Build NYC Resource Corporation
Finance Committee Discussion

The Finance Committee convened on June 18th, 2020 to discuss the following projects:

- Blue School and Blue School Real Estate LLC
- SCO Family of Services

Finance Committee Members: Jacques-Philippe Piverger and Barry Dinerstein
Build NYC Staff Members: Krishna Omolade, Mac Thayer, and Noah Schumer

Start: 10:15 AM
End: 10:30 AM

Blue School

Blue School, a New York not-for-profit education corporation (the "School") exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and Blue School Real Estate, LLC, a New York limited liability company (the "LLC" and, together with the School, the "Applicant"), the sole member of which is the School as borrower, are seeking approximately $64,479,000 in tax-exempt and taxable bonds (the "Bonds"). The tax-exempt bonds are to be issued as qualified 501(c)(3) bonds for educational facilities. Proceeds from the Bonds will be used to: (a) refinance all or a portion of the Build NYC Resource Corporation Revenue Bonds (Blue School Project), Senior Series 2016A and Subordinate Series 2016B, currently outstanding in the aggregate principal amount of $51,315,000, the proceeds of which were applied to: (1) refinance taxable debt incurred by the School and/or the LLC, which was used to fund the costs of the acquisition of two commercial condominium units encompassing 29,000 square feet of space (the "Acquired Facility") in an 191,000 square foot building located at 156 William Street, New York, New York (the "Building"), (2) fund the renovation, furnishing and equipping of the Acquired Facility as well as 12,000 square feet of the ground floor of such Building which is leased by the LLC (the "Leased Facility"; and, together with the Acquired Facility, the "Facility"), (3) fund a debt service reserve fund and a capitalized interest fund, and (4) fund certain costs of issuance; (b) refinance all or a portion of the Build NYC Resource Corporation Senior Revenue Bonds (Blue School Project), Series 2018, currently outstanding in the aggregate principal amount of $4,160,000 (the "Series 2018 Bonds"), the proceeds of which were applied to: (1) fund the costs of the construction, renovation and equipping of the Facility, (2) fund capital improvements to the Facility, including upgrades to fire safety systems, purchasing of additional furniture and equipment, and other capital improvements to the Facility, (3) fund the Applicant's share of capital improvements to the Building, including façade and roof repairs, replacement of the Building's chiller and electrical systems, elevator modernization, fire safety systems and hook-ups for water and sewer service, (4) fund a debt service reserve fund, and (5) fund certain costs of issuance; (c) finance a debt service reserve fund and capitalized interest; and (d) pay for certain costs and expenses associated with the issuance of the Bonds. The Facility is owned by the Applicant and is operated by the School as a co-educational day school serving students in pre-kindergarten through grade 8. In addition, 12,000 square feet of the Facility is leased to Hawthorne Foundation Inc., a New York not-for profit education corporation exempt from federal taxation pursuant to Section 501(c)(3) of the Code, to operate an educational program for students with disabilities.

Mr. Piverger asked if the Corporation was comfortable with the debt service coverage ratio.

Mr. Schumer responded that while the school was currently running an operating deficit, a DSCR of 1.2x would be built into the agreement. He added that most importantly for the school, the refinancing would help save money by lowering the interest rate on their Build NYC bonds.

Mr. Dinerstein asked about whether the school was in good standing with regard to their existing Build NYC bonds.

Mr. Schumer responded that the Corporation had conducted a compliance check and uncovered no major issues with regard to the existing bonds.

The committee recommended the Project to seek authorization at the June 23rd Board meeting.

SCO Family of Services

SCO Family of Services ("SCO"), 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 an agency that provides residential and community services to developmentally disabled individuals of all ages. SCO is seeking up to an aggregate maximum stated principal amount of $20,500,000 in tax-exempt and taxable revenue bonds (collectively the "Bonds"). Proceeds of the Bonds together with other funds available to SCO, will be used to: (i) refinance its outstanding Build NYC Resource Corporation Tax-Exempt Revenue Bonds, Series 2013 (2013 SCO Family of Services Project (the "Refunded Bonds")), the proceeds of which were used to finance and refinance the acquisition, renovation, equipping and/or furnishing of certain SCO facilities (see the list of project locations set forth in the attached resolution), (ii) refinance a portion of outstanding capital lines of credit with TD Bank, N.A. and Peoples United Bank, the proceeds of which were used to finance and refinance the acquisition, renovation, equipping and/or furnishing of certain SCO facilities (see the list of project locations set forth in the attached resolution), (iii) finance the construction, renovation, equipping, and/or furnishing of a 33,250 square foot facility on a 0.75 acre parcel of land located at 89-30 161st Street, Jamaica, New York 11432; (iv) finance the construction, renovation, equipping, and/or furnishing of a 193,194 square foot facility on a 7.9 acre parcel of land located at 85-70 148th Street, Jamaica, New York 11435; and (v) pay for certain costs related to the issuance of the Bonds and the refunding of the refunded bonds (i-v are herein referred to collectively as the "Project"). SCO does or will own and operate the facilities for the purpose of providing services and programs for developmentally disabled individuals.

Mr. Dinerstein asked whether the organization was refinancing any debt as part of the transaction.

Mr. Thayer responded that about half of the issuance was a refinancing, and the other half would go towards building improvements at two existing locations in Jamaica, Queens.

Mr. Dinerstein asked what the projected savings and change in interest rate would be as a result of the refinancing.

Mr. Thayer stated that he would get back to the Finance Committee after the meeting with those details.

The committee recommended the Project to seek authorization at the June 23rd Board meeting.