

**ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POLICY COMPLIANCE
February 28, 2009**

Investment Policy Guidelines		Orange County Money Market Fund		Extended Fund		Orange County Educational Money Market Fund		John Wayne Airport Investment Pool	
Percent of Portfolio (See Notes)	Investment Type	Market Value of Investments	Percent of Portfolio	Market Value of Investments	Percent of Portfolio	Market Value of Investments	Percent of Portfolio	Market Value of Investments	Percent of Portfolio
100%	U.S. Treasuries	\$ -	0.00%	\$ 10,034,380	0.42%	\$ -	-	\$ -	-
40%	Bankers' Acceptances	-	-	-	-	-	-	-	-
30%	Negotiable Certificates of Deposit	165,000,000	7.61%	-	0.00%	100,000,000	6.34%	2,000,000	3.44%
45%	Commercial Paper	274,926,615	12.67%	-	0.00%	199,013,780	12.62%	8,697,477	14.95%
100%	U.S. Government Agencies	1,085,602,647	50.04%	1,588,156,341	66.10%	807,376,960	51.21%	36,245,553	62.32%
20%	Money Market Funds	393,050,584	18.12%	-	0.00%	317,559,807	20.14%	5,955,072	10.24%
30%	Medium-Term Notes	194,464,039	8.96%	704,462,469	29.32%	133,611,194	8.48%	5,263,213	9.05%
50%	Repurchase Agreements	-	-	-	-	-	0.00%	-	-
10%	Municipal Debt	56,399,887	2.60%	100,000,000	4.16%	19,138,777	1.21%	-	-
10%	Receivable-Backed Securities	-	-	-	-	-	-	-	-
		\$ 2,169,443,772	100.00%	\$ 2,402,653,190	100.00%	\$ 1,576,700,519	100.00%	\$ 58,161,315	100.00%

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

- Notes: (1) The Money Market Fund (MMF) is authorized to purchase an additional 5-percent of its total assets in any authorized investment type, except commercial paper, for a period not to exceed 30 business days.
- (3) The Money Market Fund (MMF) is authorized to purchase up to 12.5 percent of its total assets in any authorized issuer for a period not to exceed 3 business days.
- (4) The Extended Fund includes the Extended Fund and OC Extended Fund B

Noncompliance Report Summary For the Month Ended February 28, 2009

During February, the Orange County Money Market Fund, Extended Fund, and John Wayne Airport Investment Pool each had one compliance deficiency. The Educational Money Market Fund had two compliance deficiencies during the month. The Children and Families Commission Investment Pool was free of noncompliance incidents. We have also disclosed technical incidents in existence at the end of the month and a required investments disclosure.

Although certain Investment Policy Statement (IPS) guidelines were temporarily exceeded during the month in the Educational Money Market Fund and the Extended Fund, the Treasurer believes they did not cause any material impact of a negative nature.

Compliance Deficiencies

Educational Money Market Fund

The Educational Money Market Fund is authorized to purchase up to 5 percent of its total assets in securities of any one issuer and 10 percent of its total assets in a single money market mutual fund. During February, as discussed below, the Educational Money Market Fund exceeded this threshold.

02-27 A purchase in the Educational Money Market Fund on February 27, 2009 increased the holdings of Blackrock Tempfund money market mutual fund to 10.06% of the market value of the portfolio. A money market mutual fund redemption on March 2, 2009 brought the total money market mutual fund holdings back within the 10% limitation. The State did not send an expected payment which caused our cash receipts and pool balance to be much lower than anticipated. The Treasurer is monitoring the state website closely and working with the Orange County Department of Education to accurately predict cash receipts and investable cash.

Purchase of Unauthorized Investments

Under the Orange County Treasurer's IPS Section VI.3, the County, Educational, and John Wayne Airport Investment Pools are authorized to invest in commercial paper programs where the issuers are organized and operating in the United States as a general corporation. On December 31, 2008 BASF was presented and approved as an issuer at the regular Treasury Investment Committee meeting. In late February it was discovered that BASF did not meet the criteria of an authorized issuer and investment as BASF is not incorporated in the United States. During the two-month period from January 2, 2009 to February 26, 2009, \$66.850 million of BASF's commercial paper was purchased and invested in the three money market funds. On February 26, 2009, BASF was removed from the Eligibility list and all holdings were sold. The table below sets forth the BASF purchases during the period BASF was on the issuer eligibility list.

**Noncompliance Report Summary
For the Month Ended February 28, 2009**

Purchases of BASF

Investment Pool	Face Value	Purchase Date	Matured/ Sold Date
ORANGE COUNTY MONEY MARKET FUND	\$ 4,300,000.00	1/2/2009	1/14/2009
	\$ 20,000,000.00	1/5/2009	2/26/2009
	\$ 13,550,000.00	1/21/2009	2/26/2009
EDUCATIONAL MONEY MARKET FUND	\$ 20,000,000.00	1/13/2009	2/26/2009
	\$ 7,000,000.00	1/21/2009	2/26/2009
JOHN WAYNE AIRPORT	\$ 2,000,000.00	1/5/2009	2/26/2009

The Treasurer has reviewed the incident and strengthened controls surrounding the approval of authorized issuers with an expanded checklist and formal management review.

Investment Diversification Disclosure

As set forth in the Orange County Treasurer IPS Section VI - Diversification and Maturity Restrictions, disclosure in the Treasurer's monthly management report is required when certain diversification limits are utilized. Investing under these provisions does not constitute a compliance deficiency but must be disclosed as noted above. During February the following transaction required disclosure.

Orange County Educational Money Market Fund

The Orange County Educational Money Market Fund is authorized to purchase an additional 5% of total assets in any authorized investment type except commercial paper, for a period not to exceed 30 business days. During February, as discussed below, the Orange County Educational Money Market Fund invested under this provision.

02-27 A purchase in the Educational Money Market Fund on February 27, 2009 increased the holdings of money market mutual funds to 20.14% of the market value of the portfolio. A money market mutual fund redemption on March 2, 2009 brought the total money market mutual fund holdings back within the 20% limitation.

**Noncompliance Report Summary
For the Month Ended February 28, 2009**

Technical Incidents

Educational Money Market Fund

The Educational Money Market Fund is authorized to purchase up to 5 percent of its total assets in securities of any one issuer and 10 percent of its total assets in a single money market mutual fund. During February, as discussed below, the Educational Money Market Fund exceeded this threshold.

02-27 Due to the decrease in the Educational Money Market Fund on February 27, 2009, the holdings of Goldman Sachs money market mutual fund was temporarily increased to 10.08%. A money market mutual fund redemption on March 2, 2009 brought the total money market mutual fund holdings back within the 10% limitation.

02-27 Due to the decrease in the Educational Money Market Fund on February 27, 2009, holding of Toyota Motor Credit were increased to 5.07%. This technical incident was cleared on March 6, 2009 when one of the Toyota Motor Credit securities matured.

Extended Fund

The Extended Fund is authorized to purchase up to 5 percent of its total assets in securities of any one issuer. During February, as discussed below, the Extended Fund exceeded this threshold.

02-27 Due to the decrease in the Extended Fund on February 27, 2009, the holding of General Electric Corporation was increased to 5.26%. This technical incident was cleared on March 3, 2009 when the fund balance increased sufficiently to bring holdings back below the IPS threshold.