



DASNY


ANDREW M. CUOMO
Governor

ALFONSO L. CARNEY, JR.
Chair

GERRARD P. BUSHELL, Ph.D.
President & CEO

Memorandum

TO: Jack D. Homkow, Director, Office of Environmental Affairs

FROM: Robert S. Derico, R.A., Senior Environmental Manager 

DATE: November 4, 2016

RE: *State Environmental Quality Review (SEQR) Type II Determination for the Refunding of the Albany Public Library's Insured Revenue Bonds, Series 2007*

The Albany Public Library ("APL") has requested financing from DASNY ("Dormitory Authority State of New York") for the refunding of all or a portion of its outstanding Series 2007 Bonds (the "Proposed Action"). Based on a review of the attached Credit Summary Update, dated October 28, 2016, it has been determined that the Proposed Action would involve DASNY's authorization of the issuance of tax-exempt, fixed-rate, Series 2007 Bonds in an amount not to exceed \$26,000,000, to be sold through a negotiated offering. APL's main branch is located at 161 Washington Avenue, Albany, Albany County, New York.

More specifically, the proceeds from the Albany Public Library's Series 2007 Bonds were utilized for the purposes of acquiring, constructing and renovating new and existing library branches. APL purchased the land and constructed the New Scotland Avenue Branch and the Arbor Hill Branch, purchased and renovated the building housing the Delaware Avenue Branch, and renovated and expanded the Howe Branch and the Pine Hills Branch.

Albany Public Library is a school district library chartered by the Board of Regents of the State of New York. APL serves the residents of the City School District of Albany ("the School District"). The Library operates a main library and six branch libraries throughout the City of Albany, and a bookmobile. APL is one of 29 members of the Upper Hudson Library System ("UHLS") and is the central library of the UHLS. The Library is governed by an elected, nine-member Board of Trustees.

New York State has approximately 750 public libraries. A public library serves a hamlet, village, town, city, county, school district, a combination of these units, or, in certain cases, a special library district established by the State Legislature. These libraries are subject to the *State Education Law* and to the regulations of the Commissioner of Education. A board of trustees governs each library, with specific powers and responsibilities under the *State Education Law*. Each public library board is autonomous.

DASNY completed this environmental review in accordance with the *State Environmental Quality Review Act* ("SEQRA"), codified at Article 8 of the *New York Environmental Conservation Law* ("ECL"), and its implementing regulations, promulgated at Part 617 of Title 6 of the *New York Codes, Rules and Regulations* ("N.Y.C.R.R."), which collectively contain the requirements for the *State Environmental Quality Review* ("SEQR") process. The refunding of existing debt is a Type II action as specifically designated by 6 N.Y.C.R.R. § 617.5(c)(23) of SEQR. Type II "actions have been determined not to have significant impact on the environment or are otherwise precluded from environmental review under Environmental Conservation Law, article 8." Therefore, no further SEQR determination or procedure is required for any component of the Proposed Action identified as Type II.

The Proposed Action was also reviewed in conformance with the *New York State Historic Preservation Act of 1980* ("SHPA"), especially the implementing regulations of section 14.09 of the *Parks, Recreation and Historic Preservation Law* ("PRHPL"), as well as with the requirements of the Memorandum of Understanding ("MOU"), dated March 18, 1998, between DASNY and the New York State Office of Parks, Recreation and Historic Preservation ("OPRHP"). In compliance with Article III, Section 3.0 of the MOU, OPRHP will be notified of the Proposed Action being funded with bond proceeds. It is the opinion of DASNY that the Proposed Action would have no impact on historical or cultural resources in or eligible for inclusion in the National and/or State Registers of Historic Places.

Attachments

cc: Sara P. Richards, Esq.
Dena T. Amodeo, Esq.
Stephen J. Kosier
SEQR File
OPRHP File

Credit Summary Update

Albany Public Library
Albany, New York

October 28, 2016

Program: Public Libraries

Purpose: Refunding

New Issue Details

A negotiated offering of 21-year tax exempt, fixed rate bonds in an amount not to exceed \$26,000,000.

- Lead Manager – Piper Jaffray
- Co-Bond Counsel – Harris Beach PLLC and Brown Hutchinson LLP
- Underwriter's Counsel – Bond Schoeneck & King

Purpose

- Advance refunding of DASNY's Albany Public Library Insured Revenue Bonds, Series 2007 (\$25.0 million)

Security

- Pledge of revenues of the Library.
- "Lockbox" to intercept collection of tax revenues of the Library for priority payment of debt service on the bonds.

Expected Rating

- Moody's: A1

Overview

New York State has approximately 750 public libraries. A public library serves a hamlet, village, town, city, county, school district, a combination of these units, or, in certain cases, a special library district established by the State Legislature. These libraries are subject to State Education Law and to the regulations of the Commissioner of Education. A board of trustees governs each library, with specific powers and responsibilities under the Education Law. Each public library board is autonomous.

The four major types of public libraries are municipal libraries (created by a village, town, city, or county government), school district libraries (created by vote of the school district electorate or a city board of education), association libraries (created by a membership association), and special district libraries (created by the State Legislature to serve a part of one or more municipalities).

Albany Public Library is a school district library which has approximately \$24 million in DASNY's Albany Public Library Insured Revenue Bonds, Series 2007 outstanding.

Description of the Series 2016 Bonds

- The Bonds are a special obligation of DASNY
- The Loan Agreement is a general obligation of the Library.
- The Bonds are payable from payments made under the Loan Agreement and funds and accounts established under the Resolution

Approvals

- Resolution to Proceed – October 5, 2016
- PACB Approval – October 19, 2016
- SEQR Filing – November 7, 2016*

*Anticipated Date

Recent Information

The School District is expected to authorize the execution of the Tax Pledge and Collection Agreement at its November 3, 2016 meeting.



DASNY

DIVISION OF PUBLIC FINANCE AND PORTFOLIO MONITORING
PORTIA LEE, MANAGING DIRECTOR
PREPARED BY: STEPHEN J KOSIER (518) 257-3157

ALBANY PUBLIC LIBRARY

The Letter of Bond Counsel in connection with the above referenced transaction will be transmitted to the Members under separate cover.

Credit Summary

Albany Public Library
Albany, New York

September 23, 2016

Program: Public Libraries

Purpose: Refunding

New Issue Details

Approximately \$21,155,000 in 21-year tax exempt, fixed rate bonds are expected to be sold through a negotiated offering.

Purpose

- Advance refunding of DASNY's Albany Public Library Insured Revenue Bonds, Series 2007 (\$25.0 million)

Security

- Pledge of revenues of the Library.
- "Lockbox" to intercept collection of tax revenues of the Library for priority payment of debt service on the bonds.

Expected Rating

- Moody's: A1

Overview

New York State has approximately 750 public libraries. A public library serves a hamlet, village, town, city, county, school district, a combination of these units, or, in certain cases, a special library district established by the State Legislature. These libraries are subject to State Education Law and to the regulations of the Commissioner of Education. A board of trustees governs each library, with specific powers and responsibilities under the Education Law. Each public library board is autonomous.

The four major types of public libraries are municipal libraries (created by a village, town, city, or county government), school district libraries (created by vote of the school district electorate or a city board of education), association libraries (created by a membership association), and special district libraries (created by the State Legislature to serve a part of one or more municipalities).

Albany Public Library is a school district library which has approximately \$24 million in DASNY's Albany Public Library Insured Revenue Bonds, Series 2007 outstanding.

Strengths

- Voter Approval – The approved voter referendum for the Library authorizes a pledge of tax levies in an amount sufficient to repay all obligations in connection with the proposed bond issue.
- Savings – The refunding is expected to result in approximately \$3.9 million in net present value savings, or approximately 16.4% of the bonds being refunded.

Risks

- Dissolution of the Library - The dissolution of the Library can only be accomplished with the approval of the Board of Regents. To mitigate this risk, the Loan Agreement will contain provisions prohibiting the Library from seeking any transfer of assets or dissolution and requiring notice to DASNY if such transfer or dissolution is sought by others.

Recommendation

The attached staff report recommends that the Board adopt a Resolution to Proceed for a bond issue in an amount not to exceed \$26,000,000 on behalf of Albany Public Library based on the voter authorization of the levy of taxes to pay debt service on the bonds.



DASNY

DIVISION OF PUBLIC FINANCE AND PORTFOLIO MONITORING
PORTIA LEE, MANAGING DIRECTOR
PREPARED BY: STEPHEN J KOSIER (518) 257-3157

Albany Public Library

PUBLIC LIBRARIES: New York State has approximately 750 public libraries served by 23 cooperative public library systems (the "Systems"). The Systems provide services designed to address the needs of their member libraries and to provide economies of scale in making services available to libraries that could not otherwise afford them. The Systems are designed to assure quality of library services throughout the State. The main financial support for public libraries in New York State derives from local public funds (an average of 76%).

A public library serves a hamlet, village, town, city, county, school district, a combination of these units, or, in certain cases, a special library district established by the State Legislature. These libraries are subject to State Education Law and to the regulations of the Commissioner of Education. A board of trustees governs each library, with specific powers and responsibilities under the Education Law. Each public library board is autonomous.

The four major types of public libraries are municipal libraries (created by a village, town, city, or county government), school district libraries (created by vote of the school district electorate or a city board of education), association libraries (created by a membership association), and special district libraries (created by the State Legislature to serve a part of one or more municipalities).

School District Libraries: School district libraries are established by a vote of the school district voters in accordance with the Education Law. The residents of the school district vote directly for the appointment of trustees and the approval of the budget. Once approved by the voters of the district, school district library budgets are considered an annual appropriation until changed by further vote. If a school district library requests a budget increase and the voters of the district defeat the request, then the appropriation reverts to the amount last approved by the voters.

DASNY Financing History: Aside from the fully-endowed New York Public Library, DASNY has financed 13 public libraries: the Comsewogue Public Library, Harborfields Public Library, Bay Shore-Brightwaters Public Library and Albany Public Library, which are school district libraries; Oceanside Library, Rogers Memorial Library Company, Suffern Free Library and Great Neck Library, which are association libraries; and Northern Onondaga Public Library, Haverstraw King's Daughters Public Library, Smithtown

Special Library District, Ethelbert B. Crawford Public Library, and Commack Public Library District which are special district libraries. As of June 30, 2016, DASNY had public library bonds outstanding totaling \$87.5 million. Payments under these obligations to DASNY have always been met on time and in full. Albany Public Library has approximately \$24 million outstanding in Series 2007 DASNY bonds which are expected to be refunded with the proposed borrowing.

INSTITUTION: Albany Public Library (the "Library") is a school district library chartered by the Board of Regents of the State of New York. The Library serves the residents of the City School District of Albany ("the School District"). The Library operates a main library at 161 Washington Avenue in Albany, six branch libraries throughout the City of Albany, and a bookmobile. The Library is one of 29 members of the Upper Hudson Library System ("UHLS") and is the central library of the UHLS. The Library is governed by a nine member elected Board of Trustees.

Real Property Tax Collection Process: Funding for the operations of the Library is primarily derived from real property taxes levied by the School District on behalf of the Library. In September of the year preceding the Library's fiscal year, the School District tax receiver collects, together with the school taxes, the property taxes due to the Library. Such taxes are due and payable on September 1st, but may be paid without penalty by September 30th. The Library receives its full levy from the School District before the start of the Library's fiscal year. The School District reports any uncollected items to Albany County which has the power to re-levy, lien upon, and sell delinquent properties to recoup its liability.

Library Budget: The Library's fiscal year extends from January 1st to December 31st. At the beginning of the preceding calendar year, the budget is developed by the Library Director with input from the Assistant Director and staff. The Library Board then refines the proposed budget prior to submission to the public. Under New York State Education Law, only changes to the tax levy are submitted to the voters. Any such vote must be held between April 1st and before July 1st each year. The Library has historically held its votes simultaneous with the School District's budget vote on the third Tuesday in May. In the event of a defeat of the budget by the electorate in any year, the appropriation reverts back to the previous year's approved budget and tax levy.

On February 6, 2007, the voters of the School District approved a financing up to \$29,110,000 and an additional levy of library taxes in a maximum annual amount of \$1,860,000 for thirty years to pay debt service on the project originally financed with the Series 2007 DASNY bonds.

Table 1, below, presents a summary of the financial statements of the Library for the last five years.

Unrestricted net assets have declined over the past five years due primarily to the requirement to book the liability of Other Post-Employment Benefits ("OPEB") while the Library may only levy taxes for the actual OPEB amount to be paid in a given year ("pay as you go"), which results in an increasing OPEB liability. After adjusting for depreciation, the Library's net position has improved in each of the past five years.

Table 1 - Summary of Albany Public Library's Financial Statements

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues					
Real Property Taxes	\$ 7,558,036	\$ 8,184,187	\$ 8,289,073	\$ 8,289,072	\$ 8,354,377
Other Revenues	1,642,143	886,491	606,243	734,591	524,623
Total Revenues	\$ 9,200,179	\$ 9,070,678	\$ 8,895,316	\$ 9,023,663	\$ 8,879,000
Expenses					
Culture and Recreation	\$ 7,904,080	\$ 7,756,538	\$ 8,159,847	\$ 8,765,576	\$ 8,276,898
Debt Service - Interest	1,290,937	1,267,031	1,242,063	1,216,813	1,191,313
Total Expenses	\$ 9,195,017	\$ 9,023,569	\$ 9,401,910	\$ 9,982,389	\$ 9,468,211
Accounting Adjustments	\$ -	\$ (869,801)	\$ -	\$ -	\$ (199,503)
Change in Net Position	\$ 5,162	\$ (822,692)	\$ (506,594)	\$ (958,726)	\$ (788,714)
Depreciation	\$ 1,284,934	\$ 1,308,813	\$ 1,334,627	\$ 1,350,498	\$ 1,351,611
Adjusted Change in Net Position	\$ 1,290,096	\$ 486,121	\$ 828,033	\$ 391,772	\$ 562,897
Assets	\$ 51,506,285	\$ 50,601,215	\$ 49,644,045	\$ 47,877,182	\$ 47,288,400
Liabilities	\$ 33,864,673	\$ 33,782,295	\$ 33,331,719	\$ 32,523,582	\$ 32,723,514
Net Assets					
Investment in capital assets	\$ 12,297,196	\$ 12,168,261	\$ 11,825,153	\$ 12,228,271	\$ 11,720,218
Unrestricted Net Assets	3,069,337	2,523,326	2,369,671	1,100,492	827,247
Restricted for debt service	1,859,123	1,859,877	1,860,002	1,860,329	1,853,448
Restricted for capital projects	415,956	267,456	257,500	164,508	163,973
Total Net Assets	\$ 17,641,612	\$ 16,818,920	\$ 16,312,326	\$ 15,353,600	\$ 14,564,886

THE REFUNDING: Bond proceeds will be used to advance refund the Library's DASNY Series 2007 Insured Revenue Bonds. The Bonds are callable on or after July 1, 2017.

Attachment I provides the savings analysis of the refunding. The refunding is expected to result in net present value savings of approximately \$3.9 million, or 16.4% of the bonds being refunded. The final maturity of the refunding bonds will not exceed the maturity date of the bonds to be refunded.

FINANCING DETAILS: The estimated sources and uses of funds for the proposed transaction are presented in Attachment II. The refunding escrow deposit is estimated to be approximately \$25.0 million and costs of issuance, including underwriter's discount, are estimated at approximately \$398,000. The estimated premium issuance is approximately \$4.3 million and the estimated par is approximately \$21.2 million.

Security Provisions: The Loan Agreement between the Library and DASNY will be a general obligation of the Library. Payments under the Loan

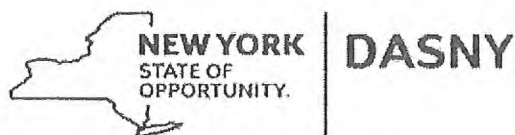
Agreement will be secured by a pledge of the Library's right to receive tax levies collected annually and turned over to the tax receiver on behalf of the Library. By virtue of its designation by the State Legislature as an eligible public library under the Dormitory Authority Act, the Library has the power to assign and pledge to DASNY any and all public funds apportioned by the State or a political subdivision, in an amount sufficient to make all payments required by the Library pursuant to its Loan Agreement. The voter referendum effectively amended the Library's tax levy to provide for future debt service payments under its Loan Agreement. The Loan Agreement will provide for notification to DASNY in the event of (i) the submission of any preliminary budget of the Library providing for a reduction in public funding, or (ii) any petition submitted to abolish the Library.

The proposed bonds will be secured by a pledge and assignment to the Trustee of the payments to be made by the Library to DASNY under the provisions of the Loan Agreement. DASNY, the Library, and the School District will enter into an agreement to establish a lockbox mechanism to



provide additional security by ensuring that the Library's tax revenues are available when needed to satisfy DASNY's obligations to bondholders. As a result, the School District will remit tax revenues into the lockbox, a portion of which will be withheld to pay debt service on the bonds, prior to being made available to the Library.

SUMMARY: The tax levy approved as part of the required referendum will continue to provide the revenue needed for the Library to pay debt service on the refunding bonds. Accordingly, staff recommends the Board adopt a resolution to proceed for a bond issue of an amount not to exceed \$26,000,000 on behalf of Albany Public Library.



**Albany Public Library
Savings Analysis**

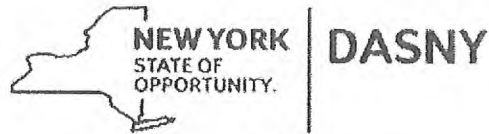
Date	Existing D/S	New D/S	Gross Savings	PV Savings
Dec-17	1,851,313	1,617,021	234,292	237,820
Dec-18	1,852,438	1,617,750	234,688	226,754
Dec-19	1,851,413	1,617,250	234,163	220,980
Dec-20	1,854,113	1,620,250	233,863	215,561
Dec-21	1,855,325	1,616,500	238,825	214,999
Dec-22	1,852,975	1,616,250	236,725	208,144
Dec-23	1,854,050	1,619,250	234,800	201,642
Dec-24	1,853,325	1,615,250	238,075	199,681
Dec-25	1,855,800	1,619,500	236,300	193,576
Dec-26	1,851,250	1,616,500	234,750	187,827
Dec-27	1,854,750	1,616,500	238,250	186,154
Dec-28	1,855,500	1,619,250	236,250	180,268
Dec-29	1,853,500	1,619,500	234,000	174,369
Dec-30	1,853,750	1,617,250	236,500	172,095
Dec-31	1,851,000	1,612,500	238,500	169,475
Dec-32	1,855,250	1,620,250	235,000	163,072
Dec-33	1,851,000	1,614,750	236,250	160,088
Dec-34	1,853,500	1,616,500	237,000	156,822
Dec-35	1,852,250	1,615,000	237,250	153,297
Dec-36	1,852,250	1,615,250	237,000	149,534
Dec-37	1,853,250	1,617,000	236,250	145,553
Total	38,918,000	33,959,271	4,958,729	3,917,712

PRESENT VALUE ANALYSIS SUMMARY

Total PV Debt Service Savings.....	3,917,712
Plus: Refunding funds on hand	<u>5,141</u>
NET PRESENT VALUE BENEFIT.....	3,922,852
NPV BENEFIT OF BONDS BEING REFUNDED.....	16.38%
NPV BENEFIT OF REFUNDING PRINCIPAL.....	18.54%

REFUNDING BOND INFORMATION

Refunding Dated Date.....	Dec-16
Refunding Delivery Date.....	Dec-16



**Albany Public Library
Sources and Uses of Funds**

<i>Sources of Funds:</i>		<i>Total</i>	
Bond Proceeds			
Par Proceeds		\$ 21,155,000	
Original Issue Premium		4,264,144	
<i>Total Sources</i>		\$ 25,419,144	
<hr/>			
<i>Uses of Funds:</i>		<i>% of Par</i>	
Escrow Deposit		\$ 25,022,384	
Costs of Issuance		277,141	1.31%
DASNY Fee	75,000		0.35%
Bond Counsel	75,000		0.35%
Financial Advisor	45,000		0.21%
Institution's Counsel	25,000		0.12%
Ratings	20,000		0.09%
DAC Fee	10,000		0.05%
Accountant	7,500		0.04%
Printing	4,000		0.02%
Trustee & Counsel	3,500		0.02%
Escrow Agent & Counsel	3,500		0.02%
Verification Agent	3,500		0.02%
Miscellaneous	5,141		0.02%
Underwriter Discount		119,620	0.57%
<i>Total Uses</i>		\$ 25,419,144	

A RESOLUTION OF THE DORMITORY AUTHORITY OF THE STATE OF NEW
YORK (DASNY) AUTHORIZING STAFF AND BOND COUNSEL TO
PROCEED TO TAKE THE NECESSARY ACTION TO PREPARE
THE APPROPRIATE DOCUMENTS TO PROVIDE FOR THE
FINANCING OF FACILITIES FOR
ALBANY PUBLIC LIBRARY

Resolved that the staff and bond counsel be authorized to proceed to take the necessary action and prepare the appropriate documents to provide for the financing of facilities for Albany Public Library; provided, however, that the adoption of this Resolution imposes no duty on the part of DASNY to issue obligations for or on behalf of Albany Public Library.

This Resolution shall take effect immediately.

