

**Orange County Treasurer-Tax Collector  
Noncompliance Report Summary  
For the Month Ended February 28, 2007**

During February the County, Educational, John Wayne Airport, and Children and Families Commission Investment pools all were free of noncompliance incidents. Although certain Investment Policy Statement (IPS) guidelines were temporarily exceeded during the month in both the County and Educational Pools, the Treasurer believes they did not cause any material impact of a negative nature.

**Technical Incidents**

**John Wayne Airport Investment Pool**

**Credit Watch-Negative**

On October 13, 2006, Standard & Poor's placed Gannett Co. Inc.'s 'A' long-term and 'A-1' short-term ratings on credit watch negative, reflecting Gannett's higher debt levels and the continued weakness in its U.S. and U.K. newspaper businesses. S&P has indicated that if the ratings are lowered, it is expected to be limited to one notch. Moody's also placed Gannett's long and short-term ratings on credit watch negative on October 19<sup>th</sup>. The Gannett (GCI) securities were purchased before the rating actions and are considered technical incidents.

On December 22, 2006 Standard & Poor's lowered both the short-term and long-term ratings one notch to A-2 and A- respectively, citing "Gannett's credit profile will be more consistent with the new ratings over the intermediate term". Standard & Poor's outlook was changed to Stable in light of "strong discretionary cash flow generation."

On January 18, 2007, Moody's lowered both the short-term and long-term ratings one notch to P-2 and A3 respectively, and changed their outlook to stable.

The Treasurer has decided to hold the Gannett securities until maturity on April 1, 2007.

<b>JWA Investment Pool</b>	<b>Description</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>% of JWA Pool</b>	<b>Credit Watch Negative</b>	<b>ST/LT Ratings</b>
GCI	MTN	4/01/2007	\$1,000,000.00	1.849	Mdy S&P	P-2 /A3 A-2/A-

**ORANGE COUNTY TREASURER-TAX COLLECTOR**  
**INVESTMENT POLICY COMPLIANCE**  
February 28, 2007

<b>Investment Policy Guidelines</b>		<b>Orange County Investment Pool</b>		<b>Orange County Educational Investment Pool</b>		<b>John Wayne Airport Investment Pool</b>	
<b>Percent of Portfolio (See Notes)</b>	<b>Investment Type</b>	<b>Market Value of Investments</b>	<b>Percent of Portfolio</b>	<b>Market Value of Investments</b>	<b>Percent of Portfolio</b>	<b>Market Value of Investments</b>	<b>Percent of Portfolio</b>
100%	U.S. Treasuries	\$ -	-	\$ -	-	\$ -	-
40%	Bankers' Acceptances	-	-	-	-	-	-
30%	Negotiable Certificates of Deposit	462,970,040	11.61%	461,984,797	20.32%	8,000,092	14.80%
45%	Commercial Paper	723,150,547	18.14%	1,047,768,623	46.08%	22,660,758	41.91%
100%	U.S. Government Agencies	1,723,707,452	43.24%	189,648,710	8.34%	9,429,469	17.44%
20%	Money Market Funds	18,174,538	0.46%	116,408,070	5.12%	8,212,447	15.19%
30%	Medium-Term Notes	686,072,303	17.21%	266,091,605	11.70%	5,762,022	10.66%
50%	Repurchase Agreements	195,000,000	4.89%	110,000,000	4.84%	-	-
10%	Municipal Debt	177,344,231	4.45%	81,822,718	3.60%	-	-
10%	Receivable-Backed Securities	-	-	-	-	-	-
		<b>\$ 3,986,419,111</b>	<b>100.00%</b>	<b>\$ 2,273,724,523</b>	<b>100.00%</b>	<b>\$ 54,064,788</b>	<b>100.00%</b>

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

- Notes: (1) The Money Market Fund 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.
- (2) Commercial paper holdings in the Money Market Fund may increase up to 50 percent of the total assets if the portfolio's month-end weighted average credit rating (WACR) remains at AA- or higher.
- (3) The Money Market Fund 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.