Transaction Summary Update

Oceanside Library
Oceanside, New York

January 25, 2022

Program: Public Libraries

Purpose: New Money/Refunding

New Issue Details

One or more series of tax exempt, and/or taxable, fixed and/or variable rate bonds in an amount not to exceed $35 million, with maturities not to exceed 31-years are expected to be sold through a negotiated offering. The term of the refunding bonds will not exceed the term of the bonds being refunded.

- Lead Manager – Roosevelt & Cross Incorporated
- Underwriter's Counsel – Bond Schoeneck & King, PLLC
- Co-Bond Counsel – Hodgson Russ LLP and Golden Holley James, LLP

Purpose

- Funding new money capital projects including the expansion and renovation of the library building and the acquisition of an adjacent parcel of property to be converted into additional parking for the library ($33,100,000).
- Current refunding of DASNY's Oceanside Public Library Insured Revenue Bonds, Series 2005 ($1.1 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: Aa3

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).

Oceanside Library is an association library which has $1,115,000 in DASNY's Oceanside Library Insured Revenue Bonds, Series 2005 outstanding.

Description of the 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 – July 15, 2020
- PACB Approval – July 22, 2020
- TEFRA Hearing – January 28, 2022*
- SEQR Filing – February 1, 2022*

*Anticipated date

Recent Information

This transaction was delayed as the Library worked with its architects on a revised project design and with the Town of Hempstead to obtain the necessary site plan approval. The site plan approval is on the Town of Hempstead's January 26, 2022 meeting agenda.

The Library, Oceanside Union Free School District and the Town of Hempstead are each required to execute the Tax Pledge and Collection Agreement (TPCA). The TPCA is the document establishing the Lockbox to intercept tax revenues of the Library for priority payment of debt service on the bonds. The Library and the School District each approved a resolution authorizing the execution of the TPCA on January 18, 2022 and January 19, 2022, respectively. The Town is expected to approve a resolution authorizing the execution of the TPCA on January 25, 2022.

This Transaction Summary Update was prepared solely to assist DASNY in its review and approval of the proposed financing described therein and must not be relied upon by any person for any other purpose. DASNY does not warrant the accuracy of the statements contained in any offering document or any other materials relating to or provided by the Institution in connection with the sale or offering of the Bonds, nor does it directly or indirectly guarantee, endorse or warrant (1) the creditworthiness or credit standing of the Institution, (2) the sufficiency of the security for the Bonds or (3) the value or investment quality of the Bonds.

Transaction Summary Update

Oceanside Library
Oceanside, New York

January 25, 2022

Program: Public Libraries

Purpose: New Money/Refunding

The Bonds are special limited obligations of DASNY that are secured only by the amounts required to be paid by the Institution pursuant to the Loan Agreement, certain funds established under the Resolution and other property, if any, pledged by the Institution as security for the Bonds.

Transaction Summary

Oceanside Library
Oceanside, New York

July 6, 2020

Program: Public Libraries

Purpose: New Money/Refunding

New Issue Details

Approximately $31,105,000 in 30-year tax exempt, and/or taxable, fixed and/or variable rate bonds are expected to be sold through a negotiated offering. The term of the refunding bonds will not exceed the term of the bonds being refunded.

Purpose

- Funding new money capital projects including the expansion and renovation of the library building and the acquisition of an adjacent parcel of property to be converted into additional parking for the library ($33,100,000).
- Current refunding of DASNY's Oceanside Public Library Insured Revenue Bonds, Series 2005 ($1.4 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: Aa3

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).

Oceanside Library is an association library which has $1,370,000 in DASNY's Oceanside Library Insured Revenue Bonds, Series 2005 outstanding.

Additional Information

- Voter Approval – The approved voter referendums 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 $103,000 in net present value savings, or approximately 7.5% of the bonds being refunded.
- Dissolution of the Library - The dissolution of the Library can only be accomplished with the approval of the Board of Regents. 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 $35,000,000 on behalf of Oceanside Library.

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The Bonds are special limited obligations of DASNY that are secured only by the amounts required to be paid by the Institution pursuant to the Loan Agreement, certain funds established under the Resolution and other property, if any, pledged by the Institution as security for the Bonds.

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

Oceanside 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.

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). The proposed financing's borrower is an association library.

Association Libraries: Unlike a school district public library, an association library is not a public entity. Its employees are not engaged under the Civil Service Law and it has no power to condemn property for the acquisition of a site. However, just like public libraries, the revenues of association libraries are primarily raised from taxes imposed on their communities. Residents of the school district vote directly for the approval of the tax levy. Once approved, the library's tax levy is considered an annual appropriation until changed by further vote. If the library requests an increase and the voters of the school district defeat the request, then the appropriation reverts to the amount last approved by the voters.

An association library's property belongs to its association. Although an association library is able to encumber and dispose of its assets as its operations warrant, its property ultimately passes to the State for the benefit of the school district with which the library is associated in the event of dissolution.

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, 2020, DASNY had public library bonds outstanding totaling approximately $76.9 million. Payments under these obligations to DASNY have always been met on time and in full.

The proposed financing will be the third DASNY issuance for Oceanside Library. Authorization to pledge funds raised by taxes for amounts required under loan agreements was approved by voter referendums held on November 30, 1994 and June 16, 2020. In August 1995, DASNY issued $4,900,000 of Insured Revenue Bonds which were subsequently refunded with DASNY's outstanding Oceanside Library Insured Revenue Bonds, Series 2005. Oceanside Library has $1,370,000 of DASNY Series 2005 bonds outstanding. On June 16, 2020, the voters approved a $33.5 million financing for the Project described below. The Library also plans to refund the outstanding DASNY Series 2005 bonds.

INSTITUTION: Oceanside Library, founded in 1937, is a not-for-profit corporation operating as an association library chartered by the Board of Regents of the State of New York. Oceanside Library is located on Long Island, in Oceanside, in the Town of Hempstead, Nassau County, New York. Oceanside Library is one of 54 member libraries in the Nassau Library System. The seven Board members of Oceanside Library are elected by the residents of the Oceanside Union Free School District as members of the Association at elections conducted by Oceanside Library.

Real Property Tax Collection Process: Funding for the operations of Oceanside Library is primarily derived from real property taxes levied by the Town of Hempstead. The Town of Hempstead collects taxes in two installments. The first half is due October 1st of the preceding fiscal year and payable until November 10th without penalty. Second half taxes are due April 1st each year and are payable until May 10th without penalty. Taxes

collected by the Town of Hempstead on behalf of Oceanside Library are paid as received to Oceanside Union Free School District bi-monthly and thereafter distributed by the Oceanside Union Free School District to Oceanside Library. Historically, the Library has received its full tax levy from the Oceanside Union Free School District in twelve equal installments from July to June, pursuant to an agreement between the Library and the Oceanside Union Free School District. The Town of Hempstead reports any uncollected items to Nassau County which has the power to re-levy, lien upon, and sell delinquent properties to recoup its liability.

Library Budget: Oceanside Library's fiscal year extends from July 1st to June 30th. During November and December, the tentative budget is developed and refined. At the January and February meetings of the Board the proposed budget is discussed and further refined. The tentative budget is adopted by the Board at its February meeting and submitted to referendum at the annual meeting of the electorate of the Oceanside Union Free School District typically held in May. Prior to the annual meeting, a public hearing is held by the Board with respect to the proposed budget. 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 June 16, 2020, voters approved Oceanside Library's $6.9 million 2020-21 annual budget which includes funding for debt service on the proposed financing.

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.

Table 1 - Summary of Oceanside Library's Financial Statements

	2015	2016	2017	2018	2019
Revenues					
Real Property Taxes	$ 4,324,769	$ 4,378,097	$ 4,408,811	$ 4,492,352	$ 4,624,742
Other Revenues	83,554	91,778	62,026	82,147	78,766
Total Revenues	$ 4,408,323	$ 4,469,875	$ 4,470,837	$ 4,574,499	$ 4,703,508
Expenses					
Salaries and wages	$ 2,149,981	$ 2,236,717	$ 2,243,073	$ 2,187,423	$ 2,187,224
Employee benefits	1,042,451	1,376,056	1,428,566	1,292,825	1,497,928
Library services	489,113	500,604	495,936	483,393	534,120
Administrative operations	233,847	191,908	176,216	184,069	212,987
Building operations	178,714	229,364	190,989	232,995	216,221
Depreciation	175,251	173,664	173,548	167,099	165,357
Interest expense	117,431	107,681	97,943	88,269	78,369
Bond and administrative fees	3,120	3,120	3,120	3,120	3,120
Total Expenses	$ 4,389,908	$ 4,819,114	$ 4,809,391	$ 4,639,193	$ 4,895,326
Change in Net Position	$ 18,415	$ (349,239)	$ (338,554)	$ (64,694)	$ (191,818)
Depreciation	$ 175,251	$ 173,664	$ 173,548	$ 167,099	$ 165,357
Adjusted Change in Net Position	$ 193,666	$ (175,575)	$ (165,006)	$ 102,405	$ (26,461)
Assets	$ 7,589,831	$ 7,312,776	$ 7,089,932	$ 6,861,723	$ 6,763,257
Liabilities	$ 3,582,955	$ 4,249,702	$ 4,008,826	$ 6,098,199	$ 6,490,863
Net Assets					
Investment in capital assets	$ 1,134,854	$ 1,171,626	$ 1,210,350	$ 1,279,831	$ 1,363,009
Unrestricted Net Assets	2,452,823	2,060,675	1,676,602	(1,018,020)	(1,296,866)
Restricted	569,028	575,165	581,960	600,733	604,583
Total Net Assets	$ 4,156,705	$ 3,807,466	$ 3,468,912	$ 862,544	$ 670,726
Restatement of Net Position - GASB Statement No. 75 (OPEB Reporting)			$ (2,541,674)		

THE PROJECT: Bond proceeds will be used for the expansion and renovation of the existing library building at 30 Davison Avenue in Oceanside, New York to meet growing demand and to accommodate the modern use of the facility. Bond proceeds are also expected to be used to acquire a 0.14-acre adjacent parcel to be used to increase parking by approximately 16 stalls, bringing total parking stalls to 52. The library building was built in 1940 and the last significant upgrade to the library building occurred 25 years ago. As proposed, Oceanside Library expects to remove the existing one-story western portion of the building and construct in its place a two-story addition with a basement within the same building footprint. A 590-square foot addition for use as a reading room is also proposed on the rear of the building. The library building will increase from approximately 32,205 square feet to approximately 47,075 square feet.

There are also expected to be renovations to update other areas of the library building. The facility will become more energy-efficient with the addition of LED lighting, triple-pane reflective windows that are soundproof, solar panels and a green roof. Security enhancements at the facility will include increased exterior lighting, an upgraded camera system, and an internal security upgrade. Another major component of the Project is an approximately 165-seat theater for musicals, plays, concerts, movies, and other community events. In response to the Covid-19 pandemic, library officials are closely reviewing the design to consider social distancing where appropriate. The Library will include many public health upgrades including, expanding touchless water fountains, toilets and sinks, adding sanitary wipe dispensers, installing automatic doors, and installing various fixtures that are easy to clean.

THE REFUNDING: Bond proceeds may also be used to refund the Oceanside Library Series 2005 bonds. The refunding is expected to reduce annual debt service by an average of approximately $85,000, from approximately $310,000 per year to approximately $225,000 per year. Net present value savings are anticipated to be approximately $103,000, or approximately 7.5% of the bonds being refunded. The term of the refunding bonds will not exceed the term of the bonds being refunded. The refunding analysis is presented in Attachment I.

FINANCING DETAILS: The estimated sources and uses of funds for the proposed transaction is presented in Attachment II. The Project will require a construction fund deposit of approximately $33.1 million. The refunding escrow deposit is expected to be approximately $1.4 million. Combined issuance costs, including underwriter's discount are expected to total approximately $588,000. Approximately $314,000 from the Series 2005 debt service reserve fund is expected to be available for the refunding escrow deposit. The estimated premium issuance is approximately $3.7 million and the estimated par is approximately $31.1 million. Staff is requesting a not to exceed amount of $35 million to ensure there are sufficient funds to complete the project and the refunding.

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: Staff recommends the Board adopt a resolution to proceed for a bond issue of an amount not to exceed $35,000,000 on behalf of Oceanside Library.

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any other materials relating to or provided by the Institution in connection with the sale or offering of the Bonds, nor does it directly or indirectly guarantee, endorse or warrant (1) the creditworthiness or credit standing of the Institution, (2) the sufficiency of the security for the Bonds or (3) the value or investment quality of the Bonds.

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Oceanside Library
Savings Analysis

Date	Existing D/S	New D/S	Gross Savings	PV Savings
7/1/2021	312,994	212,569	100,425	99,850
7/1/2022	312,794	228,600	84,194	82,881
7/1/2023	311,863	226,000	85,863	83,731
7/1/2024	305,175	226,250	78,925	76,247
7/1/2025	308,275	231,000	77,275	73,956
Total	1,551,100	1,124,419	426,681	416,666

PRESENT VALUE ANALYSIS SUMMARY

Total PV Debt Service Savings	416,666
Less: Prior funds on hand	(314,081)
Plus: Refunding funds on hand	207
NET PRESENT VALUE BENEFIT	102,793
NPV BENEFIT OF BONDS BEING REFUNDED	7.50%
NPV BENEFIT OF REFUNDING PRINCIPAL	10.38%

REFUNDING BOND INFORMATION

Refunding Dated Date	Sep-20
Refunding Delivery Date	Sep-20

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Oceanside Library
Sources and Uses of Funds

Sources of Funds:	***Total***
Bond Proceeds	
Par Proceeds	$ 31,105,000
Original Issue Premium	3,660,032
Other Sources of Funds	
2005 Debt Service Reserve Fund	314,081
Total Sources	$ 35,079,113

Uses of Funds:		% of Par
Project Fund Deposit	$ 33,100,000	
Refunding Escrow Deposit	1,391,589	
Estimated Costs of Issuance	400,894	1.29%
Underwriter's Discount	186,630	0.60%
Total Uses	$ 35,079,113	

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 OCEANSIDE LIBRARY

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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 Oceanside 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 Oceanside Library.

This Resolution shall take effect immediately.