

**Build NYC Resource Corporation
Finance Committee Discussion**

The Finance Committee convened on February 9th, 2017 to discuss the following projects:
Alphapointe and Professional Children's School, Inc.

Finance Committee Members: Andrea Feirstein and Barry Dinerstein

Build NYC Staff Members: Lily Berticevich, Krishna Omolade, Johan Salén, Anne Shutkin

Start: 12:00 PM

End: 12:30 PM

Alphapointe

Alphapointe, a not-for-profit Missouri corporation, is the third largest single employer of visually impaired individuals in the U.S., and currently leases a light manufacturing facility in Brooklyn. Alphapointe seeks approximately \$19,890,000 in tax-exempt revenue bonds (the "Bonds") in connection with the acquisition, renovation, furnishing and equipping of an existing approximately 138,000 square foot three-floor industrial building located on an approximately 95,123 square foot parcel of land located at 87-46 123rd Street, Richmond Hill, Queens (the "Facility"). The Facility will be owned and operated by Alphapointe and used to employ blind and visually impaired people at a light manufacturing, warehousing and administrative facility. All employees currently employed at its current facility in Brooklyn are anticipated to relocate to the Facility.

Mr. Dinerstein asked for information regarding the determination of the environmental impact of the Alphapointe's project.

Staff responded that based on the environmental review of the project it is anticipated that there will be no negative impacts as a result of the project.

Mr. Dinerstein asked if there is a risk that the operations of Alphapointe would be negatively impacted by the phasing out of certain sources of government revenue.

Staff responded that Alphapointe has been in existence for close to a century and the organization was confident that their sources of revenue are stable and reliable.

Mr. Dinerstein asked what products were made by Alphapointe's employees.

Ms. Berticevich responded that Alphapointe employees make various products including military vests, office supplies and cleaning equipment.

Mr. Dinerstein asked if the Facility will be used as a call center or just manufacturing.

Ms. Berticevich responded that it will be used for manufacturing and Alphapointe administrative offices.

Mr. Dinerstein asked if Alphapointe's programming is controversial among the visually impaired community.

Mr. Salen responded that staff was not aware of any controversy among the visually impaired community regarding Alphapointe. Moreover Alphapointe has been in operation for several decades and is one of the Country's largest employers of visually impaired individuals.

Ms. Feirstein asked if Alphapointe sells their products and services to non-governmental vendors.

Staff responded that they would follow up with additional information on Alphapointe's vendors.

Ms. Feirstein asked if Alphapointe employees are paid living wage.

Mr. Salén responded that all employees will be paid at least the Living Wage rate starting next year. He added that the debt service on the bonds to be issued will be lower than rent at Alphapointe's current location and the organization plans to reinvest the savings into its operations and programming.

Mr. Dinerstein asked how workers will transport themselves to the new location and if it is realistic for current employees to travel to the new location.

Ms. Berticevich responded that the Facility is accessible to public transit. Furthermore based on Alphapointe's analysis it is expected that there will be no significant change in distance traveled for Alphapointe employees.

Ms. Feirstein asked if Build NYC has worked with Alphapointe in the past.

Ms. Berticevich responded that this is Alphapointe's first transaction with Build NYC.

Mr. Dinerstein asked for information regarding the salaries of Alphapointe's executives.

Staff responded that the salaries of Alphapointe's management comprise approximately 20% of the organization's total salaries and wages.

Ms. Feirstein asked if the debt service coverage ratio is based on current net operating income and how the ratio is impacted by compliance with the Living Wage Law and rent savings.

Staff responded that they would follow up with additional information on the debt service coverage ratio calculation.

The committee requested that Staff provide additional information prior to recommending for authorization at the February 14th board meeting.

Professional Children’s School, Inc.

Professional Children’s School, Inc. (the “School”), a New York not-for-profit corporation operating a co-educational independent day school located at 132 West 60th Street in Manhattan, is seeking an approximately \$7,100,000 tax-exempt revenue note (the “Note”). Proceeds from the Notes will be used to (1) refinance the existing New York City Industrial Development Agency Variable Rate Demand Civic Facility Revenue Bonds (Professional Children’s School Inc. Project), Series 2003 (the “NYCIDA Series 2003 Bonds”), (2) finance the renovation and replacement of certain exterior windows at the School, (3) pay any redemption premium associated with the NYCIDA Series 2003 Bonds, and (4) pay for certain costs related to the issuance of the Note. The School offers an academic, college preparatory education for approximately 200 students in grades 6 – 12.

Mr. Dinerstein – no issues.

Ms. Feirstein – no issues with the School.

The committee recommended the Project to seek authorization at the February 14th Board meeting

Additional Information on Alphapointe

The following information was provided to the committee members on February 12th 2017 from which point no further concerns were raised:

It is expected that Alphapointe will save \$1.4 million in rental payments in the subsequent year. When they raise all salaries to living wage, Alphapointe’s payroll will increase by approximately \$1.1 million. At that point, the anticipated debt service coverage ratio will be 1.67x.