

**TREASURER'S REPORT**  
**THE NYACK LIBRARY**  
**June 30, 2017**

**Fiscal Year:** The Library's 2017 fiscal year (FY 2017) ended on June 30.

**Bonds Status:** The principal amount of outstanding bonds on June 30 was \$9,965,000.

**Cash:** Cash balances in the Library's accounts on June 30 totaled \$501,916.

An additional \$953,958 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.

**Replacement Financing:** The Finance Committee continued to advance the refinancing of the Series A tax-exempt bonds.

Upon the Finance Committee's recommendation, at its June 12 meeting, the Board of Trustees approved McManimon, Scotland & Baumann as bond counsel for the Series A bonds refinancing.

The Finance Committee held discussions with Munistat Services Inc. to provide financial advisory services in relation to the tax-exempt bond refinancing. Munistat delivered a proposal that addressed the Library's needs, including technical advice on the refinancing and fulfilling the role of Independent Registered Municipal Advisor (IRMA) on interest rate swap contracts. The Finance Committee unanimously approved retaining Munistat as financial advisor. On June 20, with the authorization of the Executive Committee, the Finance Committee signed Munistat's engagement letter. Munistat was provided with copies of the latest proposals from all three banks.

The Finance Committee and Munistat received formal presentations from Provident Bank and TD Bank on June 28 and 29, respectively, reviewing their proposals to provide \$8 million in tax-exempt financing to fund the call of the Series A bonds. Sterling Bank will present their proposal on July 6. The Committee and Munistat will meet on July 10 to evaluate the three proposals and select the preferred lender.

Mr. Beck has arranged a Finance Committee meeting on July 13 with borrower's counsel, Munistat, and the Library's auditor to review the proposal of the preferred lender. The objective of the meeting is to:

- Identify areas in the preferred lender's proposal which lack specificity and need clarification.
- Identify aspects of the preferred lender's proposal that could create problems during the 10-year term of the bonds. Resolution of these issues may require further negotiation with the preferred bank.
- Discuss the Wisconsin PFA application to be prepared by the Treasurer
- Plan the remaining steps in the financing process

**Communication with the Board of Trustees:** The confidential minutes of the Finance Committee’s meetings during the month of June were distributed to all Trustees.

**Key Financial Metric for the Replacement Tax-Exempt Bonds:** The Finance Committee continues to monitor the yield on the 10-year US Treasury Note. In June, Treasury yields remained below November - March levels, but are creeping higher. The paralysis in Washington on all legislation with economic ramifications has led to relatively static interest rate conditions.

The table below summarizes recent trend in 10-year US Treasury 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%
April 28, 2017	2.28%
May 31, 2017	2.20%
June 30, 2017	2.30%

Because of the current interest rate environment, rates for all of the Library’s refinancing are based on Libor (the London Interbank Offer Rate). Libor rates move in concert with US Treasury rates. So, while the tracking data on the 10-year Treasury notes remains a useful reference, the actual interest rate paid by the Library will be based on Libor. Mr. Beck has been tracking Libor rates since April 2017.

**Disbursements:** The Board of Trustees will be asked to approve \$156,729 in disbursements for the month of June 2017. Payroll accounted for two-thirds of the expenditures. The remaining third was for utilities, library materials, and miscellaneous expenses.

Among the disbursements was \$5 thousand in maintenance repairs to the Carnegie Room that are subject to reimbursement through a grant from the New York State Thruway Authority under the New NY Bridge Community Benefits Program. A total of \$24,650 in such expenses have been incurred.

**Operations and Budget Performance:** For the entirety of FY 2017, the Library realized a \$128,797 cash surplus from all of its enterprises.

Library operations accounted for \$169,952 or 130% of that cash surplus. Most of that cash surplus was the result of favorable workforce, operations, and library materials / programming variances from the Budget.

For FY 2017, DePew House operated at a \$60,578 cash deficit. This was \$14 thousand worse than budget.

For FY 2017, Stevenson House produced a \$19,135 cash surplus. This was \$2 thousand worse than budget.

**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