



COUNTY OF ERIE

MARK C. POLONCARZ

COUNTY EXECUTIVE

August 7, 2013

Gregory G. Gach, Deputy Comptroller
Erie County Comptroller's Office
95 Franklin Street, 11th Floor
Buffalo, New York 14202

Re: 2013 Revenue Anticipation Note Sizing

Dear Mr. Gach:

Under Section 1802(l) of the Erie County Charter, your office is exclusively responsible for the County's cash flow and short term borrowing, including the sale of the County's annual Revenue Anticipation Note ("RAN"). You have been estimating for several months that the RAN needs to be \$130 million. The Division of Budget and Management cannot confirm or reject this estimate, but we have previously expressed caution that the estimate may be too high. However, we cannot validate your data as you solely control the cash flow model and the data input into said model.

As per our meeting and discussion on August 6, 2013 concerning the forthcoming Erie County Fiscal Stability Authority ("ECFSA") sale of the RAN, I am writing to confirm several matters affecting the RAN sizing which my office believes should affect your calculations and reduce said RAN.

First, the administration still expects to pay the 2013 pension bill in December 2013. Based on the latest invoice from the Office of the New York State Comptroller ("OSC"), the pension bill will be \$4.7 million lower than the prior estimate from OSC.

Second, the County has an oral commitment from Erie County Medical Center Corporation ("ECMCC") concerning the timing of the County's required intergovernmental transfer ("IGT") payment(s); the hospital has agreed to a mid-March 2014 IGT payment date instead of payment in 2013. We appreciate ECMCC's cooperation and assistance in this regard. I have requested that ECMCC memorialize this commitment in writing and we are awaiting receipt of said letter.

In your July 18th email, you stated that you would wait to make a final decision on the sizing of the RAN until after your office determined the July 2013 closing cash position. Based on the pension invoice and the IGT developments, I believe that the RAN need not be sized for or sold for \$130 million and that the RAN can be lowered.

That being said, as the Comptroller's Office exclusively controls cash flow and because we have not been privy to either the financial data or model relied upon by your office to determine the cash flow, any over or underestimate of the final RAN sizing will solely be the sole responsibility of the Comptroller's Office.

It is important that we avoid any uncertainty or problems with the cash flow. And, as I am sure you will agree, in these fiscal conditions, it is important than any borrowing be properly sized and that we do not borrow more than absolutely necessary through the annual cash flow borrowing due to delays in state and federal aid reimbursements.

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

Sincerely,



Robert W. Keating
Director of Budget and Management

RWK

cc: Erie County Executive Mark C. Poloncarz
Erie County Fiscal Stability Authority
Erie County Legislature