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***Either the World is Ending ; Or - Interest Rates are Going Up.***

Banks pay less than 1% and many pay less the .5% Everyone knows that interest rates are the lowest they have been in their lifetime.

We know this is happening, because of the downturn of the economy. So, either you believe, we are going to be in this recession for the next 15 or 20 years. Or you believe, that we are going to come out of it. And When We Do - Interest rates will go up. As they always do, and always have.

Interest Rates can't go any lower, There is only one direction for interest rates to go  
The only question is - When.

It therefore follows that on any kind of fancy Variable Rate Financial Instrument in today's interest environment. You are going to loose money, The only question is When.

Goldman Sachs, and the like, will say, Don't worry about that - We can hedge that.  
In plain language what that means, Create and Sell an Exotic Variable Rate Bond issue. And when you loose money on that, We will sell you something else, an Interest Rate Swap, that will help make up the money we loose you, on our first idea.

To put it even more simply. This is like putting 50 gallons of water in the back of your canoe, and then noticing that the back of your canoe is going down. Then if you're the City Commission you decide the best way to fix this is, to put 50 gallons in the front of your canoe. That doesn't fix the problem, your canoe is still going down. The only question is when.

Authorizing the GRU to commence discussion with Goldman Sach's and committing up to \$600,000 to see what *Suggestions* they will come back with, is comical - if it weren't so sad.

*I can tell you the essence of what they will say for \$6 dollars. And save Gainesville \$599,994 dollars.*

Goldman, or JP Morgan, or whoever will say:

Sell an Exotic Variable Rate bond that we create, *(and pay us a commission)* and when that looses you money, we're selling you this Interest Swap *(and pay us a commission)* - to make up for the money we lost you on our first idea. OF Course they will use big fancy names, like Liquidity Facility, that no one can spell - And no one understands, To help you believe that you got your \$600,000 dollars money's worth.

Going to Goldman Sach's and asking if they would recommend some Exotic Financial Instrument, that GRU admits, *no one understands* - Is like going to a Barber and asking him, if you need a haircut.

You'll get a Hair Cut alright, the only question is how big a Hair Cut does the Gainesville City Commission believe, the Citizens of Gainesville deserve.

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*Don Glendening*