



DEPARTMENT OF THE TREASURY

WASHINGTON, D.C.

June 17, 2009

SECRETARY OF THE TREASURY

The Honorable Jackie Speier
U.S. House of Representatives
Washington, DC 20515

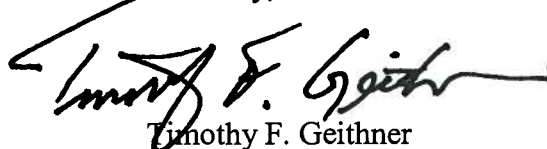
Dear Representative Speier:

Thank you for your letter dated May 22, 2009, regarding your request that Treasury provide assistance under the Troubled Asset Relief Program to public entities that suffered losses as a result of the failure of Lehman Brothers.

We agree that it is important to provide support for state and local governments in this difficult recession. That is why under the American Recovery and Reinvestment Act (ARRA), we provided over \$144 billion in direct aid to states to support investments in health and education and prevent painful cuts to social services. In addition, the ARRA provided significant subsidies for state and local governmental borrowing costs through the creation of the Build America Bonds program, which allows for an unlimited issuance in 2009 and 2010 and has already been used to provide financing for over \$11 billion of new capital projects.

In response to your request, while we have employed a wide array of policies to address the financial crisis, Treasury does not currently intend to make purchases of Lehman Brothers securities from public instrumentalities. However, Treasury staff continues to monitor the fiscal challenges facing state and local governments, the state of the municipal bond market, and the broader consequences of the credit freeze that followed Lehman's collapse. As per your request, I would be happy to speak with you to hear any concerns you have about municipalities specifically impacted by Lehman Brothers' collapse and make my staff available to further discuss this issue.

Sincerely,



Timothy F. Geithner



DEPARTMENT OF THE TREASURY

WASHINGTON, D.C.

June 17, 2009

SECRETARY OF THE TREASURY

The Honorable Anna Eshoo
U.S. House of Representatives
Washington, DC 20515

Dear Representative Eshoo:

Thank you for your letter dated May 22, 2009, regarding your request that Treasury provide assistance under the Troubled Asset Relief Program to public entities that suffered losses as a result of the failure of Lehman Brothers.

We agree that it is important to provide support for state and local governments in this difficult recession. That is why under the American Recovery and Reinvestment Act (ARRA), we provided over \$144 billion in direct aid to states to support investments in health and education and prevent painful cuts to social services. In addition, the ARRA provided significant subsidies for state and local governmental borrowing costs through the creation of the Build America Bonds program, which allows for an unlimited issuance in 2009 and 2010 and has already been used to provide financing for over \$11 billion of new capital projects.

In response to your request, while we have employed a wide array of policies to address the financial crisis, Treasury does not currently intend to make purchases of Lehman Brothers securities from public instrumentalities. However, Treasury staff continues to monitor the fiscal challenges facing state and local governments, the state of the municipal bond market, and the broader consequences of the credit freeze that followed Lehman's collapse. As per your request, I would be happy to speak with you to hear any concerns you have about municipalities specifically impacted by Lehman Brothers' collapse and make my staff available to further discuss this issue.

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Timothy F. Geithner