



OFFICE OF THE ILLINOIS STATE TREASURER
ALEXI GIANNOULIAS

July 7, 2009

Mr. Robert E. Feldman
Executive Secretary
ATTN: Comments
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, DC 20429

Re: Transaction Account Guarantee (TAG) - Request for Comments

Dear Mr. Feldman:

I write to you to support the extension of the Transaction Account Guarantee (TAG) component of the Temporary Liquidity Guarantee Program (TLGP). In the FDIC's request for comments two scenarios are presented; the Illinois State Treasurer's office is in favor of extending the program for *at least* six months, as proposed in the second alternative. However, I would like to advocate that the program be extended even further - until 2013 so as to be consistent with the sunset for the increased insurance coverage and the TLGP. This will provide consistency within the FDIC's programs as well as stability for investors.

The Illinois State Treasurer's Office oversees the investments of the State's over \$8 Billion portfolio as well as the local government pool's \$5.5 Billion portfolio. Keeping these portfolios liquid and secure while at the same time providing a beneficial rate of return for the taxpayers of Illinois has been increasingly difficult as the economy has suffered. The TAG program has been particularly useful to the Treasurer's office; allowing us to diversify our portfolio, while also providing better rates of return than we are able to earn for the State with overnight investments. Like many other State Treasurers' offices across the country we have come to depend on investments such as those the TAG program provides to strengthen protections for public funds by maintaining full insurance coverage for qualifying noninterest-bearing accounts until economic conditions improve.

In addition to the extension of the TAG program I would also like to raise another issue that is impacting the ability of states and other large institutional investors to securely make investments. The manner in which FDIC fees are charged based on a quarter end date causes undue costs on financial institutions and impacts their willingness to accept deposits at that time. Because quarter end days are the very days that the financial markets become dysfunctional and government entities as well as others need to utilize the insured accounts the most we would advocate an average balance methodology be used to determine the fees.

Thank you for your consideration of these comments and additional requests.

Sincerely,

Alexi Giannoulis
Illinois State Treasurer

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