

INFORMATION REGARDING NEW STATE AND FEDERAL PROGRAMS RELATED TO ENHANCING LIQUIDITY IN THE MUNICIPAL DEBT MARKET

FEDERAL RESERVE MMLF EXPANSION

The Federal Reserve has expanded the Money Market Mutual Liquidity Fund (MMLF) to include certain high quality municipal securities, specifically notes with less than 12 month maturities, as eligible collateral. This means that certain municipal securities will classify as eligible collateral for both the Primary Dealer Credit Facility (PDCF) and MMLF. With the Fed as a backstop, liquidity in these categories of notes should improve, enhancing certain municipal issuers' market access while current market conditions persist.

Municipal debt that meets the following criteria may be eligible:

1. Maturity does not exceed 12 months; and
2. At the time purchased from the Fund or pledged to the Reserve Bank:
 - A. Has a top-tier short term rating if rated in the short-term rating category (e.g., rated SP1, MIG1, or F1, as applicable) from at least two major rating agencies, or if rated by only one major rating agency, is rated within the top rating category by that agency; or,
 - B. Is rated in the top long-term rating category (e.g., AA or above) by at least two major rating agencies, or if rated by only one major rating agency, is rated within the top rating category by that agency.

Should you have any questions as to whether your local unit may benefit from this programmatic change, please speak to your financial advisor and/or counsel.

I-BANK INVESTMENT POLICY AMENDMENT

New Jersey's Infrastructure Bank (I-bank) has amended its Investment Policy to permit the I-Bank to invest in local government unit Bond Anticipation Notes (BANs) in certain circumstances. The BAN purchase program is a limited and specialized resource made available only to address failed sales occurring during BAN rollovers. This program is designed to ensure solvency and fiscal stability for New Jersey's local units, providing protection against potential defaults during the present liquidity crisis. Its general terms are as follows:

- i. The program is of limited duration, authorized only during a period in which the Governor has declared a State of Emergency.
- ii. Only those BAN rollovers that require assistance due to failed sales, as defined by I-bank, may participate.
- iii. Members from the I-Bank, Treasurer's Office, and Financial Advisor to the I-Bank shall determine the appropriate amount of available funds / liquidity to be invested.
- iv. There will be sector, issue, and credit limits, interest rate guidelines, and a maturity limit of 90 days for any BAN submitted for consideration.
- v. The Director of the Division of Investments in the Department of Treasury must approve the purchase of any BAN through the program.

The I-Bank, Director of DLGS, and Treasury Department will implement the Program. Please contact the I-bank with any questions about this program.

This Notice Will Be Sent To: CFOs and Business Administrators