

## Florida Local Government Investment Trust 'AAAf/S1' Rating Affirmed, Removed From CreditWatch Negative

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NEW YORK (Standard & Poor's) Aug. 1, 2011—Standard & Poor's Ratings Services said today that it affirmed its 'AAAf' fund credit-quality rating (FCQR) on the Florida Local Government Investment Trust (FLGIT) and removed it from CreditWatch Negative where it was placed July 15, 2011. At the same time, we affirmed our 'S1' fund volatility rating on FLGIT.

FLGIT was placed on CreditWatch Negative because of its significant (greater than 40%) exposure to the U.S. sovereign, much of it in longer-term (greater than 365 day) investments. These exposures were either through direct or indirect investments in U.S. Treasury and U.S. government agency securities. For FCQRs, we apply a lower credit score to investments in short-term (365 days or less) U.S. government securities than to longer-term investments (more than 365 days).

Since we placed FLGIT on CreditWatch Negative, the portfolio manager has reallocated most of the fund's holdings into other 'AAA' rated investments and shorter-term government securities from longer-term U.S. government securities. This strategy has reduced the impact of the U.S. government being on CreditWatch Negative or any subsequent downgrade (if any) of FLGIT's overall credit-risk profile based on our FCQR methodology. This, therefore, is the basis for the affirmation of the 'AAAf' rating.

FLGIT, organized on Dec. 12, 1991, **under the** Florida Interlocal Cooperation Act of 1969, is a local government investment pool developed through the joint efforts of The Florida Association of Court Clerks and Comptrollers and The Florida Association of Counties. This short-term fluctuating net asset value fund is designed to complement a local government's existing investment programs by providing an investment vehicle for funds that can be invested in a short- to intermediate-term basis in securities with returns generally greater than

**Publication Date**

Aug. 1, 2011

those of money-market instruments. FLGIT is an open-end, professionally managed fund available only to Florida's public entities and special taxing districts. The fund is authorized to hire a professional investment firm to manage its portfolio and help the fund achieve its objective within the limits of its stated investment policies. Payden & Rygel (the portfolio manager, registered with the SEC and the State of Florida) has been retained for this purpose.

Our FCQRs capture a fund's overall exposure to default risk. When we assign a FCQR, we evaluate the fund's portfolio credit risk and conduct a qualitative assessment of fund management's credit procedures. FCQRs are based on a credit matrix approach (derived from our historical default and ratings transition studies) and a detailed examination of both a fund's management and its credit analysis.

Our FCQRs, identified by the 'f' subscript, reflect our view of the level of protection a fund provides against losses from credit defaults. The FCQR scale ranges from 'AAAf' (extremely strong protection against losses from credit defaults) to 'CCCCf' (extremely vulnerable to losses from credit defaults). Funds rated 'S1' have low sensitivity to changing market conditions and also possess an aggregate level of risk that is less than or equal to a one-to-three-year U.S. government securities index. We regularly monitor the fund's portfolio to ensure the accuracy of the ratings.

#### RELATED CRITERIA AND RESEARCH

- Fund Credit Quality Rating Criteria, Feb. 2, 2007
- Fund Volatility Rating Criteria, Feb. 2, 2007

Complete ratings information is available to subscribers of RatingsDirect, Standard & Poor's Web-based credit analysis system, at [www.ratingsdirect.com](http://www.ratingsdirect.com). All ratings affected by this rating action can be found on Standard & Poor's public Web site at [www.standardandpoors.com](http://www.standardandpoors.com); under Credit Ratings in the left navigation area, select Find a Rating, then Credit Ratings Search.

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