

HALL OF FINANCE & RECORDS
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CHANGES IN ELIGIBILE CREDITS

In the month of March, there were six changes to the Treasurer's approved eligibility list of issuers.

The following were removed from the eligibility lists:

- 1) Merrill Lynch
- 2) Morgan Stanley
- 3) Goldman Sachs
- 4) Lehman Brothers
- 5) CIT Group
- 6) Standard Chartered Bank

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 rating actions.

The Extended Fund is jointly owned by the County and Schools' investment pools.

	Security	Maturity		% of	
	Type	Date	Market Value	Fund	ST Ratings, LT Ratings
Extended Fund					
SIGMA FIN INC	MTN	5/14/2008	49,826,550	2.17%	A-1+ *-/P-2 *-, AA-*-/ A2 *-
SIGMA FIN INC	MTN	10/30/2008	49,427,900	2.15%	
SIGMA FIN INC	MTN	10/30/2008	24,713,950	1.08%	_
			123,968,400	5.39%	_
					-
WHISTLEJACKET CAP LLC	MTN	1/25/2009	43,052,500	1.87%	D/NP, D/B2
WHISTLEJACKET CAP LLC	MTN	1/26/2009	25,831,500	1.12%	_
			68,884,000	3.00%	-



To:

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Treasury Investment Committee

John Byerly, Senior Financial Analyst From:

Date: March 26, 2008

Subject: Lehman Brothers (A-1/P-1/F1+ A+/A1/AA-)

> **Goldman Sachs** (A-1+/P-1/F1+ AA-/Aa3/AA-)

Merrill Lynch (A-1/P-1/F1 A+/A1/A+)

Morgan Stanley (A-1+/P-1/F1+ AA-*-/Aa3/AA-)

\$23 MM Merrill Lynch in Schools maturing 10-23-08 **Exposure:**

Recommend: Remove from approved issuer lists

Summary:

Concern surrounding the performance of US investment banks piqued with the JPMorgan purchase of Bear Stearns story. While we did not have Bear Stearns as an approved issuer, we have been monitoring developments closely since credit markets turned course in July and August of last year.

Our approved issuers are generally more diversified than ever and exhibit strong liquidity management, however they also rely heavily on wholesale funding and have less diversified revenue streams than our large commercial bank issuers. We have seen deep drops in earnings and uncertainty as to future bad news continues to grow. While these investment banks navigate through challenges to their profitability and liquidity, I recommend that we remove Lehman Brothers, Goldman Sachs, Merrill Lynch, and Morgan Stanley.

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To: Treasury Investment Committee

From: John Byerly, Senior Financial Analyst

Date: March 19, 2008

Subject: CIT Group

Ratings: A-2/P-1/F1A-/A2/A

Exposure: County: \$38.8MM, matures 5/23/08

Schools/JWA/X-Fund:

Recommend: Remove from approved list

Update:

CIT Group is a commercial and consumer finance firm offering finance and lease products and advisory services. CIT Group serves more than 1 million clients in more than 50 countries globally. With more than \$80 billion in managed assets it serves clients from 30 industries.

On March 17, 2008, Standard and Poor's (S&P) lowered the ratings of CIT Group to 'A-/A-2' from 'A/A-1'. In recent years, a strength of CIT has been its ability to augment its funding through unsecured debt markets with securitizing assets. Due to the current capital market dislocation, CIT's use of secured borrowings has grown substantially, weakening unsecured creditors' relative position. Diminished earnings prospects in the current economic environment and continued exposure to underperforming consumer businesses, all considered, contribute to the rating action.

S&P adds however, "CIT's leading market position in its core commercial businesses, the granularity and diversity of its loan portfolio, and its moderate financial leverage support the revised rating." Even so, considering current and growing market pressures facing this company, I recommend removing CIT from the approved issuer list.

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To: Treasury Investment Committee

From: John Byerly, Senior Financial Analyst

Date: March 19, 2008

Subject: Standard Chartered Bank, NY Ratings: A-1/P-1/F-1 A+/A2/A+

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

Recommend: Remove per Board's request

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Summary:

Standard Chartered Bank (SCB), headquartered in England, benefits from its position as one of the most internationally diversified banks in the world. SCB specializes in Consumer Banking and Wholesale Banking. SCB's geographic diversity makes it a unique investment. The bank's resilience through credit cycles makes it an attractive investment, providing downside protection to creditors. Over recent years, SCB has had fewer non-performing assets as a percent of total loans, higher profitability margins, less leverage, and higher tierone capital ratios than those of its peer's.

On March 18, 2008, the Board of Supervisor's requested the removal of Standard Chartered Bank due to its perceived role in the defaulted SIV, Whistlejacket. With due deference to the Board, I have removed Standard Chartered Bank, NY from the approved issuer list.

















