

Henrietta Public Library Construction Project Financial Update



02/27/2019

Library Construction Financing

<i>Referendum - 11/2017</i>	Bond	\$	10,000,000
	Town Funds	\$	2,500,000
	Total	\$	12,500,000
Bonds:	06/28/18	\$	5,000,000
	01/28/19	\$	3,944,163
		\$	8,944,163
Library Construction Aid - NYS	(reduction in bonds)	\$	1,055,837
Town Funds - General Fund		\$	2,500,000
		\$	12,500,000
Expenditure Estimates:			
	Prime Contracts	\$	11,003,799
	Town Direct Exp	\$	1,379,788
		\$	12,383,587
Current Financing versus Exenditure		\$	116,413

Prime Contract Status

Prime Contracts - February 2018					
<i>(Board-approval after final transfer of land was completed - delayed four months for land conveyance - Town Board Approval on March 28, 2018)</i>					
Vendor	Contract	Total Contract	Expended to Date thru Jan 2019	Balance Remaining	Percent Remaining
Christa Construction	Construction Manager	\$ 357,500	\$ 312,813	\$ 44,687	12.5%
DiPasquale Construction, Inc	Foundations	\$ 508,145	\$ 508,145	\$ -	0.0% (1)
Ramar Steel Sales, Inc.	Steel	\$ 910,655	\$ 865,122	\$ 45,333	5.0% (2)
Javen Construction Co.	General Trades	\$ 5,820,000	\$ 3,363,280	\$ 2,456,720	42.2%
Thurston Dudek, LLC	Plumbing & FP	\$ 512,500	\$ 351,670	\$ 160,830	31.4%
T Bell Construction	HVAC	\$ 1,406,000	\$ 1,212,200	\$ 193,800	13.8%
Kaplan-Schmidt Electric, Inc.	Electric	\$ 1,489,000	\$ 734,350	\$ 754,650	50.7%
		\$ 11,003,800	\$ 7,347,580	\$ 3,656,020	33.2%

(1) Includes a reduction in contingency allowance

(2) Includes a reduction in contingency allowance. The balance is the retention.

The four month delay caused by the encumbered land conveyance resulted in increased steel costs, as well as prime bids going out in March, when contractors are busy, rather than December, when contractors are looking for work. This resulted in an increase of nearly \$900,000 for the combined bid prices as compared to projected bid prices.

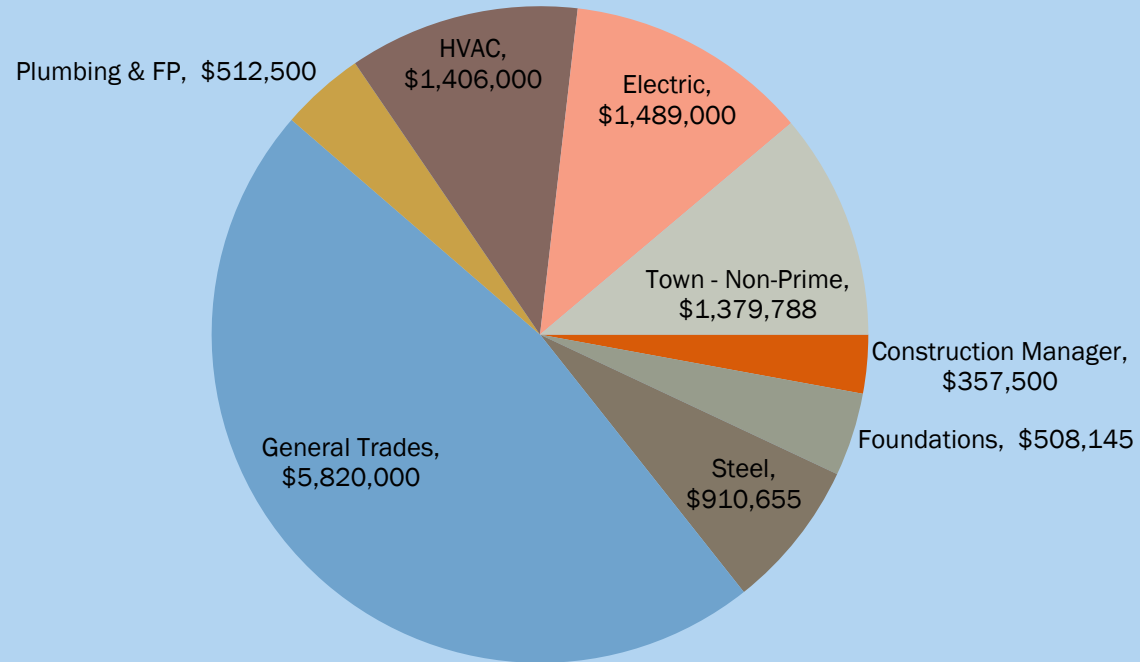
Non-Prime Contract Expenses

Town direct pay for site work, conectivity, utilities, parking lot, lighting, audio/visual, furniture, etc.

Expended to Date:		Estimates:	
Equipment Rental, etc	\$ 95,540	Furniture	\$ 500,000
Building Supplies, etc	\$ 4,380	Audio	\$ 100,000
Site Testing	\$ 24,831	Digital	\$ 135,000
Stone	\$ 163,886	Utility expense during construction	\$ 30,529
Site Consultation, Survey & GIS	\$ 8,503	Utility conectivity (including water)	\$ 19,036
Draining, sewer, etc	\$ 12,979	Lighting (poles, etc.)	\$ 6,997
Electrical supplies, ligthing, etc	\$ 17,761	Parking Lot (sidewalks, curbs, etc.)	\$ 231,273
Trailer office	\$ 1,700		\$ 1,022,835
Monroe County - Water, DoH, etc.	\$ 8,181		
Utility conectivity	\$ 2,074		
Builders Risk Insurance	\$ 12,647		
Utility expense during construction	\$ 4,471		
	<u>\$ 356,953</u>		
Total Estimated Non-Prime Contract Expenses			<u>\$ 1,379,788</u>

Estimated Cost by Category

Henrietta Public Library Estimated Costs



Expenses Outside of Referendum

Engineering Costs - Passero Agreements

☞ Phase I – Resolution #5-49/2016	\$111,000
☞ Phase II – Resolution #6-61/2017	\$620,350
(coffee shop addition 07/2017)	<u>55,000</u>
	\$675,350

Land Conveyance Costs

- ☞ Land transfer was approved via Resolution #21-251/2017
- ☞ Land Owner did not have a clear title on the property . This was discovered in late November 2017.
- ☞ Cost to secure the conveyance of the land. \$ 71,189

Expenses Outside of Referendum (con't.)

Costs Related to Securing Bond Financing

∞ Bond Consultants – Bernard P. Donnegan

- Resolution #14-160/2017 \$42,000(Est.)

∞ Bond Counsel – Timothy R. McGill, Esq.

- Resolution #14-161/2017 \$14,000 (Est.)

∞ Bond Ratings, Bond Notice Postings, etc. \$29,792

- Moody's Ratings - \$27K
- Bond Notice Postings \$2.8K

Bond Details

June 2018 Bond - \$5M

- ∞ Maturity of December 15, 2047
- ∞ NIC 3.4505%
- ∞ Total Interest = \$3,052,891

January 2019 Bond - \$3.944M

- ∞ Maturity of December 15, 2047
- ∞ NIC 3.4301%
- ∞ Total Interest = \$2,337,920

Total Debt Interest Cost = \$5,390,811

Total Repayment, including interest = \$14,334,974

Municipal Bond Expense Savings!

- ☞ 2017 Referendum approved municipal bond financing in the amount of \$10M.
- ☞ The Library secured a State Construction Grant in the amount of \$1,055,837 and in doing so saving the Town approximately \$700K in interest costs over the term of the bonds.
- ☞ A total savings of approximately \$1.76M in principal and interest!

Moody's Bond Rating Opinion

∞ Bond Rating:

- The Town's rating is Aa2 reflecting a sound financial position, sizable tax base and minimal debt burden.

- Factors that could lead to a rating upgrade include:
 - Significant increase in tax base
 - Material improvement in socio-economic profile

- Factors that could lead to a rating downgrade include:
 - Significant declines in reserves or liquidity beyond what is currently expected
 - Significant increase in debt burden

- Credit Strengths:
 - Above-average wealth levels
 - Conservative budget management and sound reserves and liquidity
 - Minimal debt burden

- Credit challenges:
 - Primary revenue source is economically sensitive (sales tax, mortgage tax, etc.)

Effect of a Lower Credit Rating

- ∞ Comparing the Town's January 2019 Bond to a 30 year A2 (Moody's)/A (S&P) rated bond would average a 3.60% NIC
 - Interest Savings of ~\$115,000 over the life of the January 2019 Serial Bond

- ∞ Making the same assumption on the spread on the June 2018 Serial Bond
 - Interest Savings of ~\$135,000 over the life of the June 2018 Serial Bond

- ∞ “So in total, you could reasonably say that the Town's Aa2 credit rating may have saved the Town residents approximately \$250,000 in interest payments over the life of this project than if you had a lower A2 rating.”

Source of rates and savings – Bernard P. Donnegan Inc.

Bond Proceeds

June 2018 Bond - \$5M

- ☞ Purchase of Treasury Bills in the amount of \$3.3M with staggered maturity dates from 60 – 120 days provided net interest income in the amount of: **\$17,243**

January 2019 Bond - \$3.944M

- ☞ Purchase of Treasury Bills in the amount of \$1M with a 60 day maturity and interest rate of 2.32%

All interest earned is being transferred to a Reserve for Debt fund to be used as payment on the 2019 interest charges.

Requests for investment quotes were sent to M&T Bank, JPMorgan Chase Bank and Canandaigua National Bank.

Bond Payments

Payments due in Calendar Year 2019 \$540,755

June 15, 2019

∞ Interest

○ June 2018 Bonds \$163,897

December 15, 2019

∞ Principal

○ June 2018 Bonds \$175,000

∞ Interest

○ June 2018 Bonds 85,019

○ January 2019 Bonds 116,839

Thank You

