant shift in holdings moving out of short term obligations after rates plunged. Our office expects to once again lengthen maturities over the next few months as the economy moves into a recessionary mode. It is our strategy to perform incrementally better than the market while dampening the risks represented by the market.

Over the past several months the slump in manufacturing has deepened to nearly all time lows. Although several indices have recently shown improvement, reports are anticipating continued stagnant conditions in the factory sector. Capacity utilization is falling and new orders are dwindling. Meanwhile, pricing inputs are rising and unemployment levels have steadied, indicating that the labor market might be starting to feel the effects of a slowing economy.

We have been anticipating this environment and will continue to reduce our risk profile as we position the portfolios to take advantage of market events as they become clear in the months ahead. We expect to continue our strategy of selectively extending the duration of individual investments as opportunities present themselves.

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.

Interest Rate Forecast

The Treasurer's Investment Committee is currently estimating an average interest yield of 3.85% for the portfolio during fiscal year 2007-2008 and 3.5% for 2008-2009.

Please call Orange County Treasurer, Chriss W. Street, at 714-834-7625 with any questions.

ORANGE COUNTY TREASURER-TAX COLLECTOR
EXECUTIVE SUMMARY
May 1, 2007 - April 30, 2008

PERIOD ENDING - MONTH / YEAR	MONTH END MARKET VALUE	EARNINGS FOR MONTH	AVERAGE YIELD FOR MONTH	MONTH END WAM
Current Month - April 2008				
County Pool - Money Market Fund	$ 2,313,762,854	$ 5,648,143	2.66%	33
Educational Pool - Money Market Fund	$ 2,328,134,710	$ 4,593,731	2.62%	42
Extended Fund	$ 2,281,021,020	$ 7,592,402	4.15%	466
March 2008				
County Pool - Money Market Fund	$ 2,015,431,220	$ 3,791,696	2.34%	23
Educational Pool - Money Market Fund	$ 1,952,925,095	$ 5,148,299	3.03%	42
Extended Fund	$ 2,298,149,876	$ 11,180,561	5.77%	465
February 2008				
County Pool - Money Market Fund	$ 2,058,205,103	$ 5,924,621	3.66%	34
Educational Pool - Money Market Fund	$ 2,012,588,527	$ 5,953,697	3.74%	34
Extended Fund	$ 2,118,888,102	$ 8,620,437	5.17%	443
January 2008				
County Pool - Money Market Fund	$ 1,977,674,788	$ 8,208,591	4.56%	29
Educational Pool - Money Market Fund	$ 2,132,664,074	$ 8,270,478	4.53%	33
Extended Fund	$ 2,176,737,787	$ 9,396,820	5.13%	466
December 2007				
County Pool - Money Market Fund	$ 2,241,143,754	$ 10,399,742	4.91%	21
Educational Pool - Money Market Fund	$ 2,347,118,458	$ 7,819,755	4.83%	27
Extended Fund	$ 2,205,742,474	$ 10,088,589	5.21%	457
November 2007				
County Pool - Money Market Fund	$ 1,982,354,313	$ 7,788,881	5.05%	33
Educational Pool - Money Market Fund	$ 1,609,274,201	$ 6,711,960	5.00%	37
Extended Fund	$ 2,331,861,281	$ 10,381,129	5.35%	477
October 2007				
County Pool - Money Market Fund	$ 1,782,577,124	$ 6,883,821	5.35%	38
Educational Pool - Money Market Fund	$ 1,694,769,373	$ 7,831,908	5.22%	43
Extended Fund	$ 2,402,836,096	$ 11,058,084	5.28%	484
September 2007				
County Pool - Money Market Fund	$ 1,432,086,153	$ 6,660,098	5.41%	45
Educational Pool - Money Market Fund	$ 1,819,448,968	$ 7,855,956	5.37%	48
Extended Fund	$ 2,540,343,321	$ 10,875,629	5.24%	468
August 2007				
County Pool - Money Market Fund	$ 1,504,259,141	$ 7,099,764	5.43%	52
Educational Pool - Money Market Fund	$ 1,838,089,922	$ 8,360,457	5.40%	54
Extended Fund	$ 2,562,116,542	$ 10,926,380	5.16%	462
July 2007				
County Pool - Money Market Fund	$ 1,591,863,228	$ 8,124,200	5.40%	51
Educational Pool - Money Market Fund	$ 1,955,074,669	$ 8,736,819	5.38%	58
Extended Fund	$ 2,498,650,022	$ 10,525,066	5.16%	479
June 2007				
County Pool - Money Market Fund	$ 1,877,130,515	$ 8,120,941	5.40%	54
Educational Pool - Money Market Fund	$ 1,796,807,395	$ 9,202,118	5.37%	58
Extended Fund	$ 2,360,816,509	$ 10,541,871	5.29%	496
May 2007				
County Pool - Money Market Fund	$ 2,038,485,187	$ 9,453,530	5.38%	56
Educational Pool - Money Market Fund	$ 2,253,481,882	$ 11,347,317	5.35%	55
Extended Fund	$ 2,269,898,637	$ 9,010,127	5.11%	422
CUMULATIVE BALANCES - 12 MONTHS	AVERAGE BALANCES	TOTAL EARNINGS	AVERAGE YIELD	AVERAGE WAM
May 1, 2007 - April 30, 2008				
County Pool - Money Market Fund	$ 1,901,247,782	$ 88,104,027	4.64%	39
Educational Pool - Money Market Fund	$ 1,978,364,773	$ 91,832,497	4.66%	44
Extended Fund	$ 2,337,255,139	$ 120,197,095	5.17%	465