

TREASURER'S REPORT
THE NYACK LIBRARY
August 31, 2018

Current Bonds Status: On August 31, the Library had a total of \$9,048,703 in long term debt.

\$7,808,703 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.

TD Bank confirmed their financial support for the bond repurchase initiative. The Bank offered 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 3.62%.

The Finance Committee met with TD Securities in July to engage them as broker/intermediary to solicit purchase of the bonds directly from the existing bondholders. Since that meeting, TD Securities has been ineffective in reaching any of the existing bondholders. As a result, we have opened discussions with Merrill Lynch to see if they can be more productive in the broker/intermediary role.

Cash: On August 31, available cash balances in the Library's operating and reserve accounts totaled \$419,452.

An additional \$173,966 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 September 10 meeting, the Board of Trustees will be asked to approve \$524,626 in July and August disbursements. 53% of those disbursements or \$275 thousand was for payroll, 14% was debt service on the TD Bank bond, and the remaining 33% was for insurance, library materials, utilities, and other miscellaneous expenses.

Operations and Budget Performance: For the first two months of FY 2019, the Library's enterprises operated essentially on Budget.

Through August, Library operations accounted for a \$3,625 surplus. All expense categories were essentially on Budget.

Through August, DePew House operated at an \$11,560 cash deficit, essentially on Budget.

Through August, Stevenson House operated at a \$260 cash surplus, essentially on Budget.

Short Term Financial Remedies: In July, the Orangetown tax assessor rejected the Library's property tax grievance on the DePew property.

Stephen R. Beck