



November 10, 2009

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The Honorable Timothy F. Geithner, Secretary
Department of the Treasury
1500 Pennsylvania Ave., NW
Washington, D.C. 20220

Dear Secretary Geithner,

On behalf of the 58 California counties, I write to request that you exercise the authority provided under the Emergency Economic Stabilization Act of 2008 to extend the same Troubled Asset Relief Program (TARP) assistance to public investments as the Treasury has already afforded private investments. Like businesses at every level, county governments in California and throughout the nation have been severely impacted by the economic downturn and the failure of large financial institutions like Lehman Brothers Holdings and Washington Mutual, and are in great need of your assistance.

Just as the Department of Treasury has recognized the value of preventing further deterioration of our national economy through the stabilization of large institutions such as the Bank of America, Citigroup, Goldman Sachs, AIG and the auto industry, so has Congress recognized local government's value in stabilizing our economy as large employers and the providers of critical services. For this reason Section 103(7) was included in the Emergency Economic Stabilization Act of 2008 to enable the Treasury to assist local governments affected by the state of the national economy through the TARP program, such as those counties nationwide who have sustained severe losses following the collapse of Lehman Brothers Holdings and Washington Mutual.

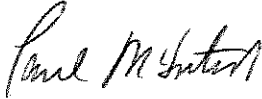
Estimates indicate that local governments across the country who made conservative, highly rated investments in these institutions now face \$1.7 billion in losses related to these failures, including: \$3 million for Douglas County, Oregon, \$5 million Pima County, Arizona, \$3 million to Madera County, California, \$40 million Sarasota County, Florida, and \$155 million in San Mateo County, California. These losses are imposing dramatic cuts on services, including health and education, as well as economic development and jobs within these counties. In many cases, these losses represent critical state and federal matching funds for badly needed transportation and school construction projects. As a result, the loss is immediate, compounding and long-term, stalling the affected community, as well as becoming a drag on the national economy's recovery. For example, in San Mateo County this loss has directly resulted in the elimination of 1,658 jobs, including teachers and nurses, and will result in a projected future loss of \$216 million within the local economy.

Granted the authority by Congress, the Treasury maintains the ability to assist these impacted local governments through the TARP program. Your use of this authority will enable these affected counties to put TARP relief support to work to improve the economy through capital purchases, construction and job creation. Local governments are transparent and accountable and will demonstrate tangible, measurable benefits. No such certainty exists when TARP funds are used in the private sector.

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Thank you for your consideration of this important request. Please let me know if I can provide any additional information or support in this matter.

Respectfully,



PAUL MCINTOSH
Executive Director
California State Association of Counties

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