

Board of Trustees Agenda Item

Board Meeting Date: 04/05/10

Title of Item:

Listing of District Investments as of December 31, 2009

Background and Analysis:

Provisions with SB 564 require local agencies to report all external investments on a quarterly basis. In accordance with the aforementioned requirement, attached is a listing of the District's investments as of December 31, 2009.

The District invested its cash, \$250,986,492.11 on December 31, 2009, in the County's Commingled Investments Pool. As of on December 31, 2009, the current yield on the commingled investments pool was 1.06%. As a comparison for the same time period, the yield on a two-year Treasury Note was 0.97%; the yield on a 6-month Treasury Bill was 0.18%; and the Local Agency Investment Fund (LAIF) was 0.57%.

In addition, the County Treasury held various securities totaling \$66,742,362.19 for Measure C Project Fund. The yield of the securities ranges from 3.25% to 7.25% with maturity date ranges from January 1, 2010 to March 15, 2012.

Recommendation: (specify if information only)

Information only

Submitted by:	W. Andrew Dunn
Additional contact names:	Hector Quinonez
Is backup provided?	Yes

Cash Balances
December 31, 2009

Commingled Investment Pool

<u>Fund</u>	<u>Amount</u>	<u>Fund Description</u>
5710	15,599,797.36	Measure E Building Fund
5711	57,479,070.25	District Operating Fund
5712	9,303,281.17	Auxiliary Fund
5713	111,941,050.44	Measure C Series A Building Fund
5714	56,663,292.89	Measure C Series B Building Fund
Total	<u>250,986,492.11</u>	

Securities

5713	27,026,189.87	Measure C Series A Building Fund
5714	39,716,172.32	Measure C Series B Building Fund
Total	<u>66,742,362.19</u>	

County of Santa Clara

Finance Agency
Controller-Treasurer Department

County Government Center
70 West Hedding Street, East Wing 2nd floor
San Jose, California 95110-1705
(408) 299-5200 FAX 289-8629



February 18, 2010

Prepared by: Jacqueline A. Flippin
Jacqueline A. Flippin, Investment Officer

Reviewed by: Vinod K. Sharma
Vinod K. Sharma, Controller-Treasurer

TO: BOARD OF TRUSTEES, SANTA CLARA COUNTY SCHOOL DISTRICTS
BOARDS OF DIRECTORS, SANTA CLARA COUNTY SPECIAL PURPOSE DISTRICTS

FROM: JOHN V. GUTHRIE, DIRECTOR OF FINANCE

SUBJECT: COUNTY OF SANTA CLARA TREASURY INVESTMENT PORTFOLIO STATUS

RECOMMENDATION

Receive and file the December 31, 2009 Detailed Investment Portfolio Listing.

DISCUSSION

In compliance with the State of California Government Code as amended by Chapters 783 and 784, Statutes of 1995 and in compliance with County Policy, the Santa Clara County Treasury Investment Portfolio Report as of December 31, 2009 is submitted for your review and acceptance.

The attached detailed investment reports list each investment of the County Treasury Pool as well as individual reports for specific investment funds that each school district or special district has in the County Treasury. The reports include the respective purchase and maturity dates, par value, amortized cost, market value, and yield to maturity for each investment.

A summary of market value versus cost is provided below for Commingled Investments of the County Pool.

	Cost	Market Value	Increase (Decrease)	Percent
Commingled Investments	\$4,174,997,661	\$4,187,560,170	\$12,562,509	0.301%

Board of Supervisors: Donald F. Gage, George Shirakawa, Dave Cortese, Ken Yeager, Liz Kniss
County Executive: Jeffrey V. Smith

TO: SANTA CLARA COUNTY SCHOOL DISTRICTS AND SPECIAL PURPOSE DISTRICTS

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The yield of the pool on December 31, 2009 was 1.06%. As a comparison, on December 31, 2009 the yield of a 6-month Treasury Bill was 0.18%. A two- year Treasury Note was 0.97%. The State of California Local Agency Investment Fund (LAIF) yield was 0.57%.

Attached with the current investment strategy is a schedule that lists the average maturities and yield for the commingled funds over the past six months. A chart of investment concentration and maturity is provided for the Treasury Pool. Also included is a chart showing the one-year history of the pool and selected interest rates.

Securities are purchased with the expectation that they will be held to maturity, so unrealized gains or losses are not reflected in the yield calculations.

The market values of securities were taken from pricing services provided by Bank of New York, Bloomberg Analytics, dealer quotes, and an independent pricing service.

The investment portfolio is in compliance with the current investment policy as indicated in the attached report from the County Auditor. A combination of securities maturing, new revenues, and tax receipts will adequately cover the anticipated cash flow needs for the next six months. Cash flows are continually monitored and are considered paramount in the selection of securities purchased for the Pool.

If any Board member would like further information on this report, please let me know.

Attachments

SANTA CLARA COUNTY TREASURY COMMINGLED POOL

INVESTMENT REVIEW AND STRATEGY

December 31, 2009

The economy showed strong signs of a recovery this past quarter. The 5.7 percent increase in gross domestic product reported by the Commerce Department signaled that business activity had picked up and that the economy expanded at the fastest pace in six years. The financial markets also improved markedly. The Standard & Poor's 500 Index rallied strongly in 2009 and posted a gain of 65% after reaching a 12 year low on March 9. The Federal Open Market Committee (FOMC) has acknowledged that the recovery is gaining strength; nevertheless, the FOMC has repeated its pledge to keep the Fed Funds benchmark interest rate low for an "extended period." The Fed Funds rate has been near zero for more than a year. In the past, interest rates have generally moved higher as growth occurred in the economy.

The Fed will probably not increase interest rates within the near future. Currently, inflation is low and with excess capacity in the economy and with employers continuing to hold down costs by limiting payroll and benefits, inflation does not pose an immediate problem. But more importantly, the unemployment rate remains at elevated levels and the Fed does not want to jeopardize a fragile economic recovery and a weak labor market with a premature hike in rates. The unemployment rate did unexpectedly drop to 9.7 percent in January which was lower than its 10 percent reading in December. Many forecasters still project unemployment will hover close to 10% throughout 2010 despite recent indications of improvements in the labor market and that employers are less hesitant to hire.

It appears that the efforts of the Fed have been recently focused on shutting down those emergency programs designed to address the credit crisis and to stimulate economic growth. These programs included aid for money markets, bond dealers, foreign central banks and the housing market. Close attention is being paid to the Fed's plan to complete its program of purchasing mortgage backed securities. When the program ends in March, the Fed will have purchased \$1.25 trillion of mortgage debt and as a result of these purchases, mortgage rates have dropped significantly. It is uncertain whether the housing market can sustain recent improvements without the continued support of the Federal Reserve through this program.

The positive GDP report for the quarter ending December 31st has sparked an intense debate over the degree of strength one can anticipate from the current recovery. Many economists anticipate a subpar recovery with weak job growth, consumer spending hampered by tight credit and high debt levels and lower corporate earnings as a result of less financial leverage. However, others project this recovery may closely resemble the strong recoveries of 1975 and 1982, both of which followed particularly deep recessions.

In both examples, households and businesses cut costs and postponed essential spending over a sustained period. This pent-up demand eventually fueled a recovery.

Rebuilding depleted inventories contributed 3.4% percentage points to GDP last quarter. Therefore, we know that businesses are responding to an increased level of demand by restocking and increasing capital investments. This is typical for most recoveries. What is somewhat unique about the current recovery is that it has been largely based around an expansive monetary policy and record amounts of stimulus coming from the fiscal side. Consequently, concerns do exist over whether demand from households and businesses will be sufficient to replace demand stimulated through government programs once policy makers withdraw these programs. We anticipate that consumer spending which comprises about 70 percent of the economy, the unemployment rate and business spending will be closely scrutinized in the upcoming months. Each item is vital to the recovery and must improve for the current recovery to repeat what occurred in 1975 and 1982.

Our portfolio strategy remains focused on the purchase of high quality assets and on those issuers whose credit strength is bolstered by U.S. government support. The quality standards set by the investment policy, under which the Pool is managed, for most of our securities, are higher than those required by state code. Government sponsored enterprises (GSEs) FHLMC, FNMA and FHLB will remain core holdings. Legislation enacted in July 2008 reaffirmed and strengthened the support available from the U.S. government for the GSEs. Furthermore, the significant ownership stake in FNMA and FHLMC that has been assumed by the U.S. Treasury provides senior debt holders with ample credit support. We also take comfort from the extraordinary initiatives that are being advanced by the Federal Reserve and by Treasury. In our view, recent actions taken by the government is indicative of their willingness to support certain banks and financial institutions through this difficult operating environment and that these efforts bolster credit strength. On a very selective basis some of these banks and institutions are attractive. We also like bank debt that is secured by FDIC and NCUA guarantees. This debt benefits from the full faith and credit of the U.S. government for timely return of both principle and interest.

With the Fed setting its target rate at 0%, interest rates, particularly short rates appear to be at trough levels. The amount of time it takes for the economy to recover will solely determine how long rates remain this low. As portfolio bonds with attractive coupons mature those proceeds must be reinvested at lower rates, lowering the overall pool's acquisition yield.

The market anticipates that the U.S. Treasury must double its issuance amount to fund all these new federal assistance and recovery programs. The central bank is making significant injections to the money supply. This is inflationary and will ultimately place upward pressure on interest rates. We want to position the portfolio to fully take advantage of interest rates moving upward whenever that occurs. Our bias is to structure the portfolio so that it is less sensitive to interest rate shifts. We continue to look selectively at callable securities. They are typically bought as substitutes for securities with short maturities. We also find some floating rate securities attractive. Rates change quarterly and are pegged to LIBOR, a market rate which has not

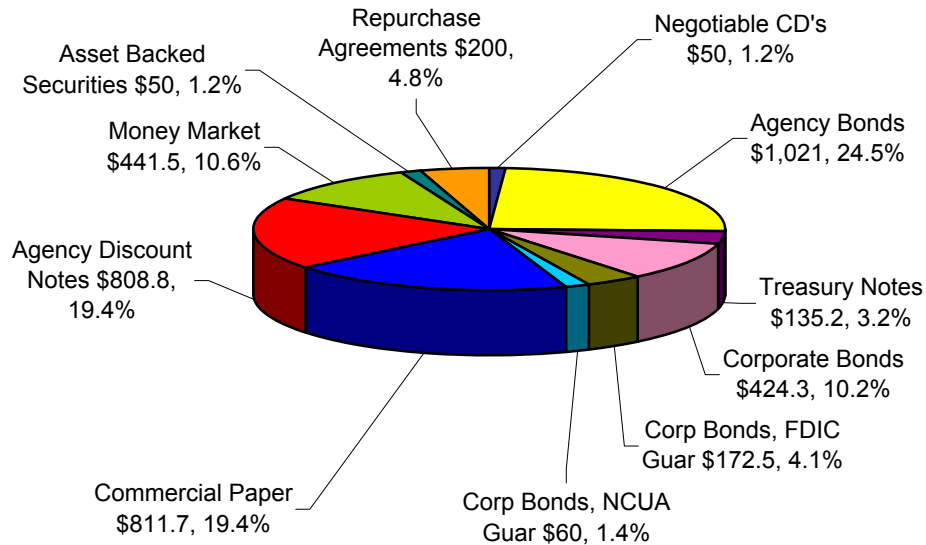
experienced the same degree of decline in yields as treasuries. Inflation protected notes may also be appropriate given a potential inflation ramp-up.

	<u>DEC</u>	<u>NOV</u>	<u>OCT</u>	<u>SEP</u>	<u>AUG</u>	<u>JUL</u>
Average Days to Maturity	291	333	324	332	335	315
County Yield (end of month)	1.06%	1.32%	1.38%	1.47%	1.47%	1.42%
LAIF Yield (end of month)	0.57%	0.61%	0.65%	0.62%	0.78%	0.95%

SANTA CLARA COUNTY TREASURY-COMMINGLED POOL **INVESTMENT CONCENTRATION AND MATURITY DISTRIBUTION**

December 31, 2009

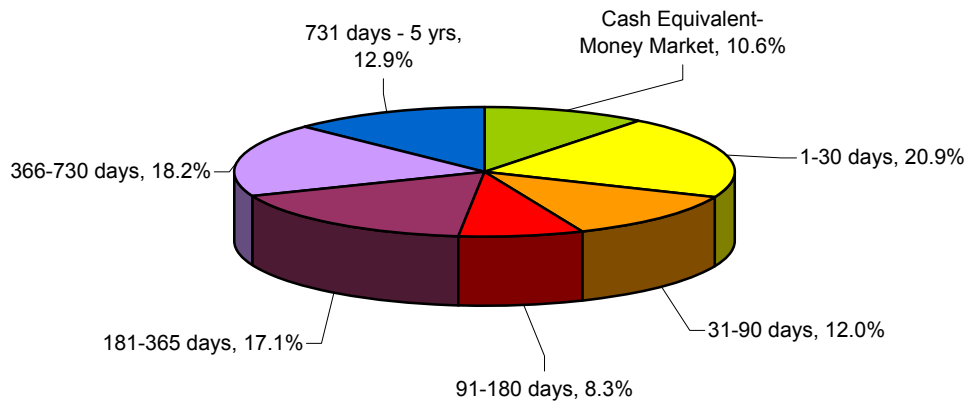
SECURITIES BY TYPE*



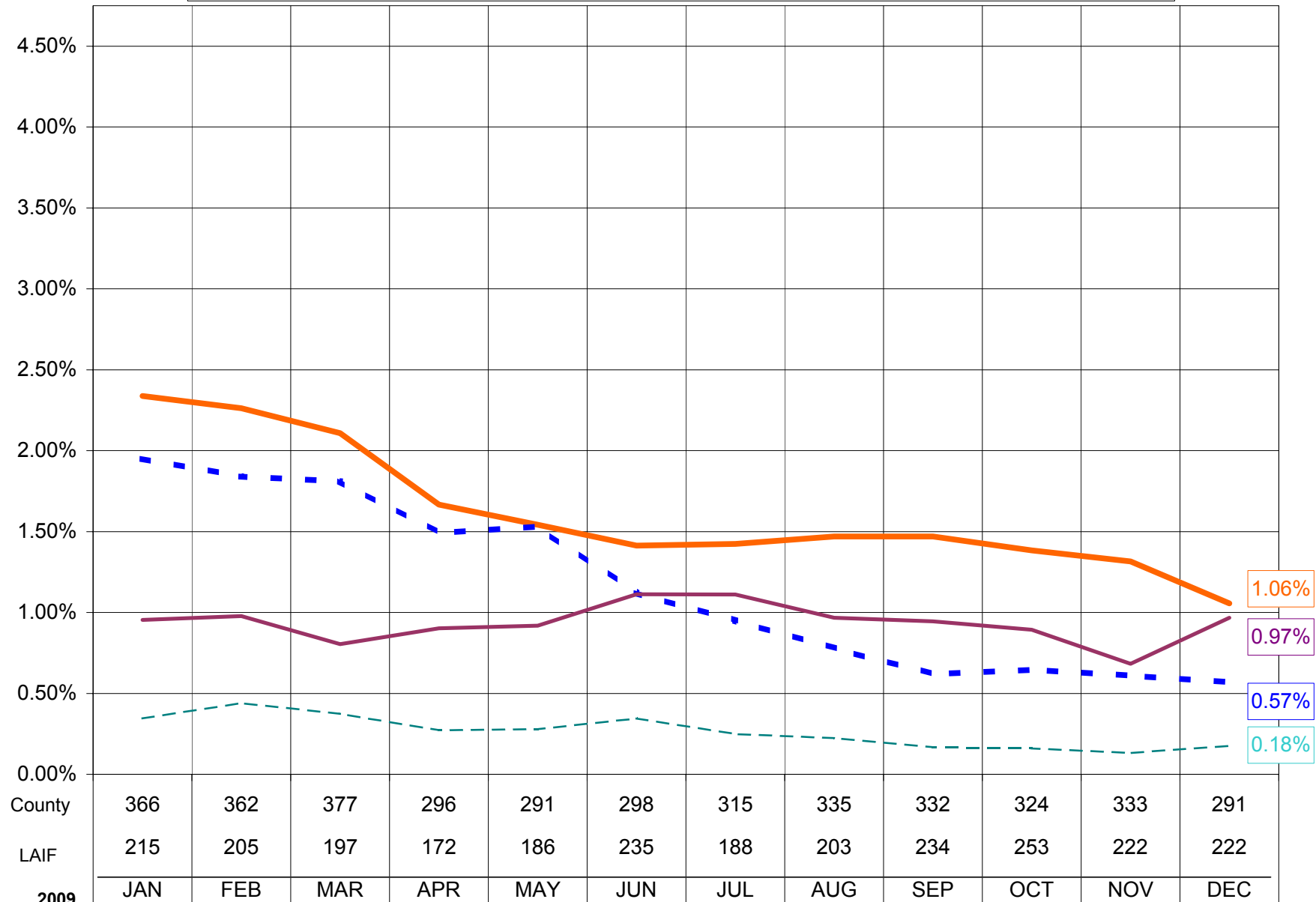
*Amounts are based on book value and in millions.

A total of \$60 million in corporate bonds are guaranteed by NCUA (National Credit Union Administration) and \$172.5 million are guaranteed by FDIC.

SECURITIES BY MATURITY



PORTFOLIO HISTORY 2009



YIELD AND AVERAGE MATURITY (in days)

1.06%
0.97%
0.57%
0.18%



SANTA CLARA COUNTY INVESTMENTS
Fund C - COMMINGLED POOL
Investments by Fund
December 31, 2009

SANTA CLARA COUNTY
70 WEST HEDDING
EAST WING 6TH FLOOR
SAN JOSE, CA 95110

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Passbook/Checking Accounts											
SYS27977	27977	CITIBANK NOW ACCT FDIC-GTD	09/15/2009	0.00	0.00	0.00	0.060	0.059	0.060		1
Subtotal and Average				0.00	0.00	0.00		0.000	0.000		0
Negotiable CDs											
06738U5V7	28156	BARCLAYS CAPITAL	12/08/2009	50,000,000.00	50,000,000.00	49,972,200.00	0.350	0.350	0.354	07/01/2010	181
Subtotal and Average				50,000,000.00	50,000,000.00	49,972,200.00		0.350	0.355		181
Repurchase Agreements											
SYS28327	28327	DEUTSCHE BANK FINANCE	12/30/2009	49,009,000.00	49,009,000.00	49,009,000.00	0.050	0.050	0.050	01/06/2010	5
SYS28327	28328	DEUTSCHE BANK FINANCE	12/30/2009	49,009,000.00	49,009,000.00	49,009,000.00	0.050	0.050	0.050	01/06/2010	5
SYS28327	28329	DEUTSCHE BANK FINANCE	12/30/2009	49,009,000.00	49,009,000.00	49,009,000.00	0.050	0.050	0.050	01/06/2010	5
SYS28327	28330	DEUTSCHE BANK FINANCE	12/30/2009	49,009,000.00	49,009,000.00	49,009,000.00	0.050	0.050	0.050	01/06/2010	5
SYS28327	28331	DEUTSCHE BANK FINANCE	12/30/2009	3,964,000.00	3,964,000.00	3,964,000.00	0.050	0.050	0.050	01/06/2010	5
Subtotal and Average				200,000,000.00	200,000,000.00	200,000,000.00		0.050	0.051		5
Federal Agency Bonds											
31331VJ80	26513	FFCB NOTES	01/08/2009	26,363,425.82	25,000,000.00	26,656,250.00	5.375	1.731	1.755	07/18/2011	563
31331GV30	27950	FFCB NOTES	10/08/2009	25,006,914.60	25,000,000.00	25,044,325.00	0.335	0.325	0.330	10/01/2012	1,004
31331G6D6	28218	FFCB NOTES	12/15/2009	34,876,755.10	35,000,000.00	34,737,500.00	0.875	1.044	1.058	12/09/2011	707
3133XDDP3	14759	FHLB NOTES	10/11/2005	7,342,026.65	7,345,747.10	7,556,937.33	4.750	4.753	4.820	10/25/2010	297
3133XDDP3	14760	FHLB NOTES	10/11/2005	4,160,639.87	4,162,590.01	4,282,264.47	4.750	4.748	4.814	10/25/2010	297
3133XEMR7	16719	FHLB NOTES	05/04/2006	7,958,576.42	8,000,000.00	8,357,500.00	4.850	5.318	5.391	02/04/2011	399
3133XQPX4	24441	FHLB NOTES	04/18/2008	19,999,062.50	20,000,000.00	20,000,820.00	0.183	1.084	1.099	04/16/2010	105
3133XRY46	25729	FHLB NOTES	08/27/2008	25,009,047.62	25,000,000.00	26,117,187.50	3.750	3.674	3.725	09/09/2011	616
3133XSVR6	26529	FHLB NOTES	01/16/2009	29,981,131.03	30,000,000.00	30,328,125.00	1.625	1.662	1.685	01/21/2011	385
3133XUE33	27647	FHLB NOTES	08/06/2009	27,000,000.00	27,000,000.00	27,109,687.50	1.250	1.232	1.250	08/06/2012	948
3133XUGU1	27667	FHLB NOTES	08/10/2009	14,997,391.67	15,000,000.00	15,098,437.50	2.150	2.127	2.156	08/10/2012	952
3133XUYQ0	27870	FHLB NOTES	10/06/2009	25,000,000.00	25,000,000.00	25,015,625.00	0.500	0.493	0.500	04/06/2011	460
3133XVCT6	27993	FHLB NOTES	10/28/2009	22,000,000.00	22,000,000.00	21,979,375.00	1.000	0.986	1.000	10/28/2011	665
3133XVNT4	28067	FHLB NOTES	11/19/2009	40,116,593.30	40,000,000.00	39,800,000.00	1.750	1.625	1.647	12/14/2012	1,078
3133XVU82	28081	FHLB NOTES	11/23/2009	39,970,366.74	40,000,000.00	39,862,500.00	0.375	0.434	0.440	02/18/2011	413

Portfolio SCL2

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Fund C - COMMINGLED POOL

Investments by Fund December 31, 2009

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CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Federal Agency Bonds											
3133XUMR1	28136	FHLB NOTES	12/04/2009	17,383,113.57	16,775,000.00	17,037,109.38	3.250	2.393	2.427	09/12/2014	1,715
3133XVNT4	28166	FHLB NOTES	12/09/2009	35,216,714.84	35,000,000.00	34,825,000.00	1.750	1.513	1.534	12/14/2012	1,078
3128X6Y59	23914	FHLMC NOTES	03/12/2008	24,996,189.66	25,000,000.00	25,362,900.00	3.050	3.033	3.075	08/12/2010	223
3128X2HT5	26020	FHLMC NOTES	10/01/2008	25,249,419.81	25,000,000.00	25,898,437.50	4.500	3.361	3.408	12/16/2010	349
3128X8FM9	26551	FHLMC NOTES	01/27/2009	39,930,925.93	40,000,000.00	40,038,920.00	2.000	2.057	2.086	01/27/2012	756
3128X8LN0	26574	FHLMC NOTES	02/25/2009	15,000,000.00	15,000,000.00	15,028,395.00	2.000	1.972	2.000	02/25/2011	420
3128X8RT1	26586	FHLMC NOTES	03/16/2009	25,000,000.00	25,000,000.00	25,070,525.00	2.125	2.095	2.125	03/16/2011	439
3128X8TZ5	26732	FHLMC NOTES	04/16/2009	25,000,000.00	25,000,000.00	25,118,050.00	2.500	2.465	2.499	04/08/2013	1,193
3128X8HR6	27465	FHLMC NOTES	07/20/2009	34,927,431.76	35,000,000.00	35,086,170.00	3.000	3.012	3.054	02/04/2014	1,495
3128X8LN0	27554	FHLMC NOTES	07/27/2009	13,581,178.26	13,500,000.00	13,525,555.50	2.000	1.448	1.468	02/25/2011	420
3137EABU2	27579	FHLMC NOTES	07/29/2009	15,393,415.97	15,095,000.00	15,406,334.38	3.125	0.679	0.689	10/25/2010	297
3128X8JU7	27658	FHLMC NOTES	08/07/2009	7,539,111.89	7,500,000.00	7,515,930.00	2.000	1.510	1.531	02/18/2011	413
3137EABV0	27697	FHLMC NOTES	08/21/2009	35,699,388.27	35,000,000.00	35,747,320.00	2.875	0.619	0.628	11/23/2010	326
3128X8QT2	27741	FHLMC NOTES	08/28/2009	25,162,318.55	25,000,000.00	25,186,950.00	1.450	0.500	0.507	09/10/2010	252
3128X9EV8	27910	FHLMC NOTES	09/25/2009	24,994,305.56	25,000,000.00	25,024,700.00	2.000	1.981	2.008	09/25/2012	998
3128X8S52	28204	FHLMC NOTES	12/14/2009	14,149,215.21	14,000,000.00	14,109,298.00	2.450	1.981	2.009	06/29/2012	910
3128X9PD6	28219	FHLMC NOTES	12/15/2009	35,000,000.00	35,000,000.00	34,750,380.00	1.250	1.232	1.250	12/15/2011	713
31398APK2	23876	FNMA NOTES	03/07/2008	30,000,000.00	30,000,000.00	30,140,625.00	3.050	3.008	3.050	03/05/2010	63
3136F9CB7	23897	FNMA NOTES	03/11/2008	25,000,000.00	25,000,000.00	26,460,937.50	4.000	3.945	4.000	03/11/2013	1,165
31398AST0	26035	FNMA NOTES	10/03/2008	25,046,525.42	25,000,000.00	25,023,437.50	4.150	3.994	4.049	01/13/2012	742
31398APG1	26405	FNMA NOTES	11/26/2008	39,891,773.57	40,000,000.00	41,000,000.00	2.750	2.929	2.970	04/11/2011	465
31398AUU4	26517	FNMA NOTES	01/09/2009	24,997,135.19	25,000,000.00	25,367,187.50	2.000	1.978	2.005	01/09/2012	738
31398AVQ2	26576	FNMA NOTES	02/27/2009	24,984,743.30	25,000,000.00	25,304,687.50	1.750	1.776	1.801	03/23/2011	446
31398AVW9	26580	FNMA NOTES	03/09/2009	24,987,870.62	25,000,000.00	25,101,562.50	2.000	2.011	2.039	04/01/2011	455
3136FHNH8	26870	FNMA NOTES	05/04/2009	19,996,097.22	20,000,000.00	20,043,750.00	1.625	1.611	1.633	05/04/2012	854
31398AXH0	26960	FNMA NOTES	05/13/2009	40,000,000.00	40,000,000.00	39,972,000.00	0.334	0.393	0.398	05/13/2011	497
Subtotal and Average				1,018,908,805.92	1,015,378,337.11	1,025,092,696.56		1.878	1.904		665
US Treasury Notes											
912795U82	28003	US TREASURY	10/30/2009	34,929,722.91	35,000,000.00	34,933,573.50	0.305	0.670	0.679	08/26/2010	237
912828JL5	26013	U.S. TREASURY NOTES	09/30/2008	24,996,361.30	25,000,000.00	25,296,878.50	2.000	1.992	2.020	09/30/2010	272
912828JL5	26014	U.S. TREASURY NOTES	09/30/2008	25,050,941.78	25,000,000.00	25,296,878.50	2.000	1.697	1.720	09/30/2010	272

Portfolio SCL2

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Fund C - COMMINGLED POOL

Investments by Fund

December 31, 2009

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CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
US Treasury Notes											
912828JJ0	26028	U.S. TREASURY NOTES	10/02/2008	25,119,856.96	25,000,000.00	25,331,054.25	2.375	1.614	1.636	08/31/2010	242
912828JL5	26045	U.S. TREASURY NOTES	10/06/2008	25,076,312.15	25,000,000.00	25,296,878.50	2.000	1.560	1.582	09/30/2010	272
Subtotal and Average				135,173,195.10	135,000,000.00	136,155,263.25		1.446	1.466		257
Corporate Bonds											
060505BU7	14623	BANK OF AMERICA	09/19/2005	23,003,528.77	23,000,000.00	23,481,114.00	4.500	4.407	4.469	08/01/2010	212
06050TLF7	24738	BANK OF AMERICA	05/12/2008	20,000,000.00	20,000,000.00	20,038,820.00	0.873	1.969	1.997	05/12/2010	131
06406HBK4	25730	BANK OF NEW YORK	08/27/2008	3,989,676.71	4,000,000.00	4,318,108.00	5.125	5.134	5.206	08/27/2013	1,334
06406HAY5	25972	BANK OF NEW YORK	09/23/2008	9,929,664.14	10,000,000.00	10,407,620.00	4.950	5.602	5.680	01/14/2011	378
166751AK3	26579	CHEVRON CORP.	03/03/2009	14,999,348.33	15,000,000.00	15,589,770.00	3.450	3.404	3.452	03/03/2012	792
36962GS62	14844	GENERAL ELECTRIC	10/21/2005	2,999,405.50	3,000,000.00	3,102,435.00	4.875	4.835	4.903	10/21/2010	293
36962GW59	16671	GENERAL ELECTRIC	04/28/2006	2,998,934.70	3,000,000.00	3,162,744.00	5.500	5.455	5.531	04/28/2011	482
36962G3J1	22196	GENERAL ELECTRIC	09/28/2007	25,000,000.00	25,000,000.00	24,860,775.00	0.601	1.887	1.913	09/28/2011	635
36962GW42	28075	GENERAL ELECTRIC	11/20/2009	29,737,567.56	30,000,000.00	29,824,500.00	0.371	1.037	1.052	04/28/2011	482
46623ECW7	20578	JPMORGAN	05/08/2007	20,000,000.00	20,000,000.00	20,009,840.00	0.315	2.590	2.626	05/07/2010	126
46623EHU6	23361	JPMORGAN	01/22/2008	15,000,000.00	15,000,000.00	15,004,620.00	0.783	2.580	2.616	01/22/2010	21
59217EAQ7	13628	MET LIFE GLOBAL FUNDING	05/05/2005	9,998,016.00	10,000,000.00	10,089,320.00	4.500	4.502	4.565	05/05/2010	124
59217EAU8	15424	MET LIFE GLOBAL FUNDING	12/19/2005	11,376,390.60	11,400,000.00	11,610,056.40	4.625	4.925	4.994	08/19/2010	230
41011WAA8	24827	JOHN HANCOCK GLOB FDG	05/19/2008	10,704,149.14	10,515,000.00	10,846,222.50	7.900	4.066	4.123	07/02/2010	182
41011WAA8	24828	JOHN HANCOCK GLOB FDG	05/19/2008	14,761,727.66	14,500,000.00	14,956,750.00	7.900	4.054	4.110	07/02/2010	182
41011WAA8	24855	JOHN HANCOCK GLOB FDG	05/21/2008	5,092,236.27	5,000,000.00	5,157,500.00	7.900	3.976	4.032	07/02/2010	182
64952WAE3	15483	NEW YORK LIFE GLOBAL	12/27/2005	11,976,251.65	12,000,000.00	12,224,196.00	4.625	4.913	4.982	08/16/2010	227
6944P0AF2	25086	PACIFIC LIFE GLOBAL	06/09/2008	14,765,474.46	15,000,000.00	14,163,690.00	0.519	2.354	2.387	06/22/2011	537
717081DC4	26608	PFIZER	03/24/2009	25,000,000.00	25,000,000.00	25,577,375.00	2.204	2.368	2.401	03/15/2011	438
742732AD2	26903	PROCTER & GAMBLE	05/07/2009	5,000,000.00	5,000,000.00	4,997,735.00	0.285	0.520	0.527	05/07/2010	126
78009JXT7	28165	ROYAL BANK OF CANADA	12/09/2009	25,000,000.00	25,000,000.00	24,988,425.00	0.235	0.237	0.241	12/09/2010	342
87244EAA0	15613	TIAA GLOBAL	01/12/2006	2,999,647.55	3,000,000.00	3,095,394.00	4.875	4.821	4.887	01/12/2011	376
892332AP2	16569	TOYOTA MOTOR CREDIT	04/21/2006	9,980,978.21	10,000,000.00	10,075,700.00	4.250	5.212	5.284	03/15/2010	73
892332AQ0	16824	TOYOTA MOTOR CREDIT	05/18/2006	9,994,394.94	10,000,000.00	10,552,940.00	5.450	5.421	5.496	05/18/2011	502
90327QCR8	28106	USAA CAPITAL CORP -FDIC GUARAN	11/27/2009	10,642,249.52	10,000,000.00	10,360,020.00	4.996	4.024	4.080	12/12/2011	710
931142BZ5	26161	WALMART	10/23/2008	4,005,139.47	4,000,000.00	4,078,652.00	4.125	3.801	3.854	07/01/2010	181
931142BV4	27327	WALMART	06/24/2009	15,418,868.02	15,000,000.00	15,537,705.00	4.125	1.571	1.593	02/15/2011	410

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Fund C - COMMINGLED POOL

Investments by Fund

December 31, 2009

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CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Subtotal and Average				354,373,649.20	353,415,000.00	358,112,026.90		2.981	3.023		354
Corporate Bonds - Cont.											
90331HLG6	21065	U S BANK	06/08/2007	9,934,450.30	9,936,390.88	10,458,548.22	5.920	5.843	5.924	05/25/2012	875
Subtotal and Average				9,934,450.30	9,936,390.88	10,458,548.22		5.843	5.925		875
FDIC Guaranteed Corporate Bonds											
06050BAB7	26440	B of A-FDIC GUARANTEED	12/04/2008	10,000,000.00	10,000,000.00	10,052,190.00	0.757	1.197	1.214	12/02/2010	335
06050BAG6	28105	B of A-FDIC GUARANTEED	11/27/2009	25,489,124.51	25,000,000.00	25,230,775.00	2.100	1.227	1.244	04/30/2012	850
17313UAB5	26450	CITI-FDIC GUARANTEED	12/09/2008	10,000,000.00	10,000,000.00	10,058,370.00	0.807	1.227	1.244	12/09/2010	342
17314JAC7	26631	CITI-FDIC GUARANTEED	03/30/2009	25,000,000.00	25,000,000.00	25,073,300.00	0.401	0.571	0.579	03/30/2011	453
17313YAL5	27990	CITI-FDIC GUARANTEED	10/27/2009	30,110,880.84	30,000,000.00	29,886,660.00	1.875	1.715	1.738	10/22/2012	1,025
36967HAL1	26644	GE-FDIC GUARANTEED	03/31/2009	20,075,557.14	20,000,000.00	20,225,600.00	1.800	1.457	1.477	03/11/2011	434
36967HAL1	28017	GE-FDIC GUARANTEED	11/05/2009	40,536,172.84	40,000,000.00	40,451,200.00	1.800	0.661	0.670	03/11/2011	434
905266AB8	26585	UNION BANK-FDIC GUARANTEED	03/16/2009	6,000,000.00	6,000,000.00	6,009,834.00	0.334	0.519	0.527	03/16/2011	439
846042AB5	28104	SOVEREIGN BANCORP-FDIC GUARANT	11/27/2009	10,285,877.22	10,000,000.00	10,210,500.00	2.500	5.390	5.465	06/15/2012	896
90390QAA9	26637	USAA CAPITAL CORP -FDIC GUARAN	03/30/2009	19,975,812.25	20,000,000.00	20,258,600.00	2.240	2.264	2.296	03/30/2012	819
949744AB2	26458	WELLS FARGO-FDIC GUARANTEED	12/10/2008	35,000,000.00	35,000,000.00	35,588,700.00	1.107	1.386	1.405	12/09/2011	707
Subtotal and Average				232,473,424.80	231,000,000.00	233,045,729.00		1.419	1.439		644
NCUA Guaranteed Corporate Bonds											
90345AAA0	27972	US CENTRAL FED CRED-GTD BY NCU	10/19/2009	49,977,050.00	50,000,000.00	49,986,350.00	1.250	1.258	1.275	10/19/2011	656
95806AAB9	28008	WEST CORP FED CRED UNION-GTD B	11/02/2009	9,988,182.87	10,000,000.00	9,955,100.00	1.750	1.768	1.792	11/02/2012	1,036
Subtotal and Average				59,965,232.87	60,000,000.00	59,941,450.00		1.343	1.362		719
Asset Backed Securities											
161571DP6	27354	CHASE ISSUANCE TRUST (ABS)	06/30/2009	30,000,000.00	30,000,000.00	30,082,929.00	1.033	1.063	1.077	06/15/2010	165
161571DU5	27538	CHASE ISSUANCE TRUST (ABS)	07/23/2009	10,000,000.00	10,000,000.00	10,034,434.00	1.083	1.102	1.117	07/16/2012	927
161571DU5	27539	CHASE ISSUANCE TRUST (ABS)	07/23/2009	10,000,000.00	10,000,000.00	10,034,434.00	1.083	1.102	1.117	07/16/2012	927
Subtotal and Average				50,000,000.00	50,000,000.00	50,151,797.00		1.079	1.094		469
Fed Agency Amortizing Bonds											
3136F6ZR3	13871	FNMA NOTES	06/06/2005	1,546,647.48	1,553,565.70	1,557,215.96	4.000	3.945	4.000	02/25/2010	55
3136F6ZR3	13905	FNMA NOTES	06/08/2005	592,007.71	594,982.62	596,380.59	4.000	3.945	4.000	02/25/2010	55

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CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Subtotal and Average				2,138,655.19	2,148,548.32	2,153,596.55		3.946	4.000		55
Commercial Paper, Discount Notes											
0556N1A45	28338	BNP PARIBAS	12/31/2009	49,999,750.00	50,000,000.00	50,000,000.00	0.060	0.060	0.060	01/04/2010	3
0556N1A45	28339	BNP PARIBAS	12/31/2009	49,999,750.00	50,000,000.00	50,000,000.00	0.060	0.060	0.060	01/04/2010	3
0556N1A45	28340	BNP PARIBAS	12/31/2009	49,999,750.00	50,000,000.00	50,000,000.00	0.060	0.060	0.060	01/04/2010	3
0556N1A45	28341	BNP PARIBAS	12/31/2009	24,999,875.00	25,000,000.00	25,000,000.00	0.060	0.060	0.060	01/04/2010	3
36959JAR4	27956	GENERAL ELECTRIC	10/09/2009	49,994,333.33	50,000,000.00	49,990,000.00	0.170	0.170	0.172	01/25/2010	24
36959JB28	28137	GENERAL ELECTRIC	12/04/2009	49,992,888.89	50,000,000.00	49,990,000.00	0.160	0.160	0.162	02/02/2010	32
59515DF83	28246	MICROSOFT CORP	12/17/2009	49,960,500.00	50,000,000.00	49,930,000.00	0.180	0.180	0.182	06/08/2010	158
74977LFB8	28192	RABOBANK	12/11/2009	49,935,152.77	50,000,000.00	49,930,000.00	0.290	0.290	0.294	06/11/2010	161
78009BB19	28332	ROYAL BANK OF CANADA	12/30/2009	49,995,694.45	50,000,000.00	49,975,000.00	0.100	0.100	0.101	02/01/2010	31
78009BB19	28333	ROYAL BANK OF CANADA	12/30/2009	49,995,694.45	50,000,000.00	49,975,000.00	0.100	0.100	0.101	02/01/2010	31
79540BAN6	28155	SALISBURY REC CO	12/08/2009	24,997,375.00	25,000,000.00	24,997,500.00	0.180	0.180	0.182	01/22/2010	21
79540BAR7	28245	SALISBURY REC CO	12/17/2009	39,995,200.00	40,000,000.00	39,992,000.00	0.180	0.180	0.182	01/25/2010	24
82124MAL4	28154	SHEFFIELD RECEIVABLES CORP	12/08/2009	14,998,654.17	15,000,000.00	14,998,500.00	0.170	0.170	0.172	01/20/2010	19
82124MAS9	28190	SHEFFIELD RECEIVABLES CORP	12/11/2009	8,998,937.50	9,000,000.00	8,998,200.00	0.170	0.170	0.172	01/26/2010	25
79816PAE2	28174	CITY OF SAN JOSE	12/10/2009	23,338,520.64	23,344,000.00	23,329,993.60	0.650	0.650	0.659	01/14/2010	13
86257LFXS	27957	STRAIGHT-A FUNDING LLC	10/09/2009	19,999,300.00	20,000,000.00	19,998,000.00		0.210	0.213	01/07/2010	6
86257CLB6	28147	STRAIGHT-A FUNDING LLC	12/07/2009	31,841,603.96	31,851,000.00	31,844,629.80	0.180	0.180	0.182	03/01/2010	59
86257LKK7	28175	STRAIGHT-A FUNDING LLC	12/10/2009	5,650,106.58	5,652,000.00	5,650,304.40	0.180	0.180	0.182	03/09/2010	67
86257LKM3	28176	STRAIGHT-A FUNDING LLC	12/10/2009	25,019,615.62	25,028,000.00	25,017,988.80	0.180	0.180	0.182	03/09/2010	67
86257LGU0	28191	STRAIGHT-A FUNDING LLC	12/11/2009	16,997,804.17	17,000,000.00	16,998,300.00	0.150	0.150	0.152	02/01/2010	31
86257MGA2	28203	STRAIGHT-A FUNDING LLC	12/14/2009	24,992,625.00	25,000,000.00	24,990,000.00	0.180	0.180	0.182	03/01/2010	59
89233HAR5	28128	TOYOTA FINANCIAL SERVICES	12/03/2009	49,994,333.33	50,000,000.00	49,990,000.00	0.170	0.170	0.172	01/25/2010	24
89233HAR5	28146	TOYOTA FINANCIAL SERVICES	12/07/2009	49,994,333.34	50,000,000.00	49,990,000.00	0.170	0.170	0.172	01/25/2010	24
Subtotal and Average				811,691,798.20	811,875,000.00	811,585,416.60		0.161	0.164		40
Federal Agency, Discount Notes											
313385RJ7	26512	FHLB DISCOUNT NOTE	01/07/2009	29,997,875.00	30,000,000.00	30,000,000.00	0.850	0.867	0.879	01/04/2010	3
313385SN7	26837	FHLB DISCOUNT NOTE	04/29/2009	29,987,083.33	30,000,000.00	30,000,000.00	0.500	0.509	0.516	02/01/2010	31
313385SN7	26838	FHLB DISCOUNT NOTE	04/29/2009	49,978,472.22	50,000,000.00	50,000,000.00	0.500	0.509	0.516	02/01/2010	31
313385TT3	27155	FHLB DISCOUNT NOTE	06/02/2009	39,974,666.67	40,000,000.00	39,996,000.00	0.380	0.386	0.391	03/02/2010	60
313385P26	28060	FHLB DISCOUNT NOTE	11/18/2009	34,898,937.50	35,000,000.00	34,898,500.00	0.330	0.335	0.340	11/12/2010	315

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CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Federal Agency, Discount Notes											
313385C95	28082	FHLB DISCOUNT NOTE	11/23/2009	34,949,950.00	35,000,000.00	34,947,500.00	0.220	0.222	0.225	08/23/2010	234
313385P59	28231	FHLB DISCOUNT NOTE	12/16/2009	34,882,516.67	35,000,000.00	34,898,500.00	0.380	0.386	0.391	11/15/2010	318
313385SA5	26533	FHLB DISCOUNT	01/20/2009	24,990,104.17	25,000,000.00	25,000,000.00	0.750	0.764	0.775	01/20/2010	19
313385SB3	26537	FHLB DISCOUNT	01/21/2009	49,976,388.89	50,000,000.00	50,000,000.00	0.850	0.867	0.879	01/21/2010	20
313385SB3	26552	FHLB DISCOUNT	01/27/2009	24,987,500.00	25,000,000.00	25,000,000.00	0.900	0.918	0.931	01/21/2010	20
313385UX2	26642	FHLB DISCOUNT	03/31/2009	49,897,333.33	50,000,000.00	49,995,000.00	0.840	0.857	0.869	03/30/2010	88
313385UX2	26643	FHLB DISCOUNT	03/31/2009	34,928,133.33	35,000,000.00	34,996,500.00	0.840	0.857	0.869	03/30/2010	88
313385XG6	27072	FHLB DISCOUNT	05/26/2009	49,897,291.67	50,000,000.00	49,975,000.00	0.510	0.519	0.526	05/26/2010	145
313385XG6	27073	FHLB DISCOUNT	05/26/2009	24,948,645.83	25,000,000.00	24,987,500.00	0.510	0.519	0.526	05/26/2010	145
313385XH4	27079	FHLB DISCOUNT	05/27/2009	24,948,291.67	25,000,000.00	24,987,500.00	0.510	0.519	0.526	05/27/2010	146
313397YS4	28057	FHLMC DISCOUNT NOTE	11/17/2009	39,958,233.33	40,000,000.00	39,972,000.00	0.210	0.212	0.215	06/29/2010	179
313397ZP9	28267	FHLMC DISCOUNT NOTE	12/21/2009	29,965,000.00	30,000,000.00	29,967,000.00	0.210	0.212	0.215	07/20/2010	200
313589RJ4	26562	FNMA DISCOUNT NOTE	02/02/2009	44,996,625.00	45,000,000.00	45,000,000.00	0.900	0.917	0.930	01/04/2010	3
313589ZV8	27631	FNMA DISCOUNT NOTE	08/05/2009	29,909,016.66	30,000,000.00	29,967,000.00	0.530	0.539	0.547	07/26/2010	206
313589SB0	27969	FNMA DISCOUNT NOTE	10/16/2009	24,998,333.33	25,000,000.00	25,000,000.00	0.120	0.120	0.121	01/21/2010	20
313589H89	28030	FNMA DISCOUNT NOTE	11/06/2009	34,907,104.17	35,000,000.00	34,923,000.00	0.350	0.355	0.360	10/01/2010	273
313589M75	28118	FNMA DISCOUNT NOTE	12/02/2009	29,929,066.67	30,000,000.00	29,916,000.00	0.280	0.284	0.288	11/01/2010	304
313589R54	28157	FNMA DISCOUNT NOTE	12/08/2009	34,886,347.23	35,000,000.00	34,881,000.00	0.350	0.355	0.360	12/01/2010	334
Subtotal and Average				808,792,916.67	810,000,000.00	809,308,000.00		0.536	0.544		135
Dreyfus Money Market Fund											
SYS23519	23519	DREYFUS CASH MANAGEMENT	02/01/2008	173,019,736.31	173,019,736.31	173,019,736.31	0.070	0.069	0.070		1
Subtotal and Average				173,019,736.31	173,019,736.31	173,019,736.31		0.069	0.070		1
Other Money Market Funds											
SYS26388	26388	BGI PRIME MONEY MARKET FUND	11/24/2008	225,950,357.97	225,950,357.97	225,950,357.97	0.110	0.108	0.110		1
SYS8506	8506	LOCAL AGENCY INVEST FUND	07/01/2004	40,000,000.00	40,000,000.00	40,037,913.00	0.560	0.552	0.560		1
Subtotal and Average				265,950,357.97	265,950,357.97	265,988,270.97		0.175	0.178		1
Columbia Govt Money Market Fund											
SYS26441	26441	COLUMBIA GOVT RESERVES FUND	11/21/2008	2,575,438.56	2,575,438.56	2,575,438.56	0.001	0.000	0.001		1
Subtotal and Average				2,575,438.56	2,575,438.56	2,575,438.56		0.001	0.001		1

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CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Total Investments and Average				4,174,997,661.09	4,170,298,809.15	4,187,560,169.92		1.041	1.056		291

County of Santa Clara
Finance Agency
Controller-Treasurer Department
Internal Audit Division



County Government Center
70 W. Hedding Street, East Wing, 2nd Floor
San Jose, California 95110-1705
(408) 299-6830 FAX (408) 289-8629

February 9, 2010

Board of Supervisors
County of Santa Clara

INDEPENDENT AUDITOR'S REPORT
APPLYING AGREED-UPON PROCEDURES
CASH AND INVESTMENTS

We have performed the procedures enumerated below on the County's cash and investments at December 31, 2009. The previous Finance Agency Director agreed to these procedures that determine whether investments comply with the County's policies and State law and whether the cash and investments' accountability by the Controller-Treasurer's Department is accurate.

Based upon the work performed, we found that investments comply with County policy and State law and that cash and investments are accounted for in the Accounting and Investments Divisions of the Controller-Treasurer's Department in accordance with policy and established procedures except as noted in paragraph (i).

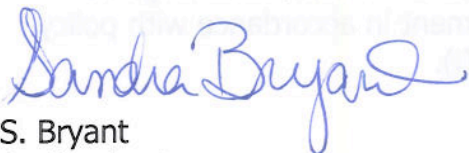
The procedures applied follow:

- a. As of December 31, 2009 there was no dollar difference between the accounting for cash and investments maintained by the Investments Division to the records of Controller's Accounting Division.
- b. We verified the existence of the items listed on the Schedule of Investments by Fund that is submitted to the Board with the quarterly investment report.
- c. We identified and/or computed the investment limitations for each type of investment and tested actual investments by type and issuer to the limitations permitted by law and policy.

- d. We tested the automated system's computation of the weighted average of maturities to the maximum permitted by policy (the accuracy of the system was previously tested).
- e. We compared the cash and securities held by the depository and custodial banks to these banks' equity balances and verified the deposit/equity or securities book value/equity ratios were within the legal requirements.
- f. We examined supporting documentation for the purchase of investments.
- g. We determined the existence of investments held in safekeeping by comparing the investments included in the County custodian's records with the details of the County's investment listing.
- h. From the schedule of investments, we examined individual investments with maturity dates exceeding one year and tested the receipt of interest. We reviewed the amounts recorded as revenue received to the amounts reported by the custodial bank as actually received.
- i. We reviewed the depository accounts' bank statement reconciliations, completed as of December 31, 2009 to determine whether all outstanding transactions are being reconciled in accordance with policy and in a timely manner. The Bank of America bank reconciliation has 111 reconciling items totaling \$396,974.69 absolute value older than 30 days dating back to November 19, 2008. The Bank of the West bank reconciliation does not have any reconciling items older than 30 days. Maintaining prior-month's reconciling items violate policy which requires all items be cleared within 30 days.



Bill Perrone
Internal Audit Manager



S. Bryant
Auditor-in-charge