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# County of Erie

MARK C. POLONCARZ  
COMPTROLLER

July 28, 2011

Honorable Members  
Erie County Legislature  
92 Franklin Street, 4<sup>th</sup> Floor  
Buffalo, NY 14202

**Re: 2011 Revenue Anticipation Note and Declaration of Need**

Dear Honorable Members:

I write to thank you for adopting the 2011 Revenue Anticipation Note ("RAN") Resolution, COMM 13E-3, which authorized the Comptroller's Office to issue a RAN on behalf of Erie County (the "County") for an amount not to exceed \$90 million.

I would like to inform you that the County's latest cash flow data, which has been improved by higher-than-expected sales tax revenues for the first two quarters of 2011, suggest that we will require a RAN borrowing of approximately \$80 million, which is \$10 million less than originally expected. Additionally, we also believe that the increase in sales tax revenue will allow us to delay issuance of the note to the last week of September and more likely October, where we had originally anticipated a mid-September deadline.

While it is clear we are all in agreement that adoption of the 2011 RAN Resolution was of the utmost importance before the Legislature went into its annual summer recess, there was not such an agreement with respect to the County Executive's Declaration of Need ("DON"), COMM 16E-3, which would have authorized the Erie County Fiscal Stability Authority ("ECFSA") to issue the financing for the County's short-term borrowing needs.

Despite the County Executive's exaggerated suggestions that issuance of a DON was required to be passed at your last session, and that a special session is now required by the Legislature to pass a DON resolution, your resisting the urge to prematurely issue a DON was the prudent decision to make. The County Executive's assertion that I believe "that the Declaration of Need for the ECFSA to issue the RAN precludes [my] office from issuing a Request for Proposals ("RFP") to gauge the market" is wholly inaccurate. However, I do believe that adoption of the Declaration would have:

1. Seriously weakened my office's efforts to obtain the best responses to our RFP, as many financial institutions would likely have not taken a request seriously after, as the DON states, "A need for financing assistance...is hereby determined and declared to exist."

**RAN and Declaration of Need Letter**

**July 28, 2010**

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2. Effectively ended any oversight of the short-term borrowing process by the Legislature and left the decision as to whether the County or ECFSA issued the RAN at the sole discretion of the County Executive. As we have learned over the past four years, Mr. Collins has a penchant for breaking promises and unnecessarily wasting tax dollars, and it would be irresponsible and short-sighted to believe he would do any different in this case.

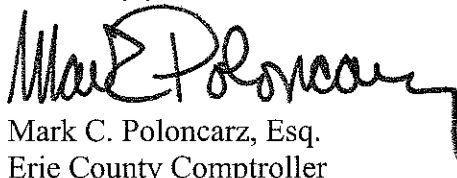
The fact that Mr. Collins never contacted my office regarding his intentions to have the ECFSA finance this year's RAN and waited until the last possible moment on July 19<sup>th</sup> to clock-in his request for a DON, despite the fact that my office submitted the 2011 RAN Resolution on June 2, 2011 (48 days earlier), suggests he had no intentions of allowing the County to do this short-term borrowing regardless of who could save the taxpayers more.

As has been done in the past, upon adoption of the 2011 RAN Resolution, my office has promptly issued a Request for Proposals to solicit statements from qualified financial institutions interested in serving as purchaser, placement agent and/or underwriter with responses due by August 5, 2011. Our office will examine the responses, provide the ECFSA with an overview of the responses, and then compare them to the ECFSA's alleged costs for closing the transaction.

As my staff and I have clearly stated, if it appears the ECFSA's issuance of the RAN in lieu of the County does, in fact, lead to a quantifiable savings, I would welcome the Legislature to reconsider adoption of a DON when they return to session on September 8, 2011. This would allow ample time for the ECFSA to close on its transaction in advance of the new late September to October issuance. As such, there is no need to hold a special session in order to pass a DON, thereby interrupting your break.

If you have any questions, please do not hesitate to contact me.

Sincerely yours,



Mark C. Poloncarz, Esq.  
Erie County Comptroller

MCP/mc

Cc: Erie County Fiscal Stability Authority  
Hon. Christopher C. Collins