



John M.W. Moorlach, CPA, CFP
Treasurer - Tax Collector of Orange County
12 Civic Center Plaza, Room G-76
P.O. Box 4515
Santa Ana, CA 92702

November 9, 2001

Dear Mr. Moorlach,

We have completed our analysis on the compliance reporting for Orange County's Commingled Pool (692 & 699) and Educational Pool (694) for the third quarter, July 1, 2001 through September 28, 2001.

Based upon Fitch's conducting of the agreed upon procedures, this compliance letter shall serve as an indication of Orange County's portfolio holdings' substantial conformity with its investment policy statement and California Government Code Section 53601, Section 53635, and all other relevant Government Code provisions with regard to the Commingled, Educational and Extended pools at September 28, 2001.

Fitch conducted its compliance review in accordance with a series of agreed upon procedures which required that we review, on a test basis, evidence of the portfolio holdings, perform certain mathematical calculations, and review the results with respect to Orange County's investment policy statement. In conducting this review Fitch examined the portfolio holdings on the following dates: July 20, August 31, September 7, and September 28, 2001. The scope of Fitch's review was limited to the agreed upon procedures.

Fitch reviews the noncompliance report in the Orange County Treasurer's Management Report on a monthly basis to determine the materiality of certain Investment Policy Statement (IPS, dated 03/27/01) guideline violations, if any. Although not in violation of the IPS, Fitch notes the occurrence of the following credit concerns cited in the Orange County Treasurer's Management Report:

- All three rating agencies placed Ford Motor and General Motors on Rating Watch Negative on 8/17/01. Fitch downgraded Ford Motor on 09/26/01 and Moody's and S&P followed in mid-October (F2/P2/A2). Ford Motor medium term notes is currently held in both the County (\$12.2 million) and Educational (\$5 million) Investment Pools scheduled to mature on 2/15/02 and 2/28/02, respectively. The County Investment Pool's holdings of General Motors commercial paper matured on 9/20/01.
- Transamerica Financial, rated A2/P1/F1+, medium term notes were held in the County Pool (\$17.85 million matured on 11/1/01) and are currently held in the Educational Investment Pool (\$18.48 million maturing 12/14/01).
- The Educational Investment Pool held \$18 million in Countrywide Home Loan (rated A1/P2/F1) medium term notes, which matured on 09/05/01.
- Swiss Re Financial Products was placed on Rating Watch Negative by Fitch on 9/21/01. The Educational Pool holdings of \$15 million in Swiss Re Financial Products matured on 10/09/01.

Fitch has relied, without independent verification, upon documents delivered to us by Orange County, and/or Orange County's custodial bank. Fitch relied solely on the County, its staff, and custodial bank as to the accuracy of such information.

Fitch does not represent, warrant or guarantee: (i) that it is providing any financial advice, auditing, accounting, appraisal or actuarial services; (ii) the accuracy, correctness, integrity, completeness or timeliness of any part of the services described herein, due to the fact that all the results of Fitch's analysis are based on information provided solely by the County of Orange; or (iii) that the information, analyses and agreed upon procedures contained in, and constituting a part of, the services described herein will fulfill any of the County's particular purposes or needs. Fitch is not responsible for any underwriting, credit, or investment decision, or damages or other losses resulting from use of the services described herein.

Regardless of the basis on which the county or any third party may be entitled to recover damages from Fitch (including: breach of warranty, contract or fiduciary duty; fraud, negligence, misrepresentation or other tort; or indemnity), Fitch's liability in connection with the services described herein is limited to actual direct damages that can be proven up to an amount not to exceed the greater of \$5,000, and the aggregate of the fees paid in connection with the services described herein. Furthermore, the party suffering such damages or losses must first exhaust any available legal and equitable remedies against parties other than Fitch. Fitch shall in no event be liable to the county or any third party (including the county's employee's and agents) for any special, incidental, indirect or consequential damages (including lost profits, savings, revenues, business opportunities or business advantages) in any way in connection with the services described herein whatsoever, even if Fitch has been advised of the possibility of such damages.

This compliance review is rendered solely for your benefit and may not be relied upon by any other person without our prior written consent. Please call me at (212) 908-0619 or Lara Storm at (212) 908-0243 with any questions.

Sincerely,

John L. Schiavetta, CFA
Managing Director
Credit Products

Orange County Portfolio Portfolio Dated 7/20/2001
 Commingled Pool & Extended Pool 692 & 699

Portfolio	Guideline	Actual	Comply Yes/No
Weighted Avg. Maturity (Days) 692	90	84	Yes
Weighted Avg. Maturity (Days) 699	547	480	Yes
Minimum NAV	0.9950	0.9993	Yes
Maximum NAV	1.0050	1.0020	Yes

Sector	% Market Value	Maximum Limits	Minimum Limits	Comply Yes/No
GOVT	0.00%	100%	0%	Yes
AGENCY	25.63%	100%	0%	Yes
CP	28.10%	40%	0%	Yes
CD	24.97%	30%	0%	Yes
REPO	1.83%	50%	0%	Yes
BA	4.03%	40%	0%	Yes
MMF	0.25%	20%	0%	Yes
MTN	15.19%	30%	0%	Yes
CASH	0.00%	0%	0%	Yes
	100.00%			Yes

Individual Security	Guideline	Actual	Comply Yes/No
Final Maturity	13 Months(1)		Yes
Credit Quality	AAA		Yes
Repo Counterparty Rating	A1/F1		Yes
Issuer Bank BA Limit	5%		Yes
Issuer CP Limit	5%		Yes
Single Issuer Limit	5%(2)		Yes
All US Dollar Denominated			

(1) No BA or CP has a final maturity of greater than 180 days.

(2) Up to 10% for MMF and up to 100% for obligations of the U.S. government, U.S. government agencies, or U.S. government sponsored enterprises.

Portfolio	Guideline	Actual	Comply Yes/No
Weighted Avg. Maturity (Days)	90	80	Yes
Minimum NAV	0.9950	1.0016	Yes
Maximum NAV	1.0050	1.0016	Yes

Sector	% Market Value	Maximum Limits	Minimum Limits	Comply Yes/No
GOVT	0.00%	100%	0%	Yes
AGENCY	19.60%	100%	0%	Yes
CP	36.89%	40%	0%	Yes
CD	17.09%	30%	0%	Yes
REPO	3.05%	50%	0%	Yes
BA	3.98%	40%	0%	Yes
MMF	0.55%	20%	0%	Yes
MTN	18.84%	30%	0%	Yes
CASH	0.00%	0%	0%	Yes
	100.0%			Yes

Individual Security	Guideline	Actual	Comply Yes/No
Final Maturity	13 Months(1)		Yes
Credit Quality	AAA		Yes
Repo Counterparty Rating	A1/F1		Yes
Issuer Bank BA Limit	5%		Yes
Issuer CP Limit	5%		Yes
Single Issuer Limit	5%(2)		Yes
All US Dollar Denominated			

(1) No BA or CP has a final maturity of greater than 180 days.

(2) Up to 10% for MMF and up to 100% for obligations of the U.S. government, U.S. government agencies, or U.S. government sponsored enterprises.

Orange County Portfolio
 Commingled Pool & Extended Fund

Portfolio Dated 8/31/2001
 692 & 699

Portfolio	Guideline	Actual	Comply Yes/No
Weighted Avg. Maturity (Days) 692	90	65	Yes
Weighted Avg. Maturity (Days) 699	547	527	Yes
Minimum NAV	0.9950	0.9995	Yes
Maximum NAV	1.0050	1.0019	Yes

Sector	% Market Value	Maximum Limits	Minimum Limits	Comply Yes/No
GOVT	0.00%	100%	0%	Yes
AGENCY	25.91%	100%	0%	Yes
CP	29.27%	40%	0%	Yes
CD	20.50%	30%	0%	Yes
REPO	2.21%	50%	0%	Yes
BA	4.18%	40%	0%	Yes
MMF	0.53%	20%	0%	Yes
MTN	17.42%	30%	0%	Yes
CASH	0.00%	0%	0%	Yes
	100.0%			Yes

Individual Security	Guideline	Actual	Comply Yes/No
Final Maturity	13 Months(1)		Yes
Credit Quality	AAA		Yes
Repo Counterparty Rating	A1/F1		Yes
Issuer Bank BA Limit	5%		Yes
Issuer CP Limit	5%		Yes
Single Issuer Limit	5%(2)		Yes
All US Dollar Denominated			

(1) No BA or CP has a final maturity of greater than 180 days.

(2) Up to 10% for MMF and up to 100% for obligations of the U.S. government, U.S. government agencies, or U.S. government sponsored enterprises.

Orange County Portfolio

Portfolio Dated

8/31/2001

Educational Pool

694

Portfolio	Guideline	Actual	Comply Yes/No
Weighted Avg. Maturity (Days)	90	65	Yes
Minimum NAV	0.9950	1.0014	Yes
Maximum NAV	1.0050	1.0014	Yes

Sector	% Market Value	Maximum Limits	Minimum Limits	Comply Yes/No
GOVT	0.00%	100%	0%	Yes
AGENCY	17.33%	100%	0%	Yes
CP	39.15%	40%	0%	Yes
CD	17.84%	30%	0%	Yes
REPO	3.07%	50%	0%	Yes
BA	3.09%	40%	0%	Yes
MMF	0.58%	20%	0%	Yes
MTN	18.94%	30%	0%	Yes
CASH	0.00%	0%	0%	Yes
	100.0%			Yes

Individual Security	Guideline	Actual	Comply Yes/No
Final Maturity	13 Months(1)		Yes
Credit Quality	AAA		Yes
Repo Counterparty Rating	A1/F1		Yes
Issuer Bank BA Limit	5%		Yes
Issuer CP Limit	5%		Yes
Single Issuer Limit	5%(2)		Yes
All US Dollar Denominated			

(1) No BA or CP has a final maturity of greater than 180 days.

(2) Up to 10% for MMF and up to 100% for obligations of the U.S. government, U.S. government agencies, or U.S. government sponsored enterprises.

Orange County Portfolio
 Commingled Pool & Extended Fund

Portfolio Dated 9/7/2001
 692 & 699

Portfolio	Guideline	Actual	Comply Yes/No
Weighted Avg. Maturity (Days) 692	90	60	Yes
Weighted Avg. Maturity (Days) 699	547	531	Yes
Minimum NAV	0.9950	1.0002	Yes
Maximum NAV	1.0050	1.0019	Yes

Sector	% Market Value	Maximum Limits	Minimum Limits	Comply Yes/No
GOVT	0.0%	100%	0%	Yes
AGENCY	24.8%	100%	0%	Yes
CP	32.4%	40%	0%	Yes
CD	22.5%	30%	0%	Yes
REPO	1.8%	50%	0%	Yes
BA	4.1%	40%	0%	Yes
MMF	0.3%	20%	0%	Yes
MTN	14.0%	30%	0%	Yes
CASH	0.0%	0%	0%	Yes
	100.0%			Yes

Individual Security	Guideline	Actual	Comply Yes/No
Final Maturity	13 Months(1)		Yes
Credit Quality	AAA		Yes
Repo Counterparty Rating	A1/F1		Yes
Issuer Bank BA Limit	5%		Yes
Issuer CP Limit	5%		Yes
Single Issuer Limit	5%(2)		Yes
All US Dollar Denominated			

(1) No BA or CP has a final maturity of greater than 180 days.

(2) Up to 10% for MMF and up to 100% for obligations of the U.S. government, U.S. government agencies, or U.S. government sponsored enterprises.

Orange County Portfolio

Portfolio Dated

9/7/2001

Educational Pool

694

Portfolio	Guideline	Actual	Comply Yes/No
Weighted Avg. Maturity (Days)	90	62	Yes
Minimum NAV	0.9950	1.0019	Yes
Maximum NAV	1.0050	1.0019	Yes

Sector	% Market Value	Maximum Limits	Minimum Limits	Comply Yes/No
GOVT	0.00%	100%	0%	Yes
AGENCY	18.34%	100%	0%	Yes
CP	38.83%	40%	0%	Yes
CD	18.13%	30%	0%	Yes
REPO	3.12%	50%	0%	Yes
BA	3.14%	40%	0%	Yes
MMF	0.59%	20%	0%	Yes
MTN	17.85%	30%	0%	Yes
CASH	0.00%	0%	0%	Yes
	100.0%			Yes

Individual Security	Guideline	Actual	Comply Yes/No
Final Maturity	13 Months(1)		Yes
Credit Quality	AAA		Yes
Repo Counterparty Rating	A1/F1		Yes
Issuer Bank BA Limit	5%		Yes
Issuer CP Limit	5%		Yes
Single Issuer Limit	5%(2)		Yes
All US Dollar Denominated			

(1) No BA or CP has a final maturity of greater than 180 days.

(2) Up to 10% for MMF and up to 100% for obligations of the U.S. government, U.S. government agencies, or U.S. government sponsored enterprises.

Orange County Portfolio
 Commingled Pool & Extended Fund

Portfolio Dated 9/28/2001
 692 & 699

Portfolio	Guideline	Actual	Comply Yes/No
Weighted Avg. Maturity (Days) 692	90	57	Yes
Weighted Avg. Maturity (Days) 699	547	508	Yes
Minimum NAV	0.9950	0.9990	Yes
Maximum NAV	1.0050	1.0033	Yes

Sector	% Market Value	Maximum Limits	Minimum Limits	Comply Yes/No
GOVT	0.00%	100%	0%	Yes
AGENCY	31.67%	100%	0%	Yes
CP	30.89%	40%	0%	Yes
CD	14.74%	30%	0%	Yes
REPO	1.80%	50%	0%	Yes
BA	6.27%	40%	0%	Yes
MMF	0.89%	20%	0%	Yes
MTN	13.73%	30%	0%	Yes
CASH	0.00%	0%	0%	Yes
	100.0%			Yes

Individual Security	Guideline	Actual	Comply Yes/No
Final Maturity	13 Months(1)		Yes
Credit Quality	AAA		Yes
Repo Counterparty Rating	A1/F1		Yes
Issuer Bank BA Limit	5%		Yes
Issuer CP Limit	5%		Yes
Single Issuer Limit	5%(2)		Yes
All US Dollar Denominated			

(1) No BA or CP has a final maturity of greater than 180 days.

(2) Up to 10% for MMF and up to 100% for obligations of the U.S. government, U.S. government agencies, or U.S. government sponsored enterprises.

Orange County Portfolio

Portfolio Dated

9/28/2001

Educational Pool

694

Portfolio	Guideline	Actual	Comply Yes/No
Weighted Avg. Maturity (Days)	90	55	Yes
Minimum NAV	0.9950	1.0014	Yes
Maximum NAV	1.0050	1.0014	Yes

Sector	% Market Value	Maximum Limits	Minimum Limits	Comply Yes/No
GOVT	0.0%	100%	0%	Yes
AGENCY	24.1%	100%	0%	Yes
CP	38.8%	40%	0%	Yes
CD	13.8%	30%	0%	Yes
REPO	3.2%	50%	0%	Yes
BA	2.4%	40%	0%	Yes
MMF	1.2%	20%	0%	Yes
MTN	16.6%	30%	0%	Yes
CASH	0.0%	0%	0%	Yes
	100.0%			Yes

Individual Security	Guideline	Actual	Comply Yes/No
Final Maturity	13 Months(1)		Yes
Credit Quality	AAA		Yes
Repo Counterparty Rating	A1/F1		Yes
Issuer Bank BA Limit	5%		Yes
Issuer CP Limit	5%		Yes
Single Issuer Limit	5%(2)		Yes
All US Dollar Denominated			

(1) No BA or CP has a final maturity of greater than 180 days.

(2) Up to 10% for MMF and up to 100% for obligations of the U.S. government, U.S. government agencies, or U.S. government sponsored enterprises.