

OFFICE OF THE TREASURER-TAX COLLECTOR

April 26, 1993

Mr. Michael G. Stamenson
Director, Municipality Unit
Merrill Lynch
Pierce, Fenner & Smith, Inc.
101 California Street, Suite 1400
San Francisco, CA 94111

Dear Mike:

This is in reply to your letter of March 31, 1993. Thank you for offering to make a secondary market for repurchase of derivative securities that we have previously purchased from you. At this point in time, and even projecting into the far future, we do not believe that we would be interested in selling these derivative securities. We have always been aware that Merrill Lynch would maintain a secondary market in all securities that we have purchased from them.

Your letter explained the alleged volatile interest coupon structure of these derivatives. We have always been aware of the vicissitudenary nature of the derivative securities that we have mainly bought from Merrill Lynch and others. Although there may be an alleged interest rate risk in these type of securities, we believe because of future low interest rates that the securities that we now own may be even more valuable than they are today. In fact, Mike, it was only after extensive consultation with highly placed Merrill Lynch officials by conference call, in person, and in writing well over a year ago that we felt secure in investing an even larger percentage of our portfolio in derivative securities. I would estimate that 95% of these securities were purchased from Merrill Lynch and 5% from other dealers.

Sincerely,

Robert L. Citron
County Treasurer-Tax Collector

RLC:jg

cc: Matthew R. Raabe
Assistant Treasurer