Build NYC Resource Corporation
Finance Committee Discussion

The Finance Committee convened on December 7th, 2017 to discuss the following projects:

- Fedcap Rehabilitation Services, Inc.
- The Allen-Stevenson School
- The Cathedral School of St. John the Divine
- The Chapin School, Ltd.
- Trinity Episcopal School Corporation
- Volunteers of America – Greater New York, Inc.

Finance Committee Members: Barry Dinerstein, Andrea Feirstein, and Jacques-Philippe Piverger
Build NYC Staff Members: Lily Berticevich, Kyle Brandon, Eric Clement, Emily Marcus, Krishna Omolade, Anne Shutkin

Start: 11:00 AM
End: 11:45 AM

Fedcap Rehabilitation Services, Inc.

Fedcap Rehabilitation Services, Inc. ("Fedcap") is a New York not-for-profit corporation that, along with its subsidiaries, provides programming in vocational training, job placement and counseling services and other related programs and services. Fedcap is seeking approximately $10,000,000 in tax-exempt and taxable revenue bonds (the "Bonds") which, together with other funds of the Fedcap, will be used to finance, refinance, or reimburse costs of: (1) renovating the Fedcap's headquarter offices and its subsidiaries' offices consisting of an approximately 46,000 square foot condominium unit located at 633 Third Avenue, 6th Floor, New York, New York 10017 (the "Third Avenue Facility") for approximately $2,900,000, (2) renovating the lobby, conference center, and program operations space consisting of approximately 64,000 square foot condominium units located at 210 East 43rd Street, New York, New York 10017 (the "43rd Street Facility") for approximately $6,000,000, (3) acquiring and installing equipment for Oracle enterprise resource planning infrastructure, for approximately $1,100,000 for use at the Third Avenue Facility and the 43rd Street Facility, and (4) issuance of the Bonds.

Mr. Dinerstein asked if Fedcap was connected to the bankruptcy of F.E.G.S. (Federation Employment & Guidance Service).

Ms. Shutkin responded that Fedcap is in compliance with its current Build NYC agreements and staff did not believe there was a connection between Fedcap and F.E.G.S.

The committee recommended the Project to seek authorization at the December 12th Board meeting.

The Allen-Stevenson School

The Allen-Stevenson School (the "School") is a New York not-for-profit education corporation that operates a private independent boys' day school located on Manhattan's Upper East Side serving students in kindergarten through 9th grade. The School is seeking approximately $35,000,000 in tax-exempt and taxable revenue notes (the "Notes"), the proceeds of which, together with other funds of the School, will be used to finance and/or refinance: (1) the construction and equipping of an approximately 16,000 square foot building that will include space for visual and performing arts, science classrooms, a library, and a greenhouse to be located at 132 East 78th Street, New York, New York (the “New Building”); (2) the construction and equipping of an approximately 34,000 square foot addition consisting of three additional floors (the “Addition”) that will include space for athletics at the School’s existing approximately 64,000 square foot building (the “Main Building” and, together with the New Building and the Addition, the “Facility”) located on an approximately 12,300 square foot parcel of land at 132 East 78th Street, New York, New York; (3) renovations to areas of the Main Building; (4) certain costs related to the issuance of the Notes, and (5) the refinancing of the outstanding New York City Industrial Development Agency Civic Facility Revenue Bonds (Series 2004 Allen-Stevenson School Project) (the “Series 2004 Bonds”), the proceeds of which were used to finance (i) the renovation, improvement, furnishing and equipping of the School's then-existing facilities located at the New Building, 121 East 77th Street, New York, New York, and 123 East 77th Street, New York, New York, and (ii) certain costs of issuance relating to the issuance of the Series 2004 Bonds.

Ms. Feirstein asked why two series of bonds we being issued.

Ms. Berticevich responded that a portion of the bonds would be issued to build the New Building and Addition and to refinance an existing bridge loan.

Ms. Feirstein asked if the School is contributing its funds into the project.

Ms. Berticevich responded that the School has embarked on a $43 million capital campaign which will contribute approximately 57% of the total cost of the project.

Mr. Dinerstein asked why a portion of the bonds are expected to be taxable.

Staff responded that they would follow up with additional information on the taxable bond issuance.

Mr. Dinerstein asked if there the School has received a variance from the Board of Standards and Appeals for the project and if so, when the variance was received.

Ms. Berticevich responded that the School was approved for a variance and that staff would follow up with additional information on when the variance was received.

Ms. Feirstein asked for confirmation that the debt service coverage ratio (“DSCR”) calculation was based on the School’s cash flow and did not include the capital contribution.

Ms. Berticevich confirmed that the calculation did not include the capital contribution.

The committee recommended the Project to seek authorization at the December 12th Board meeting.

<u>The Cathedral School of St. John the Divine</u>

Cathedral School of St. John the Divine (the “School”), a New York not-for-profit education corporation operating an independent, co-educational day school for students in kindergarten through grade 8 on Manhattan’s Upper West Side, is seeking approximately $11,000,000 in tax-exempt revenue bonds (the “Bonds”). Proceeds from the Bonds will be used to finance or refinance: (1) a portion of the costs of the construction and equipping of an approximately 7,880 square foot three-story addition to an existing approximately 32,000 square foot building located on an approximately 494,174 square foot parcel of land located at 28 Morningside Drive, New York, NY (the “Facility”), which is leased by the School, including the addition of an approximately 2,700 square foot media and innovation center, new dining/meeting/assembly rooms, an admissions suite, an elevator, a mechanical room and exterior access road reconfiguration; (2) a portion of the costs of renovating and equipping approximately 4,000 square feet of existing interior space at the Facility, including addition of a maker-space annex, learning space, new classrooms, offices, seminar/conference rooms, a new faculty work room and access ramps, as well as renovations to the reception area and several restrooms; and (3) certain costs related to the issuance of the Bonds.

Ms. Feirstein asked if the School has raised their own funds for the project.

Mr. Brandon responded that the School is contributing their own funds to the project. Ms. Shutkin added that the School has embarked on a $6 million capital campaign.

Mr. Dinerstein asked for the total project cost.

Mr. Brandon responded that the total project cost is $17 million.

The committee recommended the Project to seek authorization at the December 12th Board meeting.

The Chapin School, Ltd.

The Chapin School, LTD. (the "School"), a New York not-for-profit education corporation, operates an independent girls' day school located on Manhattan's Upper East Side serving students from kindergarten through 12th grade. The School is seeking approximately $36,000,000 in tax-exempt bonds which will be used to (1) refinance a portion of Build NYC Resource Corporation Revenue Bonds (The Chapin School, LTD Project) Series 2016 in the current outstanding principal amount of $75,000,000 (the "2016 Bonds"), the proceeds of which, together with other funds of the School, are being used to: finance and/or refinance improvements to, and the renovation, equipping and/or furnishing of, the School's existing eight-story, approximately 132,000 square foot facility located at 100 East End Avenue, New York, New York 10028 (the "Facility"), including (i) the construction of a three-story vertical addition to accommodate a new gymnasium and an expanded space for performing arts programs (the "Facility Addition"), and (ii) the reconfiguration of existing space within the Facility to provide more classrooms, gathering space, an additional cafeteria, a maker/design studio for the robotics program and other S.T.E.M. curriculum, and a new nursing facility for the care of students ((i) and (ii) collectively the "Project"); (2) finance and/or refinance improvements to, and the renovation, equipping and/or furnishing of, the School's Facility, including the costs described in (1); and (3) pay for certain costs related to the issuance of the bonds.

Mr. Piverger asked for the size of the Facility Addition.

Ms. Marcus responded that the Facility Addition will be approximately 51,000 square feet.

Mr. Piverger commented that the total cost per square foot of the Project is high relative to other construction projects and asked if the School has the funds available to complete the Project.

Staff responded that the Project is complex and required extensive work to reinforce the existing structure to support the Facility Addition. In addition the Project will be scheduled to enable the School to continue operating while the Project takes place. School will contribute approximately $125 million to complete the Project in a capital campaign and School funds and the School has a strong debt service coverage ratio.

Ms. Feirstein asked if the scope of the Project has changed since the 2016 Bonds were issued.

Ms. Marcus responded that the scope of the Project has not changed since the 2016 Bonds were issued.

Mr. Feirstein asked why the Project cost has increased.

Ms. Shutkin responded that the original general contractor was dismissed and the new contractor discovered that the cost of the Project was higher than originally anticipated.

Mr. Dinerstein asked if there was litigation between the School and the original general contractor.

Ms. Shutkin responded that there was litigation which has been resolved.

Ms. Feirstein asked if the bonds would be issued in two series.

Ms. Shutkin responded that it is expected that the bonds would be issued in one series.

The committee recommended the Project to seek authorization at the December 12th Board meeting.

Trinity Episcopal School Corporation

Trinity Episcopal School Corporation (the "School") is a New York not-for-profit educational corporation that operates a private, co-educational independent school for students in kindergarten through grade 12, located on Manhattan's Upper West Side. The School is seeking an approximately $10,000,000 tax-exempt note (the "Note") the proceeds of which will be used to finance: (1) the reimbursement of expenses paid by the School in connection with the renovation of the School's existing cafeteria located in the School's annex building at 115-121 West 91st Street (the "Annex Building"), the construction of two new floors totaling 57,200 square feet of space to be used for classrooms, administration, performing arts, and science laboratories above the Annex Building and an existing garage at 110 Columbus Avenue (the "Expansion Facility"), a 21,000 square foot outdoor playfield located above the Expansion Facility, a 1,500 square foot structure to provide additional elevator access between the Annex Building and the lower school located at 139 West 91st Street (the "Lower School"), and an 8,400 square foot outdoor courtyard to be used for recreation and social activities which is located between the Annex Building, Expansion Facility, and Lower School (the "Project") a portion of the costs for which was paid for by the proceeds of a $17,500,000 tax-exempt note issued by the Corporation in 2016; (2) the partial pay down of a line of credit that was used to fund expenses related to the Project; and (3) certain costs of issuance of the Note.

Ms. Feirstein commented that the bonds to be issued are connected to an existing project and will complete a project that is almost complete. She further commented that the School has a strong debt service coverage ratio and has embarked on a capital campaign which will enable the School to have adequate funds to complete the Project.

The committee recommended the Project to seek authorization at the December 12th Board meeting.

Volunteers of America – Greater New York, Inc.

Volunteers of America - Greater New York, Inc., 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 ("VOA"), is seeking approximately $6,600,000 in tax exempt and taxable revenue bonds (collectively, the "Bonds"). Proceeds from the Bonds will be used as part of a plan of financing to (1) finance the leasehold renovation and equipping of approximately 30,000 square feet on the 9th floor of a 1,267,300 square foot commercial office building located at 135 West 50th Street, New York, New York ("Project Location") and leased to VOA, all to be used by VOA in its provision of social welfare services to individuals and others in need, individuals with mental illness and individuals with developmental disabilities, and (2) pay for certain costs related to the issuance of the Bonds.

Mr. Dinerstein asked if the Project Location is a commercial condominium and if VOA will acquire the location.

Mr. Brandon responded that VOA currently leases the Project Location and the Bonds will be used to pay for the fit out expenses.

Mr. Dinerstein asked how many VOA employees will work at the Project Location.

Mr. Brandon responded that approximately 110 VOA staff members will work at the Project Location.

Ms. Feirstein asked for information on the primary sources of funding for VOA.

Mr. Brandon responded that the primary sources of funding are federal, state, and local government grants and contributions.

Ms. Feirstein asked for confirmation that the debt service coverage ratio was calculated based on free cash flow.

Mr. Brandon confirmed that free cash flow was used to calculate the DSCR.

Mr. Dinerstein asked for additional information on the funds available to service the Bonds separate from grant funding used to pay for operational expenses.

Staff responded that they would follow up with additional information on the funds available to service the Bonds.

The committee recommended the Project to seek authorization at the December 12th Board meeting.

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Additional information

<u>Fedcap Rehabilitation Services, Inc.</u>

- Fedcap has never had a relationship with F.E.G.S. At the request of NYC Human Resources Association (HRA), Fedcap was asked to take over programs that F.E.G.S. had operated. The programs were turned over to Fedcap under the approval of HRA., and F.E.G.S. terminated its involvement in the program.

The Allen-Stevenson School

- A portion of the bonds will be taxable to enable the School to have greater flexibility in using the funds to pay for project related expenses.
- The waiver from the Board of Standards and Appeals was approved on August 16, 2016.

Volunteers of America – Greater New York, Inc.

- Volunteers of America has cash reserves from the sale of property and expects to save at least $500,000 annually by consolidating three different locations into the one location as a result of Project.