

Erie County Fiscal Stability Authority

Resolution No. 07-23

CALLING UPON THE COUNTY TO REFINANCE ELIGIBLE BONDS THROUGH THE ECFSA

WHEREAS, Chapter 182 of the New York Laws of 2005 created the Erie County Fiscal Stability Authority (“ECFSA”), to serve as a corporate governmental agency and instrumentality of the State of New York, and as a public benefit corporation to “oversee [Erie] County’s budget, financial and capital plans; to issue bonds, notes or other obligations to achieve budgetary savings and to finance short-term cash flow or capital needs; and, if necessary, to develop financial plans on behalf of the County if the County is unwilling or unable to take the required steps toward fiscal stability;” and

WHEREAS, section 3961 of the New York Public Authorities Law (“Public Authorities Law”) permits Erie County (the “County”), upon the request of the County Executive after approval by the County Legislature, to “undertake a financing of costs” through the ECFSA; and

WHEREAS, Public Authorities Law section 3962 empowers the ECFSA “to issue bonds, notes or other obligations . . . to pay any [such] financeable costs;” and

WHEREAS, Moody’s Investors Service (“Moody’s”) and Fitch Ratings (“Fitch”) have assigned the ECFSA bond ratings of Aa2 and AA, respectively; and

WHEREAS, in contrast, Moody’s and Fitch have respectively assigned the County bond ratings of Baa3 and BBB-; and

WHEREAS, no other county in the United States of America has received a lower bond rating from Moody’s than Erie County has; and

WHEREAS, both Moody’s and Fitch have assigned the ECFSA a bond rating seven grades higher than that of the County; and

WHEREAS, on account of its high bond rating, the ECFSA can issue new debt at a lower cost, and can refinance pre-existing debt at lower rates, than the County can; and

WHEREAS, Capital Markets Advisors, LLC (“Capital Markets”), reported to the ECFSA Board of Directors at their meeting on March 26, 2007, the fiscal savings that the County would realize by refinancing its eligible debt through the ECFSA; and

WHEREAS, pursuant to Capital Markets’ estimate, the County would save \$4.1 million over thirteen (13) years by refinancing ten (10) eligible bonds (the “eligible bonds”) through the ECFSA; and

WHEREAS, Capital Markets also forecasts that the County could save an additional \$850,000 by pursuing new capital borrowing through the ECFSA; and

WHEREAS, by refinancing pre-existing debt and issuing new debt through the ECFSA, the County can follow the examples of Nassau County, which saved \$146 million in debt-related expenditures through 2005 by refinancing and borrowing through the Nassau County Interim Finance Authority; and of the City of Buffalo, which has saved over \$3 million in debt-related expenditures by refinancing and borrowing through the Buffalo Fiscal Stability Authority; and

WHEREAS, by refinancing pre-existing debt and issuing new debt through the ECFSA, the County will not affect the longevity of the ECFSA, which shall regardless periodically intercept a portion of County tax revenues and New York State aid through December 31, 2039, pursuant to Public Authorities Law section 3964; and

WHEREAS, neither the refinance of pre-existing debt nor the issuance of new debt by the County through the ECFSA predetermines the status of the ECFSA as an advisory board or as a control board; and

WHEREAS, by refinancing pre-existing debt and issuing new debt through the ECFSA at lower interest rates, the County can reduce future debt service costs, and thereby save taxpayer dollars;

NOW, THEREFORE, BE IT RESOLVED that the ECFSA calls upon the County Legislature and the County Executive to refinance the eligible bonds through the ECFSA, given the cost savings that it will achieve for County taxpayers; and

BE IT FURTHER RESOLVED that the ECFSA urges the County Executive, the County Comptroller, and the County Legislature to seek opportunities for the County to refinance pre-existing debt and to issue new debt through the ECFSA, upon considering the fiscal benefits that will result; and

BE IT FURTHER RESOLVED that certified copies of this resolution be forwarded to the Governor, the New York State Comptroller, each member of the New York State Assembly and the New York State Senate who represents a portion of the County, the County Executive, the County Comptroller, and the Chair of the County Legislature.

This resolution shall take effect immediately.

Stanley J. Keysa
Secretary

Date: March 26, 2007