



October 5, 2016

We have received some questions regarding the modifications to the Government Accounting Standards Board (GASB) accounting guidelines for Local Government Investment Pools (LGIPs) and their impact on the MMDT portfolios. The most pertinent modified GASB guideline is Statement No. 79, which addresses the accounting and financial reporting implications for pools and their participants. We would like to assure you that the MMDT Cash Portfolio is fully compliant with these modified guidelines. Please note that these changes have no impact on the MMDT Short Term Bond Portfolio.

GASB 79 delinks money market LGIPs to SEC Rule 2a-7 and enables such pools to continue to utilize amortized cost for valuation and financial reporting so that the \$1.00 per unit value they pursue will not need to change to a fluctuating price. As a prerequisite to continued use of amortized cost, Statement No. 79 puts forth risk-mitigating measures such as limits on certain repo collateral investments, daily and weekly liquidity buckets, and "Know Your Customer" provisions, among others. None have affected the Portfolio's primary investment objectives of safety of principal, preservation of liquidity, and competitive yield.

Federated appreciates the challenges you face managing public money in this changing landscape. As the investment manager of the MMDT Cash Portfolio, Federated is a stakeholder in the implementation of the new guidelines as well as ensuring that the pool's policies accurately reflect these modifications. Please be assured that we have fully addressed the policy revisions with the Treasurer and the revised Investment Circular for the Cash Portfolio has been posted to MyMMDT.com. Finally, we are happy to address any additional questions you may have regarding these changes.

Sincerely,

Your Federated MMDT Team.

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