

Build NYC Resource Corporation Finance Committee Discussion

The Finance Committee convened on April 6th, 2018 to discuss the following projects:

- Bnos Bais Yaakov
- Montefiore Medical Center
- Services for the Underserved

Finance Committee Members: Barry Dinerstein, Andrea Feirstein, and Jacques-Philippe Piverger
Build NYC Staff Members: Kyle Brandon, Emily Marcus, Krishna Omolade, Sonia Ruocco, Anne Shutkin, and Michael Waller.

Start: 9:30 AM
End: 10:00 AM

Bnos Bais Yaakov

Bnos Bais Yaakov of Far Rockaway (the "School"), is a New York religious corporation exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The School seeks approximately \$8,000,000 in tax-exempt revenue bonds (the "Bonds"). Proceeds from the Bonds will be used to: (1) refinance existing loans that were used in part to fund the acquisition of, capital improvements to and related costs of an existing 4-story 73,000 square foot building located on an approximately 97,527 square foot parcel of land located at 613 Beach 9th Street, Far Rockaway, New York 11691 (the "Facility"), and (2) pay for certain costs related to the issuance of the Bonds. The Facility is owned by the School and operated by the School as an independent Jewish day school for girls in pre-kindergarten through grade 12.

Mr. Dinerstein asked if the School has an endowment.

Ms. Shutkin responded that the School has an endowment and has embarked on a capital campaign.

Mr. Dinerstein asked for the School's tuition rates and if tuition is paid by all of the students.

Ms. Marcus responded that all of the students pay tuition and that staff would respond with additional information on the School's tuition rate.

Mr. Piverger asked why the School was refinancing the existing loans and when the existing loans were taken.

Ms. Shutkin responded that Bonds would consolidate existing loans from several sources.

Ms. Feirstein asked for information on the term of the existing loans.

Ms. Marcus responded that the existing loans were bridge loans that were intended to be refinanced.

Ms. Feirstein asked if School was restructuring their existing debt in order to reduce their debt service payments.

Ms. Marcus responded that the School was anticipating savings in debt service as a result of the transaction.

Mr. Dinerstein asked if the School's enrollment has increased and if the School could accommodate additional growth in enrollment.

Ms. Marcus responded that enrollment has increased and that the School can accommodate the expected growth in enrollment.

Mr. Dinerstein asked if the School students were primarily from Far Rockaway.

Staff responded that they would provide additional information.

Mr. Dinerstein commented that some schools seeking bond financing may need additional assistance with planning large capital projects.

Ms. Shutkin responded that the Corporation has funded workshops for non-profit organizations pursuing capital projects and would explore opportunities to provide additional assistance as needed.

The committee recommended the Project to seek authorization at the April 10th Board meeting.

Services for the UnderServed, Inc.

Services for the UnderServed, Inc. ("SUS"), a New York not-for-profit corporation exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, is seeking approximately \$13,150,000 in tax-exempt and taxable revenue bonds (collectively, the "Bonds"). Proceeds from the Bonds will be used as part of a plan to finance: (1) the renovation of approximately 31,607 square feet on the 17th and 18th floors of a building to be leased by SUS, located on an approximately 19,750 square foot parcel of land located at 463 Seventh Avenue, New York, New York, (2) the renovation of an approximately 71,872 square foot building to be leased by SUS, located on an approximately 6,000 square foot parcel of land located at 12-18 East 31st Street, New York, New York, (3) the acquisition and renovation of an approximately 2,700 square foot building located on an approximately 2,342 square foot parcel of land located at 276 Graff Avenue, Bronx, New York, (4) the acquisition and renovation of an approximately 1,816 square foot building located on an approximately 2,250 square foot parcel of land located at 141-06 123rd Avenue, Queens, New York, (5) the acquisition and renovation of an approximately 2,400 square foot building located on an approximately 1,867 square foot parcel of land located at 363 Bainbridge Street, Brooklyn, New York, (6) the acquisition and renovation of an approximately 6,400 square foot building located on an approximately 4,950 square foot parcel of land located at 999 Bushwick Avenue, Brooklyn, New York, (7) the acquisition and renovation of an approximately 2,900 square foot building located on an approximately 2,250 square foot parcel of land located at 257 East 45th Street, Brooklyn, New York, (8) the acquisition and renovation of an approximately 1,400 square foot building located on an approximately 3,067 square foot parcel of land located at 1079 East 34th Street, Brooklyn, New York (collectively, the "Facilities"), and (9) certain costs related to the issuance of the Bonds (1 through 9, collectively, the "Project"). Each Facility will be owned or leased by SUS and operated by SUS to provide social services.

Mr. Piverger asked for information on the amount of debt SUS has outstanding.

Staff responded that they would provide additional information.

Mr. Dinerstein asked why the Bonds were issued in four different series.

Mr. Brandon responded that the different series were financing different aspects of the Project.

Mr. Dinerstein asked if SUS was receiving grants from New York State.

Mr. Brandon responded that SUS has received and will continue to receive grants from several New York State agencies.

Mr. Dinerstein asked for information on what activities would take place at the Facilities and if SUS has facilities other than those connected to the Project.

Mr. Brandon responded that the Facilities would be used to provide services such as supportive housing, counseling, medical treatment, and rehabilitation and house SUS' administrative center. He added that SUS has additional facilities other than the ones connected to the Project.

Mr. Dinerstein asked if the Facilities would be used to provide permanent housing.

Mr. Brandon responded that permanent housing is not provided at the Facilities.

The committee requested that Staff provide additional information prior to recommending for authorization at the April 10th board meeting.

Montefiore Medical Center

In April 2013, the Corporation issued tax-exempt Revenue Bonds, Series 2013A and 2013B, in the aggregate principal amount of \$93,000,000 (2013 Montefiore Medical Center Project), for the benefit of Montefiore Medical Center, a New York not-for profit corporation (the "Institution") to finance a portion of costs associated with tenant improvements, equipping and furnishing of an approximately 280,000 square foot 11-story office building known as "Tower II" (the "Facility") in order to provide ambulatory, radiological, surgical, primary and specialty health-care services for the use by the Institution and/or its affiliates and/or medical professionals affiliated with the Institution (collectively, the "Project"). The Institution is requesting post-closing approval for amendments to certain terms set forth in the bond documents, including the bonds. The current bondholders, TD Bank and J.P. Morgan, have agreed to hold the bonds for an additional interest rate period, and the bond documents must be amended to effectuate the additional interest rate period and related amendments, including an amended amortization schedule, adjusted mandatory tender date and adjustment to the interest rate. The amortization schedule is being adjusted because the Institution drew approximately \$8,500,000 less than anticipated on the draw down bonds and adherence to the original schedule would have resulted in an acceleration of the bond repayments. These amendments will help the Institution reduce carrying costs and redirect savings to patient services.

Ms. Feirstein asked why the Institution was amending the bonds.

Mr. Waller responded that the interest rate would be reset and this reset required an amendment to the bond documents.

The committee recommended the Project to seek authorization at the April 10th Board meeting.

Additional information

The following information was provided to the committee members on February 12th 2017 from which point no further concerns were raised and the committee recommended that Services for the Underserved seek authorization at the April 10th Board Meeting:

Bnos Bais Yaakov

- Tuition ranges from \$6,225 for prekindergarten to \$15,457 for high school.
- The vast majority of students are from Far Rockaway with the remaining students mostly from adjacent parts of Nassau County.

Services for the Underserved

- SUS has an annual debt service of approximately \$16.2 million.
- SUS has 200 locations in all 5 boroughs. These locations provide services for individuals with intellectual and developmental disabilities, mental illness, substance use challenges, as well as veterans and those living with HIV/AIDS. These locations provide day-habilitation services, counseling, housing and employment assistance, treatment services, and transitional and permanent supportive housing.