MINUTES OF THE
MEETING OF THE BOARD OF DIRECTORS
OF
BUILD NYC RESOURCE CORPORATION
HELD AT THE 110 WILLIAM STREET OFFICES OF
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
SEPTEMBER 24, 2019

The following directors and alternates were present, constituting a quorum:

James Patchett
HeeWon Brindle-Khym
Brian Cook, alternate for Scott M. Stringer,
Comptroller of The City of New York
Khary Cuffe
Albert De Leon
Barry Dinerstein, alternate for Marisa Lago,
Chair of the City Planning Commission of The City of New York
Pedram Mahdavi, alternate for Vicki Been,
Deputy Mayor for Housing and Economic Development
James Prendamano
Angela Pinsky
Jacques-Philippe Piverger
Shanel Thomas
Betty Woo, alternate for Zachary W. Carter, Esq.,
Corporation Counsel of The City of New York

The following directors were not present:

Marlene Cintron
Andrea Feirstein
Robert Santos

Also present were (1) members of New York City Economic Development Corporation ("NYCEDC") staff and interns, (2) Scott Singer and Adam Gordon from Nixon Peabody LLP, (3) Arthur Cohen from Hawkins Delafield & Wood LLP, (4) Seth Bryant from Bryant Rabbino LLP, (5) Patricia Mollica from Katten Muchin Rosenman LLP and (6) other members of the public.

James Patchett, President of NYCEDC and Chairperson of the Build NYC Resource Corporation ("Build NYC" or the "Corporation"), convened the meeting of the Board of Directors of Build NYC at 10:00 a.m., at which point a quorum was present.

1. Adoption of the Minutes of the July 16, 2019 Board of Directors Meeting

Mr. Patchett asked if there were any comments or questions relating to the minutes of the July 16, 2019 Board of Directors meeting. There were no comments or questions; a motion to approve such minutes was made, seconded and unanimously approved.

2. Financial Statements for July 31, 2019 (Unaudited)

Christine Robinson, Assistant Vice President of NYCEDC, presented the Corporation's Financial Statements for the one-month period ending July 31, 2019 (Unaudited). Ms. Robinson stated that in the one-month period, the Corporation recognized approximately $98,000 in revenue from one transaction. Ms. Robinson stated that income derived from compliance, application and other fees totaled $26,000 for the one-month period. Ms. Robinson stated that the Corporation recognized $183,000 in total expenditures for the one-month period ending July 31, 2019, consisting of the monthly management fee.

3. Audited Financial Statements for Fiscal Year Ended June 30, 2019

Fred D'Ascoli, Controller for NYCEDC and Assistant Treasurer of the Corporation, and Amy Chan, Deputy Controller for NYCEDC, presented for review and approval the Corporation's Audited Financial Statements for the Fiscal Year ended June 30, 2019.

On behalf of the Audit Committee, Mr. De Leon stated that the Audit Committee was satisfied with the Agency's Audited Financial Statements and recommended the approval thereof by the Board.

4. Annual Investment Report for Fiscal Year Ended June 30, 2019

Mr. D'Ascoli and Ms. Chan presented for review and approval the Corporation's Annual Investment Report for the Fiscal Year ended June 30, 2019.

On behalf of the Audit Committee, Mr. De Leon stated that the Audit Committee was satisfied with the Annual Investment Report and recommended the approval thereof by the Board.

There being no comments or questions, a motion to approve the Corporation's Audited Financial Statements for the Fiscal Year ended June 30, 2019 attached hereto as Exhibit A, as submitted, and the Corporation's Annual Investment Report for the Fiscal Year ended June 30, 2019 attached hereto as Exhibit B, as submitted, were made, seconded and unanimously approved.

5. Certificate of Change

Krishna Omolade, a Vice President of NYCEDC and Executive Director of the Corporation presented a resolution to authorize the execution and filing of a Certificate of Change with the New York State Department of State to reflect the Corporation's new address: c/o New York City Economic Development Corporation, ATTN: General Counsel, One Liberty Plaza, New York 10006.

There being no comments or questions, a motion to approve the Certificate of Change attached hereto as Exhibit C, as submitted, was made, seconded and unanimously approved.

6. Performance Measurements Report

Mr. Omolade presented the Corporation's performance measurements report.

There being no comments or questions, a motion to approve the performance measurements report attached hereto as Exhibit D, as submitted, was made, seconded and unanimously approved.

7. Board Performance Self-Evaluation Survey Results

Emily Marcus, a Senior Project Manager for NYCEDC, presented the results of the Board's annual Self-Evaluation Survey (the "Survey"). Ms. Marcus stated that sixteen out of sixteen Board members took the Survey.

On behalf of the Governance Committee, Ms. Woo stated that she and Mr. Santos reviewed the results with Mr. Omolade and Ms. Marcus, which were positive. Ms. Woo stated that the responses were similar to the Survey presented at the New York City Industrial Development Agency ("NYCIDA") meeting but there was one question that the NYCIDA's Survey didn't have -- question 9: the Board knows the statutory obligation of Build NYC and if Build NYC is in compliance with state law. Ms. Woo stated that if Board members have any questions about question 9 or the Survey to contact her or Mr. Santos.

8. International House

Noah Schumer, a Project Manager for NYCEDC, presented for review and adoption a bond approval and authorizing resolution for an approximately $65,500,000 tax-exempt revenue bond issuance for the benefit of International House and recommended the adoption of a SEQRA declaration that the proposed project is an unlisted action. Mr. Schumer described the project and its benefits as set forth in Exhibit E.

Mr. Dinerstein stated that the Finance Committee reviewed this project and the organization is a long time, hundred-year old institution with adequate resources to meet the debt service. On behalf of the Finance Committee, Mr. Dinerstein recommended approval of this project.

There being no further comments or questions, a motion to approve the bond approval and authorizing resolution and SEQRA determination for the benefit of International House attached hereto as Exhibit F was made, seconded and unanimously approved.

9. The Gillen Brewer School

Emily Marcus, a Senior Project Manager for NYCEDC, presented for review and adoption a bond approval and authorizing resolution for an approximately $40,000,000 tax-exempt revenue bond issuance for the benefit of The Gillen Brewer School, approval of a waiver of section 7 of the Corporation's Private School Policy and recommended the adoption of a SEQRA determination that the proposed project will not have a significant adverse effect on the environment. Ms. Marcus described the project and its benefits as set forth in Exhibit G.

Mr. Piverger stated that the Finance Committee reviewed this project. On behalf of the Finance Committee, Mr. Piverger recommended approval of this project. Mr. Dinerstein stated that since the school's tuition payments are supplemented with public money he is confident that the debt will be repaid and recommends that the Board approve the project.

In response to a question from Ms. Pinsky, Ms. Marcus stated that the school would like to close on the acquisition in November of 2019 so they will begin construction in the summer of 2020 and hope to be able to move into the facility in the school year starting in 2021. In response to a question from Mr. Cook, Ms. Marcus stated that the Corporation charges a larger closing fee for private schools in accordance with the Build NYC Private School Policy but Corporations staff felt it is appropriate to waive that higher fee and charge the School the regular fee that a standard project would face. Ms. Marcus stated that there is precedent for doing so such as for schools that serve students with special needs and disabilities. Ms. Marcus stated that the tuition plan that the school offers for students, or charges for students, is included in the board materials. Ms. Marcus stated that the for most of the school's history it was a New York City Department of Education ("DOE") and New York State Education Department approved school and the DOE directly paid tuition for students to the school but due to the very high quality and the large cost of the education provided at the school, in part because of the very low student-to-teacher ratio and the fact that it is a twelve-month program rather than a standard nine-month, the cost of education was approximately $60,000 per year more than what the DOE can provide. Ms. Marcus stated that the school is supplementing that cost every year with approximately $1 million to $2 million worth of fundraising. Ms. Marcus stated that after consulting with a financial strategist it was determined that it would not be financially viable for the school to continue at such a rate, and especially not if it wanted to increase enrollment to 142 students. Ms. Marcus stated that as of 2017 the school discontinued its DOE status and started charging students private tuition. Ms. Marcus stated that students and families have the option to pursue the Individuals with Disabilities Education Act that offers and promises every student with a disability to Free Appropriate Public Education ("FAPE") in every public school district. Ms. Marcus stated that if parents would like to pursue the legal process by which they can request FAPE and demonstrate that their child is definitely getting the education they need at the school, this is something those parents can do starting in the upcoming school year.

There being no further comments or questions, a motion to approve the bond approval and authorizing resolution, a waiver of section 7 of the Corporation's Private School Policy and SEQRA determination for the benefit of The Gillen Brewer School attached hereto as Exhibit H was made, seconded and unanimously approved.

10. Adjournment

There being no further business to come before the Board of Directors at the meeting, pursuant to a motion made, seconded and unanimously approved, the meeting of the Board of Directors was adjourned at 10:15 a.m.

Arthur Hansen
Assistant Secretary

Dated: 11/5/19
New York, New York

# Exhibit A

# FINANCIAL STATEMENTS

Build NYC Resource Corporation
(A Component Unit of the City of New York)
Years Ended June 30, 2019 and 2018
With Report of Independent Auditors

**PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY**

Build NYC Resource Corporation
(A Component Unit of the City of New York)

Financial Statements

Years Ended June 30, 2019 and 2018

## Contents

### I. Financial Section



### II. Government Auditing Standards Section



**PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY**

# I. Financial Section

# Report of Independent Auditors

The Management and the Board of Directors
Build NYC Resource Corporation

## Report on the Financial Statements

We have audited the accompanying statements of net position of Build NYC Resource Corporation (the Corporation), a component unit of the City of New York, as of June 30, 2019 and 2018, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated ________, 2019, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

________, 2019

Build NYC Resource Corporation
(A Component Unit of the City of New York)

# Management's Discussion and Analysis

June 30, 2019

This section of the Build NYC Resource Corporation (Build NYC or the Corporation) annual financial report presents our discussion and analysis of financial performance during the years ended June 30, 2019 and 2018. Please read it in conjunction with the financial statements and accompanying notes, which follow this section.

**Fiscal Year 2019 Financial Highlights**

- Current assets decreased by $2,188,991 (or 22%)
- Current liabilities increased by $124,489 (or 127%)
- Net position increased by $696,817 (or 7%)
- Operating revenues increased by $1,039,808 (or 58%)
- Operating expenses decreased by $1,155,291 (or 34%)
- Non-operating revenue increased by $ 6,356 (or 6%)

**Overview of the Financial Statements**

This annual financial report consists of two parts: *Management's discussion and analysis* (this section) and the *basic financial statements*. Build NYC is considered a component unit of the City of New York (the City) for the City's financial reporting purposes. Build NYC is a local development corporation that was organized under the Not-For-Profit Corporation Law of the State of New York to assist entities eligible under the federal tax laws in obtaining tax-exempt- and taxable bond financing.

Build NYC is a self-supporting entity and follows enterprise fund reporting. Enterprise fund statements offer short-term and long-term financial information about the Corporation's activities. The Corporation's financial reporting is presented in a manner similar to a private business.

## Financial Analysis of the Corporation

**Net Position**–The following table summarizes the Corporation's financial position at June 30, 2019, 2018, and 2017, and the percentage changes between June 30, 2019, 2018, and 2017:

| | 2019 | 2018 | 2017 | % Change 2019–2018 | % Change 2018–2017 |
|---|---|---|---|---|---|
| Current assets | $ 7,766,503 | $ 9,955,494 | $ 10,643,375 | (22)% | (6)% |
| Non-current assets | 3,010,297 | – | 1,009,423 | 100 | (100) |
| Total assets | 10,776,800 | 9,955,494 | 11,652,798 | 8 | (15) |
| Current liabilities | 222,325 | 97,836 | 290,502 | 127 | (66) |
| Total unrestricted net position | $ 10,554,475 | $ 9,857,658 | $ 11,362,296 | 7 | (13) |

In fiscal year 2019, total assets increased by $821,306 or 8% primarily as a result of additional strategic investments in highly rated debt securities. These investments were facilitated by positive results in the Corporation's operating activities as described below.

In fiscal year 2018, total assets decreased by $1,697,304 or 15% primarily as a result of a reduction in current assets to cover the operating net deficit. Additionally, a call redemption of all long-term investments at year-end resulted in the elimination of non-current assets.

As a result of a change in fee revenue generated from an increased number of bond transactions and the reduction of the Corporation's contractual obligations, net position increased by $696,817 or 7% in fiscal year 2019 and by comparison to a decrease of 13% in fiscal year 2018.

## Operating Activities

Build NYC was organized to assist entities in obtaining tax-exempt and taxable bond financing. Build NYC's primary goal is to facilitate access to private activity tax-exempt bond financing for entities to acquire, construct, renovate, and/or equip their facilities as well as refinance previous financing transactions.

## Operating Activities (continued)

The Corporation charges various program fees that include application fees, financing fees, and compliance fees.

The following table summarizes changes in Build NYC's net position for fiscal years 2019, 2018, and 2017 and the percentage changes between June 30, 2019, 2018, and 2017:

| | 2019 | 2018 | 2017 | % Change 2019-2018 | % Change 2018-2017 |
|---|---|---|---|---|---|
| Operating revenues | $ 2,819,605 | $ 1,779,797 | $ 3,565,650 | 58% | (50)% |
| Operating expenses | 2,228,687 | 3,383,978 | 3,385,800 | (34) | (0.1) |
| Operating income (loss) | 590,918 | (1,604,181) | 179,850 | 137 | (992) |
| Non-operating revenues (expenses) | 105,899 | 99,543 | (163,217) | 6 | (161) |
| Change in net position | $ 696,817 | $ (1,504,638) | $ 16,633 | 146 | (9,114) |

## Fiscal Year 2019 Activities

In fiscal year 2019, operating revenues increased by $1,039,808 or 58%. This is a direct result of an increase in fee revenue generated from the closing of more bond transactions as compared to 2018.

Total operating expenses decreased by $1,155,291 in fiscal year 2019 or 34%, as a result of a decrease in the board approved contracted management fee paid to New York City Economic Development Corporation (NYCEDC), a not-for-profit corporation which provides Build NYC with all required professional, administrative and technical staff assistance.

The non-operating revenue (expense) category had a total increase of $6,356 in fiscal year 2019, a 6% increase over prior year, primarily due to an increase in investment income which was partially offset by increased expenses for the renovation of a power station at BerkleeNYC, one of several special project commitments.

**Fiscal Year 2018 Activities**

In fiscal year 2018, operating revenues decreased by $1,785,853 or 50%. This is a direct result of a decrease in fee revenue generated from bond transactions and the one-time recaptured benefits revenue in 2017.

Total operating expenses decreased by $1,822 in fiscal year 2018 or 0.1%, as a result of a decrease in advertising and marketing expenses.

The non-operating expense/revenue category had a total increase of $262,760 in fiscal year 2018, a 161% increase year over year, primarily due to an increase in investment income.

**Contacting the Corporation's Financial Management**

This financial report is designed to provide our customers, clients and creditors with a general overview of the Corporation's finances and to demonstrate the Corporation's accountability for the resources at its disposal. If you have any questions about this report or need additional financial information, contact the Chief Financial Officer, Build NYC Resource Corporation, One Liberty Plaza, New York, NY 10006.

# Build NYC Resource Corporation
(A Component Unit of the City of New York)

## Statements of Net Position

| | June 30 2019 | June 30 2018 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents *(Note 3)* | **$ 2,353,218** | $ 3,563,619 |
| Investments *(Note 3)* | **5,399,625** | 6,384,025 |
| Fees receivable | **13,660** | 7,850 |
| Total current assets | **7,766,503** | 9,955,494 |
| Non-current assets: | | |
| Investments *(Note 3)* | **3,010,297** | – |
| Total non-current assets | **3,010,297** | – |
| Total assets | **10,776,800** | 9,955,494 |
| **Liabilities** | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | **36,295** | 45,300 |
| Due to New York City Economic Development Corporation | **162,681** | 14,937 |
| Unearned revenue and other liabilities | **23,349** | 37,599 |
| Total current liabilities | **222,325** | 297,836 |
| Net position – unrestricted | **$ 10,554,475** | $ 9,857,658 |

*See accompanying notes.*

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

Build NYC Resource Corporation
(A Component Unit of the City of New York)

## Statements of Revenues, Expenses, and Changes in Net Position

| | Year Ended June 30 | |
|---|---|---|
| | **2019** | **2018** |
| **Operating revenues** | | |
| Fee income *(Note 2)* | **$ 2,819,605** | $ 1,779,797 |
| Total operating revenues | **2,819,605** | 1,779,797 |
| **Operating expenses** | | |
| Management fees *(Note 4)* | **2,178,000** | 3,300,000 |
| Public hearing expenses | **13,260** | 33,993 |
| Auditing expenses | **34,500** | 46,272 |
| Marketing expenses | **1,194** | 1,537 |
| Other expenses | **1,733** | 2,176 |
| Total operating expenses | **2,228,687** | 3,383,978 |
| Operating income (loss) | **590,918** | (1,604,181) |
| **Non-operating revenues (expenses)** | | |
| Investment income | **233,801** | 129,543 |
| Special projects costs *(Note 5)* | **(127,902)** | (30,000) |
| Total non-operating revenues (expenses) | **105,899** | 99,543 |
| Change in net position | **696,817** | (1,504,638) |
| Unrestricted net position, beginning of year | **9,857,658** | 11,362,296 |
| Unrestricted net position, end of year | **$ 10,554,475** | $ 9,857,658 |

*See accompanying notes.*

**PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY**

## Build NYC Resource Corporation
(A Component Unit of the City of New York)

## Statements of Cash Flows

| | Year Ended June 30 | |
|---|---|---|
| | **2019** | **2018** |
| **Operating activities** | | |
| Financing and other fees | **$ 2,799,545** | $ 1,753,916 |
| Management fees paid | **(2,178,000)** | (3,300,000) |
| Audit expenses paid | **(16,585)** | (44,020) |
| Marketing expenses paid | **–** | (1,194) |
| Public hearing expenses paid | **(23,265)** | (32,047) |
| Miscellaneous expenses paid | **–** | (90) |
| Net cash (used in) provided by operating activities | **581,695** | (1,623,434) |
| **Investing activities** | | |
| Interest income | **31,862** | 9,318 |
| Sale of investments | **15,958,924** | 11,195,348 |
| Purchase of investments | **(17,782,882)** | (8,365,138) |
| Net cash (used in) provided by investing activities | **(1,792,096)** | 2,839,528 |
| **Non-capital financing activities** | | |
| Special projects | **–** | (198,293) |
| Net cash used in non-capital financing activities | **–** | (198,293) |
| Net (decrease) increase in cash and cash equivalents | **(1,210,401)** | 1,017,801 |
| Cash and cash equivalents at beginning of year | **3,563,619** | 2,545,818 |
| Cash and cash equivalents at end of year | **$ 2,353,218** | $ 3,563,619 |
| **Reconciliation of operating (loss) income to net cash (used in) provided by operating activities** | | |
| Operating income (loss) | **$ 590,918** | $ (1,604,181) |
| Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities: | | |
| Changes in operating assets and liabilities: | | |
| Fees receivable | **(5,810)** | 5,120 |
| Accounts payable and accrued expenses | **(9,005)** | 3,791 |
| Due to NYC Economic Development Corp. | **19,842** | 2,837 |
| Unearned revenue and other liabilities | **(14,250)** | (31,001) |
| Net cash (used in) provided by operating activities | **$ 581,695** | $ (1,623,434) |

*See accompanying notes.*

**PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY**

Build NYC Resource Corporation
(A Component Unit of the City of New York)

Notes to Financial Statements

June 30, 2019

## 1. Background and Organization

Build NYC Resource Corporation (Build NYC or the Corporation), a component unit of the City of New York (the City), is a local development corporation, organized under section 1411 of the Not-For-Profit Corporation Law of the State of New York that commenced operation in 2011. Build NYC was organized to assist entities under the federal tax laws in obtaining tax-exempt and taxable bond financing. Build NYC's primary goal is to facilitate access to private activity tax-exempt bond financing for eligible entities to acquire, construct, renovate, and/or equip their facilities and to refinance previous financing transactions.

The Corporation is governed by a Board of Directors, which establishes official policies and reviews and approves requests for financial assistance. Its membership is prescribed by the Corporation's Certificate of Incorporation and By-Laws which include a public official and appointees of the Mayor.

Bonds issued by Build NYC are special nonrecourse conduit debt obligations of the Corporation which are payable solely from the payments and revenues provided for in the loan agreements with participating organizations (Beneficiaries). The bonds are secured by collateral interests in the loan agreements and other security provided by the Beneficiaries. Both the bonds and certain provisions of the loan agreements are administered by independent bond trustees appointed by the Corporation.

The total conduit debt obligations outstanding totaled $3,244,716,934 and $2,995,456,576 for the years ended June 30, 2019 and 2018, respectively.

Due to the fact that (1) the bonds are nonrecourse conduit debt obligations of the Corporation, (2) the Corporation assigns its interests in the loan agreements as collateral, and (3) the Corporation has no substantive obligations under the loan agreements, the Corporation has, in effect, none of the risks and rewards of the loan agreements and related bond financing. Accordingly, with the exception of certain fees derived from financing transactions, these financing transactions are given no accounting recognition in the accompanying financial statements.

## 2. Summary of Significant Accounting Policies

### Basis of Presentation

Build NYC has been classified as an "enterprise fund" as defined by the Governmental Accounting Standards Board (GASB) and, as such, the financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States. In its accounting and financial reporting, Build NYC follows the pronouncements of the GASB.

### Updated Pronouncements

GASB Statement No. 91, *Conduit Debt Obligations,* was issued in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the current definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

The Statement is effective for fiscal years beginning after December 15, 2020. The Corporation is in the process of evaluating the impact of its adoption on the financial statements.

### Cash Equivalents

The Corporation considers all highly liquid investments purchased with original maturities of 90 days or less to be cash equivalents.

### Investments

Investments held by Build NYC are recorded at fair value.

## 2. Summary of Significant Accounting Policies (continued)

### Revenue Recognition

Operating revenues consist of income from application fees, financing fees, recaptured benefits, compliance monitoring fees and late fees. Application and financing fees are recognized as earned. Build NYC's recapture of benefits are solely based upon the mortgage recording tax waiver; this benefit eliminates the mortgage recording taxes correlated with any mortgages taken for the project. Recapture of this benefit is collected as a result of a violation of the agreement. Compliance monitoring fees are received annually, in advance, and deferred and amortized into income as earned.

Build NYC's operating expenses include management fees and related administration expenses. All other revenues and expenses are reported as non-operating revenues and expenses.

## 3. Deposits and Investments

At year-end, Build NYC's cash and cash equivalent bank balance was $2,356,788. Of this amount, $250,000 was insured by the Federal Depository Insurance Corporation. Of the remaining balance, $1,344,311 was invested in US government money market funds.

*Fair Value Measurement* – Fair Value hierarchy categorizes the inputs to valuation techniques used to measure fair value into the following levels:

Level 1 – value based on quoted prices in active markets for identical assets.

Level 2 – value based on significant other observable inputs such as a matrix pricing technique. Matric pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Level 3 – value based on inputs that are unobservable and significant to the fair value measurement such as discounted cash flows.

Money Market Funds, categorized as Level 1 inputs, are valued at the unadjusted prices that are quoted in active principal markets for identical assets. US Agencies securities, categorized as Level 2, are valued on models using observable inputs

**3. Deposits and Investments (continued)**

As of June 30, 2019 and 2018, the Corporation had the following investments (in thousands). Investments maturities are shown only for June 30, 2019.

| | Fair Value | | 2019 Investment Maturities (In Years) | |
|---|---|---|---|---|
| | **2019** | **2018** | **Less Than 1** | **1 to 2** |
| Money Market Funds | $ 1,344 | $ 2,563 | $ 1,344 | $ – |
| Federal Farm Credit Bank | 3,010 | – | – | 3,010 |
| Federal Home Loan Bank Notes | – | 1,004 | – | – |
| US Treasury Notes | 2,452 | 1,998 | 2,452 | – |
| Commercial Paper | 2,948 | 3,382 | 2,948 | – |
| Subtotal Investments | 9,754 | 8,947 | | |
| Less investments classified as cash equivalents | (1,344) | (2,563) | | |
| Total Investments | $ 8,410 | $ 6,384 | | |

*Interest Rate Risk:* The Corporation has a formal investment policy, which limits investment maturities up to a maximum of two years from the date of purchase as a means of managing its exposure to fair value losses arising from increasing interest rates. Except for holdings in Federal Farm Credit Bank Notes, all of the Corporation's current investments have maturities of one year or less.

*Credit Risk:* It is the Corporation's policy to limit its investments in debt securities to those rated in the highest rating category by at least two nationally recognized bond rating agencies or other securities guaranteed by the U.S. government. As of June 30, 2019, the Corporation's investments in Federal Farm Credit Bank (FFCB) and U.S. Treasury Notes were rated AA+ by Standard & Poor's (S&P), Aaa by Moody's and AAA by Fitch Ratings. Money market funds share the same credit ratings as the Corporation's federally held securities with the exception of S&P, which does not rate such funds. Investments in commercial paper (CP) were rated in the highest short-term category by at least two major rating agencies (A-1+ by Standard & Poor's, P-1 by Moody's, and F1+ by Fitch Ratings).

**3. Deposits and Investments (continued)**

*Custodial Credit Risk:* For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of the counterparty. Investment securities are exposed to custodial credit risk if the securities are uninsured and are not registered in the name of the Corporation. The Corporation manages this credit risk by limiting its custodial exposure to highly rated institutions and/or requiring high quality collateral be held by the counterparty in the name of the Corporation.

*Concentration of Credit Risk:* The Corporation places no limit on the amount it may invest in any U.S. government backed securities. The following table shows investments that represent 5% or more of total investments as of June 30, 2019 and 2018 (dollars in thousands):

| | Dollar Amount and Percentage of Total Investments | | | |
|---|---|---|---|---|
| **Issuer** | **June 30, 2019** | | **June 30, 2018** | |
| Federal Home Loan Bank | $ – | –% | $ 1,004 | 15.72% |
| Federal Farm Credit Bank | **3,010** | **35.79** | – | – |
| US Treasury Notes | **2,452** | **29.15** | 1,998 | 31.30 |
| CP-American Honda Finance Corp | – | – | 999 | 15.65 |
| CP-Nat'l Sec Clearing Corp | – | – | 2,383 | 37.32 |
| CP-Coca-Cola Co. | **984** | **11.70** | – | – |
| CP-Apple Inc | **983** | **11.69** | – | – |
| CP-JP Morgan Securities LLC | **981** | **11.66** | – | – |

## 4. Management Fee

To support the activities of Build NYC, the Corporation annually enters into a contract with the New York City Economic Development Corporation (NYCEDC), a not-for-profit corporation and a component unit of the City organized to administer economic development programs which foster business expansion in the City. Under the terms set forth in the contract, NYCEDC provides Build NYC with all the professional, administrative and technical staff assistance it needs to accomplish its objectives. The fixed annual fee for these services under the agreement between NYCEDC and the Corporation is $2,178,000 and $3,300,000 for the years ended June 30, 2019 and 2018, respectively.

## 5. Commitments

Pursuant to board approved agreements between Build NYC and NYCEDC, Build NYC committed to fund two projects being performed by NYCEDC relating to the City's community and economic development initiatives. Total special project commitments under these agreements amounted to approximately $3,075,000 with an outstanding obligation at June 30, 2019, of $2,872,098. The special project commitments, related approval, dates, original and outstanding commitment balances are as follows:

| Project | Approval Date | Total Commitment | Life To-Date | Current Total De-Obligate | Outstanding Commitment |
|---|---|---|---|---|---|
| Nonprofit Real Estate Lecture Series | 12/13/2016 | $ 75,000 | $ 57,093 | $ 17,907 | $ – |
| Power Station at BerkleeNYC | 11/8/2017 | 3,000,000 | 127,902 | – | 2,872,098 |
| | | $ 3,075,000 | $ 184,995 | $ 17,907 | $ 2,872,098 |

For the year ended June 30, 2019, $127,902 has been incurred by the Corporation relating to the above project, and said costs are included in special project costs on the accompanying statements of revenue, expenses and changes in net position.

**6. Risk Management**

Although there should not be any liability for personal injuries as a result of its lending activities, Build NYC has been named a party to one personal injury litigation. Build NYC requires all project companies to purchase and maintain commercial insurance coverage for these risks and to name Build NYC as additional insured and is covered as an additional insured on the project company's commercial insurance coverage for the currently pending personal injury litigation. Build NYC is also named as an additional insured on NYCEDC's general liability policy. In management's opinion, the personal injury litigation is not expected to have a materially adverse effect on the financial position of Build NYC.

# II. Government Auditing Standards Section

## Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

The Management and the Board of Directors
Build NYC Resource Corporation

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Build NYC Resource Corporation (the Corporation), a component unit of the City of New York, which comprise the statement of net position as of June 30, 2018, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated ________, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

________, 2019

**Summary Financial Information**

SUMMARY STATEMENT OF NET ASSETS

| | | | Amount |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| | Cash and cash equivalents | | $2,353,218.00 |
| | Investments | | $5,399,625.00 |
| | Receivables, net | | $13,660.00 |
| | Other assets | | $0.00 |
| | Total Current Assets | | $7,766,503.00 |
| **Noncurrent Assets** | | | |
| | Restricted cash and investments | | $3,010,297.00 |
| | Long-term receivables, net | | $0.00 |
| | Other assets | | $0.00 |
| | Capital Assets | | |
| | | Land and other nondepreciable property | $0.00 |
| | | Buildings and equipment | $0.00 |
| | | Infrastructure | $0.00 |
| | | Accumulated depreciation | $0.00 |
| | | Net Capital Assets | $0.00 |
| | Total Noncurrent Assets | | $3,010,297.00 |
| **Total Assets** | | | $10,776,800.00 |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| | Accounts payable | | $0.00 |
| | Pension contribution payable | | $0.00 |
| | Other post-employment benefits | | $0.00 |
| | Accrued liabilities | | $198,976.00 |
| | Deferred revenues | | $23,349.00 |
| | Bonds and notes payable | | $0.00 |
| | Other long-term obligations due within one year | | $0.00 |
| | Total Current Liabilities | | $222,325.00 |
| **Noncurrent Liabilities** | | | |

| | | | |
|---|---|---|---|
| | Pension contribution payable | | $0.00 |
| | Other post-employment benefits | | $0.00 |
| | Bonds and notes payable | | $0.00 |
| | Long Term Leases | | $0.00 |
| | Other long-term obligations | | $0.00 |
| | Total Noncurrent Liabilities | | $0.00 |
| **Total Liabilities** | | | $222,325.00 |
| **Net Asset (Deficit)** | | | |
| **Net Assets** | | | |
| | Invested in capital assets, net of related debt | | $0.00 |
| | Restricted | | $0.00 |
| | Unrestricted | | $10,554,475.00 |
| | Total Net Assets | | $10,554,475.00 |

**SUMMARY STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS**

| | | | Amount |
|---|---|---|---|
| **Operating Revenues** | | | |
| | Charges for services | | $0.00 |
| | Rental & financing income | | $2,819,605.00 |
| | Other operating revenues | | $0.00 |
| | Total Operating Revenue | | $2,819,605.00 |
| **Operating Expenses** | | | |
| | Salaries and wages | | $0.00 |
| | Other employee benefits | | $0.00 |
| | Professional services contracts | | $2,212,500.00 |
| | Supplies and materials | | $0.00 |
| | Depreciation & amortization | | $0.00 |
| | Other operating expenses | | $16,187.00 |
| | Total Operating Expenses | | $2,228,687.00 |
| **Operating Income (Loss)** | | | $590,918.00 |
| **Nonoperating Revenues** | | | |
| | Investment earnings | | $233,801.00 |
| | State subsidies/grants | | $0.00 |
| | Federal subsidies/grants | | $0.00 |
| | Municipal subsidies/grants | | $0.00 |
| | Public authority subsidies | | $0.00 |

| | | | |
|---|---|---|---|
| | Other nonoperating revenues | | $0.00 |
| | **Total Nonoperating Revenue** | | $233,801.00 |
| **Nonoperating Expenses** | | | |
| | Interest and other financing charges | | $0.00 |
| | Subsidies to other public authorities | | $0.00 |
| | Grants and donations | | $0.00 |
| | Other nonoperating expenses | | $127,902.00 |
| | **Total Nonoperating Expenses** | | $127,902.00 |
| | Income (Loss) Before Contributions | | $696,817.00 |
| **Capital Contributions** | | | $0.00 |
| **Change in net assets** | | | $696,817.00 |
| **Net assets (deficit) beginning of year** | | | $9,857,658.00 |
| **Other net assets changes** | | | $0.00 |
| **Net assets (deficit) at end of year** | | | $10,554,475.00 |

**Exhibit B**

**BUILD NYC RESOURCE CORPORATION**
**INVESTMENT REPORT**

**Board of Directors Meeting, September 24, 2019**

**WHEREAS,** the Public Authorities Law requires public authorities to annually prepare and approve an investment report, which shall include the public authority's comprehensive investment guidelines, amendments to such guidelines since the last investment report, an explanation of the investment guidelines and amendments, the results of the annual independent audit, the investment income record of the public authority and a list of the total fees, commissions or other charges paid to each investment banker, broker, agent, dealer and adviser rendering investment associated services to the public authority since the last investment report.

**NOW, THEREFORE, BE IT RESOLVED THAT,** the Board of Directors of Build NYC Resource Corporation hereby approves the Investment Report for the fiscal year ended June 30, 2019 annexed hereto (including all attachments, schedules and exhibits thereto).

**BUILD NYC RESOURCE CORPORATION**
**INVESTMENT REPORT**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

## Comprehensive Investment Guidelines Policy

Attached hereto as Schedule I is the Comprehensive Investment Guidelines Policy of Build NYC Resource Corporation (the "Corporation"), as approved by the Corporation's Board of Directors on June 11, 2019 (the "Investment Policy"). The Investment Policy approved by the Corporation's Board of Directors on June 11, 2019 did not contain any substantive amendments as compared to the Investment Policy approved by the Corporation's Board of Directors on June 12, 2018.

## Investment Objectives

By way of summary, the investment objectives set forth in the Investment Policy are as follows: preservation of capital; maintenance of liquidity; maximization of return; and compliance with law.

## Annual Independent Audit

The results of the annual independent audit (including the independent accountant's audit report) for the fiscal year ended June 30, 2019 are attached hereto as Schedule II.

## Investment Income Record

Investment income from interest earned on bank accounts, certificates of deposits and securities was $233,801 for the fiscal year ended June 30, 2019.

## Fees, Commissions and Other Charges

The Corporation did not pay any fees, commissions or other charges to an investment banker, broker, agent, dealer or advisor during the fiscal year ended June 30, 2019.

**SCHEDULE I**
**INVESTMENT POLICY**

Attached.

**BUILD NYC RESOURCE CORPORATION**

**COMPREHENSIVE INVESTMENT GUIDELINES POLICY**

Adopted December 13, 2011, as amended through June 11, 2019

## I. PURPOSE

The purpose of this Policy is to establish procedures and guidelines regarding the investing, monitoring and reporting of funds of Build NYC Resource Corporation ("Build NYC").

## II. GENERAL PROVISIONS

### A. Scope of Policy

This Policy applies to the funds of Build NYC, which for purposes of this Policy and the guidelines stated herein, consist of all moneys and other financial resources available for deposit and investment by Build NYC on its own behalf and for its own account (collectively, the "Funds"). As defined herein, "Funds" shall not include the proceeds of conduit bonds issued by Build NYC as financial assistance in connection with a project.

### B. Investment Objectives

The Funds shall be managed to accomplish the following objectives:

1. *Preservation of Principal* – The single most important objective of Build NYC's investment program is the preservation of the principal of the Funds.

2. *Maintenance of Liquidity* – The Funds shall be managed in such a manner that assures that funds are available as needed to meet immediate and/or future operating requirements of Build NYC.

3. *Maximize Return* – The Funds shall be managed in such a fashion as to maximize income through the purchase of Permitted Investments (hereinafter defined), taking into account the other investment objectives.

## III. IMPLEMENTATION OF GUIDELINES

The Chief Financial Officer of Build NYC or, if under the direction of the Chief Financial Officer of Build NYC, the Treasurer of Build NYC or an Assistant Treasurer of Build NYC (respectively, the "Chief Financial Officer", "the "Treasurer," and an "Assistant Treasurer") is each hereby authorized to invest the Funds. The Treasurer or an Assistant Treasurer shall be responsible for the prudent investment of the Funds and for the implementation of the investment program and the establishment of investment procedures and a system of controls to regulate the activities of subordinate staff, consistent with this Policy.

## IV. AUTHORIZED INVESTMENTS

A. The Treasurer or an Assistant Treasurer may invest the Funds in the following securities (collectively, the "Securities"):

1. *U.S.A.* Obligations or securities issued by the United States.

2. *Federal Agency Obligations.* Obligations or securities issued by any agency or instrumentality of the United States if guaranteed, as to principal and interest, by the United States.

3. *Commercial Paper.* Debt obligations with a maturity of no greater than 270 days and with ratings that are the highest ratings issued by at least two rating agencies approved by the Comptroller of the State of New York.

4. *Bankers' Acceptances* of banks with worldwide assets in excess of $50 million that are rated with the highest categories of the leading bank rating services and regional banks also rated within the highest categories.

5. *Certificates of Deposit and Time Deposits* with New York banks, including minority-owned banks. All such certificates of deposit in these banks must be Federal Deposit Insurance Corporation ("FDIC") insured; *provided, however,* if and to the extent such certificates of deposits or time deposits are not FDIC insured, such Securities shall comply with all other applicable requirements of the General Municipal Law of the State of New York, including, but not limited to, requirements as to the collateralization of deposits of funds in excess of the amounts insured by the FDIC.

6. *Other investments* approved by the Comptroller of New York City for the investment of City funds.

B. Build NYC shall instruct its Agents (as such term is defined in Subdivision X of this Policy) to obtain competitive quotes for each purchase or sale of Securities, other than governmental Securities, when such transaction equals or exceeds $2,500,000 in amount.

The Treasurer shall maintain, or cause to be maintained, proper books and records of all Securities held by or for Build NYC and for all transactions pertinent thereto. Such books and records shall at least identify the Security, the fund for which held, and the place where kept; and the entries made therein shall show the competitive quotes obtained therefor, the date of sale or other disposition, and the amount realized therefrom.

C. In addition to investments in Securities, Build NYC may deposit Funds in the following ("Deposit Accounts"), with respect to Funds needed for operational expenses and Funds awaiting investment or disbursement:

1. High quality no-load money market mutual funds that restrict their investments to short term, highly rated money market instruments.

2. Other interest bearing accounts, if permitted by applicable laws, rules and regulations, with New York City financial institutions designated by the New York City Banking Commission or such other financial institutions approved by the Deputy Mayor for Economic Development or his successor in function.

## V. WRITTEN CONTRACTS

Build NYC shall enter into written contracts pursuant to which investments are made which conform with the requirements of this Policy and Section 2925.3(c) of the Public Authorities Law unless the Board of Directors determines by resolution that a written contract containing such provisions is not practical or that there is not a regular business practice of written contracts containing such provisions with respect to a specific investment or transaction, in which case the Board of Directors shall adopt procedures covering such investment or transaction.

## VI. DIVERSIFICATION

The investment portfolio for the Funds shall be structured diversely to reduce the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific type of security. The maximum percentage of the total portfolio permitted in the indicated type of eligible security is as follows:

| REFERENCE | SECURITY | MAXIMUM |
|---|---|---|
| IV.A.1 | U.S.A. | 100% maximum |
| IV.A.2 | Federal Agency | 100% maximum |
| IV.A.3 | Commercial Paper | 40% maximum |
| IV.A.4 | Bankers Acceptances | 25% maximum |
| IV.A.5 | Certificates of Deposit; Time Deposits | 45% maximum |
| IV.A.6 | Other Investments Approved by NYC Comptroller for City Funds | A percentage deemed prudent by CFO |

## VII. MAXIMUM MATURITY

Maintenance of adequate liquidity to meet the cash flow needs of Build NYC is essential. Accordingly, the portfolio will be structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. Selection of investment maturities must be consistent with cash requirements in order to avoid the forced sale of securities prior to maturity.

For purposes of this Policy, assets of the portfolio shall be segregated into two categories based on expected liquidity needs and purposes – Cash equivalents and Investments. Assets categorized as Cash equivalents will be invested in permitted investments maturing in ninety (90) days or less or in Deposit Accounts. Assets categorized as Investments will be invested in permitted investments with a stated maturity of no more than two (2) years from the date of purchase.

## VIII. MONITORING AND ADJUSTING THE INVESTMENT PORTFOLIO

Those responsible for the day-to-day management of the portfolio will routinely monitor the contents of the portfolio, the available markets and the relative values of competing instruments, and will adjust the portfolio as necessary to meet the requirements and goals of this Policy. It is recognized and understood that the non-speculative active management of portfolio holdings may cause a loss on the sale of an owned investment.

## IX. INTERNAL CONTROLS

The Chief Financial Officer or, if under the direction of the Chief Financial Officer, the Treasurer or an Assistant Treasurer, shall establish and be responsible for monitoring a system of internal controls governing the administration and management of the portfolio. Such controls shall be designed to prevent and control losses of the portfolio funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by any personnel.

## X. ELIGIBLE BROKERS, AGENTS, DEALERS, INVESTMENT ADVISORS, INVESTMENT BANKERS AND CUSTODIANS

The following are the standards for the qualifications of brokers, agents, dealers, investment advisors, investment bankers and custodians:

### A. BROKERS, AGENTS, DEALERS

The categories of firms listed below are the categories from which Build NYC may select firms to purchase and sell Securities (as selected an "Agent"). Factors to be considered by Build NYC in selecting Agents from these categories shall include the following: size and capitalization; quality and reliability; prior experience generally and prior experience with Build NYC specifically; and level of expertise for the transactions contemplated.

1. any bank or trust company organized and/or licensed under the laws of the USA which is authorized to do business in NYS;
2. any bank or trust company organized and/or licensed under the laws of any state of the USA which is authorized to do business in NYS;

3. any broker-dealer licensed and/or permitted to provide services under federal law and, when necessary, qualified to do business in NYS.

**B. INVESTMENT ADVISORS**

In addition to the requirements set forth in "A" preceding, any Agent selected by Build NYC to be an investment advisor shall be registered with the SEC under the Investment Advisors Act of 1940.

**C. INVESTMENT BANKERS**

In addition to the requirements set forth in "A" preceding, any Agent selected by Build NYC to serve as a senior managing underwriter for negotiated sales must be registered with the SEC.

**D. CUSTODIANS**

In addition to the requirements set forth in "A" preceding, any Agent selected by Build NYC to be a custodian shall have capital and surplus of not less than $50,000,000.

**XI. REPORTING**

A. Quarterly

The Chief Financial Officer or, if under the direction of the Chief Financial Officer, the Treasurer or an Assistant Treasurer, shall prepare and deliver to the Board of Directors once for each quarter of Build NYC's fiscal year a report setting forth a summary of new investments made during that quarter, the inventory of existing investments and the selection of investment bankers, brokers, agents, dealers, investment advisors and auditors.

B. Annually

1. *Audit* – Build NYC's independent accountants shall conduct an annual audit of Build NYC's investments for each fiscal year of Build NYC, the results of which shall be made available to the Board of Directors at the time of its annual review and approval of these Guidelines.

2. *Investment Report* – Annually, the Treasurer or, if under the direction of the Treasurer, an Assistant Treasurer shall prepare and the Board of Directors shall review and approve an Investment Report, which shall include:

a. This Policy and amendments thereto since the last report;

b. An explanation of this Policy and any amendments made since the last report;

c. The independent audit report required by paragraph 1 above;

d. The investment income record of Build NYC for the fiscal year; and

e. A list of fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associated services to Build NYC since the last report.

The Investment Report shall be submitted to the Mayor and the Comptroller of the City of New York and to the New York State Department of Audit and Control. Copies of the report shall also be made available to the public upon reasonable request.

## XII. APPLICABILITY

Nothing contained in this Policy shall be deemed to alter, affect the validity of, modify the terms of or impair any contract or agreement for investment of the Funds, made or entered into in violation of, or without compliance with, the provisions of this policy.

## XIII. CONFLICT OF LAW

In the event that any portion of this Policy is in conflict with any State, City or Federal law, that law will prevail.

## XIV. PRIOR AUTHORIZATIONS NOT SUPERSEDED

This Policy does not supersede or replace the following authorizations: (i) powers and other authorizations provided to the Treasurer of Build NYC in the By-Laws of Build NYC and (ii) the powers and other authorizations provided in resolutions adopted by Build NYC's Board of Directors at its meeting held on December 13, 2011, which resolutions, among other matters, authorized and resolved that empowered officers of Build NYC be authorized to (x) enter into banking or other depository accounts and otherwise conduct banking business, (ii) sign checks, notes, drafts and other negotiable instruments, and (iii) open checking accounts.

## XV. MWBEs

Build NYC shall seek to encourage participation by minority and women-owned business enterprises (i.e., "MWBEs") in providing financial services to Build NYC.

## SCHEDULE II
## RESULTS OF ANNUAL INDEPENDENT AUDIT

Attached.

# Schedule of Investments

Build NYC Resource Corporation
(A Component Unit of the City of New York)
Years Ended June 30, 2019 and 2018
With Report of Independent Auditors

**PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY**

# Build NYC Resource Corporation
(A Component Unit of the City of New York)

## Schedule of Investments

Years Ended June 30, 2019 and 2018

## Contents



**PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY**

# Report of Independent Auditors

The Management and the Board of Directors
Build NYC Resource Corporation

## Report on the Schedule of Investments

We have audited the accompanying Schedule of Investments for the Build NYC Resource Corporation (the Corporation), a component unit of the City of New York, as of June 30, 2019 and 2018, and the related notes.

### *Management's Responsibility for the Financial Schedule*

Management is responsible for the preparation and fair presentation of the Schedule of Investments in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule of Investments that is free of material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the Schedule of Investments based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Investments is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule of Investments. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule of Investments, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedule of Investments in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedule of Investments.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the Schedule of Investments referred to above presents fairly, in all material respects, the investments of the Corporation as of June 30, 2019 and 2018, in conformity with U.S. generally accepted accounting principles.

**Report on the Financial Statements as of June 30, 2019 and 2018**

We have audited, in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards,* the financial statements of the Corporation as of and for the years ended June 30, 2019 and 2018, and our report thereon dated ________, 2019, expressed an unmodified opinion on those financial statements.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we also have issued our report dated ________, 2019, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters with respect to the Schedule of Investments. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Corporation's internal control over financial reporting and compliance with respect to the Schedule of Investments.

________, 2019

# Build NYC Resource Corporation
(A Component Unit of the City of New York)

## Schedule of Investments
*(In Thousands of Dollars)*

| | June 30 | |
|---|---|---|
| | 2019 | 2018 |
| **Investments** | | |
| Unrestricted | $ 9,754 | $ 8,947 |
| Total investments | $ 9,754 | $ 8,947 |

*The accompanying notes are an integral part of this statement.*

## 1. Background and Organization

Build NYC Resource Corporation (Build NYC or the Corporation), a component unit of the City of New York (the City), is a local development corporation, organized under section 1411 of the Not-For-Profit Corporation Law of the State of New York that commenced operation in 2011. Build NYC was organized to assist entities eligible under the federal tax laws in obtaining tax-exempt and taxable bond financing. Build NYC's primary goal is to facilitate access to private activity tax-exempt bond financing for eligible entities to acquire, construct, renovate, and/or equip their facilities as well as refinance previous financing transactions.

The Corporation is governed by a Board of Directors, which establishes official policies and reviews and approves requests for financing assistance. Its membership is prescribed by the Corporation's Certificate of Incorporation and By-Laws which include a public official and appointees of the Mayor.

Bonds issued by Build NYC are special nonrecourse conduit debt obligations of the Corporation which are payable solely from the payments and revenues provided for in the loan agreements with participating organizations (beneficiaries). The bonds are secured by collateral interest in the loan agreements and other security provided by the beneficiaries. Both the bonds and certain provisions of the loan agreements are administered by independent bond trustees appointed by the Corporation.

Because (1) the bonds are nonrecourse conduit debt obligations of the Corporation, (2) the Corporation assigns its interest in the loan agreements as collateral, and (3) the Corporation has no substantive obligations under the loan agreements, the Corporation has, in effect, none of the risks and rewards of the loan agreements and related bond financing. Accordingly, with the exception of certain fees derived from financing transactions, these financing transactions are given no accounting recognition in the financial statements.

## 2. Summary of Significant Accounting Policies

### Cash Equivalents

The Corporation considers all highly liquid investments purchased with original maturities of 90 days or less to be cash equivalent

### Investments

All investments are carried at fair value based on quoted market prices, except for certificates of deposit, which are valued at cost.

## 3. Investments

*Fair Value Measurement* – Fair Value hierarchy categorizes the inputs to valuation techniques used to measure fair value into the following levels:

Level 1 – value based on quoted prices in active markets for identical assets.

Level 2 – value based on significant other observable inputs such as a matrix pricing technique. Matric pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Level 3 – value based on inputs that are unobservable and significant to the fair value measurement such as discounted cash flows.

Money Market Funds, categorized as Level 1 inputs, are valued at the unadjusted prices that are quoted in active principal markets for identical assets. US Agencies securities, categorized as Level 2, are valued on models using observable inputs.

## 3. Investments (continued)

As of June 30, 2019 and 2018, the Corporation had the following investments (in thousands). Investments maturities are shown only for June 30, 2019.

| | Fair Value 2019 | Fair Value 2018 | 2019 Investment Maturities (In Years) Less Than 1 | 2019 Investment Maturities (In Years) 1 to 2 |
|---|---|---|---|---|
| Money Market Funds | $ 1,344 | $ 2,563 | $ 1,344 | $ – |
| Federal Farm Credit Bank | 3,010 | – | – | 3,010 |
| Federal Home Loan Bank Notes | – | 1,004 | – | – |
| US Treasury Notes | 2,452 | 1,998 | 2,452 | – |
| Commercial Paper | 2,948 | 3,382 | 2,948 | – |
| Total Investments | $ 9,754 | $ 8,947 | | |

*Interest Rate Risk:* The Corporation has a formal investment policy, which limits investment maturities up to a maximum of two years from the date of purchase as a means of managing its exposure to fair value losses arising from increasing interest rates. Except for holdings in Federal Farm Credit Bank Notes, all of the Corporation's current investments have maturities of one year or less.

*Credit Risk:* It is the Corporation's policy to limit its investments in debt securities to those rated in the highest rating category by at least two nationally recognized bond rating agencies or other securities guaranteed by the U.S. government. As of June 30, 2019, the Corporation's investments in Federal Farm Credit Bank (FFCB) and U.S. Treasury Notes were rated AA+ by Standard & Poor's (S&P), Aaa by Moody's and AAA by Fitch Ratings. Money market funds share the same credit ratings as the Corporation's federally held securities with the exception of S&P, which does not rate such funds. Investments in commercial paper (CP) were rated in the highest short-term category by at least two major rating agencies (A-1+ by Standard & Poor's, P-1 by Moody's, and F1+ by Fitch Ratings).

**3. Investments (continued)**

*Custodial Credit Risk:* For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured and are not registered in the name of the Corporation. The Corporation manages this credit risk by limiting its custodial exposure to highly rated institutions and/or requiring high quality collateral be held by the counterparty in the name of the Corporation.

*Concentration of Credit Risk:* The Corporation places no limit on the amount it may invest in any U.S. government backed securities. The following table shows investments that represent 5% or more of total investments as of June 30, 2019 and 2018 (dollars in thousands):

| | Dollar Amount and Percentage of Total Investments | | | |
|---|---|---|---|---|
| **Issuer** | **June 30, 2019** | | **June 30, 2018** | |
| Federal Home Loan Bank | $ – | –% | $ 1,004 | 15.72% |
| Federal Farm Credit Bank | **3,010** | **30.86** | – | – |
| US Treasury Note | **2,452** | **25.14** | 1,998 | 31.30 |
| CP-American Honda Finance Corp | – | – | 999 | 15.65 |
| CP-Natl Sec Clearing Corp | – | – | 2,383 | 37.32 |
| CP-Coca-Cola Co. | **984** | **10.09** | – | – |
| CP-Apple Inc | **983** | **10.08** | – | – |
| CP-JP Morgan Securities LLC | **981** | **10.06** | – | – |

# Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Schedule of Investments Performed in Accordance with *Government Auditing Standards*

The Management and the Board of Directors
Build NYC Resource Corporation

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Schedule of Investments of the Build NYC Resource Corporation (the Corporation), a component unit of the City of New York, as of June 30, 2019, and the related notes to the Schedule of Investments, and have issued our report thereon dated ________, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the Schedule of Investments, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Schedule of Investments, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's Schedule of Investments will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's Schedule of Investments are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and investment policies established by the Corporation and the New York State Comptroller investment guideline requirements as presented in Section 201.3(c) of the *Accounting, Reporting and Supervision Requirements for Public Authorities*, noncompliance with which could have a direct and material effect on the determination of Schedule of Investments amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

________, 2019

# Exhibit C

**CERTIFICATE OF CHANGE**
**Build NYC Resource Corporation**
**Board of Directors**
**September 24, 2019**

**Subject:** Filing a Certificate of Change with the New York Department of State

**Proposed Resolution:** To authorize any officer of Build NYC Resource Corporation to file a Certificate of Change with the New York State Department of State, Division of Corporations, State Records and Uniform Commercial Code, indicating that the address to which the Secretary of State shall forward copies of process accepted on behalf of Build NYC Resource Corporation is changed to read in its entirety:

c/o New York City Economic Development Corporation
ATTN: General Counsel
One Liberty Plaza
New York, New York 10006

**Exhibit D**

**BUILD NYC RESOURCE CORPORATION**
**Performance Measurements Report**
**Board of Directors Meeting**
**September 24, 2019**

**WHEREAS,** the Public Authorities Law requires Build NYC Resource Corporation ("BNYC" or the "Corporation") to publish a self-evaluation report based on performance measurements adopted by the Board of Directors of the Corporation (the "Board") and to submit such report to the New York State Authorities Budget Office (the "ABO").

**WHEREAS,** on June 11, 2019, the Board adopted the performance measurements listed in the Performance Measurements Report for the fiscal year ending June 30, 2019 (attached as Attachment A) (the "Performance Measurements Report").

**RESOLVED,** that the Board hereby acknowledges that it has reviewed the Performance Measurements Report and hereby approves the Performance Measurements Report.

**RESOLVED,** that the Board hereby directs the Officers of the Corporation to publish the Performance Measurements Report on the Corporation's website and to submit the Performance Measurements Report to the ABO and to any other required persons or entities in accordance with the Public Authorities Law.

**ATTACHMENT A**

**Performance Measurements Report for Fiscal Year 2019**

**Name of Public Authority:**
Build NYC Resource Corporation (BNYC)

**Public Authority's Mission Statement:**
The mission of the Build NYC Resource Corporation (BNYC) is to encourage community and economic development and job creation and retention throughout New York City by providing lower-cost financing programs to qualified not for-profit institutions and manufacturing, industrial, and other businesses for their eligible capital projects.

**List of Performance Measurements:**

| Performance Measurements | FY2019 7/1/18 – 6/30/19 | FY2018 7/1/17 – 6/30/18 |
|---|---|---|
| Number of Contracts Closed | 17 | 15 |
| Amount of Private Investment Leveraged | $1,000,359,480 | $616,323,814 |
| Total net City tax revenues generated in connection with closed contracts[1] | $297,170,503 | $86,964,682 |
| Project three-year job growth in connection with closed contracts | 278 | 251 |
| Current total jobs reported by projects that commenced operations in FY 2016[2] as compared to total jobs reported at the time of application for such projects | 2,731/2,127 (+604) | 2,481/1,311 (+1,170) |
| Current total jobs reported by projects that commenced operations in FY 2016[3] as compared to the three-year total job growth projections stated in applications for such projects | 2,731/2,684 (+47) | 2,481/1,393 (+1,088) |
| Square footage of buildings/improvements receiving benefits | 1,410,287 | 821,185 |
| Number of projects that received a field visit | 46 | 49 |
| % of projects that received a field visit | 34.07% | 39.51% |
| % of projects in good standing[4] | 98% | 99% |

[1] Represents projected net city tax revenues through contract maturity.

[2] Also includes projects that closed in FY 2016 but commenced all operations prior to the closing date.

[3] Also includes projects that closed in FY 2016 but commenced all operations prior to the closing date.

[4] Defined as those projects that did not receive a Notice of Event of Default by the end of the Fiscal Year.

**Exhibit E**

BUILDNYC
Build NYC Resource Corporation

FINANCING PROPOSAL
INTERNATIONAL HOUSE
MEETING OF SEPTEMBER 24, 2019

## Project Summary

International House, ("International House"), 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, (the "Code"), as borrower, is seeking approximately $65,500,000 in tax-exempt revenue bonds (the "Bonds"). International House will use proceeds of the Bonds to: (i) finance or refinance the demolition of an existing parking garage, and the construction, furnishing, and equipping of an eight-story, 70,000 square foot facility located at 167 Claremont Avenue, New York, New York, that will serve as the new main entrance to International House's facility at that location, as well as provide 124 beds for student residential housing; (ii) finance or refinance the construction, renovation, furnishing, and equipping of International House's two existing adjacent buildings (consisting of 303,530 square feet) located at 500 and 524 Riverside Drive, New York, New York, including new interior passageways connecting the two existing buildings and the new building (together with i, the "Project"); and (iii) pay for certain costs associated with the issuance of the Bonds. International House intends to operate all of the buildings as a dormitory residence and community for graduate students, scholars, interns and trainees in New York City. International House anticipates closing on the financing of the Project in Spring 2020 and completing the Project within approximately two years from closing. Once completed, the Project will allow International House to enlarge its resident community and enhance its program offerings.

## Project Location

500, 524 Riverside Drive
New York, NY 10027

167 Claremont Avenue
New York, NY 10027

## Actions Requested

- Bond Approval and Authorizing Resolution.
- Adopt a SEQRA determination that the proposed project is an Unlisted action.

## Anticipated Closing

Spring 2020

## Impact Summary

| Employment | |
|---|---|
| Jobs at Application: | 68 |
| Jobs to be Created at Project Location (Year 3): | 8 |
| **Total Jobs (full-time equivalents)** | **76** |
| **Projected Average Hourly Wage (excluding principals)** | **$30.16** |
| **Highest Wage/Lowest Wage** | **$50.00/$18.00** |

| Estimated City Tax Revenues | |
|---|---|
| Impact of Operations (NPV 30 years at 6.25%) | $8,455,826 |
| One-Time Impact of Renovation | $1,560,964 |
| **Total impact of operations and renovation** | **$10,016,790** |
| **Additional benefit from jobs to be created** | **$866,683** |

Noah Schumer, SIG
Jill Braverman, LGL

Nixon Peabody LLP
Project Number - 8112

## International House

| Estimated Cost of Benefits Requested: New York City | |
|---|---|
| NYC Forgone Income Tax on Bond Interest | $622,437 |
| Corporation Financing Fee | (352,500) |
| **Total Cost to NYC Net of Financing Fee** | **$269,937** |
| **Costs of Benefits Per Job** | |
| Estimated Net City Cost of Benefits per Job in Year 3 | $3,522 |
| Estimated City Tax Revenue per Job in Year 3 | $143,204 |

| Estimated Cost of Benefits Requested: New York State | |
|---|---|
| NYS Forgone Income Tax on Bond Interest | $2,341,740 |
| **Total Cost to NYS** | **$2,341,740** |
| **Overall Total Cost to NYC and NYS** | **$2,611,677** |

## Sources and Uses

| Sources | Total Amount | Percent of Total Financing |
|---|---|---|
| Bonds Proceeds | $65,500,000 | 100% |
| **Total** | **$65,500,000** | **100%** |

| Uses | Total Amount | Percent of Total Costs |
|---|---|---|
| Hard Costs | $46,243,000 | 71% |
| Soft Costs | $9,170,000 | 14% |
| Furnishings, Fixtures and Equipment | $1,506,500 | 2% |
| Closing Fees | $8,580,500 | 13% |
| **Total** | **$65,500,000** | **100%** |

## Fees

| | Paid At Closing | On-Going Fees (NPV, 30 Years) |
|---|---|---|
| Corporation Fee | $352,500 | |
| Bond Counsel | Hourly | |
| Annual Corporation Fee | $1,250 | $16,755 |
| Bond Trustee Acceptance Fee | $500 | |
| Annual Bond Trustee Fee | $750 | $10,053 |
| Trustee Counsel Fee | $5,000 | |
| Total | $360,000 | $26,808 |
| **Total Fees** | **$386,808** | |

## Financing and Benefits Summary

BofA Securities, Inc. will underwrite the Bonds. The Bonds will be tax-exempt and are anticipated to be issued in a single series, with a final maturity of June 1, 2050. It is expected that the Bonds will have an all-in True Interest Cost of approximately 4.50% (rate is indicative as of 9/10/19), based on an investment grade rating of Baa3/BBB- or higher. The Bonds will have an interest-only period until June 1st, 2023, and afterwards will begin amortizing with a level debt service until the final maturity date. It is anticipated that the Bonds will be primarily secured by an unrestricted revenues pledge of International House. Based on an analysis of International House's financial statements, there is an expected debt service coverage ratio of 2.44x.

## Applicant Summary

International House is an independent, non-profit dormitory residence which provides a cross-cultural living and learning experience to graduate students and trainees from approximately 100 countries studying or training at academic and other institutions throughout New York City. International House was originally conceived by Harry Edmonds, an official with the YMCA, during the early 20th century. Mr. Edmonds and his wife, Frances, started inviting international students to their home for Sunday supper and the lively exchanges inspired him to create a place for international students to feel at home in New York and create camaraderie with others. Edmonds' vision was concretized in 1924, when John D. Rockefeller Jr. and the Cleveland H. Dodge family funded the construction of the International House building. Its longstanding mission is to promote cross-cultural understanding and to enhance the cultural interaction and the personal and professional development of its residents, challenging them to become the next generation of global leaders through participation in an inclusive, lifelong community. International House achieves its mission through the daily interaction of residents in a culture built upon the values of empathy and respect, and through unique programming, partnerships, and facilities designed to foster diversity of thought and experience, as well as engagement with the surrounding New York City neighborhoods. Through its work, International House has transformed the lives of more than 65,000 alumni, including individuals who have gone on to become Nobel Prize winners, heads of state, award winning authors, singers, actors, and CEOs. Today, International House serves 700 resident members, including graduate students and visiting scholars from around the globe in two adjacent buildings.

**Calvin Sims, President and CEO**

Calvin Sims was appointed President and CEO of International House in August 2013. A cross-sector leader with more than 20 years of experience in journalism, philanthropy and international affairs, Mr. Sims had previously served as Program Officer for the Ford Foundation since 2007. Prior to joining the Ford Foundation, Mr. Sims spent 20 years at the New York Times, where he was a director, producer and foreign correspondent and played a central role in the newspaper's expansion into television, documentaries and the Web. He anchored the Times's nightly television news program, hosted a weekly podcast on foreign affairs and produced an acclaimed documentary for PBS on the rise of radical Islam in Indonesia. A native of California, Mr. Sims is a 1985 graduate of Yale University and has held the Edward R. Murrow Press Fellowship at the Council on Foreign Relations and the Ferris Professorship of Journalism at Princeton University. Mr. Sims's international experience has included conducting workshops and cultural exchange programs for journalists in Turkey, Armenia and Azerbaijan as part of an effort by American University and the U.S. State Department to resolve historical conflicts. He is a Trustee of the Harlem Educational Activities Fund and a trustee of the National Book Foundation, which administers the National Book Awards.

**Peter M. O'Neill, Trustee and Chair of the Executive Committee**

Peter O'Neill is a trustee and chair of the International House Executive Committee, chair of the Building Design Subcommittee, and a member of the Governance and Personnel Practices Committees. Mr. O'Neill presently chairs Room 2500 LLC for the Rockefeller Family Office and is a director of Rockefeller Capital Management. He is a director of Meriwether Capital LLC, a private equity firm. He is a trustee of Winrock International at Arlington, Virginia, serves as chair of its governance committee, and is a member of the audit and executive committees. Mr. O'Neill holds a Master of Social Work degree from Columbia University, and served as an adjunct associate professor at the Columbia University School of Social Work for ten years. He also received a two-year post graduate degree from the Ackerman Institute for the Family. Mr. O'Neill started his career as an individual and family therapist at the Boys and Girls Harbor in East Harlem, New York, where he held a variety of positions from 1993 to 2006, including director of the Clinic's Training and Internship Program, and director of the Children's Clinic (an Office of Mental Health-licensed clinic).

## International House

**Deepak Butani, Vice President of Finance and Operations**
Deepak Butani oversees the Finance, Bursar and IT departments at International House. Mr. Butani started at International House in January 2016. He has over twenty years of non-profit accounting experience. Prior to this position, Mr. Butani was the Chief Financial Officer and Vice President of Finance at Urban Horizons/WHEDco and the Chief Financial Officer at Care for the Homeless. Earlier he held controllership positions at the American Red Cross in Greater NY and at Bronx Works. Mr. Butani is a licensed Certified Public Accountant (CPA), Certified Management Accountant and Certified Financial Manager. He has a Master of Laws degree from Thomas Jefferson School of Law. He has served as Treasurer on the boards of A Place for Kids, NY, Friends of Van Cortlandt Park, NY and The Council of School Associations, in New Jersey.

## Employee Benefits

International House provides medical insurance, paid sick leave, short and long-term disability insurance, life insurance, 403(b) retirement benefits, paid training, and reimbursement of educational expenses.

## SEQRA Determination

Unlisted action which, if implemented, will not potentially result in significant environmental impacts. Staff recommends the Board adopt a Negative Declaration for this project. The completed Environmental Assessment Form for this project has been reviewed and signed by Corporation staff.

## Due Diligence

The Corporation conducted a background investigation of I-House and its principals and found no derogatory information.

| | |
|---|---|
| **Compliance Check:** | Not Applicable |
| **Living Wage:** | Exempt |
| **Paid Sick Leave:** | Compliant |
| **Affordable Care Act:** | Compliant |
| **Bank Account:** | Citibank |
| **Bank Check:** | Relationships are reported to be satisfactory |
| **Supplier Checks:** | Relationships are reported to be satisfactory |
| **Customer Checks:** | N/A |
| **Unions:** | N/A |
| **Vendex Check:** | No derogatory information was found. |
| **Attorney:** | Eileen Heitzler, Esq.<br>Orrick, Herrington & Sutcliffe LLP<br>51 West 52nd St.<br>New York, NY 10019 |
| **Accountant:** | Warren Ruppel |

## International House

| | |
|---|---|
| | Marks Paneth LLP<br>685 3rd Ave.<br>New York, NY 10017 |
| **Consultant/Advisor:** | Weifang Lin<br>Levien & Co.<br>570 Lexington Ave.<br>New York, NY 10022 |
| **Community Board:** | Manhattan, CB-9 |

International House

500 Riverside Drive
New York, NY, 10027
212-316-8400
ihouse-nyc.org

July 22, 2019 - Revised 07-31-19

Mr. Krishna Omolade
Deputy Executive Director
NYCIDA and Build NYC Resource Corporation
New York City Economic Development Corporation
110 William Street
New York, NY 10038

Re: Application for refinancing / new money through the Build NYC Resource Corp. / Not-For-Profit Bond Program on behalf of International House

Dear Mr. Omolade:

Founded in 1924 in Manhattan, The International House, a 501 (c) 3 non-profit, is an independent, non-profit dormitory residence and community for graduate students, scholars, interns, and trainees in New York City. For more than 95 years, International House has transformed the lives of more than 65,000 alumni, including individuals who went on to become Nobel Prize winners, heads of state, award winning authors, singers, actors, and CEOs. Today, I-House serves 700 resident members, including graduate students and visiting scholars from around the globe in two adjacent buildings.

Since its founding in 1924, I-House has challenged its residents to become the next generation of global leaders through participation in an inclusive, lifelong community. I-House's mission is achieved by the daily interaction of residents in a culture built upon the values of empathy, respect and moral courage, and through unique programming, partnerships, and facilities designed to foster diversity of thought and experience. Over time, I-House seeks to improve the global leadership skills of residents and alumni.

In the application plan of finance, International House proposes the issuance of Series 2020 tax exempt bonds in the estimated amount of $65.5 million in proceeds to finance the construction and a renovation of a new building that will serve as the new main entrance and lobby to the facility, as well as provide an estimated 123 new beds for student residential housing. But for lower tax-exempt interest rate and other ancillary benefits offered by a Build NYC financing, International House would not be in a position to affordably finance the construction and renovation of this new building. Equally important, the savings provide International House the ability to continue to carry out its mission by integrating programming into the daily life of residents. The International house program includes regular educational and cultural events, that build community and advance the organization's mission of international understanding and global leadership training.

Thank you for your time and consideration in reviewing International House's application. The International House team looks forward to working with you.

Very truly yours,

Calvin Sims

Calvin Sims
CEO and President

**Exhibit F**

Resolution approving financing of facilities for International House and authorizing the issuance and sale of approximately $65,500,000 of Revenue Bonds (International House Project), Series 2020 and the taking of other action in connection therewith

WHEREAS, Build NYC Resource Corporation (the “Issuer”) is authorized pursuant to Section 1411(a) of the Not-For-Profit Corporation Law of the State of New York, as amended (the “N-PCL”), and its Certificate of Incorporation and By-Laws (i) to promote community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of The City of New York (the “City”) by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses and other entities to access tax-exempt and taxable financing for their projects; (ii) to issue and sell one or more series or classes of bonds, notes and other obligations through private placement, negotiated underwriting or competitive underwriting to finance such activities above, on a secured or unsecured basis; and (iii) to undertake other eligible projects that are appropriate functions for a non-profit local development corporation for the purpose of relieving and reducing unemployment, promoting job opportunities, carrying on scientific research for the purpose of aiding the City by attracting new industry to the City or by encouraging the development of or retention of an industry in the City, lessening the burdens of government and acting in the public interest; and

WHEREAS, International House, 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 (the “Applicant”), has entered into negotiations with officials of the Issuer for the Issuer’s assistance with a tax-exempt revenue bond transaction, the proceeds of which, together with other funds of the Applicant, will be used by the Applicant to (i) finance or refinance the demolition of an existing parking garage and the construction, furnishing and equipping of an eight-story, 70,000 square foot facility located at 167 Claremont Avenue, New York, New York 10027, that will serve as the new main entrance to the Applicant’s facilities at the location, as well as provide 124 beds for student residential housing, (ii) finance or refinance the construction, renovation, furnishing and equipping of the Applicant’s two existing adjacent buildings (consisting of 303,530 square feet) located at 524 and 500 Riverside Drive, New York, New York 10027, including new interior passageways connecting the two existing buildings and the new building (collectively, the “Facilities”), and (iii) pay for certain costs associated with the issuance of the bonds (collectively, the “Project”); and

WHEREAS, the Applicant has submitted an Application (the “Application”) to the Issuer to initiate the accomplishment of the above; and

WHEREAS, the Application sets forth certain information with respect to the Applicant and the Project, including the following: that the Applicant is a not-for-profit corporation that operates a dormitory residence and community for graduate students, scholars, interns and trainees; that there are approximately 68 full-time equivalent employees of the Applicant employed at the Facilities and 8 additional full-time equivalent employees are expected to be hired after completion of the Project; that the financing of the Project costs with the Issuer’s financing assistance will provide savings to the Applicant which will allow it to redirect financial resources to serving its residents with a greater measure of financial security;

and that, therefore the Issuer's assistance is necessary to assist the Applicant in proceeding with the Project; and

WHEREAS, the Issuer desires to further encourage the Applicant with respect to the financing of the Facilities, if by so doing it is able to induce the Applicant to proceed with the Project; and

WHEREAS, in order to finance a portion of the cost of the Project, the Issuer intends to issue its Revenue Bonds (International House Project), in one or more series, in the aggregate principal amount of approximately $65,500,000, or such greater amount (not to exceed 10% more than such stated amount) (the "Bonds") each as may be determined by a certificate of determination of an authorized officer of the Issuer (the "Certificate of Determination"), all pursuant to an Indenture of Trust (the "Indenture"), to be entered into between the Issuer and The Bank of New York Mellon, or a trustee to be appointed by the Issuer (the "Trustee"); and

WHEREAS, (i) the Issuer intends to loan the proceeds of the Bonds to the Applicant, pursuant to a Loan Agreement (the "Loan Agreement") to be entered into between the Issuer and the Applicant, and (ii) the Applicant will execute one or more promissory notes in favor of the Issuer and endorsed to the Trustee (collectively, the "Promissory Note") to evidence the Applicant's obligations under the Loan Agreement to repay such loan; and

NOW, THEREFORE, BE IT RESOLVED BY BUILD NYC RESOURCE CORPORATION AS FOLLOWS:

Section 1. The Issuer hereby determines that the financing of a portion of the costs of the Project by the Issuer will promote and is authorized by and will be in furtherance of the corporate purposes of the Issuer.

Section 2. The Issuer hereby approves the Project and authorizes the Applicant to proceed with the Project as set forth herein, which Project will be financed in part through the issuance of the Bonds of the Issuer, which Bonds will be special limited revenue obligations of the Issuer payable solely from the revenues and other amounts derived pursuant to the Loan Agreement and the Promissory Note.

Section 3. To provide for the financing of the Project, the issuance of the Bonds of the Issuer is hereby authorized subject to the provisions of this Resolution and the Indenture hereinafter authorized.

The Bonds shall be issued as fully registered bonds in one or more tax exempt and/or taxable series, shall be dated as provided in the Indenture, shall be issued as one or more serial and/or term bonds and with respect to the Bonds in an aggregate amount not to exceed $65,500,000, or such greater amount (not to exceed 10% more than such stated amount), and the Bonds shall be payable as to principal and redemption premium, if any, at the principal office of the Trustee, shall be payable as to interest by check, draft or wire transfer as provided in the Indenture, shall bear interest at such rate(s) as determined by the Certificate of Determination, shall be subject to optional redemption and mandatory redemption as provided in the Indenture, shall be payable as provided in the Indenture until the payment in full of the principal amount thereof and shall mature not later than December 31, 2050 (or as determined by the Certificate of Determination), all as set forth in the Bonds.

The provisions for signatures, authentication, payment, delivery, redemption and number of Bonds shall be set forth in the Indenture.

Section 4. The Bonds shall be secured by the pledge effected by the Indenture and shall be payable solely from and secured by a pledge by the Issuer of revenues and receipts of the Issuer, including loan payments made by the Applicant, to the extent set forth in the Loan Agreement and Indenture hereinafter authorized. The Bonds, together with the interest thereon, are special limited revenue obligations of the Issuer, payable solely as provided in the Indenture, including from moneys deposited in the Bond Fund, the Project Fund, and such other funds as established under the Indenture (subject to disbursements therefrom in accordance with the Loan Agreement and the Indenture), and shall never constitute a debt of the State of New York or of The City of New York, and neither the State of New York nor The City of New York shall be liable thereon, nor shall the Bonds be payable out of any funds of the Issuer other than those pledged therefor.

Section 5. The Bonds may be sold pursuant to a public offering or a private placement and BofA Securities, Inc. or an investment bank to be determined by the Applicant may serve as the underwriter or placement agent ("Investment Bank"). The determination as to public offering or private placement, the designation of the Investment Bank, and the purchase price of the Bonds shall be approved by Certificate of Determination.

Section 6. The delivery of a Preliminary Official Statement or Preliminary Private Placement Memorandum with respect to the Bonds (the "Preliminary Offering Document") and the execution and delivery of the Indenture, a final Private Placement Memorandum or final Official Statement with respect to the Bonds (the "Final Offering Document"), a Bond Placement Agreement or Bond Purchase Agreement with the Applicant and the Investment Bank, the Loan Agreement, a Letter of Representation and Indemnity Agreement from the Applicant, and a Tax Regulatory Agreement from the Issuer and the Applicant to the Trustee (the documents referenced in this Section 6 being, collectively, the "Issuer Documents"), each being substantially in the form approved by the Issuer for prior financings, are hereby authorized. The Chairman, Vice Chairman, Executive Director, Deputy Executive Director and General Counsel of the Issuer are hereby authorized to execute, acknowledge and deliver each such Issuer Documents. The execution and delivery of each such Issuer Documents by said officer shall be conclusive evidence of due authorization and approval.

Section 7. The Issuer hereby authorizes the distribution of the Preliminary Offering Document and the Final Offering Document to prospective purchasers of the Bonds.

Section 8. All covenants, stipulations, obligations and agreements of the Issuer contained in this Resolution and contained in the Issuer Documents shall be deemed to be the covenants, stipulations, obligations and agreements of the Issuer to the full extent authorized or permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon the Issuer and its successors from time to time and upon any board or body to which any powers or duties affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law. Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the Issuer or the members or directors thereof by the provisions of this Resolution and the Issuer

Documents shall be exercised or performed by the Issuer or by such members, directors, officers, board or body as may be required by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation or agreement herein contained or contained in any of the Issuer Documents shall be deemed to be a covenant, stipulation, obligation or agreement of any member, director, officer, agent or employee of the Issuer in his individual capacity, and neither the members or directors of the Issuer nor any officer executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof

Section 9. The officers of the Issuer are hereby designated the authorized representatives of the Issuer and each of them is hereby authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Resolution, the Issuer Documents and the issuance of the Bonds.

Section 10. The Issuer is hereby authorized to cause the Applicant to proceed with the Project, the agreed costs thereof to be paid by the Issuer by the application of the proceeds of the Bonds, all as particularly authorized by the terms and provisions of the Loan Agreement. The Applicant is authorized to proceed with the Project; provided, however, that it is acknowledged and agreed by the Applicant that neither the Issuer nor any of its members, directors, officers, employees, agents or servants shall have any personal liability for any action taken by the Applicant for such purpose or for any other purpose.

Section 11. Any expenses incurred by the Issuer with respect to the Project and the financing thereof shall be reimbursed out of the proceeds of the Bonds or, in the event such proceeds are insufficient after payment of other costs of the Project or the Bonds are not issued by the Issuer, shall be paid by the Applicant. By accepting this Resolution, the Applicant agrees to pay such expenses and further agrees to indemnify the Issuer, its members, employees and agents and hold the Issuer and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Issuer in good faith with respect to the Project and the financing thereof.

Section 12. In connection with the Project, the Issuer intends to grant the Applicant financing assistance in the form of the issuance of the Bonds.

Section 13. Any qualified costs incurred by the Institution in initiating the Project shall be reimbursed by the Issuer from the proceeds of the Bonds in accordance with Treasury Regulation Section 1.150-2; provided that the Issuer incurs no liability with respect thereto except as otherwise provided in this Resolution.

Section 14. This Resolution is subject to the approval of a private investigative report with respect to the Applicant, which approval shall be conclusively evidenced by the delivery of the Issuer Documents authorized pursuant to Section 6 hereof. The provisions of this Resolution shall continue to be effective until one year from the date hereof, whereupon the effectiveness of this Resolution shall terminate (except with respect to the matters contained in Section 11 hereof) unless (i) prior to the expiration date of such year the Issuer shall (x) have issued the Bonds for the Project, or (y) by subsequent resolution extend the effective period of this Resolution, or (ii) the Applicant shall be continuing to take affirmative steps to secure financing for the Project.

Section 15. This Resolution is subject to further compliance with the provisions of Sections 103 and 141 through 150 and related provisions of the Code, including, without limitation, the obtaining of public approval for the Project and the Bonds.

Section 16. The Issuer, as lead agency, is issuing this determination pursuant to the State Environmental Quality Review Act ("SEQRA") (Article 8 of the Environmental Conservation Law) and implementing regulations contained in 6 N.Y.C.R.R. Part 617. This determination is based upon the Issuer's review of information provided by the Applicant and such other information as the Issuer has deemed necessary and appropriate to make this determination.

The Issuer has determined that the proposed project, an Unlisted action, pursuant to SEQRA and the implementing regulations, would not have a significant effect on the environment and that a Draft Environmental Impact Statement will not be prepared. The reasons supporting this determination are as follows:

1. The proposed project would not result in a substantial adverse change in existing traffic, air quality, or noise levels.

2. The existing building is listed in the State and National Registers of Historic Places and is located in the State and National Register-eligible Tiemenn Estate Historic District. On September 3, 2019, the New York State Historic Preservation Office (SHPO) issued a comment letter, attached as Appendix A, noting that the garage to be demolished at 524 Riverside Drive is not eligible for listing in the State and National Registers, and that no archaeological or building concerns for the proposed project's scope of work. Therefore, the proposed project would not result in significant adverse impacts on cultural, archaeological, architectural, or aesthetic resources or the existing neighborhood.

3. The proposed project would not result in significant adverse impacts to natural resources, critical habitats, or water quality.

4. The proposed project would not result in a change in existing zoning or land use. The proposed use would be as-of-right under zoning.

5. A Phase I Environmental Site Assessment (ESA) conducted on the site noted no Recognized Environmental Conditions (RECs), controlled RECs or historical RECs. The one Business Environmental Risk (BER) noted was that the building was built on historic fill material, which commonly contains concentrations of metals, polycyclic aromatic hydrocarbons, and other hazardous substances that require management and disposal as a regulated solid waste during redevelopment. In addition, no formal survey of Asbestos Containing Material was completed as part of the Phase I ESA. Therefore, it is recommended that:

- Soil handling and disposal should be conducted in accordance with all appropriate regulations, methods and protocols; and

- Any asbestos found in the building scheduled for demolition should be removed in accordance with all appropriate regulations, methods and protocols.

With the implementation of the aforementioned measures, no adverse impacts related to hazardous materials are expected from the proposed project.

6. No other significant effects upon the environment that would require the preparation of an Environmental Impact Statement are foreseeable.

Section 17. The Issuer recognizes that due to the unusual complexities of the financing it may become necessary that certain of the terms approved hereby may require modifications which will not affect the intent and substance of the authorizations and approvals by the Issuer herein. The Issuer hereby authorizes the Chairperson, Vice Chairperson, Executive Director, Deputy Executive Director or General Counsel of the Issuer to approve modifications to the terms approved hereby which do not affect the intent and substance of this Resolution. The approval of such modifications shall be evidenced by the Certificate of Determination.

Section 18. This Resolution shall take effect immediately.

ADOPTED: September 24, 2019

INTERNATIONAL HOUSE

___________________________________
Name:
Title:

Accepted: ___________, 2019

# APPENDIX A

[See Attached]

**ANDREW M. CUOMO**
Governor

**ERIK KULLESEID**
Commissioner

September 3, 2019

Ms. Sharon Tepper
Assistant Vice President, Planning
New York City Economic Development Corporation
One Liberty Plaza
New York, NY 10006

Re: SEQRA
International House
500 Riverside Drive, New York, NY 10027
19PR05146

Dear Ms. Tepper:

Thank you for requesting the comments of the Division for Historic Preservation of the Office of Parks, Recreation and Historic Preservation (OPRHP) regarding the proposed renovations and new construction at International House. We have reviewed the submitted documents under the State Environmental Quality Review Act (SEQRA) as requested. The role of this office in the SEQRA process is act as a subject matter expert in the area of Historic Preservation. These comments are those of the Division for Historic Preservation and relate only to Historic/Cultural resources. They do not include potential environmental impacts to New York State Parkland that may be involved in or near your project. Such impacts must be considered as part of the environmental review of the project pursuant to the State Environmental Quality Review Act (New York Environmental Conservation Law Article 8) and its implementing regulations (6 NYCRR Part 617).

We note that the proposed project site, the International House at 500 Riverside Drive, is listed in the State and National Registers of Historic Places and is located within the S/NR eligible Tiemann Estate Historic District. We further note that 524 Riverside Drive is not eligible for listing in the State and National Registers. We have reviewed the photographs, memo, plans, and renderings that were submitted on July 30th and August 23rd, 2019, and we have no archeological or building concerns for the proposed scope of work.

The OPRHP appreciates the opportunity to comment under the SEQRA review process as an interested agency. It should be noted that further consultation with our office will be necessary as the project moves forward if there is state or federal involvement in the projects. Involvement of a federal or state agency triggers a more formal review with our office under the National Historic Preservation Act of 1966 and Section 14.09 of the New York State Parks, Recreation, and Historic Preservation Law, respectively.

If further correspondence is required regarding this project, I can be reached at (518) 268-2182.

Sincerely,

Olivia Brazee
Historic Site Restoration Coordinator
olivia.brazee@parks.ny.gov

via e-mail only

**Exhibit G**

Build NYC Resource Corporation

FINANCING PROPOSAL
THE GILLEN BREWER SCHOOL
MEETING OF SEPTEMBER 24, 2019

## Project Summary

The Gillen Brewer School ("GBS"), 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 $40,000,000 in tax-exempt revenue bonds (the "Bonds"). Proceeds from the Bonds, together with other funds contributed by GBS, will be used to: (1) finance the acquisition, renovation, furnishing and equipping of an approximately 53,977 square foot commercial condominium comprising the entire third and fourth floors of a 4-story building located on an approximately 24,619 square foot parcel of land located at 520 West 49th Street, New York, New York 10019 (the "Facility"); and (2) pay for certain costs related to the issuance of the Bonds. The Facility will be owned and operated by GBS to provide educational services for special needs students in grades pre-kindergarten through Grade 8.

## Current Location

410 East 92nd Street
New York, New York 10128

## Project Location

520 West 49th Street
New York, New York 10019

## Actions Requested

- Bond Approval and Authorizing Resolution.
- Approval of waiver of Section 7 of the Build NYC Resource Corporation Private School Policy.
- Adopt a negative declaration for this project. The proposed project will not have a significant adverse effect on the environment.

## Anticipated Closing

November 2019

## Impact Summary

| Employment | |
|---|---|
| Jobs at Application: | 59.5 |
| Jobs to be Created at Project Location (Year 3): | 49.0 |
| **Total Jobs (full-time equivalents)** | **108.5** |
| **Projected Average Hourly Wage (excluding principals)** | **$36.05** |
| **Highest Wage/Lowest Wage** | **$56.40/$24.74** |

| Estimated City Tax Revenues | |
|---|---|
| Impact of Operations (NPV 30 years at 6.25%) | $7,862,818 |
| One-Time Impact of Renovation | $557,709 |
| **Total impact of operations and renovation** | **$8,420,527** |
| **Additional benefit from jobs to be created** | **$5,226,208** |

| Estimated Cost of Benefits Requested: New York City | |
|---|---|
| MRT Benefit | $650,000 |
| NYC Forgone Income Tax on Bond Interest | $203,306 |
| Corporation Financing Fee | ($225,000) |
| **Total Cost to NYC Net of Financing Fee** | **$628,306** |

Emily Marcus, SIG
Caroline Nguyen, LGL

Katten Muchin Rosenman LLP
Project Number - 8117

## The Gillen Brewer School

| Costs of Benefits Per Job | |
|---|---|
| Estimated Net City Cost of Benefits per Job in Year 3 | $5,791 |
| Estimated City Tax Revenue per Job in Year 3 | $125,776 |

| Estimated Cost of Benefits Requested: New York State | |
|---|---|
| MRT Benefit | $470,000 |
| NYS Forgone Income Tax on Bond Interest | $764,881 |
| **Total Cost to NYS** | **$1,234,881** |
| **Overall Total Cost to NYC and NYS** | **$1,863,187** |

## Sources and Uses

| Sources | Total Amount | Percent of Total Financing |
|---|---|---|
| Bonds Proceeds | $40,000,000 | 63.5% |
| Equity | $23,013,000 | 36.5% |
| **Total** | **$63,013,000** | **100%** |

| Uses | Total Amount | Percent of Total Costs |
|---|---|---|
| Building Acquisition | $40,000,000 | 63.5% |
| Hard Costs | $14,587,000 | 23.1% |
| Soft Costs | $4,001,000 | 6.3% |
| Furnishings, Fixtures & Equipment | $1,000,000 | 1.6% |
| Closing Fees | $1,425,000 | 2.3% |
| Capitalized Interest & Operating Reserve | $2,000,000 | 3.2% |
| **Total** | **$63,013,000** | **100%** |

## Fees

| | Paid at Closing | On-Going Fees (NPV, 30 Years) |
|---|---|---|
| Corporation Fee | $225,000 | |
| Bond Counsel | Hourly | |
| Annual Corporation Fee | $1,250 | $16,755 |
| Bond Trustee Acceptance Fee | $500 | |
| Annual Bond Trustee Fee | $500 | $6,702 |
| Trustee Counsel Fee | $5,000 | |
| Total | $232,250 | $23,457 |
| **Total Fees** | **$255,707** | |

## Financing and Benefits Summary

M&T Bank will directly purchase the Bonds, which will be tax-exempt and issued as a single series. It is expected that the Bonds will be issued at a fixed interest rate equal to M&T Bank's prevailing fifteen year cost of funds, set two days prior to the closing date, plus 186 basis points, multiplied by 79% (indicative rate as of 9/10/19: 2.81%). The Bonds will have a 15-year term and a 30-year final maturity, with monthly interest only payments required for the first 36 months, followed by a 27-year monthly schedule of principal and interest payments. The Bonds will be secured a first mortgage lien on the Facility, a first interest lien on all assets of GBS and an assignment of all present and future revenues and leases on the Facility. Based on an analysis of GBS' financial statements, there is an expected debt service coverage ratio of 2.94x.

## Applicant Summary

GBS was founded in 1992 as a school for children with significant learning challenges. The founders saw an overwhelming need for a school in New York City where families with children who have significant special needs would be welcomed, educated and supported. The school opened in 1992 with one student and added classes until it reached 48 students from Pre-K through second grade. Forty-eight students were housed in what had once been the servants' quarters of a stately mansion on Park Avenue. It soon became apparent that more room was needed, not only to accommodate more students, but also to house the ever expanding academic and therapeutic programs. In 2003, the school began a search for a new location and in August 2005 moved to its current location at 410 East 92nd Street. GBS currently has 86 students.

**Kathryn George Tyree, Board Chair**
Ms. George is a Partner at Brown Brothers Harriman where she oversees Private Wealth Management and Human Resources. She has been with the firm since 1986 following her graduation from Trinity College. In addition to being Chairman of the Board of Gillen Brewer, she serves on the Board and Executive Committees of Trinity College and Episcopal High School. She has been on the GBS Board since 2003 and is an alumni parent.

**Donna Kennedy, Head of School**
With over 30 years of experience in Special Education, Ms. Kennedy is a founding staff member of GBS. Upon her first year as Head of School, she worked with the Board to reset the school's Department of Education rate, bringing the school into a positive fiscal position. Ms. Kennedy, her team, and the GBS Board, successfully relocated the school from a small rented church space on 93rd and Park, to its own building on 92nd between 1st and 2nd Avenues, nearly doubling the size of the staff and students, as well as expanding the program to serve students until 10 years old. Under her direct leadership, GBS received both 10 year and 5-year accreditations through the New York State Association of Independent Schools and received membership into the GUILD for Independent Schools.

**Sharon Slate, Chief Financial Officer**
Ms. Slate joined GBS as Controller/CFO in 2012. In this position, she is responsible for setting financial policy and direction and for leading all financial administration, business planning, budgeting and human resources. Prior to this, she was Director of Finance and Administration at The Urban Assembly, where she had overall financial management responsibility including budgeting, financial forecasting, cash flow, accounts payable and receivable and coordination of audit activities. She also worked as Director of Finance and Personnel at The CityKids Foundation, where she focused on providing quality, cost-effective business and accounting solutions. She later served as Treasurer of the Board of The CityKids Foundation for a period of two years.

## Employee Benefits

GBS offers a comprehensive benefits package that includes medical, dental, vision, life insurance, long term disability insurance, contributions to a retirement plan and access to flexible spending accounts.

## Recapture

Subject to recapture of the mortgage recording tax benefit.

## SEQRA Determination

No significant adverse environmental impacts, staff recommends the Board adopt a Negative Declaration for this project. The completed Environmental Assessment Form for this project has been reviewed and signed by Corporation staff.

## Waiver from Section 7 of Build NYC Private School Policy

GBS is requesting a waiver from Section 7 of the Build NYC Private School Policy requiring that Private Schools with maximum tuition greater than the Build NYC Tuition Threshold (currently $15,308) meet certain financial aid requirements. The Corporation's Private School Policy provides that the Board may approve a waiver of Section 7 of the Policy in the case of higher tuition rates for special needs students due to higher expenses to serve such students

The highly specialized nature of education, the low student to teach ratio, and the 12-month school year provided by GBS means that student tuition ranges from $83,200 to $114,000 per year. For most of its history, GBS was a state-approved school and tuition was paid by the New York State Education Department (SED) and by the New York City Department of Education (DOE). The tuition paid by the State and the City, however, were not enough to cover the cost of the GBS education, resulting in a very large funding gap. As a result, GBS had to supplement operations with approximately $2 million of fundraising each year to close the gap. To remain financially viable, GBS discontinued its SED status for new incoming students, requiring new families to pay their tuition privately.

Regarding tuition reimbursement, the Individuals with Disabilities Education Act (IDEA) gives parents the right to obtain funding for special education if their local school district fails to offer their child an appropriate public-school program. Every child is entitled to a "free and appropriate public education." In order to be eligible for reimbursement, a family must successfully argue that the school district has failed to provide their child with this and so the family had to place the student at Gillen Brewer. Virtually all families are successful at securing tuition funding, usually by settling with the DOE. Over the last several years, 100% of GBS families who sought reimbursement have been successful and the majority of settlements were for 90% or more of the full cost of the tuition.

## Due Diligence

The Corporation conducted a background investigation of the Company and its principals and found no derogatory information.

| | |
|---|---|
| **Compliance Check:** | Not Applicable |
| **Living Wage:** | Compliant |
| **Paid Sick Leave:** | Compliant |
| **Affordable Care Act:** | ACA Compliant |
| **Bank Account:** | TD Bank |
| **Bank Check:** | Relationships are reported to be satisfactory. |
| **Supplier Checks:** | Not Applicable |
| **Customer Checks:** | Relationships are reported to be satisfactory. |
| **Unions:** | Not Applicable |
| **Vendex Check:** | No derogatory information was found. |

## The Gillen Brewer School

**Attorney:** Michele Arbeeny
Windels Marx Lane & Mittendorf, LLP
156 West 56th Street
New York, New York 10019

**Accountant:** Anna Shaferova, CPA
BKD
655 Third Avenue, Suite 1200
New York, New York 10017

**Consultant/Advisor:** Sunil Aggarwal
ThinkForward Financial Group
27 Whitehall Street
New York, New York 10004

**Community Board:** Manhattan, CB #3

GILLEN BREWER SCHOOL

July 24, 2019

Krishna Omolade
Executive Director
Build NYC Resource Corporation
One Liberty Plaza
New York, NY 10006

Dear Mr. Omolade,

The Gillen Brewer School ("Gillen Brewer" or "the School") is pleased to submit this application to Build NYC Resource Corporation requesting the issuance of tax-exempt bonds and other benefits for the School's planned relocation/expansion project.

Gillen Brewer is a family-oriented, 12-month early childhood and elementary program, which was founded in 1992 by Laura Bilicic and Laurie DuBos, two special education teachers, who were inspired by the overwhelming need for a school in New York City where the children with the most challenging and severe disabilities and their families would be welcomed, educated and supported. It is a school for children ages 2.8 to 10 years old with language-based and non-verbal learning disabilities.

The Gillen Brewer School is one of the few schools in New York City dedicated to transforming the lives of young children with a wide variety of language, emotional, developmental, learning and health-related disabilities. The School specializes in educating children with challenging, and often multiple disabilities including language-based and non-verbal learning disabilities. Gillen Brewer is one of the only schools that work with children beginning at the pre-school level who have multiple disabilities. It embodies a comprehensive and thoughtful approach that sets the School apart, and which includes a particular set of distinguishing factors. The School provides developmentally appropriate academic instruction, speech and language therapy, occupational therapy, counseling and social groups, music, art, science, technology, sports and physical fitness.

Since 2005, Gillen Brewer has resided at a condominium located at 410 East 92nd Street in New York City. This facility was financed in part with $5,850,000 of tax-exempt bonds issued in 2006 through the New York City Industrial Development Agency (IDA). The outstanding balance of the bond issue was paid off in September 2016. This facility has served the School well for many years, but is not capable of supporting the School's planned growth. In order to accommodate this anticipated growth, the School has identified a property at 520 West 49th Street, at which it intends to acquire the 3rd & 4th floors.

The new facility will enable the School to gradually expand enrollment from 86 to 142 students by adding additional classrooms and students. The acquisition cost of the facility is $40 million, and will require $20 million of renovations. The School will finance about $40 million of these project costs with tax-exempt financing and the balance will be financed with cash, investments and the proceeds of a capital campaign.

This is a significant undertaking for the School, and the School is requesting assistance from the Build NYC Resource Corporation in the form of approximately $40 million of tax-exempt bond financing, as well as waiver of mortgage recording taxes. The benefits will reduce capital and operating costs, enabling the project to be financially viable, attract financing and keep tuition costs as low as possible, enabling the School to expand its critical mission of educating the city's learning disabled children.

We look forward to working with Build NYC on this financing. If you have any questions or additional requests, please do not hesitate to ask.

Sincerely,

Donna Kennedy
Head of School

**Exhibit H**

**RESOLUTION APPROVING THE FINANCING OF AN EDUCATIONAL FACILITY FOR THE GILLEN BREWER SCHOOL AND AUTHORIZING THE ISSUANCE AND SALE OF APPROXIMATELY $40,000,000 TAX EXEMPT REVENUE BONDS (THE GILLEN BREWER SCHOOL PROJECT), SERIES 2019 AND THE TAKING OF OTHER ACTION IN CONNECTION THEREWITH**

**WHEREAS**, Build NYC Resource Corporation (the "Issuer") is authorized pursuant to Section 1411(a) of the Not-for-Profit Corporation Law of the State of New York, as amended, and its Certificate of Incorporation and By-laws, (i) to promote community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of The City of New York (the "City") by developing and providing programs for not-for-profit applicants, manufacturing and industrial businesses and other entities to access tax-exempt and taxable financing for their eligible projects; (ii) to issue and sell one or more series or classes of bonds, notes and other obligations through private placement, negotiated underwriting or competitive underwriting to finance such activities above, on a secured or unsecured basis; and (iii) to undertake other projects within the City that are appropriate functions for a non-profit local development corporation for the purpose of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the City by attracting new industry to the City or by encouraging the development of or retention of an industry in the City, and lessening the burdens of government and acting in the public interest; and

**WHEREAS**, The Gillen Brewer School, a not-for-profit corporation exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code (the "Applicant"), entered into negotiations with officials of the Issuer to (i) finance the acquisition, renovation, furnishing and equipping of an approximately 53,977 square foot commercial condominium comprising the entire third and fourth floors of a 4-story building located on an approximately 24,619 square foot parcel of land located at 520 West 49th Street, New York, New York 10019 (the "Facility") and (ii) fund certain costs relating to the issuance of the bonds and other costs relating to the Facility, which Facility will be owned and operated by the Applicant to provide educational services for special needs students in grades pre-kindergarten through Grade 8 (collectively, the "Project"); and

**WHEREAS,** the Applicant has submitted an Application (the "Application") to the Issuer to initiate the accomplishment of the above; and

**WHEREAS**, the Application sets forth certain information with respect to the Applicant, and the Project, including the following: that the Applicant employs approximately 59.5 full-time equivalent employees in the City and intends to employ an additional 49 full-time equivalent employees by the completion of the Project; that the financing of the Project with the Issuer's financing assistance will provide savings to the Applicant which will allow it to redirect financial resources to further its capacity to provide education services; and that, therefore, the Issuer's financing assistance is necessary to assist the Applicant in proceeding with the Project; and

**WHEREAS**, the Issuer desires to further encourage the Applicant with respect to the financing of the Facility, if by so doing it is able to induce the Applicant to proceed with the Project; and

**WHEREAS**, in order to finance a portion of the cost of the Project, the Issuer intends to issue its tax exempt revenue bonds (The Gillen Brewer School Project), Series 2019, in the aggregate principal amount of approximately $40,000,000 (or such greater amount not to exceed such stated amount by more than 10%, as may be determined by a certificate of determination of an authorized officer of the

Issuer (the "Certificate of Determination")) (the "Bonds"), all pursuant to an Indenture of Trust (the "Indenture") to be entered into between the Issuer and U.S. Bank National Association, as trustee (the "Trustee"); and

**WHEREAS**, the Issuer intends to loan the proceeds of the Bonds to the Applicant pursuant to a Loan Agreement (the "Loan Agreement") to be entered into between the Issuer and the Applicant, and (ii) the Applicant will execute a promissory note in favor of the Issuer and the Trustee (the "Promissory Note") to evidence the Applicant's obligation under the Loan Agreement to repay such loan; and

**WHEREAS**, the Bonds are to be secured by one or more Mortgage and Security Agreements from the Applicant to the Trustee and the Issuer or from the Issuer and the Applicant to the Trustee with respect to the Facility (collectively, the "Mortgage");

**NOW, THEREFORE, BE IT RESOLVED BY BUILD NYC RESOURCE CORPORATION, AS FOLLOWS:**

**Section 1.** The Issuer hereby determines that the financing of the costs of the Project by the Issuer will promote and is authorized by and will be in furtherance of the corporate purposes of the Issuer.

**Section 2.** The Issuer hereby approves the Project and authorizes the Applicant to proceed with the Project as set forth herein, which Project will be financed in part through the issuance of the Bonds of the Issuer, which Bonds will be special limited revenue obligations of the Issuer payable solely from the revenues and other amounts derived pursuant to the Loan Agreement and the Promissory Note.

**Section 3.** To provide for the financing of the Project, the issuance of the Bonds by the Issuer is hereby authorized subject to the provisions of this Resolution and the Indenture hereinafter authorized.

The Bonds shall be issued as fully registered bonds in one or more series, shall be dated as provided in the Indenture, shall be issued as one or more serial and/or term bonds and in an aggregate amount not to exceed $40,000,000 (or such greater amount not to exceed such stated amount by more than 10% as may be determined by the Certificate of Determination), shall be payable as to principal and redemption premium, if any, at the principal office of the Trustee, shall be payable as to interest by check, draft or wire transfer as provided in the Indenture, shall bear interest at fixed interest rate(s) and/or variable rate(s) not to exceed ten percent (10.00%) (such final rate(s) to be determined by the Certificate of Determination).

The Bonds shall be subject to optional and mandatory redemption as provided in the Indenture, shall be payable as provided in the Indenture until the payment in full of the principal amount thereof and shall mature not later than June 30, 2050 (or as determined by the Certificate of Determination), all as set forth in the Bonds. The provisions for signatures, authentication, payment, delivery, redemption and number of Bonds shall be set forth in the Indenture hereinafter authorized.

**Section 4.** The Bonds shall be secured by the pledge effected by the Indenture and shall be payable solely from and secured by a pledge of the loan payments, revenues and receipts of the Applicant to the extent set forth in the Loan Agreement and the Indenture hereinafter authorized. The Bonds, together with the interest thereon, are special limited revenue obligations of the Issuer, payable solely as provided in the Indenture, including from moneys deposited in the Bond Fund, the Project Fund, and such other funds as established under the Indenture (subject to disbursements therefrom in accordance with the Loan Agreement and the Indenture), and shall never constitute a debt of the State of New York or of the City, and neither the State of New York nor the City shall be liable thereon, nor shall the Bonds be payable out of any funds of the Issuer other than those pledged therefor. The Bonds are further secured by the Mortgage.

**Section 5.** The Bonds are hereby authorized to be sold to Manufacturers and Traders Trust Company d/b/a M&T Bank, and/or any affiliate or subsidiary thereof on behalf of itself, or as lead financial institution in a syndicated participation, or any other financial institutions to be approved by a Certificate of Determination.

**Section 6.** The execution and delivery of the Indenture, the Loan Agreement and the Mortgage, with respect to the Bonds, and a Tax Certificate from the Issuer and the Applicant to the Trustee (the documents referenced in this Section 6 being, collectively, the "Issuer Documents"), each being substantially in the form approved by the Issuer for prior financings, are hereby authorized. The Chairman, Vice Chairman, Executive Director, Deputy Executive Director and the General Counsel of the Issuer are hereby authorized to execute, acknowledge and deliver each such Issuer Document. The execution and delivery of each such Issuer Document by said officer shall be conclusive evidence of due authorization and approval.

**Section 7.** All covenants, stipulations, obligations and agreements of the Issuer contained in this Resolution and contained in the Issuer Documents shall be deemed to be the covenants, stipulations, obligations and agreements of the Issuer to the full extent authorized or permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon the Issuer and its successors from time to time and upon any board or body to which any powers or duties affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law. Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the Issuer or the members thereof by the provisions of this Resolution and the Issuer Documents shall be exercised or performed by the Issuer or by such members, officers, board or body as may be required by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation or agreement herein contained or contained in any of the Issuer Documents shall be deemed to be a covenant, stipulation, obligation or agreement of any member, director, officer, agent or employee of the Issuer in his individual capacity, and neither the members of the Issuer nor any officer executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

**Section 8.** The officers of the Issuer are hereby designated the authorized representatives of the Issuer, and each of them is hereby authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Resolution, the Issuer Documents and the issuance of the Bonds.

**Section 9.** The Issuer is hereby authorized to cause the Applicant to proceed with the Project, the agreed costs thereof to be paid by the Issuer by the application of the proceeds of the Bonds, all as particularly authorized by the terms and provisions of the Loan Agreement. The Applicant is authorized to proceed with the Project; provided, however, that it is acknowledged and agreed by the Applicant that neither the Issuer nor any of its members, directors, officers, employees, agents or servants shall have any personal liability for any action taken by the Applicant for such purpose or for any other purpose.

**Section 10.** Any expenses incurred by the Issuer with respect to the Project and the financing thereof shall be reimbursed out of the proceeds of the Bonds or, in the event such proceeds are insufficient after payment of other costs of the Project or the Bonds are not issued by the Issuer due to inability to consummate the transactions herein contemplated, shall be paid by the Applicant. By accepting this Resolution, the Applicant agrees to pay such expenses and further agrees to indemnify the Issuer, its members, employees and agents and hold the Issuer and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Issuer in good faith with respect to the Project and the financing thereof.

**Section 11.** In connection with the Project, the Issuer intends to grant the Applicant financing assistance in the form of issuance of the Bonds and an exemption from mortgage recording tax.

**Section 12.** This Resolution is subject to the approval of a private investigative report with respect to the Applicant, which approval shall be conclusively evidenced by the delivery of the Issuer Documents authorized pursuant to Section 6 hereof. The provisions of this Resolution shall continue to be effective until one year from the date hereof, whereupon the effectiveness of this Resolution shall terminate (except with respect to the matters contained in Section 10 hereof) unless (i) prior to the expiration of such year the Issuer shall (x) have issued the Bonds for the Project, or (y) by subsequent resolution extend the effective period of this Resolution, or (ii) the Applicant shall be continuing to take affirmative steps to secure financing for the Project.

**Section 13.** This Resolution constitutes a declaration of intent under the provisions of Treasury Regulation 1.150-2 promulgated under Section 103 and related sections of the Internal Revenue Code of 1986, as amended (the "Code"). This Resolution is subject to further compliance with the provisions of Sections 141 through 150 and related provisions of the Code.

**Section 14.** The Issuer, as lead agency, is issuing this determination pursuant to the State Environmental Quality Review Act ("SEQRA") (Article 8 of the Environmental Conservation Law) and implementing regulations contained in 6 N.Y.C.R.R. Part 617. This determination is based upon the Issuer's review of information provided by the Applicant and such other information as the Issuer has deemed necessary and appropriate to make this determination.

The Issuer has determined that the proposed project, an Unlisted action, pursuant to SEQRA and the implementing regulations, will not have a significant effect on the environment and that a Draft Environmental Impact Statement will not be prepared. The reasons supporting this determination are as follows:

(a) The proposed project will not result in a substantial adverse change in existing traffic, air quality, or noise levels.

(b) The proposed project would be located within an existing building and would not result in significant adverse impacts on the historic or aesthetic resources of the existing neighborhood.

(c) The proposed project would not result in significant adverse impacts to natural resources, critical habitats, or water quality.

(d) The proposed project would not result in a change in existing zoning or land use. The school will be a use consistent with permitted uses in the existing building.

(e) The proposed project does not involve any in-ground disturbance and would not result in any significant impacts related to hazardous materials.

(f) No other significant effects upon the environment that would require the preparation of an Environmental Impact Statement are foreseeable.

**Section 15.** The Issuer recognizes that due to the unusual complexities of the financing it may become necessary that certain of the terms approved hereby may require modifications which will not affect the intent and substance of the authorizations and approvals by the Issuer herein. The Issuer hereby authorizes the Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel to approve modifications to the terms approved hereby which do not affect the intent and substance of this Resolution. The approval of such modifications shall be evidenced by the Certificate of Determination.

**Section 16.** This Resolution shall take effect immediately.

Adopted: September 24, 2019

Accepted: September ___, 2019

**THE GILLEN BREWER SCHOOL**

By: ______________________________
Name:
Title: