

**TESTIMONY OF ROBERT HULLINGHORST, TREASURER OF
BOULDER COUNTY, COLORADO, BEFORE THE HOUSE
COMMITTEE ON FINANCIAL SERVICES HEARING ON “THE
EFFECT OF THE LEHMAN BROTHERS BANKRUPTCY ON
STATE AND LOCAL GOVERNMENTS”**

MAY 5, 2009

Chairman Frank, honorable members of the Committee, thank you for this opportunity to explain why HR 467 is very important to my County and the taxpayers of 61 other governments in Colorado.

I am Bob Hullinghorst, Treasurer of Boulder County. We are located 30 miles northwest of Denver and are the home of the University of Colorado. We have a population of about 300,000.

For over a decade, Colorado has been well served by three pooled investment trusts regulated by our Division of Securities. They have been required by law to operate by federal money market standards, and Standard and Poors has rated them AAAm.

During this past year, my county and 61 other local governments, have had to write off \$5 million plus interest because our pool, Colorado Diversified Trust, had invested part of its assets in highly rated commercial paper issued by Lehman Brothers.

Ours was not a speculative investment. We are not yield hogs. My county and these other governments were relying on a regulatory environment that includes numerous federal agencies as well as our own state securities commission. We should not have been taking risks with taxpayers' dollars. We did not think we were.

Boulder County was forced to write off \$700,000 because of the Lehman Brothers commercial paper in the Colorado Diversified Trust pool. Just to give you some perspective, this is almost half of the \$1,500,000 our state legislature just cut from Boulder County's portion of the appropriation for Community Health Centers serving

about 10% of our population—the poor and unemployed. This could mean 20 nurses or 25,000 flu shots.

Today, I ask you approve HR 467 and direct TARP funds to acquire Lehman Brothers commercial paper. If you do, you will not be rewarding imprudent local government officials. You will be directing federal taxpayer dollars that will be used quickly and spent effectively to fill a very big gap that was primarily the result of a regulatory failure in our federal financial oversight.