

**TREASURER’S REPORT**  
**THE NYACK LIBRARY**  
**March 31, 2017**

**Bonds Status:** As of March 31, the Library had \$9,965,000 in outstanding bonds. Interest payments of \$252,628 will be due on June 1, 2017.

**Replacement Financing:** To advance the refinancing of the Series A bonds, the Treasurer held discussions during March with the following:

Janney Capital, Munistat, and KeyBanc	Prospective placement agents
Sterling Bank and Provident Bank	Prospective bond buyers
McManimon Scotland & Baumann	Prospective bond counsel
Wisconsin Public Finance Authority	Prospective conduit
Norton Rose Fulbright	Library’s counsel

Using information gained from those discussions, the Treasurer began preparing a spreadsheet summarizing the frontend costs of issuing the replacement tax-exempt bonds. Several alternative paths exist for issuing those bonds, some of which offer significant cost savings.

On March 13, the Finance Committee met to review the status of discussions with prospective placement agents, bank purchasers of the replacement tax-exempt bonds, and conduits. The minutes of that meeting were distributed to all Trustees.

**Key Financial Metrics for the Replacement Tax-Exempt Bonds:** The Finance Committee continues to monitor the yield on the 10-year US Treasury Note. The table below summarizes the recent trend in 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%

Treasury yields have retreated to November levels and stabilized in the 2.3 – 2.5% range. A departure from that range will require some external stimulus, such as an unanticipated increase in the Fed funds rate, massive federal infrastructure spending, or another financial disruption in the Euro currency zone.

Congress’s failure to repeal and replace Obamacare has delayed any legislation aimed at reduction in corporate tax rates. In all likelihood, no Congressional action on corporate tax rates will occur in 2017.

**Kurz Endowment:** The Kurz Family Foundation provided a \$38,000 grant to the Library to establish the Kurz Business Corner. The trustee of the Foundation wants the Library to invest the funds so that they generate returns sufficient to cover the annual operating costs of the Business Corner.

At its March 13 meeting, the Board of Trustees authorized the Treasurer to establish an account with the Vanguard Group and invest the Kurz Endowment funds with the Wellington Fund. The Treasurer completed the application for the Vanguard account, and it is being reviewed by members of the Finance Committee.

**Cash:** On March 31, cash balances in the Library's accounts totaled \$780,032.

An additional \$953,941 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.

**Disbursements:** The Board of Trustees will be asked to approve \$247,843 in disbursements for the month of March 2017. Two-thirds of those disbursements were for payroll, and the remaining one-third was for repairs to the Library building roof, library materials, insurances, and miscellaneous expenses.

**Operations and Budget Performance:** For the first three quarters of FY 2017, the Library realized a \$69,532 cash surplus from all of its enterprises.

Library operations accounted for \$98,628 or 140% of that cash surplus. Most of that cash surplus was the result of favorable workforce and library materials variances from the Budget.

Through March, DePew House operated at a \$43,191 cash deficit. DePew is now forecast to suffer a cash loss of \$58 thousand in FY 2017, \$12 thousand worse than budget.

Through March, Stevenson House produced a \$14,095 cash surplus and is now forecast to deliver a cash surplus of \$16 thousand in FY 2017, \$5 thousand worse than budget.

**Short Term Financial Remedies:** The Buildings and Property Committee completed its work on the revised property boundaries between the Library building and the adjoining rental properties. All necessary drawings were filed with the County and Village of Nyack. The Library must grieve the current tax assessment in April for DePew and Stevenson to obtain property tax abatement. The Treasurer has offered his assistance in filing the grievance.

Stephen R. Beck