

TREASURER'S REPORT
THE NYACK LIBRARY
May 31, 2018

Current Bonds Status: As of May 31, 2018, the Library had a total of \$9,096,150 in long term debt.

\$7,856,150 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 the 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 was made to the Series B bondholders on May 25. The next debt service payment, \$133,600, is 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 Committee met with TD Bank on April 27 to explore their willingness to lend financial support for this initiative. The Bank expressed an interest in supporting the program. A formal credit review is underway at the Bank. The Committee also met with Norton Rose Fulbright on May 3 to define the mechanics of the tender process and develop the content of the tender offer. That process is now fully defined. The Committee then met with TD Securities on May 23 to explore using them as a broker/intermediary to solicit purchase of the bonds directly from the existing bondholders. This would be an alternative to the more formal tender offer. The Committee requested that TD Securities provide the Library with a formal agreement to act in our behalf as bond purchase agent.

Cash: On May 31, available cash balances in the Library's operating accounts totaled \$992,194.

An additional \$173,852 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 June 11 meeting, the Board of Trustees will be asked to approve \$226,562 in May disbursements. 44% of those disbursements or \$100 thousand was for payroll, 17% was for interest payments on the Series B bonds, 16% was debt service on the TD Bank bond, 7% was for building maintenance, and the remaining 16% was for library materials, utilities, and other miscellaneous expenses.

Operations and Budget Performance: For the first eleven months of FY 2018, the Library realized a \$281,801 Budget surplus from all of its enterprises.

Library operations accounted for \$315,480 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.

Through May, DePew House operated at a \$58,425 cash deficit, significantly unfavorable to budget. Depew is forecast to suffer a cash loss of \$66 thousand in FY 2018.

Through May, Stevenson House operated at a \$24,746 cash surplus and is on budget. Stevenson is forecast to deliver a cash surplus of \$22 thousand in FY 2018.

Short Term Financial Remedies: Mr. Growney, President of the Board of Trustees, filed a property tax grievance on the DePew property with the Orangetown tax assessor in May.

Stephen R. Beck