COUNTY OF ORANGE

OFFICE OF THE TREASURER-TAX COLLECTOR

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CREDIT WATCH NEGATIVE

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

Bank of America, N.A. was returned to the eligibility list;
Equitable Resources was removed from the eligibility list
Fleet Funding Corporation was removed from the eligibility list;
Transamerica Asset Funding Corporation (TAFCO) was removed from the eligibility list; and
Triple-A One Funding Corporation was removed from the eligibility list.

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: April 12, 2004
Subject: **Bank of America, N.A.**

Rating: Was: **A1+/P1/F1+ AA-/Aa1/AA+*-**
Now: **A1+/P1/F1+ AA-/Aa1/AA**

Exposure: County/XFund/Schools/JWA – None

Recommendation: Add name to Domestic Bank Eligibility List

Rationale: Credit Rating issue resolved

Summary: Fitch placed the ratings of Bank of America, N.A. and its parent Bank of America Corp (BoA) on credit watch negative in late October of 2003 over concerns of "higher risk" businesses arising from the acquisition of FleetBoston Financial. On April 1, 2004 Fitch downgraded the bank's long-term senior debt ratings from AA+ to AA, and removed from Rating Watch Negative citing the integration issues and other challenges of the merger going forward.

BoA is the third largest banking organization in the United States with more than $730 billion of consolidated assets. BoA is unparalleled with respect to a geographically dispersed core deposit base. 4,200 branches spread across 21 states generating $340 billion of core deposits is even larger than that of JP Morgan Chase/ Bank One.

Parent company liquidity is strong, with liquid assets able cover more than 2 years of debt servicing requirements. With an improving efficiency ratio, now among the strongest of its peers, profitability should benefit. 2003 Return on Assets for the parent was 1.55, in line with its peer group.

This leading bank organization is competitive with our other credits, and now that the Watch Negative rating has been removed should be added back to the Domestic Bank Eligibility List.

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To: Treasury Investment Committee
From: John Byerly, Financial Analyst
Date: April 12, 2004
Subject: **Equitable Resources**

Rating: A1/P1/NR A/A2/NR

Exposure: County/XFund/Schools/JWA – None

Recommendation: Remove name from eligibility list

Rationale: Program size is too small

Summary: Equitable Resources Inc. is an integrated energy company, based in Pittsburgh, PA, engaged in natural gas exploration & production (E&P), transmission, distribution, and energy management services. The company and its subsidiaries offer energy (natural gas, crude oil and natural gas liquids) products and services to wholesale and retail customers through three business segments: Equitable Utilities, Equitable Supply and Noresco, Equitable Resource's energy services company. It centers the majority of its operational and financial attention to core assets located in the Appalachian Region. It has a passive investment in Westport, a NYSE traded E&P company focused in the Gulf of Mexico and the Rocky Mountains.

While Equitable Resources continues to be a good credit, it could have anywhere between $650 million and $1.1 billion of debt outstanding, depending largely on how much CP issuance there is outstanding. By the end of this January there was only $33 million out. To ensure compliance with percentage restrictions it is recommended that we remove the name from the CP/MTN Eligibility List.

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To: Treasury Investment Committee
From: Julia Xue, Senior Financial Analyst
Date: April 12, 2004
Subject: **Fleet Funding Corp.**

Rating: A1+/P1/NR NR//

Exposure: County/XFund/Schools/JWA – None

Recommendation: Remove name from CP Eligibility List

Rationale: Program is winding down

Summary: Fleet Funding Corp. is a partially supported, single-seller ABCP program sponsored by General Electric Capital Corp. (GECC). Fleet Funding, established in 1988, was GECC's first ABCP program. Fleet Funding issues ABCP to purchase undivided interests in a revolving pool of vehicle leases to corporate obligors originated by subsidiaries of GECC. As of October 31, 2003, Fleet Funding had $1.082 billion of outstanding ABCP. GECC Capital Markets Group, JP Morgan, Merrill Lynch and UBS are the dealers of this program.

Due to the FIN46 effect, GECC decided to wind down the program to avoid consolidation on its balance sheet. Therefore, I recommend taking the name off our CP/MTN eligibility list.

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To: Treasury Investment Committee
From: John Byerly, Financial Analyst
Date: April 19, 2004
Subject: **Transamerica Asset Funding Corp (TAFCO)**

Rating: A1+/P1/NR

Exposure: County/XFund/Schools/JWA – None

Recommendation: Remove name from eligibility list

Rationale: Small outstanding amounts

Summary: Transamerica Asset Funding Corporation I (TAFCO) is a fully supported single-seller ABCP program sponsored and administered by Transamerica Occidental Life Insurance Company. TAFCO's investments are funding agreements issued by three insurance companies: Transamerica Occidental Life Insurance Company, Transamerica Life Insurance and Annuity Company, and Monumental Life Insurance Company.

The name remains an acceptable credit, however outstanding amounts can drop below $500 million. To ensure compliance with percentage restrictions it is recommended that we remove the name from the CP/MTN Eligibility List.

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To: Treasury Investment Committee
From: Julia Xue, Senior Financial Analyst
Date: April 26, 2004
Subject: **Triple-A One Funding Corporation**

Rating: A1/P1/NR NR//

Exposure: County/XFund/Schools/JWA – None

Recommendation: Add to the CP/MTN Eligibility List

Rationale: Fully supported ABCP program by MBIA with solid performance

Summary: Triple-A One Funding is a fully supported, multiseller ABCP program administered by MBIA Insurance Corporation. The program was established in 1994 by CapMAC as a means of offering low cost financing to investment-grade and non investment-grade corporations and financial institutions. CapMAC and MBIA merged in February 1998.

Triple-A One purchases and provides secured loans against highly rated bank credit card-backed certificates, consumer and commercial receivable portfolios and other types of securities. Goldman Sachs & Co., Merrill Lynch, Citigroup Global Markets Inc, and Deutsche Bank Securities are dealers of this program. As of January 31, 2004, Triple-A One had program outstanding of $2.7 billion.