**Build NYC Resource Corporation**
**Finance Committee Discussion**

The Finance Committee convened on January 14, 2021 to discuss the following projects:

- Shefa School, Inc.
- Queens Ballpark Company, L.L.C.

Finance Committee Members: Jacques-Philippe Piverger, Barry Dinerstein, Andrea Feirstein, and Anthony Del Vecchio
Build NYC Staff Members: Krishna Omolade and Emily Marcus

Start: 9:05 AM
End: 9:55 AM

**Shefa School, Inc.**
Shefa School, Inc. ("Shefa"), a New York not-for-profit education corporation exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and an affiliated real estate limited liability company (the "Shefa LLC"), are seeking approximately $60,000,000 in tax-exempt and taxable revenue bonds (the "Bonds"). Proceeds of the Bonds, which are to be issued as qualified 501(c)(3) bonds, together with other funds contributed by Shefa, will be used, as part of a plan of financing, to: (1) finance acquisition costs and the leasehold renovation, furnishing and equipping, of an approximately 76,511 square foot building that will be leased to Shefa, or leased to the Shefa LLC and subleased to Shefa, under a long-term lease, or for which Shefa or the Shefa LLC will own two or more leasehold condominium units, in an existing building located on an approximately 7,330 square foot parcel of land located at 17 West 60th Street, New York, New York (the "Facility"); (2) fund capitalized interest, other capitalizable costs and one or more debt service reserve funds; and (3) pay for certain costs related to the issuance of the Bonds. The Facility will be used by Shefa as a private Jewish day school and will provide educational services for special need students from first grade through grade eight.

*Mr. Feirstein asked about the school's request for a waiver of Section 7 of Build NYC's Private School Policy.*

*Ms. Marcus provided a statement that Shefa is requesting a waiver from Section 7 of the Private School Policy requiring that private schools with a maximum tuition of greater than the Build NYC threshold of approximately $16,000 annually meet certain financial aid obligations. The statement noted that Shefa's tuition, while higher than the Build NYC maximum threshold, is in line with other schools that serve students with language-based special needs. Moreover, the school works closely with families to help secure their tuition reimbursement through the NYC Department of Education.*

*Mr. Dinerstein asked whether the school has any privately paying students.*

*Ms. Marcus stated it's close to 100% that are reimbursed and funded through the public school system. Parents pay tuition and then submit their lawsuit and go through the negotiation with the school district. Shefa offers a payment deferral plan of up to 24 months—typically the maximum length of time for the reimbursement process to take*

*Mr. Dinerstein asked whether it's a religious school.*

*Ms. Marcus replied that it's a primarily secular Jewish school, but as a pluralistic school they incorporate Jewish lessons and learning into the day. She added that the school doesn't serve one affiliation of Judaism,* *and that it's the only school in the New York City metro area that provides special needs education for Jewish families.*

*Mr. Dinerstein asked if they had non-Jewish students.*

*Ms. Marcus stated they have no restrictions against to accepting non-Jewish students, but that it was likely that at the moment they don't have any.*

*Mr. Dinerstein asked what would happen if the City makes a determination that they're not going to reimburse parents for this school. He noted that there is some risk that, over time, the reimbursement system may change, in which case, most students will not be able to pay the tuition and school won't be able to meet the obligations of the bonds.*

*Ms. Marcus responded that it's not necessarily up to the discretion of local school district because the act is Federal, so local districts have to comply with Federal legislation—as of now, there's no sign the federal legislation will be altered.*

*Mr. Omolade added that Shefa will be the fifth special needs school approved by Build NYC within the last five years, and not the first to utilize this reimbursement model.*

*Ms. Feirstein asked about the financial profile of the other special needs schools that have been approved by Build NYC in comparison to Shefa. She noted that the 1.25x coverage is relatively slim. She also asked whether the school planned to grow their enrollment.*

*Ms. Marcus said they'd opened in 2014 with 24 students and had 172 students now. The new school can accommodate approximately 325 students, which would boost tuition revenue. Moreover, as they're embarking on this transaction, they recently began a large-scale capital campaign.*

*Ms. Feirstein asked whether DSCR was based on an assumed increase in students.*

*Ms. Marcus said the DSCR was conservative because it's based on the current rate of enrollment growth, not an acceleration.*

*Ms. Feirstein asked when capital campaign began.*

*Ms. Marcus said it kicked off in 2020 and intended to raise tens of millions of dollars, but she would get back to Ms. Feirstein with the specifics.*

*Ms. Feirstein asked whether the capital campaign was factored into DSCR.*

*Ms. Marcus said it was not, and it therefore provided extra cushion.*

*Mr. Dinerstein asked if the school was going to occupy the entire building.*

*Ms. Marcus said yes, they would be taking entire building and had no plan to share with other users, but that it was possible in future they could create condo unit and lease it out to other non-profit, if there was excess space.*

*Mr. Del Vecchio asked if they'd leased out space in their other location.*

*Ms. Marcus stated that they did not own their current space.*

*Ms. Feirstein stated that it's an ambitious project for a school that doesn't have a ton of history and is reliant on the federal act. From a policy standpoint, she preferred not to vote against it, but the numbers are thin, and they haven't proven the capital campaign piece of it. She said she was not inclined to ultimately vote against it, but she noted that the Committee needed to be cognizant of the moderate to weak financials.*

*Mr. Del Vecchio concurred.*

*Mr. Omolade stated that it's an ambitious project, but the school also has $2 million in cash and 1.8 million in investments, so 3.8 million of reserves if they need extra money to cover. He stated that the projections seem reasonable and not unrealistic—the financing is related to the idea that the school will grow, but the growth trajectory makes sense. All tuition revenue is backed by the government and there's no indication that that would change in the near future.*

*Mr. Piverger asked what the typical DSCR for these types of deals is.*

*Mr. Omolade said 1.25x is not totally out of the ordinary, and that Build NYC had seen ranges from 1.1x to 1.4x.*

*Ms. Feirstein says she'd vote to approve, recognizing it's an ambitious project. She stated that the Committee had seen higher coverage ratios, but some of those come from more established schools. She added that the Corporation doesn't bring the Board something without having done due diligence. Despite the perceived weaknesses of the transaction, she would recommend to approve.*

*Mr. Piverger said he would approve.*

*Mr. Dinerstein said Citigroup is underwriting, meaning they had to look at it and were aware of the risk. He state that ultimately if the school chooses not to occupy the whole building or it's not working, a fully fitted school building in that location will have takers, and it's not likely to sit vacant and boarded up.*

*Mr. Del Vecchio and Ms. Feirstein concurred.*

*The committee recommended the Project to seek authorization at the January 19th Board meeting.*

**Queens Ballpark Company, L.L.C.**

Queens Ballpark Company, L.L.C. (the "Company"), a limited liability company organized and existing under the laws of the State of New York, has requested that the New York City Industrial Development Agency (the "Agency") issue approximately $650,000,000 in tax-exempt and federally taxable revenue bonds (the "Bonds"). Proceeds from the Bonds will be used to: (1) refinance all or a portion of the outstanding New York City Industrial Development Agency PILOT Bonds (Queens Baseball Stadium Project), Series 2006, issued in the original principal amount of $547,355,000, the proceeds of which were used to fund a portion of the cost of the design, development, construction, equipping and completion of an approximately 1,393,000 square foot Major League Baseball stadium (the "Stadium"), having a capacity of approximately 44,500 spectators and related parking facilities (together with the Stadium, the "Stadium Facilities"); (2) refinance all or a portion of the outstanding New York City Industrial Development Agency PILOT Bonds (Queens Baseball Stadium Project), Series 2009, issued in the original principal amount of $82,280,000, the proceeds of which were used to fund a portion of the additional costs associated with the design, development, construction, equipping and completion of the Stadium; (3) fund a debt service reserve fund and deposits to other accounts; and (4) pay certain costs associated with the issuance of the Bonds. The Stadium is owned by the Agency, subject to a long-term ground lease from The City of New York (the "City"), and was constructed by the Company, as agent of the Agency. The Stadium is leased by the Agency to, and operated and maintained on behalf of the Agency by, the Company. The Stadium is subleased by the Company to its affiliate, Sterling Mets, L.P. ("Sterling"), a Delaware limited partnership, for use by the New York Mets Major League Baseball team and may be used from time to time for unrelated events. The Stadium Facilities are located on two parcels of land, identified as Block 1787, Lot 20 and Block 2018, Lot 1500 on the Tax Map for the Borough of Queens.

*Mr. Dinerstein noted one of the presentation slides mentioned the Yankees.*

*Ms. Marcus stated that this was a typo, and should state the Mets.*

*Ms. Feirstein stated that she remembered the 2009 financing. She asked about the Mets' revenue stream over the last year, given that so much of the cash flow begins with ticket sales and revenue from an operating season.*

*Ms. Marcus stated that story is familiar, but the financial downturn was not as bad as could have been, since marketing and advertising revenues went up, and that's reflected in the cost-benefit analysis. The Corporation was considering the 2020 season and 2021 seasons as washes for the purpose of the analysis, and that had been properly discounted in terms of benefit to City of this transaction. She added that the Mets were prepared for a 2021 season similar in terms of lack of revenue compared to normal years, similar to 2020.*

*Mr. Piverger asked how long their reserves could last making bond payments.*

*Mr. Omolade added that most of the savings from the refinancing would be upfront over the next couple of years. The portion of PILOT payments going to debt service would be reduced as part of the transaction, and the existing reserve fund is many times the size of the debt service over next couple of years.*

*Mr. Dinerstein said he recalled press reports stating concerns that poor ticket sales might hurt the Mets ability to pay their Citi Field debt service. He asked if those reports were accurate.*

*Mr. Omolade stated that the Mets were current on their obligations. The Mets stadium is smaller than the Yankees and attendance hasn't been as high, so they haven't generated as much revenue. But when concessions and marketing revenue are added in, they're in a good enough financial position to pay all obligations without challenges.*

*Mr. Dinerstein asked where Citi Field hosted any other events to generate additional revenue.*

*Ms. Marcus stated that they host conventions and concerts, so that is an additional revenue stream.*

*Mr. Dinerstein asked about 2,000 stadium employees whether they were employed year round.*

*Ms. Marcus noted that some of the employment is highly seasonal, and that prevailing wage and living wage protections are even more important given seasonal nature.*

*Mr. Piverger asked whether they're providing any payment guarantees.*

*Ms. Marcus stated that the ownership structure is the same for both stadium deals, and that the City would not be liable in the event of default.*

*Mr. Dinerstein asked whether TV revenues were included in the Mets revenue projections.*

*Ms. Marcus stated that marketing and advertising was included.*

*Mr. Dinerstein stated that since there are no events or attendance currently, he was interested in knowing whether there was television revenue there to continue to pay bonds.*

*Ms. Marcus state that advertising revenue encompasses TV revenue.*

*The committee recommended the Project to seek authorization at the January 19th Board meeting.*

Noah Schumer (Mar 15, 2021 12:21 EDT)

Noah Schumer
Assistant Secretary