

09-0002-3162

RESOLUTION

RULES & GOVERNMENT

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations, or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, public agencies across the country have lost a minimum of \$1.7 billion as a result of the collapse of Lehman Brothers Holdings, Inc. and the resulting diminution in the value of securities issued by or through Lehman Brothers Holdings, Inc.; and

WHEREAS, forty-two California counties, cities, health, water and sanitation districts, transportation agencies, and joint powers boards have reported to Treasury Secretary Geithner a taxpayer financial exposure in excess of \$350 million precipitated by this collapse; and

WHEREAS, the Los Angeles City Employee Retirement System (LACERS), a public instrumentality organized and existing under the laws of the State of California, has owned such securities valued at approximately \$37 million, which value has been lost by LACERS since September 15, 2008; and

WHEREAS, LACERS provides service retirement benefits, disability retirement benefits, and health insurance subsidies to more than 30,000 active employees and 15,000 retirees of the City of Los Angeles, and these investment losses sustained by LACERS require additional funds to be allocated from the City's General Fund otherwise required to maintain critical city services; and

WHEREAS, Section 103(7) of the "Emergency Economic Stabilization Act of 2008" (EESA) explicitly provides the Treasury Secretary with the authority to purchase so-called "troubled assets" of local governments and public instruments "that may have suffered significant increased costs or losses in the current market turmoil"; and

WHEREAS, unlike Bear Stearns Companies, Inc., the Treasury elected not to offer financial assistance to maintain the solvency of Lehman Brothers Holdings, Inc. or the value of its securities; and

WHEREAS, currently pending in the United States House of Representatives is H.R. 467 (Speier), known as the "Equitable Treatment of State and Local Governments Act of 2009," that would amend the EESA by directing the Secretary of the Treasury to purchase, at face value, debt instruments issued by Lehman Brothers Holdings Inc. which: (1) were held as of September 15, 2008, by any state or local government, or any other public entity or instrumentality established under state law; (2) have been held by such entity continuously since such date; and (3) are subject to bankruptcy proceedings filed on September 15, 2008, by Lehman Brothers Holdings Inc.; and

WHEREAS, the Congressional Research Service concluded in a November 2008 legislative report that the Treasurer has sufficient authority under the EESA to purchase the troubled assets held by local governments and public entities; and

WHEREAS, the \$1.7 billion in losses accrued by impacted jurisdictions represents less than 0.25% of the amounts set aside for the federal Troubled Asset Relief Program (TARP); and

WHEREAS, H.R. 467 would provide immediate, transparent and accountable assistance to local governments and public entities, including LACERS, with long-term positive consequences resulting in job creation and retention, economic stability and the continuation of valuable government services covering public health, safety and education;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this resolution, the City of Los Angeles hereby includes in its 2009-2010 Federal Legislative Program SUPPORT for H.R. 467 (Speier), which shall direct the Secretary of the Treasury to purchase at face value certain defined debt instruments issued by Lehman Brothers Holdings, Inc. and currently owned by local governments and their instrumentalities.

PRESENTED BY:

Dennis P. Zine  
Councilman, Third District

SECONDED BY:

*[Signature]*

ORIGINAL

JUL 29 2009  
*[Signature]*