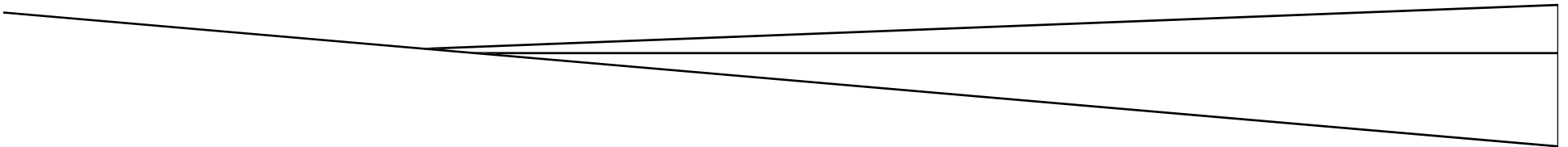


CDIAC– Advanced Concepts and Practices for Investing Public Funds 2009

New Government Guaranteed Investment Products: When to buy, hold or sell

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TLGP

- Temporary Liquidity Guarantee Program– FDIC
 - Part 1: TAGP – Transaction Amount Guarantee Program
 - Part 2: Debt Guarantee Program

TAF

- Fed program lending to institutions through collateralized loans.

CPFF

- Fed Program to create a SPV – Special purpose vehicle to buy some commercial paper directly from issuers. Highly rated asset backed.

New Programs

The federal government programs introduced in 2008 after the failure of Lehman, provided for new investment alternatives for public funds.

Liquidity programs structured to

TLGP: Consists of two parts

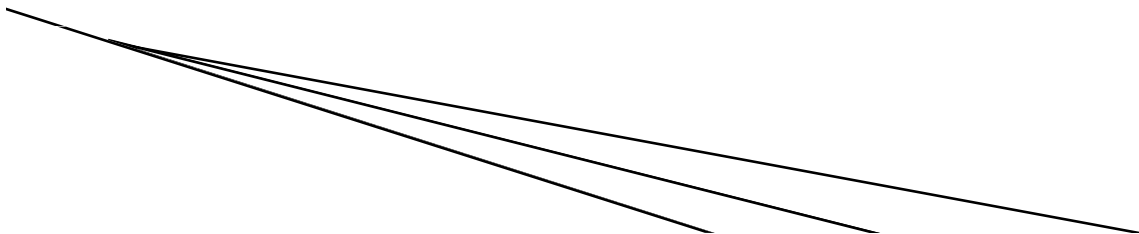
TAG- impacts the FDIC guarantee of your deposits.

- The FDIC guarantees the non-interest bearing deposits of participating banks.
- WATCH FOR FDIC FEES

DEBT Guarantee Program - Impacts the category of bonds that you buy. Creates a new tier of investments.



**TLGP program has investment impact on
Public Funds**



- 1) Review policy to determine if they are allowable.
- 2) Create guidelines constraints as a percentage to hold.
- 3) Monitor performance and value in the asset class.



Investment Policy First

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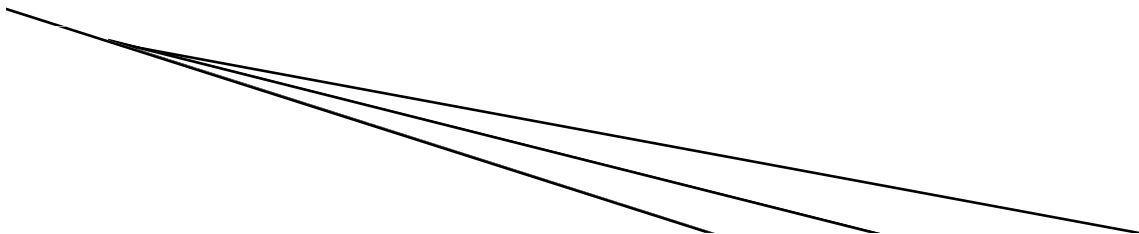
When to buy?

Buy:

- 1) Determine value of asset class
- 2) Review historical and current spreads
- 3) Review current asset class allocation



Decision Making Process



	Current Spread	High Spread
1 year	+15	+120
2 year	+20	+150
3/2012	+25	+180

Spreads

Issuers examples:

Morgan Stanley
Goldman Sachs
Citigroup
JP Morgan
Wells Fargo
US Bank
HSBC

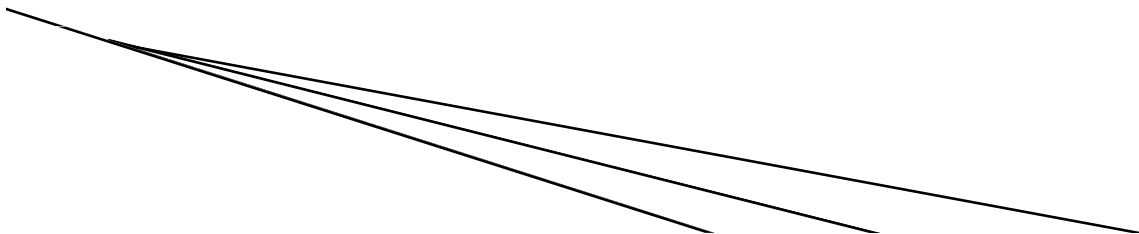
Watch for Foreign Bank Issuance– will come at wider spreads

When to Hold?

1. Comfortable with asset allocation.
2. Have appreciated and own at high yields.
3. Have policy not to sell.



Decision Making Process



When to Sell?

1. Need liquidity and these are a good alternative sell.
2. Change in the guarantee on the bonds, downgraded.
3. Need to adjust duration or asset allocation in the portfolio.



Decision Making Process

