

Lawrence, Sharon

Subject: FW: [EXTERNAL]: loan guarantee agenda item

From: [REDACTED]
Sent: Monday, July 11, 2022 7:54:53 PM
To: Luzerne County Council Members <LCCM@luzernecounty.org>; countymanager@luzernecounty.org
<countymanager@luzernecounty.org>
Subject: [EXTERNAL]: loan guarantee agenda item

WARNING: This message is from an external email address. Do not click any links or open any attachments unless you recognize the sender **AND** you know that the contents of the email are safe to open.

Please read this letter into public comment on agenda items at the beginning of the July 12 voting session.

Council Members and Mr. Robertson:

I am writing to express my disbelief that Luzerne County, by an act of Council, would even consider guaranteeing a \$55 million dollar loan (a total that does not include *interest*).

As a 10-year member of the Luzerne County Council and former chair and vice-chair of the Council, I was one of the charter members of the Home Rule government who worked diligently to REDUCE Luzerne County's indebtedness. Over the past 10 years, the County Council members have consistently and diligently worked and were successful in achieving a reduction of County debt through refinancing and careful budgeting and management. That hard work is what currently allows the County to see a light at the end of the \$400 million tunnel of debt that we entered in 2012.

The RFP for the LSA project clearly states:

"The Redevelopment Authority nor the County of Luzerne will be a guarantor for repayment of the LSA Bonds or long term Bank debt. The only source of funds for repayment is the LSA funds from the Commonwealth of Pennsylvania through CFA to the Redevelopment Authority."

It is my understanding that the selected bank offered a rate based on Luzerne County being a guarantor for the loan. **That offer should never have been considered, since it is inconsistent with what was clearly stated in the RFP.**

I also understand from media accounts that our elected state officials have said that, without the County guarantee, the allocation of the LSA funds is in jeopardy.

Consider this: *nothing in the Fiscal Code that authorizes the Redevelopment Authority to receive these funds requires a guarantor.*

And if someone is trying to tell you that the allocation of funds depends on a guarantor, in spite of the fact that it is not required in the Fiscal Code, then the real question is what our elected officials who represent Luzerne County at the state level are doing to protect our right to receive those funds and to use them for much-needed projects, especially repairing our roads and bridges. Who is trying to create a prerequisite for Luzerne County to receive funds that we are legally entitled to receive, and why?

Finally, recall that municipal authorities are created to be independent entities that operate separately from County government.

Nowhere in the Fiscal Code is there a mention of involvement of county government in the allocation and disbursement of funds to the Redevelopment Authority. Per Section 1724. 1-E (e-1), the County is not involved in the debt issuance for Redevelopment Authority, nor in the application or receipt of funds to repay that debt. **And we should not be.**

I encourage you, as prudent stewards of County finances, to vote AGAINST committing Luzerne County to guarantee what will be approximately \$70 million in debt. To do otherwise will begin to undo the financial progress of Luzerne County that has been made since the inception of Home Rule.

Thank you for your consideration of these remarks.

Linda McClosky Houck
former Luzerne County Council Member (2012-2021)

If you have concerns about the validity of this message, contact the sender directly, or the Luzerne County IT Department at Cybersecurity@LuzerneCounty.org