

**Build NYC Resource Corporation
Finance Committee Discussion**

The Finance Committee convened on January 27, 2023, to discuss the following projects:

- Associated Beth Rivkah School for Girls
- Little Red School House and Elisabeth Irwin High School Inc.

Finance Committee Members: Anthony Del Vecchio and Jacques-Philippe Piverger

Build NYC Staff Members: Emily Marcus Falda, Noah Schumer, Christine Robinson, Weston Rich, Joseph Taecker-Wyss, and Leyla Arcasoy

Start: 3:53 PM

End: 4:09 PM

Associated Beth Rivkah School for Girls

Associated Beth Rivkah School for Girls (the "School" or the "Borrower") is a New York religious corporation exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The Borrower provides a pre-kindergarten through grade twelve and post-secondary education in Judaic and general studies for girls. The Borrower is seeking approximately \$32,500,000 in tax-exempt and taxable revenue bonds (the "Bonds"). Proceeds of the Bonds will be used to: (i) refinance \$4,339,000 outstanding balance of a taxable loan that was funded in the original amount of \$4,500,000, the proceeds of which were used to refinance prior outstanding loans and fund the purchase and maintenance of equipment, which equipment was used at one or more facilities located at 470 Lefferts Avenue, Brooklyn, New York, 370 Crown Street, Brooklyn, New York and 310 Crown Street, Brooklyn, New York (the "Pre-K-12 Facility"), (ii) finance the cost of constructing, renovating, equipping, and furnishing of an 80,000 square foot seven-story building located on a 32,569 square foot parcel of land at 302 Crown Street, Brooklyn, New York (which address will be changed to 451 Montgomery Street, Brooklyn, New York) (the "Post-Secondary Facility"), (iii) fund debt service reserve funds(s); (iv) fund capitalized interest; and (v) pay for certain costs related to the issuance of the Bonds, collectively (i) through (v) constituting the "Project". The Pre-K-12 Facility is owned and operated by the Borrower as a pre-kindergarten through grade twelve school for girls and the Post-Secondary Facility is owned and, upon its completion, will be operated by the Borrower for use as a post-secondary academic institute and related dormitory for approximately 280 post-secondary students. The Post-Secondary Facility will include 180 dormitory beds, 15 classrooms, and other related student-life facilities including lounges, a garden, and a fitness center.

Mr. Del Vecchio asked whether the School had any existing dormitories or if this project is the School's first venture into student housing.

Ms. Arcasoy replied that the School currently has a more external housing structure for students.

Ms. Robinson added that the School rents properties nearby to support the students.

Mr. Del Vecchio asked if this project would be taking the place of the School's rental properties.

Ms. Arcasoy confirmed.

Mr. Piverger asked if this solution is more cost effective for the School.

Ms. Robinson confirmed.

Mr. Piverger asked Staff to share more about the school and its performance.

Ms. Arcasoy replied that the School's academic performance is comparable to State and City levels. Ms. Arcasoy added that in regard to Regents exams, students excel in ELA and Algebra II.

Ms. Robinson added that the School has a graduation rate of approximately 88% and of that amount, 40% of graduating students work in the field of education.

Mr. Piverger asked what percentage of the school identifies as Hasidic.

Ms. Robinson replied that the School is 100% Hasidic.

Mr. Piverger asked whether the school meets the Corporation's school requirements.

Ms. Robinson confirmed.

Mr. Schumer added that Bond Counsel has reviewed the project closely.

The Committee recommended the Project to seek authorization at the February 14th Board meeting.

Little Red School House and Elisabeth Irwin High School Inc.

Little Red School House and Elisabeth Irwin High School Inc., a New York not-for-profit corporation which is exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), as borrower (the "Borrower"), is seeking approximately \$13,000,000 in tax-exempt and/or taxable revenue notes (the "Notes"). Proceeds of the Notes will be used, along with other funds of the Borrower, to: (i) refinance existing Build NYC Resource Corporation Tax-Exempt Revenue Bonds (2013 Little Red School House and Elisabeth Irwin High School Project) issued in the original principal amount of \$9,650,000 and currently outstanding principal amount of \$7,699,721 and used to (a) refund New York City Industrial Development Agency Civic Facility Revenue Bonds, Series 1998B (1998 Little Red School House Project), the proceeds of which were used to (1) finance the expansion, renovation and equipping of the Borrower's 44,233 square foot education facility located at 196 and 200-202 Bleecker Street, New York, New York 10012 (the "Bleecker Street Facility") and 49,739 square foot educational facility located at 40 Charlton Street, New York, New York 10014 (the "Charlton Street Facility"), (2) refinance a mortgage loan in the amount of \$200,000 the proceeds of which were used to improve the Bleecker Street Facility, (b) refinance commercial loans that were used to finance the costs of expansion, renovation and equipping of the Borrower's education facilities located at the Charlton Street Facility, and (c) pay for certain costs related to the issuance of the bonds; (ii) refinance a portion of a separate commercial mortgage loan (the "Mortgage Loan") of the Borrower in the outstanding amount of \$4,179,205, the proceeds of which financed certain costs incurred in connection with the acquisition of a 7,464 square foot theater and duplex apartment located at 15 Vandam Street, New York, New York 10014; and (iii) pay for certain costs related to the issuance of the Notes. The Bleecker Street Facility and the Charlton Street Facility will be owned and operated by the Borrower as an independent educational institution for students in pre-kindergarten through Grade 12.

Mr. Del Vecchio noted that First Republic Bank is the lender for the project and Republic Bank is the lender for the former project. Mr. Del Vecchio asked if the two banks were the same.

Ms. Robinson replied that First Republic Bank and Republic Bank are two separate financial institutions.

Ms. Marcus Falda added that First Republic Bank refers to bonds as notes, which is why the presentation makes reference to notes rather than bonds.

Mr. Piverger noted the Corporation's previous financial assistance provided to the School and asked if the Corporation has had a satisfactory experience working with the School.

Mr. Rich replied that the Corporation conducted a compliance check on the School and that they are in good standing.

Mr. Del Vecchio asked what the rates on the School's current loans are.

Mr. Rich replied that the tax-exempt loan has an interest rate of approximately 2.66% and the taxable loan has an interest rate of approximately 5.43%. Mr. Rich noted that the current interest rates will switch to the Prime rate when LIBOR is no longer available, which will increase the current rates.

Ms. Robinson added that the School has an upcoming balloon payment.

Mr. Rich agreed and added that the balloon payment is \$4.1 million, in relation to the 2018 commercial mortgage loan, and payable in October 2023.

Mr. Del Vecchio asked for how long the balloon payment will be deferred under the terms of the refinancing.

Mr. Rich replied 30 years.

Mr. Del Vecchio and Mr. Piverger voiced their support of the project.

The Committee recommended the Project to seek authorization at the February 14th Board meeting.

Emily Marcus Falda

Emily Marcus Falda
Executive Director, Build NYC