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October 14, 2009

The Honorable Arnold Schwarzenegger
Governor, State of California
State Capitol
Sacramento, CA 95814

Re: **SB 67 (Budget Committee) – Proposition 1A Receivables
Request for Signature**

Dear Governor Schwarzenegger:

On behalf of California's cities, counties, and special districts, the League of California Cities, the California State Association of Counties, and the California Special Districts Association respectfully request your prompt signature on SB 67.

The approval of SB 67 is of critical importance to the more than 1,000 local agencies throughout the state that desire to securitize the state's repayment obligation for the approximately \$1.9 billion in property taxes being borrowed by the state. SB 67 contains important changes to the language of ABX4 15 (Gaines) approved as part of the July budget agreement. These changes were deemed necessary by bond counsel and bond advisors for the transaction, as well as the Department of Finance and the State Treasurer's Office. The bill represents a consensus effort agreed to by those agencies, our three associations, and legislative staff from both parties.

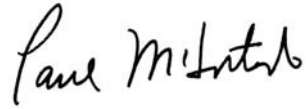
SB 67 provides an accelerated schedule for the securitization of the Proposition 1A loan to occur no later than mid-November, ensuring that local agencies will receive this funding on exactly the same schedule as they would normally receive distributions of their property tax funds. Moreover, these same changes in SB 67 make it possible for the state to save an estimated \$200 million in interest costs because the bonds can then be issued on a tax-exempt basis.

We are grateful for the exemplary work of your staff, the staff in the Department of Finance and the State Treasurer's Office, and a number of legislative staff that assisted in achieving the successful legislative approval of SB 67. Of course, many Senators were instrumental in ensuring the Senate's return to Sacramento to reconsider SB 67. Now that it has finally reached your desk, we respectfully request your signature on this critical measure for California's local governments.

Sincerely,



Christopher McKenzie, Executive Director
League of California Cities



Paul McIntosh, Executive Director
California State Association of Counties



Neil McCormick, Executive Director
California Special Districts Association

cc: The Honorable Bill Lockyer, California State Treasurer
Mike Genest, Director, State Department of Finance
Mike Pro시오, Legislative Affairs Secretary, Governor's Office