



OFFICE OF THE TREASURER-TAX COLLECTOR

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CHANGES IN ELIGIBLE CREDITS

In the month of April, there were seven changes to the Treasurer's approved eligibility list. The following were removed:

- 1) **Pfizer Inc.**
- 2) **Delaware Funding Co. LLC**
- 3) **Coca-Cola Enterprises**
- 4) **Colonial Pipeline, Co.**
- 5) **Kitty Hawk Funding Corporation**
- 6) **State Street Bank & Trust Co.**
- 7) **Unilever Capital 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: April 11, 2005
Subject: Pfizer Inc.

Rating: WAS: A-1+/P-1/F1+ AAA/Aaa/AAA
NOW: A-1+/P-1/ F1+ AAA/ Aaa*-/AAA

Exposure: County/XFund/Schools/JWA – None

Recommendation: Remove from the CP/MTN Eligibility List

Rationale: Put on credit watch negative by Moody's

Summary:

On April 7, 2005, Moody's placed Pfizer Inc.'s long-term rating on credit watch negative after Pfizer announced that it suspended the sale of Bextra, on the request of the FDA. Pfizer was also instructed to add a heart-risk warning label to another painkiller, Celebrex. Bextra sales accounted for 2.4%, while Celebrex represented 6.3% of revenue last year.

Also on April 7, Pfizer announced that earnings this year would drop 25% as patents expire on drugs that represent almost a third of sales revenue. This decline is off from record levels. Pfizer's 2004 net sales rose to \$52.5 billion while 2004 net income rose to \$11.4 billion.

Moody's affirmed the pharmaceutical giant's P-1 short-term rating. On the following day, Standard and Poor's and Fitch both said that Moody's concerns won't affect their respective ratings of Pfizer, citing a "well-stocked" pipeline, a solidly performing Lipitor cholesterol drug, and Celebrex remaining on the market.

In compliance with the Investment Policy Statement, the name has been removed from our eligibility list.



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To: Treasury Investment Committee
From: John Byerly, Financial Analyst
Date: April 18, 2005
Subject: **Delaware Funding Company, LLC**

Rating: A-1+/P-1/ F1+

Exposure: County/XFund/Schools/JWA – None

Recommendation: Remove from the CP/MTN Eligibility List

Rationale: Assets to transfer to Park Avenue; DFC to cease issuance

Summary:

Delaware Funding Co., LLC (DFC) is a special purpose, bankruptcy-remote, limited liability company administered by JP Morgan Chase Bank (JPM). DFC was created in November 1990 to widen the bank's breadth of financing alternatives for its clients by offering a lower-cost, commercial paper-based funding source as an alternative to traditional financing sources.

With JPM's merger history, especially with Bank One, JPM finds itself with ample room to streamline its collection of ABCP programs. On April 12, 2005, it was announced that DFC plans to transfer all of its receivables facilities to Park Avenue Receivables Company, LLC (A-1/P-1/F1). It is DFC's intent to cease issuance during May 2005. All of the notes continue to benefit from the program liquidity facility, swing line facility and the program letter of credit.

I recommend we remove the name from the CP/MTN Eligibility List.



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To: Treasury Investment Committee
From: John Byerly, Financial Analyst
Date: April 18, 2005
Subject: **Inactive issuers**

Exposure: County/XFund/Schools/JWA – None

Recommendation: Remove from the CP/MTN Eligibility List

Rationale: Trading inactivity

Summary:

Some issuers, while continuing to qualify as eligible investments under our IPS requirements and our internal credit review, may nevertheless become unattractive. For instance, a company with ample internal funding can be an expensive and infrequent issuer of short-term debt. Accordingly, I recommend removing the following names in an effort to best manage the resources of our department:

- ♦ Coca-Cola Enterprises
- ♦ Colonial Pipeline Co.
- ♦ Kitty Hawk Funding Corporation
- ♦ State Street Bank and Trust Co.
- ♦ Unilever Capital Corporation