

**Build NYC Resource Corporation
Finance Committee Discussion**

The Finance Committee convened on July 19th, 2017 to discuss the following projects:
180 W. 165th Street LLC & Metropolitan Lighthouse Charter School, Grace Church School,

Finance Committee Members: Andrea Feirstein and Barry Dinerstein

Build NYC Staff Members: Edgar Avalos, Kyle Brandon, Krishna Omolade, Johan Salén, Anne Shutkin

Start: 11:00 AM

End: 11:45 AM

180 W. 165th Street LLC & Metropolitan Lighthouse Charter School

180 W. 165th Street LLC, a New York limited liability company (“180 West”), the sole member of which is Metropolitan Lighthouse Charter School (the “School”), a New York education corporation exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), currently operate a charter school at the project location. 180 West is seeking approximately \$32,575,000 in tax-exempt revenue bonds (the “Series 2017A Bonds”) and approximately \$805,000 in taxable revenue bonds (the “Series 2017B Bonds” and, together with the Series 2017A Bonds, the “Bonds”) proceeds of which will be used by 180 West to finance: (i) the acquisition, renovation and equipping of an existing approximately 51,600 square foot 6-story building on an approximately 12,084 square foot parcel of land located at 180 W. 165th Street, Bronx, New York 10452 (the “Building”), (ii) construction of a rooftop renovation and addition (the “Addition” and, together with the Building, the “Facility”) to add an additional approximately 6,000 square feet on the sixth floor, which will be used for various purposes, including as a student performance and physical education space in order to expand the School’s arts, sports and scholastic programs, (iii) capitalized interest on the Bonds, (iv) a debt service reserve fund, if required, and (v) certain costs related to the issuance of the Bonds. 180 West will own the Facility and lease the Facility to the School. Metropolitan Support Corporation (the “New Member”), a New York not-for-profit corporation that will seek recognition of status as an organization described in Section 501(c)(3) of the Code, is expected to become the sole member of 180 West, after such time, and to the extent that, it is recognized by the Internal Revenue Service. The School will operate the Facility in order to continue to provide educational services for students from kindergarten through grade 9. The School plans to add one grade per year until it serves kindergarten through grade 12 by the 2020-2021 school year.

Ms. Feirstein asked for how long the School has been in operation.

Mr. Avalos responded that the School has been in operation since 2010.

Mr. Dinerstein asked if the School owns the building and if not who currently owns the building.

Mr. Avalos responded that the School does not own the building and staff would follow up with additional information on the current owner of the building.

Mr. Dinerstein asked how much the School will save in annual expenses as a result of the project and for information on the rent the School currently pays.

Staff responded that the debt service on the Bonds is less than the School's rent and that they would provide more specific information on the annual savings in operating expenses generated by the project.

Ms. Feirstein asked if the School is investing their own funds in the project.

Mr. Avalos responded that the School will use the proceeds from the Bonds to finance the project and will not use their internal funds to invest in the project.

Mr. Dinerstein asked for the term of the current charter.

Mr. Salen responded that the initial charter was renewed in 2014 and has a five year term.

Mr. Dinerstein asked for the number of current and projected students.

Mr. Avalos responded that there are 500 students currently and 670 by the 2020-2021 school year. Mr. Salen responded that there is currently a waitlist for prospective students.

Ms. Feirstein asked for why Build NYC is issuing Series 2017B Bonds.

Staff responded that they would provide additional information on the Series 2017B Bonds.

The committee requested that Staff provide additional information prior to recommending for authorization at the July 25th board meeting.

Grace Church School

Grace Church School (the "School"), is a New York education corporation that operates an independent co-educational day school serving students in junior kindergarten through grade 12. The School is seeking approximately \$11,500,000 in tax-exempt revenue bonds (the "Series 2017 Bonds"). Proceeds of the Series 2017 Bonds, together with other funds of the School, will be used to (1) finance the renovation and equipping of a 13,500 square foot fourth floor in an approximately 100,450 square foot building leased by the School and located at 46 Cooper Square, New York, New York for use as a gymnasium, locker rooms, and fitness center (the "Facility"); and (2) pay for certain costs related to the issuance of the Series 2017 Bonds. In addition, the School has requested certain changes to the terms of the Build NYC Resource Corporation Revenue Bonds, Series 2013 (2013 Grace Church School Project) originally issued in the amount of \$40,000,000 (the "Series 2013 Bonds") which may result in the reissuance and refunding for federal tax purposes of the Series 2013 Bonds.

Ms. Feirstein asked if the School has a middle school.

Mr. Brandon responded that the School serves students from junior kindergarten through grade 12.

Ms. Dinerstein asked if the School is expanding the space that they occupy.

Mr. Brandon responded that the School will occupy an additional floor in a building at 46 Cooper Square.

Mr. Dinerstein asked if the School requires a BSA special permit to begin the renovation.

Mr. Brandon responded that the School has all necessary approvals for the project.

Mr. Dinerstein asked how the School will be able to service the debt on the Series 2017 Bonds when they have an operating deficit.

Mr. Brandon responded that the School has adequate cash reserves and will raise additional funds through a capital campaign. Mr. Salen added that the School's operating revenue has increased over the last three years and is expected to continue to increase in the future.

Ms. Feirstein asked for the relationship between the School and Grace Church.

Mr. Brandon responded that Grace Church supports the School's operations but the School is independent from Grace Church in its educational programming and curriculum.

Mary McDowell Friends School

Mary McDowell Friends School (the "School") is an independent coeducational school serving special needs students from kindergarten through Grade 12. The School is seeking an approximately \$20,800,000 tax-exempt note (the "Note"), the proceeds of which, together with other funds of the School, will be used to finance the (1) demolition of an approximately 5,340 square foot building located on an approximately 2,000 square foot parcel of land located at 18 Bergen Street, Brooklyn, New York 11201 (the "18 Bergen Street Facility"), (2) construction, equipping, and furnishing of an approximately 5,971-square-foot addition to an existing 5-story, approximately 27,507 square foot building located on a 5,000 square foot parcel of land located at 20 Bergen Street, Brooklyn, New York 11201 (the "20 Bergen Street Facility"), (3) renovation of a 37,596 square foot building located on an approximately 13,479 square foot parcel of land located at 23 Sidney Place, Brooklyn, New York 11201 a.k.a 27 Sidney Place, Brooklyn, New York 11201 (the "23 Sidney Place Facility"), (4) refunding of all or a portion of the Build NYC Resource Corporation Revenue Bonds (Series 2013 Mary McDowell Friends School Project) in the current outstanding principal amount of approximately \$7,000,000, the proceeds of which were used to: (a) refinance a taxable mortgage loan used to finance (i) the acquisition, improvement, renovation and equipping of the 20 Bergen Street Facility for use as classrooms, offices and other School facilities and (ii) the improvement, renovation, and equipping of a portion of the 23 Sidney Place Facility for use as classrooms, offices and other School facilities, and (b) finance (i) classrooms, offices and other facilities at the 23 Sidney Place Facility and a 3-story 7,353 square foot building located at 21 Sidney Place, Brooklyn, New York 11201 (the "21 Sidney Place Facility"), and (ii) a walkway between the 23 Sidney Place Facility and the 21 Sidney Place Facility, (5) payment of a swap termination fee, and (6) payment of certain costs related to the issuance of the Note and other costs relating to the Facility (collectively, the "Project"). The School will own and operate the 18 Bergen Street Facility and 20 Bergen Street Facility and lease and operate the 21 Sidney Place Facility and 23 Sidney Place Facility (collectively, as part of an integrated educational institution).

Ms. Feirstein asked for the term on the Build NYC bonds issued in 2013.

Mr. Omolade responded that the bonds have a 10 year term.

Mr. Dinerstein asked if the School's annual debt service payments would be reduced as a result of the refinancing.

Mr. Omolade responded that the refinancing would extend the term of the existing bonds to 30 years which would be expected to reduce annual debt service payments attributed to the existing bonds.

Mr. Dinerstein asked if the School is compliant with the requirements of the Build NYC 2013 bonds.

Mr. Omolade responded that the School was fully compliant with the requirements of their existing bonds.

Additional information on 180 W. 165th Street LLC & Metropolitan Lighthouse Charter School

The following information was provided to the committee members on July 20th 2017 from which point no further concerns were raised:

The Building is currently owned by Turner Impact Capital.

The School expects to save approximately \$400,000 in annual operating expenses as a result of the transaction. The School currently pays approximately \$1.1 million in rent annually.

The proceeds of the Series 2017B Bonds will be used to pay for costs of issuance in excess of 2% of the Series 2017A Bonds.