

TREASURER'S REPORT
THE NYACK LIBRARY
September 30, 2017

Cash: On September 30, cash balances in the Library's accounts totaled \$48,779.

The Library began to draw on its \$450,000 line of credit with Sterling Bank in September. The borrowing balance as of September 30 was \$110,000, necessitated by the \$370 thousand in repairs to DePew and Stevenson in calendar 2016. We are dependent on the line of credit to meet our financial obligations until the first tranche of property taxes is received on November 1.

An additional \$954,224 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 September 30, the Library had \$9,965,000 in outstanding bonds. On December 1, debt service payments of \$522,628 will be due.

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

On September 10, TD Bank submitted a binding commitment letter agreeing to provide under terms and conditions acceptable to the Finance Committee (a) \$8,000,000 in fixed rate tax-exempt financing for a 10-year term and (b) a \$450 thousand line of credit. The interest rate on the \$8,000,000 loan is subject to market rates fluctuations, until the rate is fixed at the October closing. Messrs. Growney and Beck executed the commitment letter in behalf of the Library.

TD Bank's commitment letter provided the basis for drafting the legal documents that underlie the tax-exempt financing. Aided by weekly conference calls presided over by Noah Nadelson of Munistat, the legal drafting and review process has progressed efficiently. The law firms and their roles are:

Bond Counsel	McManimon, Scotland & Baumann of Roseland, NJ
Borrower's Counsel	Norton Rose Fulbright of New York, NY
Lender's Counsel	Harris Beach of Albany, NY

The closing date for the \$8,000,000 loan has been advanced by one day to October 11. The indicative fixed interest rate for the 10-year term of the loan is currently 2.55%. The estimated cost of the refinancing, including expenses associated with the call of the 2007 Series A bonds, is less than \$110 thousand.

If the Series A bonds are 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 is obligated under the Tax Equity and Financial Responsibility Act of 1982 (TEFRA) to hold a public hearing on its issuance of \$8,000,000 in tax-exempt debt. Notice of the public hearing was issued on August 22. The hearing was held on September 11. Bond counsel presided over the hearing. There were no public attendees, and no comments were received.

Conversion of the Library's Operating Accounts: The Library established operating accounts with TD Bank in September. This involves our checking accounts, line of credit, deposit collateral arrangements, and credit cards. The complete transition from Sterling National Bank to TD Bank will be completed around November 1.

FY 2017 Audit: Baldessari & Coster completed the field audit for the FY 2017 financial statements in mid-September. We expect to receive the draft audited financial report in October.

Disbursements: The Board of Trustees will be asked to approve \$294,599 in disbursements for the month of September. 53% of those disbursements were for payroll, and the remaining 47% was for property taxes on the rental properties, labor counsel, insurance, library materials, and other miscellaneous expenses.

Operations and Budget Performance: For the first quarter of FY 2018, the Library realized a \$11,308 cash surplus from all of its enterprises.

Library operations accounted for \$22,508 or 200% 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 and an unbudgeted \$34 thousand expenditure for labor counsel.

Through September, DePew House operated at an \$11,461 cash deficit, essentially on budget. DePew is forecast to operate at a cash deficit of \$48 thousand in FY 2018.

Through September, Stevenson House operated at cash breakeven. Stevenson is forecast to have a cash surplus 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