**TREASURER'S REPORT**
**THE NYACK LIBRARY**
**June 30, 2018**

**Fiscal Year:** The Library's 2018 fiscal year (FY 2018) ended on June 30.

**Current Bonds Status:** At fiscal year-end, the Library had a total of $9,077,175 in long term debt.

$7,837,175 or 86% of that is tax-exempt debt with TD Bank. The interest rate is fixed at 2.57%. Debt service is $36,300 monthly. This bond is subject to call by TD Bank in October 2027, at which time the principal balance will be $5,455,000.

The remaining debt is $1,240,000 of 2007 taxable Series B bonds. The interest rate is fixed at 6.22%. An interest payment of $38,600 and a principal payment of $95,000 will be due on December 1, 2018. The Series B bonds mature in December 2027.

**Retirement of the Series B Bonds:** At its May14 meeting, the Board of Trustees authorized the purchase of the outstanding Series B bonds, either through direct purchase in the market or through a formal tender offer to the current bondholders. The impetus for the bond repurchase program is to (1) use the Library's excess liquidity from November through September of each year, (2) eliminate the high 6.22% interest cost of the Series B bonds, and (3) retrieve $174 thousand in cash trapped in the Series B Debt Service Reserve account with BONY Mellon.

The Treasurer obtained a new Position Listing Report on the Series B bonds from the Depository Trust Company. Four individuals own $1.055 million or 85% of the $1.24 million of outstanding Series B bonds. One individual alone owns $605 thousand or half of the bonds.

The Finance Committee met with TD Bank in June to explore their willingness to lend financial support for the bond repurchase initiative. The Bank offered to support the program via a $1.3 million five-year term loan at a variable interest rate of one-month LIBOR plus 1.55%. At current market rates, the annual interest rate on the loan would be 3.64%. A formal credit review is underway at the Bank.

The Committee also met with TD Securities to explore their taking the role of broker/intermediary to solicit purchase of the bonds directly from the existing bondholders. We are now wrestling with the legal and regulatory compliance bureaucracy at TD Securities to define a cost effective way to solicit the repurchase of the bonds directly from the bondholders.

**Cash:** On June 30, available cash balances in the Library's operating and reserve accounts totaled $827,134.

An additional $173,886 in cash associated with the 2007 Series B bonds is held in the Library's Debt Service Reserve account by the bond trustee, Bank of New York Mellon. These funds will remain in the possession of the bond trustee until the Series B bonds mature in 2027, are retired through repurchase prior to 2027, or are defeased prior to 2027. There is no Debt Service Reserve on the TD Bank bond.

**Disbursements:** At its July 23 meeting, the Board of Trustees will be asked to approve $217,510 in June disbursements. 47% of those disbursements or $102 thousand was for payroll, 17% was debt service on the TD Bank bond, 4% was for building maintenance, 5% was for Village property taxes on the rental properties, and the remaining 27% was for library materials, utilities, and other miscellaneous expenses.

**Operations and Budget Performance:** For the entirety of FY 2018, the Library realized a $315,064 Budget surplus from all of its enterprises. Management did a splendid job of cost control in this fiscal year.

Library operations accounted for $352,381 or 112% of that surplus. Most of that surplus was the result of favorable workforce, library materials, and financial expense variances from the Budget. It was partially offset by unfavorable variances in administrative and building maintenance expenses.

For FY 2018, DePew House operated at a $65,781 cash deficit, $18 thousand unfavorable to Budget.

For FY 2018, Stevenson House operated at a $27,317 cash surplus, $6 thousand favorable to budget.

**Short Term Financial Remedies:** The Library has received no response from the Orangetown tax assessor to our property tax grievance on the DePew property.

Stephen R. Beck