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November 7, 2008

The Honorable Henry M. Paulson  
United States Department of the Treasury  
1500 Pennsylvania Avenue, N.W.  
Washington, D.C. 20220

Dear Secretary Paulson:

I write on behalf of the Beach Cities Health District to request that you exercise the authority extended to you in the recently passed Emergency Economic Stabilization Act of 2008 to purchase troubled assets held by local agencies. Our limited taxpayer funds have fallen victim to our nation's financial market's failures. These funds are critical to provide health-related services for youth, adults and older adults in the cities of Hermosa Beach, Manhattan Beach and Redondo Beach.

The oldest investment bank on Wall Street, the now bankrupt Lehman Brothers has left many on California's Main Street holding troubled assets. Our loss, a \$500,000 Senior Unsecured Medium Term Note, may seem small to you but that is 5% of our agency's total operating budget and will result in less service to our community. While we were not invested in risky instruments we are nonetheless suffering their same fate. The Act is to restore stability to financial institutions suffering these losses; it should also do the same for local agencies.

Beach Cities Health District respectfully requests that you act to stabilize our financial system, protect local taxpayers and ensure this solvable and urgent problem is remedied with the purchase of these troubled assets. This is consistent with the intent and express purpose of Trouble Assets Relief Program (TARP). The \$700 billion taxpayer funds approved by Congress are to restore financial stability across the nation not just on Wall Street.

Respectfully,

Susan Burden  
Chief Executive Officer  
Beach Cities Health District

Steve Groom  
Director of Finance  
Beach Cities Health District

C: The Honorable Benjamin S. Bernanke, Chairman of the Board of Governors of the Federal Reserve System  
The Honorable James B. Lockhart III, Director of the Federal Housing and Finance Agency  
The Honorable Christopher Cox, Chairman of the Securities and Exchange Commission  
The Honorable Steve Preston, Secretary of Housing and Urban Development



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November 7, 2008

Honorable Anna Eshoo  
14th Congressional District  
205 Cannon House Office Building  
Washington, D.C. 20515

Dear Congresswoman Eshoo:

We write to thank you for elevating local agencies' for relief through the Emergency Economic Stabilization Act of 2008. Our limited taxpayer funds have fallen victim to our nation's financial market's failures. These funds are critical to provide health-related services for youth, adults and older adults in the cities of Hermosa Beach, Manhattan Beach and Redondo Beach.

The oldest investment bank on Wall Street, the now bankrupt Lehman Brothers has left many on California's Main Street holding troubled assets. Our loss, a \$500,000 Senior Unsecured Medium Term Note, may seem small to you but that is 5% of our agency's total operating budget and will result in less service for our community.

We strongly support your commitment and continued efforts to ensure this solvable and urgent problem is remedied with the purchase or insurance of these troubled assets, consistent with both the purpose and intent of Trouble Assets Relief Program (TARP). Please let us know what we can do to help you be successful in this effort.

Respectfully,

Susan Burden  
Chief Executive Officer  
Beach Cities Health District

Steve Groom  
Director of Finance  
Beach Cities Health District

C: The Honorable Nancy Pelosi, Speaker of the House  
Senator Dianne Feinstein  
Senator Barbara Boxer  
Congresswoman Jane Harman



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November 13, 2008

Congresswoman Jane Harman  
2400 Rayburn House Office Building  
Washington, DC 20515

Dear Congresswoman Harman:

We write to thank you for elevating local agencies' for relief through the Emergency Economic Stabilization Act of 2008. Our limited taxpayer funds have fallen victim to our nation's financial market's failures. These funds are critical to provide health-related services for youth, adults and older adults in the cities of Hermosa Beach, Manhattan Beach and Redondo Beach.

We respectfully request your continued support for Economic Stimulus legislation and for our appeal to Treasury Secretary Henry M. Paulson, Jr. in concert with other California counties, cities, school district and special districts. We are asking for federal purchase and/or insurance of securities to eliminate exposure to losses of taxpayer dollars arising from investments in Lehman Brothers Holding, Inc.

We are a special district and we held securities when it declared bankruptcy on Sept. 15, 2008. Our loss, a \$500,000 Senior Unsecured Medium Term Note, is 5% of our agency's total operating budget and will result less service to our community. Beach Cities Health District leverages \$2 million in property taxes every year yet delivers \$10 million in services to our community, thanks in part to interest revenues. This investment loss will diminish our ability to support health-related services for youth, adults and older adults in the cities of Hermosa Beach, Manhattan Beach and Redondo Beach. We are not alone. Together with other California agencies, we could have exposure of over \$250 million; we believe PERS adds another \$400 million. These investments appeared far from risky and represent the backbone of local government financing. Many state and local agencies didn't contribute to the financial crisis but were injured by it, and need Washington's help to get out of it.

The securities we own meet the definition of "Troubled Assets" found in Sec. 3(9) of the Emergency Economic Stabilization Act of 2008. If the ultimate purpose of the Act is to stabilize the financial system while protecting taxpayers, it is our position that there is no better way to protect the taxpayers than by the Secretary exercising his authority to purchase Troubled Assets that are directly owned by taxpayers; those owned by cities, counties, special districts and school districts. Alternatively, the U.S. Treasury could insure the value of these taxpayer-funded assets, as it has done recently with many other assets.

The Emergency Economic Stabilization Act of 2008, Troubled Assets Relief Program (TARP) contains specific provisions, including Section 103, authorizing the Secretary of the Treasury to take action to provide relief. The language contained in that Section, subpart 7 was included to direct the consideration of the stability of public instrumentalities, such as counties, cities, school districts and special districts that have suffered losses in the current market turmoil. Most subparts to section 103 provide support for our position.

It would be inequitable were the federal bailout to buy bad mortgages, shoring up banks, yet fail to protect agencies' taxpayer money. We ask that you consider the effect of this potential loss and use your authority to help protect our taxpayers.

We strongly support your commitment and continued efforts to ensure this solvable and urgent problem is remedied with the purchase or insurance of these troubled assets, consistent with both the purpose and intent of Trouble Assets Relief Program (TARP). Please let us know what we can do to help you be successful in this effort.

Respectfully,

Susan Burden  
Chief Executive Officer  
Beach Cities Health District

Steve Groom  
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C: The Honorable Nancy Pelosi, Speaker of the House  
Senator Dianne Feinstein  
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Congresswoman Anna Eshoo