OFFICE OF THE TREASURER-TAX COLLECTOR



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WALTER DANIELS DEPUTY TAX COLLECTOR

VICKIE PAZANTI DEPUTY TREASURER-TAX COLLECTOR ADMINISTRATION

CLARISSA ADRIANO-CERES DEPUTY TREASURER-TAX COLLECTOR INFORMATION TECHNOLOGY

BRETT R. BARBRE
DEPUTY TREASURER-TAX COLLECTOR
PUBLIC INFORMATION OFFICER

CHANGES IN ELIGIBILE CREDITS

In the month of March, there were two changes to the Treasurer's approved eligibility list:

- 1) American International Group, Inc. was removed
- 2) International Lease Finance Corporation was removed

Please see the attached report 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: March 21, 2005

Subject: AIG

Rating: WAS: A1+/P1/F1+ AAA/Aaa/AAA

NOW: A1+/P1/F1+ AAA*-/Aaa/AA+

Exposure: County/Xfund/Schools/JWA – None

Recommendation: Remove from the CP/MTN Eligibility List

Rationale: Put on watch negative by S&P

Summary: March 15, 2005, Fitch downgraded AIG's long-term credit rating to AA+ from AAA in response to the departures of AIG's CEO Greenburg in the midst of government investigations.

On the same day, S&P placed AIG's long-term and ILFC's short-term and long-term ratings on credit watch negative.

Subject: International Lease and Finance Corp

Rating: WAS: A1+/P1/F1+ AA-A1/AA-

NOW: A1+*-/P1/F1+ AA-*-/A1/AA-

Exposure: County - \$74,000,000 (\$50M 4-14-05 and 24M 7-8-05)

Xfund - None

Schools - \$24,000,000 (7-8-05)

JWA - None

Recommendation: Remove from the CP/MTN Eligibility List

Rationale: Put on watch negative by S&P

Fitch had affirmed AIG subsidiaries' ratings, while S&P included ILFC, citing ILFC's dependence on AIG's support during difficult times. Parent AIG does not guarantee ILFC's obligations, but could choose to provide liquidity support if needed.

ILFC continues to be very profitable and competitive and has all of its new 2005 deliveries committed. ILFC increased its bank lines to \$6.0 billion in October 2004 and disclosed that it does not intend to sell commercial paper equal to more than 75% of its available backup facilities. The company is in compliance with all financial covenants and has no rating triggers in these agreements.

The names have been removed from our eligibility list.