



December 15, 2009

The Honorable Nancy Pelosi, Speaker  
U.S. House of Representatives  
H-232, The Capitol  
Washington, D.C. 20515

Dear Madam Speaker,

As you know, our communities have been severely impacted by the failure of Lehman Brothers Holdings, Inc on September 15, 2008. At the time of the Lehman bankruptcy, about 100 local governments across the country had invested \$1.7 billion of their operating funds in highly rated Lehman commercial paper. As a result of the catastrophic losses from these conservative investments, these local governments are reducing payrolls, eliminating positions and deferring important projects – contributing to job losses and ongoing instability in our economy.

For example, in San Mateo County, the County had invested \$155 million of “pool” funds in Lehman on behalf of the 20 cities, 25 school districts and all county departments, including:

- \$25 million in San Mateo County Transit Agency road and transit improvement project funds. San Mateo County Transit will also lose out on badly needed state and federal transit funds because they do not have required match;
- \$25 million in San Mateo County Community College District Funds that are the proceeds of a voter-approved construction bond. San Mateo County taxpayers will be required to pay off these bonds over the next 20 years, with no buildings to show for it, and a generation of community college students forced to endure inferior facilities.
- \$30 million of County of San Mateo operating funds that has resulted in layoffs, reductions to health, human services and public safety programs and deferring a badly need women’s jail construction project.

The Lehman Brothers losses have directly resulted in the elimination of 1,658 jobs and will result in a projected future loss of \$216 million within the local economy of San Mateo County alone.

Numerous other local governments across California are feeling the impact in the wake of the Lehman collapse, including the cities of Burbank, Cerritos, Culver City, El Segundo, Long Beach, Vacaville, and Loomis, as well as Thousand Oaks, Alameda, Santa Clara,

Ventura, Monterey, and San Mateo Counties, Los Angeles Power, Marin Water District, Metropolitan Water District, Vallejo Sanitation District, Orange County Transit, and others. Local governments in other states, including Colorado, Arizona and Florida also lost millions of dollars of operating funds; Sarasota County, Florida lost \$40 million alone.


The biggest losers from the Wall Street greed and government inattention are those on Main Street – cities, counties and schools. These local governments have no way to recoup these operating funds, and bankruptcy will be a long process resulting in recovery of 6 to 18 cents on the dollar.

We believe it is important to provide relief to these devastated communities to ensure continuation of essential services, as well as to bolster job creation and preserve existing jobs for teachers, public safety officers, and construction workers. This assistance could be provided through the jobs legislation which the House will soon consider, and we've drafted the following language to accomplish this:

At the appropriate place in the jobs bill, include the following: "Provided, That of the remaining or returned Troubled Asset Relief Program funds, \$1,360,000,000 to local governments impacted by the September 15, 2008 bankruptcy of Lehman Brothers Holdings. The term 'local government' means a county, city, town, village, school district or other special district established under State law."

Thank you for your consideration of this critical matter. We look forward to discussing it with you further.

Gratefully,



Anna G. Eshoo



Jackie Speier



Sam Farr



Ed Perlmutter



George Miller