# ORANGE COUNTY TREASURER-TAX COLLECTOR INVESTMENT POLICY COMPLIANCE March 31, 2005

Investment Policy Guidelines		Orange County Investment Pool		Orange County Educational Investment Pool		John Wayne Airport Investment Pool	
Percent of		Market Value of	Percent of	Market Value of	Percent of	Market Value of	Percent of
Portfolio	Investment Type	Investments	Portfolio	Investments	Portfolio	Investments	Portfolio
100%	U.S. Treasuries	-	-	-	-	-	-
100%	U.S. Government Agencies	\$1,348,505,015	37.05%	\$324,261,456	16.83%	\$15,671,486	32.15%
45%	Commercial Paper	904,771,066	24.86%	853,124,433	44.26%	20,954,741	42.99%
50%	Repurchase Agreements	175,000,000	4.81%	90,000,000	4.67%	-	-
30%	Negotiable Certificates of Deposit	606,784,467	16.67%	304,968,875	15.83%	7,897,820	16.20%
20%	Money Market Funds	22,935,710	0.63%	36,329,798	1.89%	4,223,463	8.66%
40%	Bankers' Acceptances	53,755,047	1.48%	56,080,365	2.91%	-	-
10%	State & Local Agency Obligations	-	-	-	-	-	-
10%	Receivable-Backed Securities	-	-	-	-	-	-
30%	Medium-Term Notes	527,527,043	14.50%	262,221,471	13.61%	-	-
		\$3,639,278,348	100.00%	\$1,926,986,398	100.00%	\$48,747,510	100.00%

Compliance Category (Yes/No)	Money Market Fund	Extended Fund	Orange County E	John Wayne Investment	•
Percentage Limits	Yes		No	Yes	
Maturity Limits	Yes	Yes	Yes	Yes	
Quality Limits	Yes		Yes	Yes	
Net Asset Value Limits	Yes		Yes	Yes	

## Orange County Treasurer-Tax Collector Noncompliance Report Summary For the Month Ended March 31, 2005

During March the County and John Wayne Airport Investment pools were free of noncompliance incidents, while the Educational Investment pool had one incident. Although certain Investment Policy Statement (IPS) guidelines were temporarily exceeded during the month in the County and Educational Pools, the Treasurer believes they did not cause any material impact of a negative nature.

#### **Educational Investment Pool**

The percentage of overall portfolio holdings for a single issuer exceeded 5 percent of the market value of the portfolio:

03-17 A purchase of \$25.056 million in Beethoven Funding Corp. commercial paper increased holdings of Beethoven Funding Corp. to 5.947% of the market value of the portfolio. On March 22, 2005, the third following business day, a sale of \$20 million of Beethoven Funding Corp. commercial paper brought the percentage of overall portfolio holdings for a single issuer back within IPS limits. An enhancement to our Bloomberg pre-trade compliance module will prevent this type of incident in the future.

### **Technical Incidents**

Issues regarding technical incidents are reported as follows:

#### **Educational Investment Pool**

The percentage of overall portfolio holdings for a single issuer exceeded 5 percent of the market value of the portfolio:

3-31 A reduction in the Pool's total assets on March 31, 2005 increased holdings of First Tennessee Bank to 5.19% of the market value of the portfolio. The Treasurer has decided to hold this security until maturity, April 29, 2005. This will bring the percentage of overall holdings for a single issuer back within IPS limits.

#### **Credit Watch-Negative**

On March 15, 2005, Standard and Poor's placed the respective long-term and short-term debt ratings for International Lease Finance Corporation (ILFC) on credit watch negative. On March 30, Fitch placed their long and short-term ratings on credit watch negative. The ILFC securities were purchased before the rating actions and are considered technical incidents.

# Orange County Treasurer-Tax Collector Noncompliance Report Summary For the Month Ended March 31, 2005

Investment Pool	Instrument Type	Maturity Date	Face Amount	% of Portfolio	Credit Watch Negative	ST/LT Ratings
County	СР	4/14/2005	\$50,000,000	1.61%	S&P	A-1+ *- /AA- *-
					Fitch	F1+ *- /AA- *-
County	СР	7/8/2005	24,000,000	0.77%	S&P	A-1+ *- /AA- *-
					Fitch	F1+ *- /AA- *-
Educational	СР	7/8/2005	24,000,000	0.96%	S&P	A-1+ *- /AA- *-
		_			Fitch	F1+ *- /AA- *-
		=	\$98,000,000			

<sup>\*</sup> Credit watch.