



ERIE COUNTY LEGISLATURE

October 13, 2016

Re: ECMC Resolution Requesting Loans from County of Erie

Dear Executive Poloncarz,

We are writing you today to express our concern over a proposed financing deal for the independent Erie County Medical Center (ECMC), which bears the County's name.

It has come to our attention that your administration has been in conversations with ECMC administrators to fund the refinancing of ECMC's debt obligations and to provide additional funding for capital improvements. These conversations have been taking place for nearly a year without involvement of the Legislature, the body with the authority to borrow. As you know, county borrowing requires super majority support of the County Legislature.

For the first time these negotiations became more than just backroom chatter by a recent resolution discussed by the ECMC Board of Directors, where they request the county bond \$188 million dollars.

After recent discussions with ECMC's administration, fellow Legislators, the Erie County Comptroller, and members of ECMC's Board of Directors we oppose this plan.

As explained to us, the plan is to have the county finance funding for the capital improvements and debt restructuring for ECMC. In addition the County will pay the entire Inter-Governmental Transfer (IGT) expense, as required by law, which will trigger some amount of federal match funding. That federal funding will then be returned to the county at a later date to defray the burden of the IGT expenses on the county.

We should pay our current obligations in the budget, which is scheduled to be released tomorrow, not borrow on the taxpayer's credit card.

At the outset, such a funding plan would increase the county's outstanding debt obligations by fifty percent. The plan could put the entire obligation on the backs of county taxpayers. The county will still be responsible for ECMC's IGT payments at the expiration of a deal brokered in secret. This will mean if the IGT payments continue to defy your expectations, the County will pay the IGT

expenses anyway and on top of that we will also be responsible for significant increases in the County's own debt obligations.

We believe this approach is irresponsible. It's a return to Giambra style financing, the same financial approach that ruined Erie County. The fact that you wish for a conversation to take place regarding \$188 million in borrowing outside of the 2017 budget process, a day before your budget is due, is an attempt at smoke and mirrors budgeting.

This is not about ECMC or their future. There are solutions to helping ECMC improve their facility and build a state of the art trauma center that aren't tied to an irresponsible IGT cost avoidance borrowing scheme.

The below signed members of the Erie County Legislature Majority Caucus wish to go on record as opposing such a plan, this removes any chance of getting the necessary super majority vote needed to borrow the \$188 million. We simply cannot push the obligation to pay this debt onto the taxpayers. It is time we, as the leaders in Erie County, work together to pay what we owe as opposed to repeating the mistakes of the past.

We look forward to continuing this discussion with you throughout the budget process and beyond.

Sincerely,



John J. Mills
Chairman



Joseph C. Lorigo
Majority Leader



Edward A. Rath III
Legislator



Ted B. Morton
Legislator

Cc: Thomas Quatroche, Jr., PhD, President & CEO, ECMC
ECMC Board of Directors
James Sampson, Chairperson, Erie County Fiscal Stability Authority
Erie County Comptroller Stefan Mychajliw