

FREQUENTLY ASKED QUESTIONS REGARDING LEHMAN LAWSUIT

Who is the attorney for the school districts?

The districts and county superintendent have retained Farley Neuman of Jenkins Goodman Neuman & Hamilton LLP in San Francisco.

What will the litigation cost the school districts?

The districts negotiated a contract with legal counsel that eliminates any further loss to the school districts and assures that the lion's share of any recovery will go towards serving the children. Districts will pay the lawyers 30% of any settlement or judgment as compensation for all attorneys' fees, expert witness fees, and other costs and expenses.

What is the status of the legislative efforts?

The districts are very grateful to Congresswomen Anna Eshoo and Jackie Speier and everyone else who worked so hard to pursue help from Washington. However, the legislative efforts have been unsuccessful and the school districts participating in this lawsuit believe they have a duty to file suit in order to pursue all reasonable avenues for recovery of the lost funds.

What did the Treasurer do wrong?

Districts participating in this suit believe the Treasurer violated his own investment policies and failed to adhere to prudent investment practices, as required by law. The Treasurer was aware of deterioration in the credit rating of Lehman Brothers, yet continued to invest, in our opinion, inordinate amounts in Lehman Brothers. Aside from ignoring known problems with Lehman Brothers, we believe the Treasurer violated fundamental concepts of diversification by investing approximately \$155 million of the County's Investment Pool in Lehman Brothers. This represents 5.8% of the total investment pool.

Why didn't other school districts or investment pool participants join in the suit?

That is a question for the other school districts and investment pool participants. The school districts involved in this case believe they have a duty to the children they serve to pursue every recourse available to recover the money lost by the County Treasurer.

Didn't everyone lose money?

We do not know of any other county in the United States that lost as much from the Lehman Brothers' bankruptcy as San Mateo County.

How do you feel about one governmental entity suing another?

We encouraged the County to try to settle this matter, but the County did not express interest in settling. The school districts and many school board members also worked long and hard with legislators to obtain relief from Washington, but no

relief has been forthcoming. Ultimately, we had no other options. Governmental entities frequently have disputes and resort to the courts for resolution. Sometimes we need another branch of government to help us resolve our differences.

Will you be able to work with the County after taking this action?

We have had a very good working relationship with the County which we expect to continue. The school districts and the County are run by dedicated public servants who would not allow one dispute to hinder their efforts to serve students and families.

How long will the litigation last?

We hope that the County will promptly agree to resolve this matter so that we may all put it behind us. If we cannot reach a settlement, we expect the case to proceed to trial in 2012.

Why did you file the case in San Francisco?

That was a decision recommended by our lawyer to assure that the case is decided in a venue with a neutral judge and jury who will not be affected by the outcome of the case. San Francisco is an adjacent county that will be convenient for the witnesses and the parties.

Who is handling press inquiries regarding this lawsuit?

Inquiries from the press should be directed to Anne Campbell, San Mateo County Superintendent of Schools, at (650) 802-5554 or acampbell@smcoe.k12.ca.us

Where can I find a copy of the lawsuit?

The lawsuit is posted at <http://www.jgn.com/news>.