



OFFICE OF THE TREASURER-TAX COLLECTOR

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CHANGES IN ELIGIBLE CREDITS

In the month of May, there was one change to the Treasurer's approved eligibility list:

The following was added to the CP/ MTN Eligibility list:

- **Wachovia Corporation**

In addition, the following issuer was downgraded and taken off credit watch negative, and remains compliant with our Investment Policy Statement guidelines. The issuer is deemed to be of such high quality it continues to be included on our eligibility list:

- **Private Export Funding Corp.**

Please see the attached reports detailing the reasons the above actions were taken by the Treasurer.



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To: Treasury Investment Committee
From: John Byerly, Financial Analyst
Date: May 8, 2006

Subject: Wachovia Corp.
Ratings: A-1 */P-1/F1+ A+ */Aa3/AA-
A-1+/P-1/F1+ AA- */Aa2/AA B+ (Wachovia Bank)

Exposure: County: \$16MM
Schools/X-Fund/JWA: None

Recommendation: Add to CP/MTN Eligibility List

Summary:

Wachovia Corp. (Wachovia) formed in 2001 when east coast First Union bought Wachovia becoming the fourth largest bank in the US behind Citigroup, JP Morgan Chase, and Bank of America. They have 3,200 retail and corporate banking service locations in 15 eastern and southern states. Wachovia offers wealth management, mutual funds (Evergreen Investments), insurance, and corporate finance services. Wachovia is the third largest full-service brokerage firm in the United States based on client assets.

Wachovia's short and long-term ratings have been placed on watch for upgrade by Standard and Poor's on May 8, 2006 in response to its acquisition of Golden West Financial Corp., parent of World Savings Bank FSB.

Wachovia benefits from the strong performance of its subsidiary Wachovia Bank N.A. Wachovia Bank N.A has been on the Domestic Bank Eligibility List for many years. I recommend adding Wachovia Corp. to the CP/MTN Eligibility List.



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To: Treasury Investment Committee
From: John Byerly, Financial Analyst
Date: May 15, 2006

Subject: Private Export Funding Corporation (PEFCO)
Ratings: Was: A-1+/P-1/NR AA/Aaa/NR
Now: A-1/P-1/NR A+/Aaa/NR

Exposure: County: None
Schools: None
X-Fund: None
JWA: \$2MM maturing 6-12-06

Recommendation: Keep PEFCO on CP/MTN eligibility list

Update:

Private Export Funding Corporation (PEFCO) is a private company that supports the financing activity of the Export-Import Bank (Ex-Im). Loans made by PEFCO are unconditionally guaranteed by Ex-Im, which is guaranteed by the United States government's full faith and credit.

On April 12, 2006, Standard and Poor's placed the short and long-term ratings on credit watch negative. These rating actions were prompted by PEFCO's lower profitability and capitalization ratios.

On April 28, 2006, Standard and Poor's lowered its long-term issuer credit rating to A+ and its commercial paper ratings to A-1, now with stable outlooks. The new ratings still meet the Treasurer's minimum criteria. Moody's ratings remain Aaa with stable outlook after a credit opinion released on May 8, 2006.

Considering its strong relationship with Eximbank, excellent asset quality, and long track record, I recommend keeping PEFCO on our CP/MTN eligibility list. We will continue to monitor new developments.