TREASURER'S REPORT
THE NYACK LIBRARY
August 31, 2017

Cash: On August 31, cash balances in the Library's accounts totaled $201,000.

An additional $954,143 in cash is held by the Bond Trustee, BONY Mellon, in the Library's Debt Service Reserve account. This Debt Service Reserve account is required to satisfy covenants on the Library's outstanding bonds and is not available for expense coverage. These Debt Reserve funds are invested in a ladder of FDIC-insured CDs.

Current Bonds Status: As of August 31, the Library had $9,965,000 in outstanding bonds. On December 1, debt service payments of $522,628 will be due.

FY 2017 Audit: Baldessari & Coster visited the Library in July to lay the foundation for the FY 2017 audit. The formal audit was completed in mid-August. We expect to receive the draft audited financial report in September, earlier than experienced in previous years.

Replacement Bonds: The program to restructure the Library's long term debt continued to advance in July and August.

In the first week of July, all three banks (Provident Bank, Sterling Bank, and TD Bank) submitted their final proposals for the refinancing. The Finance Committee also received formal presentations from all three banks, allowing the Committee members to direct specific questions about proposal content to the bankers. The Finance Committee met on July 10 to assess the three banks and develop a recommendation for the Board of Trustees. After being informed that they were not the preferred lender, on July 14, TD Bank submitted a revised terms sheet with significantly lower fees and interest rates. The Finance Committee met with TD Bank's management on July 14 to discuss their revised quotation and define the parameters for a long-term relationship. Satisfied with their response, the Finance Committee submitted a formal recommendation to the Board of Trustees on July 17 to accept TD Bank's revised proposal. At its July 17 meeting, the Board of Trustees passed a resolution authorizing the Board President, Vice President, and Treasurer to enter formal negotiations with TD Bank.

On August 10, TD Bank submitted a commitment letter agreeing to provide $8.1 million in tax-exempt financing for a 10-year term and a $450 thousand line of credit under terms and conditions acceptable to the Finance Committee. The interest rate on the $8,000,000 loan will change as market rates change, until the rate is fixed at the October closing date. Messrs. Growney and Beck executed the commitment letter in behalf of the Library.

TD Bank's commitment letter provides the basis for drafting the legal documents that underlie the tax-exempt financing. Noah Nadelson of Munistat published a timeline for production of the legal documents leading to an October 12 closing. In a series of conference calls in which Messrs. Growney and Beck participated, the attorneys reported on their progress.

Bond Counsel	McManimon, Scotland & Baumann
Borrower's Counsel	Norton Rose Fulbright
Lender's Counsel	Harris Beach

The October 12 closing date for the tax-exempt replacement financing appears achievable at this time.

Mr. Beck has kept a tight rein on the expenses associated with the refinancing. The current estimated cost of the refinancing, including expenses associated with the call of the 2007 Series A bonds, is less than $110 thousand.

Transition of the Library's Operating Accounts: The Library began the process of transferring its operating accounts from Sterling National Bank to TD Bank in August. This involves our checking accounts, line of credit, deposit collateral arrangements, and credit cards. All of the enabling documents were signed be the Board President and Treasurer. The transition will be completed on November 1.

Key Financial Metric for the Replacement Tax-Exempt Bonds: The Finance Committee continues to monitor the yield on the 10-year US Treasury Note. In July and August, Treasury yields remained below November - March levels. The paralysis in Washington on all legislation with economic ramifications has led to relatively static interest rate conditions.

The data below summarizes the recent trend in 10-year US Treasury rates.

September 30, 2016	1.60%
October 31, 2016	1.81%
November 30, 2016	2.37%
December 30, 2016	2.45%
January 31, 2017	2.49%
February 28, 2017	2.36%
March 31, 2017	2.35%
April 28, 2017	2.28%
May 31, 2017	2.20%
June 30, 2017	2.30%
July 31, 2017	2.30%
August 31, 2017	2.12%

Because of the current interest rate environment, the rate for the Library's refinancing is based on the 30-day Libor (the London Interbank Offer Rate). Libor rates move in concert with US Treasury rates. So, while the tracking data on the 10-year Treasury notes (above) remains a useful reference, the actual interest rate paid by the Library will be based on Libor. Mr. Beck has been tracking Libor rates on a weekly basis since April 2017.

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Indicative Fixed Interest Rate

TD Bank periodically provides the Treasurer with an indicative interest rate on the $8,000,000 tax-exempt financing. This is the fixed interest rate the Library will pay for the first ten years of the loan. The indicative interest rate is the result of using an interest rate swap contract to convert the variable 30-day Libor rate into a synthetic fixed rate. Recent indicative rates on the $8,000,000 loan were:

July 13, 2017	2.55%
August 10, 2017	2.54%
September 1, 2017	2.46%

The actual fixed interest rate will be set on the day of the closing.

If the Series A bonds were not called on December 1, 2017, the Library is scheduled to pay between 4.25% and 5.0% on that debt during its remaining 20-year term.

TEFRA Public Hearing
The Library has an obligation under the Tax Equity and Financial Responsibility Act of 1982 (TEFRA) to hold a public hearing on its issuance of tax-exempt debt. Notice of the public hearing was issued in August. The hearing is scheduled for September 11 at 7:00 pm in the Library's Community Room. Bond counsel will preside over the hearing.

Communication with the Board of Trustees: The confidential minutes of the Finance Committee's meetings during the months of July and August were distributed to the Board of Trustees, keeping them apprised of all major issues related to the refinancing.

Disbursements: The Board of Trustees will be asked to approve $360,813 in disbursements for the months of July and August combined. 58% of those disbursements were for payroll, and the remaining 42% was for insurance, library materials, RCLS contributions, and other miscellaneous expenses.

Among the disbursements was $10,000 in fees associated with the refinancing. Those fees will be capitalized at the closing.

Operations and Budget Performance: For the first two months of FY 2018, the Library realized a $53,712 cash surplus from all of its enterprises.

Library operations accounted for $61,913 or 115% of that cash surplus. Most of that cash surplus was the result of favorable workforce, administrative, and library materials variances from Budget. These were offset by higher than budgeted building maintenance costs.

Through August, DePew House operated at a $7,704 cash deficit, essentially on budget. Depew is forecast to operate at a cash deficit of $48 thousand in FY 2018.

Through August, Stevenson House operated at cash breakeven. Stevenson is forecast to have a cash profit of $21 thousand in FY 2018.

Short Term Financial Remedies: The Director filed two separate property tax grievances with the Orangetown Tax Assessor on May 23 regarding the current tax assessments on the Library's commercial properties: DePew and Stevenson. The DePew property tax grievance is based on an independent appraisal underwritten by the Library. The Stevenson grievance is based on a calculated 37% reduction in the land occupied by Stevenson. All of that land was ceded to the Library for its 2010 physical expansion. The results of the tax grievance filing have not been received.

Stephen R. Beck