OFFICE OF THE TREASURER-TAX COLLECTOR



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TAX COLLECTION

ROBIN RUSSELL
ASSISTANT TREASURER-TAX COLLECTOR
ADMINISTRATION

CHANGES IN ELIGIBILE CREDITS

In the month of November, there were two changes to the Treasurer's approved list of issuers.

The following was added to the approved lists:

- 1) County of Orange Teeter Plan Obligation
- 2) Morgan Stanley Government Institutional Money Market Fund

Please refer to the attached TIC memos for further information.

The following table summarizes the remaining SIV holdings that have had, or are being considered for further rating actions.

Extended Fund	Security Type	Maturity Date	Market Value	% of Fund	ST Ratings, LT Ratings
WhistleJacket Capital LLC	MTN	1/25/2009	33,502,040	1.40%	NR/NP, NR/B2
WhistleJacket Capital LLC	MTN	1/25/2009	20,188,356	.84%	NR/NP, NR/B2
			53,690,396	2.24%	

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ROBIN RUSSELL ASSISTANT TREASURER-TAX COLLECTOR ADMINISTRATION

To: Treasury Investment Committee

From: Fahad Haider, Assistant Portfolio Manager

Date: November 5, 2008

Subject: County of Orange Teeter Plan Obligation

Commercial Paper Notes Series A

Recommend: Add County of Orange Teeter Plan Obligation –

Series A

(A-1+/P-1/F1+)

Summary:

The County of Orange issued its Teeter Commercial Paper Notes to refund certain obligations and to finance its obligations to make distributions to local governmental agencies as part of the "Teeter Plan". Under the Teeter Plan, the County distributes secured taxes to participating taxing agencies.

The Teeter Notes' principal amount as of today stands at \$178 million and Barclays is the Dealer of the Notes. Dexia Credit Local (A+*/Aa3*-/AA-, A-1*/P-1*-/F1+) provides the Letter of Credit that equals \$191,811,507 and may be increased up to the maximum amount of \$322,191,781.

SOURCE OF PAYMENT

Principal of and the interest on the Teeter Notes are dependent upon the availability of proceed of drawing under the Letter of Credit and are also secured by the County's general fund. The County has pledged uncollected tax-defaulted secured roll property taxes due to the County and the other revenue districts to pay the Notes. Any amounts received by the County upon sale of property to recover such taxes are also pledged. Delinquent tax payments have increased from \$29 million in 1998-99 to \$160 million in 2007-08. Total tax amount has more than doubled in the same time period from \$2 billion to \$4.5 billion. (See table)

County of Orange Secured Tax Roll Statistics*					
(in dollars)					

		(111 (101111111)	_	_
	Total Tax	Growth in	Delinquent	Delinquent Tax
Fiscal Year	Amount	Total Tax	Tax Bills	% of Tax Amount
1998-99	2,069,335,072	5.37%	29,121,071	1.41%
1999-00	2,249,354,322	8.70%	31,732,794	1.41%
2000-01	2,442,143,396	8.57%	37,073,110	1.52%
2001-02	2,647,405,005	8.40%	39,221,383	1.48%
2002-03	2,885,867,243	9.01%	38,764,278	1.34%
2003-04	3,114,903,169	7.94%	33,969,035	1.09%
2004-05	3,437,002,116	10.34%	40,065,432	1.17%
2005-06	3,799,317,389	10.54%	57,735,259	1.52%
2006-07	4,183,059,124	10.10%	107,879,196	2.58%
2007-08	4,552,884,460	8.84%	160,463,246	3.52%

Source: County of Orange, Public Finance Accounting

Delinquent Tax Bills exclude the 10% basic Penalty and 1.5% per month redemption penalty.

Eighty five percent or about \$136 million of all delinquent tax bills consisted of Teeter Plan, as of the end of 2007-08.

BANK AND LETTER OF CREDIT

Dexia Credit Local's ratings have dropped this year by all three credit rating agencies. Moody's has placed the bank's short term rating, P1, on watch negative as of 10/01/08. Rating agencies have also dropped short-term ratings on many bonds which have letter of credit issued from Dexia due to liquidity concerns.

The Belgium government has announced today that it will guarantee about 90 billion euros of the bank's interbank loans and bonds for an undisclosed fee.

^{*} Data for 2007-08 as of September 2008

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MEMORANDUM

TO: TREASURY INVESTMENT COMMITTEE

FROM: LESLIE MORALES

SUBJECT: MORGAN STANLEY GOVERNMENT INSTITUNTIONAL MONEY MARKET FUND –

AAAM/AAA/NR

DATE: 12/12/2008

Exposure: County/X-Fund/Schools/JWA - None

Recommendation: Approve as acceptable investment

Rationale: Conservative, AAA-rated, money market funds

Summary:

Morgan Stanley Institutional Government Funds has large assets (\$15.9 billion) and a late trading window. The AAA ratings reflect the expected strong overall credit quality of the funds investments, solid liquidity management, as well as the conservative investment guidelines.

Morgan Stanley was established in 1935, manages more than \$526 billion in assets in 175 investment portfolios. Morgan Stanley's headquarters is in New York with more than 600 offices in about 35 countries.

The Morgan Stanley Government Fund had meaningfully outperformed the Goldman fund (+0.11%) and the iMoneyNet Average (0.23%) before August of 2007 - representing the onset of the current financial turmoil. The yield spread between Morgan Stanley fund and the GS offering has gradually tightened since August 2007, currently running at a -0.06% average. Despite this recent underperformance, the MS fund has still outperformed the GS fund by +0.06% since inception.