MINUTES OF THE
MEETING OF THE BOARD OF DIRECTORS
OF
BUILD NYC RESOURCE CORPORATION
HELD IN-PERSON AT THE ONE LIBERTY PLAZA OFFICES OF
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
APRIL 25, 2023

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

Andrew Kimball (Chairperson)
Nate Bliss, alternate for Maria Torres-Springer,
    Deputy Mayor for Housing and Economic Development
Francesco Brindisi, alternate for Brad Lander
    Comptroller of The City of New York
Albert De Leon
Anthony Del Vecchio
Janet Mejia-Peguero
Douglas Rose, alternate for Dan Garodnick,
    Chair of the City Planning Commission of The City of New York
Shanel Thomas
Betty Woo, alternate for Hon. Sylvia Hinds-Radix,
    Corporation Counsel of The City of New York

The following directors and alternates were not present:

HeeWon Brindle-Khym
Khary Cuffe
Jacques-Philippe Piverger
James Prendamano

Andrew Kimball, President of New York City Economic Development Corporation ("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 9:51 a.m., at which point a quorum was present.

1. Adoption of the Minutes of the March 7, 2023 Board Meeting

Mr. Kimball asked if there were any comments or questions relating to the minutes of the March 7, 2023 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 March 31, 2023 (Unaudited)

Carol Ann Butler, an Assistant Vice President for NYCEDC, presented the Corporation's Financial Statements for the nine-month period ending March 31, 2023 (Unaudited). Ms. Butler reported that for the nine-month period the Agency recognized revenues from project finance fees from twelve transactions totaling $2.6 million. Ms. Butler reported that for the nine-month period the Corporation recognized revenues derived from compliance, application, post-closing and other fees in the amount of $218,000. Ms. Butler also reported that $1.7 million in operating expenses, largely consisting of the monthly management fee, were recorded for the Corporation for the nine-month period that ended on March 31, 2023 (Unaudited).

3. Fiscal Year 2024 Budget

Noah Schumer, an Assistant Vice President for NYCEDC and Deputy Executive Director of the Corporation, presented for review and approval the Corporation's Fiscal Year 2024 Budget (the "Budget"). Mr. Schumer stated that the purpose of the presentation was to obtain approval by the Board of the Budget as required under the Public Authorities Accountability Act. Mr. Schumer presented figures in respect of the Corporation's actual and projected revenues and expenses and provided comparisons against previous fiscal years attached hereto as Exhibit A.

Mr. Schumer stated that this fiscal year Corporation staff expect to close 14 transactions totaling nearly $600 million in total issuance amount. The projected total operating revenue for this fiscal year is approximately $3.3 million which slightly exceeds last year's total operating revenue by around $150,000 and as is typical for Corporation projects from a variety of sectors closed including charter schools, independent schools and social service organizations. So this slide shows the anticipated changes between the Corporations financial performance in this past fiscal year and the upcoming fiscal year. Corporation staff expect the number of closed transactions to remain relatively consistent in the upcoming fiscal year as compared to the current one and in fiscal year 2024 Corporation staff project a modest 5% growth in the financing fee revenue that comes into the Corporation. Corporation staff also expect total bond issuance amount to remain relatively constant, despite some macro headwinds in the market. In fiscal year 2023 the Corporation's annual contract fee with NYCEDC was $2.2 million which will not change in the new fiscal year. The corporation is also expecting $0 in purchase agreement expenses in fiscal year 2023 but Corporation staff are budgeting for $3 million and for fiscal year 2024 to support new initiatives that will be presented to the Board of Directors later this year for a vote on the actual items of what those would be. This slide shows the historical performance and operating projections of Build NYC and in fiscal year 2024

Corporaiton staff are projecting an operating surplus of almost $1 million due again to consistent revenue growth and a net operating deficit of $2 million due to the aforementioned, anticipated $3 million dollar purchase agreement. Lastly Corporation staff anticipate that net assets will increase to $10 million in fiscal year 2024 and remain well above the $8.8 million board approved minimum which is four times the annual contract fee with NYCEDC going forward through the next several years.

In response to a question from Douglas Rose, Mr. Schumer stated that he does not have a breakdown by percentage of the Corporation's financing fee revenues that came from private school transactions but Corporation staff can send him those figures right after the meeting. Ms. Marcus Falda stated that for fiscal year 2023 that figure is about 20%.

4. Omnibus Resolution for LIBOR-Based Variable Rate Conduit Bonds

Marissa Inniss, an Assistant Vice President for NYCEDC, presented an omnibus resolution authorizing certain officers of the Corporation to approve amendments to existing bonds and transaction documents necessary to replace LIBOR benchmarks with alternative benchmarks agreed upon by borrowers and bondholders with respect to outstanding variable rate bonds issued by the Corporation. Ms. Inniss described the omnibus resolution and its benefits, as reflected in Exhibit B.

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

5. FY2024 Meeting Schedule

Noah Schumer, an Assistant Vice President for NYCEDC and Deputy Executive Director of the Corporation, presented for review the Board meeting dates for Fiscal Year 2024, as reflected in Exhibit D.

There being no comments or questions, a motion to approve the schedule of the Agency's Board meeting dates for Fiscal Year 2024, attached hereto as Exhibit D, was made, seconded and unanimously approved.

6. The Browning School

Leyla Arcasoy, an Associate for NYCEDC, presented for review and adoption a bond approval and authorizing resolution for approximately $40,000,000 in tax-exempt and taxable revenue bonds for the benefit of The Browning School and recommended the Board adopt a negative declaration for this project as a SEQRA determination because the project would not have an adverse effect on the environment. Mr. Rich described the project and its benefits, as reflected in Exhibit E.

On behalf of the Finance Committee, Francesco Brindisi stated that Finance Committee had a very nice discussion about this project. The first series, the $25 million, which is the Bridge Level, it's essentially backed by a capital fundraising program or campaign that is intended to raise $22.5 million plus it is going to be repaid using the return of a security deposit upon project completion. The second part, the $15 million, which is the permanent financing, will be repaid by normal operating revenues. The revenues per pupil are expected to be approximately $60,000 in 2024 and 2025 and grow to $83,600 by 2031 and 2032 which is a 7% growth rate. Mr. Brindisi stated that the Finance Committee believes that, as far as the permanent financing is concerned, there is enough in operating revenues to believe that this is not going to be an issue and that the main take away is that there is a substantial capacity to raise money by the school which will back their current bond which I think will be $6 or $6.5 million by June. On behalf of the Finance Committee, Mr. Brindisi stated that this is an acceptable project.

In response to a question from Ms. Thomas, Ms. Arcasoy stated that tuition reimbursement and scholarships are available to those who demonstrate a financial need, there are no merit scholarships and 20% of students are receiving some form of financial aid this academic year. Mr. Brindisi asked for more information regarding the public benefits because they already have 22% of financial aid so there is no change in their policy. Ms. Marcus Falda stated that Mr. Brindisi was referring to the Corporation's Prive School Policy of which there are four components: (i) a financial aid requirement, (ii) a scholarship requirement, (iii) a higher financing fee is charged to private schools so they pay more compared to other not-for-profits, and (iv) the last and largest benefit to the community is that the school will be subject to a facility sharing requirement which means they have to make their facilities available to public schools and not-for-profit organizations for a minimum of 10 events across 100 hours per year which they must demonstrate to Corporation staff.

Mr. Rose stated that the zoning for this project location wasn't quite right and so the school had to apply for a waiver, which they got from the Board of Standards and appeals last month, so that's all cleared up now. Mr. Rose stated that in terms of design the project location used to be a parking garage which you can see on the left-hand portion of the slide and so he wanted to commend the school and owner of the building for the creative reuse of this existing structure and for maintaining the original facade.

There being no further comments or questions, a motion to approve the bond approval and authorizing resolution and SEQRA determination, attached hereto as <u>Exhibit F</u>, for the benefit of The Browning School was made, seconded and unanimously approved.

7. 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 10:07 a.m.

Arthur Hansson
Assistant Secretary

Dated: June 6, 2023
New York, New York

Exhibit A

## BUILD NYC RESOURCE CORPORATION
## FISCAL YEAR 2024 BUDGET

| | FY 2022 Actual | FY 2023 Budget | FY 2023 Proj. Year-End Actual | FY 2024 Budget | FY 2025 Budget | FY 2026 Budget | FY 2027 Budget |
|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | |
| Financing Fees* | $ 2,777,751 | $ 3,877,777 | $ 2,821,625 | $ 2,962,706 | $ 3,110,842 | $ 3,266,384 | $ 3,429,703 |
| Application Fees | 120,000 | 84,525 | 75,000 | 78,750 | 82,688 | 86,822 | 91,163 |
| Compliance & Post Closing Fees | 208,700 | 238,704 | 209,637 | 213,829 | 218,106 | 222,468 | 226,917 |
| Investment Income | 5,614 | 34,862 | 167,792 | 100,000 | 100,000 | 100,000 | 100,000 |
| Other Income | (20,674) | 9,573 | 3,000 | 3,060 | 3,121 | 3,184 | 3,247 |
| **TOTAL REVENUES** | **$ 3,091,390** | **$ 4,245,441** | **$ 3,277,053** | **$ 3,358,346** | **$ 3,514,756** | **$ 3,678,857** | **$ 3,851,031** |
| **EXPENSES** | | | | | | | |
| Contract Fee | $ 2,200,000 | $ 2,200,000 | $ 2,200,000 | $ 2,200,000 | $ 2,200,000 | $ 2,200,000 | $ 2,200,000 |
| Legal/Audit Fees | 40,000 | 38,723 | 38,723 | 39,885 | 41,081 | 42,314 | 43,583 |
| Outreach / Marketing | - | 5,000 | 5,000 | 20,000 | 20,000 | 20,000 | 20,000 |
| Public Notice Fees | 40,289 | 27,886 | 36,812 | 38,652 | 40,585 | 42,614 | 44,745 |
| Miscellaneous Expenses | 679 | 2,000 | 2,000 | 100,000 | 50,000 | 50,000 | 50,000 |
| **TOTAL EXPENSES** | **$ 2,280,968** | **$ 2,273,609** | **$ 2,282,535** | **$ 2,398,537** | **$ 2,351,666** | **$ 2,354,928** | **$ 2,358,328** |
| **OPERATING EXCESS FROM BUILD NYC OPERATIONS** | **$ 810,423** | **$ 1,971,833** | **$ 994,519** | **$ 959,809** | **$ 1,163,090** | **$ 1,323,930** | **$ 1,492,703** |
| **PURCHASE AGREEMENTS** | | | | | | | |
| Less: Purchase Agreements** | - | 3,400,000 | - | 3,000,000 | 623,040 | 893,065 | 1,108,497 |
| **NET OPERATING EXCESS / (DEFICIT)** | **$ 810,423** | **$ (1,428,167)** | **$ 994,519** | **$ (2,040,191)** | **$ 540,050** | **$ 430,864** | **$ 384,205** |

## BUILD NYC RESOURCE CORPORATION
## NET ASSETS

| | FY 2022 Actual | FY 2023 Budget | FY 2023 Proj. Year-End Actual | FY 2024 Budget | FY 2025 Budget | FY 2026 Budget | FY 2027 Budget |
|---|---|---|---|---|---|---|---|
| Unrestricted Net Assets (Beginning) | $ 7,281,330 | $ 8,492,442 | $ 8,091,753 | $ 9,086,271 | $ 10,046,080 | $ 10,586,130 | $ 11,016,995 |
| Operating Excess/(Deficit) | 810,423 | (1,428,167) | 994,519 | (2,040,191) | 540,050 | 430,864 | 384,205 |
| Add-back of Purchase Agreement Loans Receivable | - | 3,400,000 | - | 3,000,000 | - | - | - |
| **UNRESTRICTED NET ASSETS (ENDING)** | **$ 8,091,753** | **$ 10,464,275** | **$ 9,086,271** | **$ 10,046,080** | **$ 10,586,130** | **$ 11,016,995** | **$ 11,401,200** |

* FY23 projected year-end financing fees are based on 14 transactions; FY24 financing fees are based on a growth of 5% year-over-year

** Pursuant to various Board approved agreements between the Corporation and NYCEDC, the Corporation is committed to fund various projects being performed by NYCEDC related to the City's economic and industrial development projects and initiatives

**BUILD NYC RESOURCE CORPORATION**
**BUDGETED REVENUES, EXPENDITURES, AND CHANGES IN CURRENT NET ASSETS**
(Office of the State Comptroller's Submission Format)

| | Last Year (Actual) 2022 | Current Year (Estimated) 2023 | Next Year (Adopted)* 2024 | Proposed 2025 | Proposed 2026 | Proposed 2027 |
|---|---|---|---|---|---|---|
| **REVENUE & FINANCIAL SOURCES** | | | | | | |
| **Operating Revenues** | | | | | | |
| Charges for services | 3,106,451 | 3,106,262 | 3,255,286 | 3,411,635 | 3,575,674 | 3,747,783 |
| Other operating revenues | (20,674) | 3,000 | 3,060 | 3,121 | 3,184 | 3,247 |
| **Nonoperating Revenues** | | | | | | |
| Investment earnings | 5,614 | 167,792 | 100,000 | 100,000 | 100,000 | 100,000 |
| **Total Revenues & Financing Sources** | **3,091,390** | **3,277,053** | **3,358,346** | **3,514,756** | **3,678,857** | **3,851,031** |
| **EXPENDITURES** | | | | | | |
| **Operating Expenditures** | | | | | | |
| Professional services contracts | 2,280,968 | 2,282,535 | 5,398,537 | 2,974,706 | 3,247,993 | 3,466,825 |
| **Total Expenditures** | **2,280,968** | **2,282,535** | **5,398,537** | **2,974,706** | **3,247,993** | **3,466,825** |
| **Excess (deficiency) of revenues and capital contributions over expenditures** | **810,423** | **994,519** | **(2,040,191)** | **540,050** | **430,864** | **384,205** |

* The FY2024 budget will be presented to the Board of Directors on April 25, 2023.

Exhibit B

## Proposal Summary

Effective June 30, 2023, The London Interbank Offered Rate—commonly known as LIBOR, a key benchmark for setting the interest rates charged on adjustable-rate loans, will no longer be published by its administrator. This change will affect certain outstanding variable rate conduit bonds issued by the Corporation. As a result, staff requests authorization for certain officers of the Corporation to approve amendments to these bonds and to the existing applicable Transaction Documents to replace LIBOR interest rate benchmarks with alternative benchmarks agreed upon by borrowers and bondholders. Corporation staff anticipates that the Secured Overnight Financing Rate (SOFR) will be the most common replacement benchmark for contracts governed by U.S federal or state law that currently use LIBOR as a benchmark. On February 27, 2023, a SOFR based benchmark was selected by the Board of Governors of the Federal Reserve System as the default replacement benchmark for contracts governed by federal and state laws that do not contain fallback provisions for replacement benchmarks. Other potential replacement index benchmarks identified by the borrowers and bondholders for variable rate bonds issued by the Corporation include the Securities Industry and Financial Markets Association (SIFMA) index and the Wall Street Journal Prime Rate. No additional benefits will be provided to any borrower in connection with this proposed action.

## Action Requested

Approval of the attached authorizing resolution allowing certain officers of the Corporation to approve amendments to existing bonds and to the applicable Transaction Documents to replace LIBOR benchmarks with alternative benchmarks agreed upon by borrowers and bondholders with respect to outstanding variable rate bonds issued by the Corporation.

Marissa Inniss, COMP
Jill Braverman, LGL

Project Number - 5980

Exhibit C

**BUILD NYC RESOURCE CORPORATION**

**Meeting of Board of Directors – April 25, 2023**

**RESOLUTION AUTHORIZING POST-CLOSING AMENDMENTS**

**FOR TRANSACTIONS WITH LIBOR-BASED VARIABLE RATE CONDUIT BONDS**

**WHEREAS,** Build NYC Resource Corporation (the "Corporation") is committed to providing support for borrowers (each, a "Borrower") with transactions approved by the Corporation's Board of Directors (the "Board") that have closed (each, a "Project") involving bonds that bear interest at a variable interest rate (the "Bonds") based upon the U.S. Dollar London Interbank Offered Rate ("LIBOR"); and

**WHEREAS,** LIBOR will no longer be published as a benchmark index as of June 30, 2023; and

**WHEREAS,** each affected Project is currently governed by the terms and conditions of specific transaction documents including the Bonds and related agreements ("Transaction Documents"), that incorporate certain procedures and include certain covenants relating to the determination of LIBOR; and

**WHEREAS,** as a direct consequence of the end of the LIBOR index, the affected Borrowers will need to amend the Bonds and the other Transaction Documents to replace references to the LIBOR index in the Transaction Documents with alternative interest rate provisions; and

**WHEREAS,** the Corporation staff has determined that although the Secured Overnight Financing Rate that is currently published by the Federal Reserve Bank of New York (SOFR) appears to be the most common replacement benchmark for contracts governed by U.S federal or state law that currently use LIBOR as a benchmark index, other potential replacement benchmarks identified by the borrowers and bondholders on variable rate bonds issued by the Corporation also include the Securities Industry and Financial Markets Association (SIFMA) index and the Wall Street Journal Prime Rate; and

**WHEREAS,** based on this review, the Corporation staff requests the Board's authorization to delegate to certain officers of the Corporation the authority to approve the Corporation entering into amendments and/or restatements to Transaction Documents to allow the Borrowers to implement alternative interest rate setting methodologies for those Bonds currently bearing a variable rate of interest based upon LIBOR; and it is

**RESOLVED**, that with respect to Projects that have previously been authorized by the Board and for which Transaction Documents have been executed and delivered by the Corporation, the Board hereby authorizes the execution and delivery by the Corporation of any new transaction documents and/or any amendments to or restatements of, Transaction Documents (collectively, the "Authorized Post-Closing Documents") that are necessary or advisable as determined by the Chairperson, Vice Chairperson, Executive Director, Deputy Executive Director, General Counsel, or any Vice President of the Corporation to effect and/or facilitate the following post-closing amendments:

(i) to authorize the Corporation, at the request of a Borrower, to enter into amendments to the Bonds and/or related Transaction Documents, to allow a Borrower to substitute one (or more) interest rate benchmarks for references to the LIBOR index, with such amendments and/or restatements of Transaction Documents to be contingent upon obtaining any necessary approvals under the Transaction Documents (for example, the approval of the bond trustee and bondholder(s) that has provided financing for the Project); and

(ii) to allow changes to payment terms of Bonds that have been issued by the Corporation and the payment terms of the underlying loans made by the Corporation to a Borrower, provided that in each case such changes: (a) do not change the final maturity date of the Bonds, (b) receive bond trustee and bondholder consent, as applicable, in accordance with the terms of the Transaction Documents, and (c) do not result in a reissuance of the Bonds for federal tax purposes.

**RESOLVED**, that the Board of the Corporation hereby authorizes each of the Chairperson, Vice Chairperson, Executive Director, Deputy Executive Director, General Counsel and any Vice President of the Corporation to execute, acknowledge and deliver such Authorized Post- Closing Documents, and the execution and delivery of each such Authorized Post-Closing Document by one of said officers shall be conclusive evidence of due authorization and approval of such Authorized Post-Closing Document in its final form.

**RESOLVED**, that the Board of the Corporation hereby acknowledges that the authority herein granted shall be in addition to, and not in substitution of, any authorization granted by the Board in respect of any specific Project.

**RESOLVED**, that the Board of the Corporation hereby designates the officers of the Corporation as the authorized representatives of the Corporation, 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 or cause to be done any and all acts and things necessary or proper for carrying out the foregoing resolutions.

Exhibit D

**BUILD NYC RESOURCE CORPORATION**

**April 25, 2023**

Meetings of the Board of Directors and Public Hearings of the Corporation during Fiscal Year 2024 shall be held on the respective dates indicated below.

Tuesday July 25, 2023

Tuesday September 19, 2023

Wednesday November 8, 2023

Tuesday January 23, 2024

Tuesday March 12, 2024

Tuesday April 23, 2024

Tuesday June 11, 2024

Thursday July 20, 2023

Thursday September 14, 2023

Thursday November 2, 2023

Thursday January 18, 2024

Thursday March 7, 2024

Thursday April 18, 2024

Thursday June 6, 2024

Exhibit E

Build NYC Resource Corporation

FINANCING PROPOSAL
THE BROWNING SCHOOL
MEETING OF APRIL 25, 2023

## Project Summary

The Browning School (the "School" or the "Borrower") is a New York not-for-profit corporation exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The School is an independent, college preparatory school that provides an education for boys in grades kindergarten through 12. The Borrower is seeking approximately $40,000,000 in tax-exempt and taxable revenue bonds (the "Bonds"). Proceeds of the Bonds will be used to: (i) finance a portion of the costs of developing, converting and expanding an existing 5-story (plus cellar) building into a 56,900 square foot facility (and equipping, and furnishing the same) located on a 10,042 square foot parcel of land at 337 East 64th Street, New York, NY 10065 (the "Facility"); (ii) fund debt service reserve fund(s), if any; (iii) fund capitalized interest; and (iv) pay for certain costs related to the issuance of the Bonds. The School has leased the Facility and will operate such Facility as the Borrower's Upper School, which will serve approximately 200 students in grades nine through twelve. Renovations to the Facility will include the conversion of the current structure into a five-story with mezzanine level (plus cellar) educational facility, including classrooms, a biology and chemistry lab, a library, a cafeteria, common areas, administrative and faculty offices, a gymnasium and storage and support areas (the "Project").

| Project Location | Other Locations | |
|---|---|---|
| 337 East 64th Street<br>New York, NY 10065 | 40 East 62nd Street<br>New York, NY 10065 | 52 East 62nd Street<br>New York, NY 10065 |

## Action Requested

- Bond Approval and Authorizing Resolution.
- Adopt a negative SEQRA declaration for the Project. The Project will not have a significant adverse effect on the environment.

## Anticipated Closing

Spring 2023

## Impact Summary

| Employment | |
|---|---|
| Jobs at Application: | 99.5 |
| Jobs to be Created at Project Location (Year 3): | 16 |
| **Total Jobs (full-time equivalents)** | **115.5** |
| **Projected Average Hourly Wage (excluding principals)** | **$53.47** |
| **Highest Wage/Lowest Wage** | **$117.14/42.31** |

| Estimated City Tax Revenues | NPV 30 years @ 6.25% |
|---|---|
| Impact of Operations (NPV 30 years at 6.25%) | $19,680,628 |
| One-Time Impact of Renovation | $1,318,825 |
| **Total impact of operations and renovation** | **$20,999,453** |
| **Additional benefit from jobs to be created** | **$2,814,865** |

Leyla Arcasoy, SIG
Kyle Joyce, LGL

Katten Muchin Rosenman LLP
Project Number - 10393

| Estimated Cost of Benefits Requested: New York City | NPV 30 years @ 6.25% |
|---|---|
| MRT Benefit | $650,000 |
| NYC Forgone Income Tax on Bond Interest | $188,630 |
| Corporation Financing Fee | ($312,500) |
| **Total Cost to NYC Net of Financing Fee** | **$526,130** |

| **Costs of Benefits Per Job** | |
|---|---|
| Estimated Net City Cost of Benefits per Job in Year 3 | $4,555 |
| Estimated City Tax Revenue per Job in Year 3 | $206,185 |

| Estimated Cost of Benefits Requested: New York State | |
|---|---|
| MRT Benefit | $470,000 |
| NYS Forgone Income Tax on Bond Interest | $709,666 |
| **Total Cost to NYS** | **$1,179,666** |
| **Overall Total Cost to NYC and NYS** | **$1,705,796** |

## Sources and Uses

| Sources | Total Amount | Percent of Total Financing |
|---|---|---|
| Bond Proceeds | $40,000,000 | 85% |
| Capital Campaign | 5,000,000 | 11% |
| Equity | 1,850,000 | 4% |
| **Total** | **$46,850,000** | **100%** |

| Uses | Total Amount | Percent of Total Costs |
|---|---|---|
| Hard Costs | $34,059,000 | 73% |
| Soft Costs | 7,993,419 | 17% |
| Furnishings, Fixtures, & Equipment and Machinery & Equipment | 1,050,000 | 2% |
| Project Contingency | 1,397,581 | 3% |
| Bond Capitalized Interest | 1,400,000 | 3% |
| Costs of Issuance | 950,000 | 2% |
| **Total** | **$46,850,000** | **100%** |

## Fees

| | Paid At Closing | On-Going Fees (NPV, 30 Years) |
|---|---|---|
| Corporation Fee | $312,500 | |
| Bond Counsel | $135,000 | |
| Annual Corporation Fee | $1,250 | $16,755 |
| Bond Trustee Acceptance Fee | $750 | |
| Annual Bond Trustee Fee | $750 | $6,702 |
| Trustee Counsel Fee | $8,000 | |
| Total | $458,250 | $23,457 |
| **Total Fees** | $481,707 | |

## Financing and Benefits Summary

The Bonds are expected to be issued in two tax-exempt and/or taxable series that will be directly purchased by TD Bank. The first series of approximately $25,000,000 will act as a line to bridge capital campaign pledge receipts and fund interest payments following the expenditure of the second series. It is expected that this series will have a final maturity of 7 years from closing. Interest-only payments are expected to be made during the initial 30-month period, with payments equivalent to monthly interest and the minimum principal amount due commencing on the 31$^{st}$ month. This series is expected to bear an interest rate, per annum, equivalent to 81.5% of 30-day Term SOFR plus 150 basis points (indicative rate of 5.13% as of 4/13/2023). The second series of approximately $15,000,000 will be used to fund project-related costs as well as the costs of interest and issuance. It is expected that this series will have a final maturity of 30 years from closing. Interest-only payments are expected to be made during the initial 60-month period, which will then be followed by level monthly interest and principal payments made based on a 25-year amortization schedule bearing a rate of interest equivalent to approximately 4.21%. The Bonds will be secured by a leasehold mortgage on the Project property as well as a pledge of the School's gross revenues. Based on an analysis of the School's financial statements from Fiscal Year 2020, there is an expected debt service coverage ratio of 1.14x.

## Applicant Summary

First founded in 1888, The Browning School has historically been the only all-boys independent, college-preparatory school that serves students from kindergarten through grade 12 in the Upper East Side of Manhattan. With small class sizes, the School currently serves nearly 400 students and prides itself on a 5:1 student-teacher ratio. The School's mission is to provide well-rounded education to students who are naturally curious through research-based methods that emphasize character education, service learning, critical thinking, and the practical application of knowledge. The Upper School boasts a wide range of rigorous and advanced courses as well as a Distinctions program, through which students can embark on a multi-year research endeavor with a culminating presentation before their graduation. Graduates of the School continue their education at some of the top institutions in the country.

**John Botti, Head of School**
Mr. Botti was appointed as Head of School in 2016. Previously, he worked at Landon School in Bethesda, MD, where he served as an Upper School teacher, coach, and advisor for 16 years. At Landon, he also spent five years as chair of the school's Banfield Ethics Program, and five years as Associate Head of School for Academics and Cultural Programming. He holds a B.A. from Williams College, an M.Ed. from the University of Virginia, and a Ph.D. from the University of Maryland.

**I-Ming Janetta Lien, Assistant Head of School/Director of Enrollment**
Ms. Lien was appointed as Assistant Head of School in 2021 and Director of Enrollment in 2018, having previously served as Director of Middle and Upper School Admission from 2013 to 2018 and a member of the science faculty from 2005 to 2012. She holds a B.A. from Bowdoin College and an M.A. from Teachers College, Columbia University.

**John Campbell, Chief Financial Officer**
Mr. Campbell was appointed as Chief Financial Officer in 2008. Previously, he served as the Controller at The Dalton School and as CFO at the Brooklyn Friends School and Kew-Forest School. Prior to working in independent schools, he was a public accountant specializing in non-profits. He holds a B.A. in Accountancy from Hofstra University and is a Certified Public Accountant.

## Employee Benefits
School employees receive employer-sponsored healthcare, employer contributions for retirement plans, professional development training, as well as reimbursement for education expenses.

## Recapture
The mortgage recording tax benefit is subject to a 10-year recapture period.

## SEQRA Determination
Type II action, which if implemented in compliance with environmental assessment recommendations, will not result in significant adverse environmental impacts. Staff recommends the Board adopt a Negative Declaration for this project and find that there are no significant adverse environmental impacts. The completed Environmental Assessment Form for the Project has been reviewed and signed by Corporation staff.

## Due Diligence
The Corporation conducted a background investigation of the School and its respective principals and found no derogatory information.

| | |
|---|---|
| **Compliance Check:** | Not Applicable |
| **Living Wage:** | Exempt |
| **Paid Sick Leave:** | Compliant |
| **Private School Policy:** | Compliant |
| **Affordable Care Act:** | Compliant |
| **Bank Account:** | TD Bank |

| | |
|---|---|
| **Bank Check:** | Relationships are reported to be satisfactory. |
| **Supplier Checks:** | Relationships are reported to be satisfactory. |
| **Customer Checks:** | Not Applicable |
| **Unions:** | Not Applicable |
| **Background Check:** | No derogatory information was found. |
| **Attorney:** | Eileen B. Heitzler, Esq.<br>Orrick Herrington & Sutcliffe LLP.<br>51 West 52nd Street<br>New York, NY 10019 |
| **Accountant:** | Timothy O'Keefe<br>O'Keefe CPA, LLC<br>375 Fulton Street<br>Farmingdale, NY 11735 |
| **Community Board:** | Manhattan Community Board #8 |

**Board of Directors and Trustees:**

THE BROWNING SCHOOL

GRYTTE

January 23, 2023

Mrs. Emily Marcus-Falda
Executive Director – NYCIDA & BuildNYC
One Liberty Plaza
New York, New York 10006

Mrs. Emily Marcus-Falda:

Founded in 1888 by John A. Browning, The Browning School is an independent, all-boys college preparatory school serving approximately 400 students in grades K through 12. The School respectfully requests that Build NYC Resource Corporation serve as the issuer for its proposed tax-exempt financing. Proceeds of the proposed transaction, in an amount of up to $40,000,000, would be used to (i) fund a portion of the cost of renovating, developing, and furnishing a 5-story (plus cellar) leased facility located at 337 East 64th Street in New York City, (ii) fund interest during the construction period, and (iii) fund a portion of transaction related costs (collectively, the "Project"). The total cost of the Project is estimated to be approximately $46,850,000.

The Project will enhance the School's ability to further its educational mission of "fostering the growth of courageous and compassionate men of intellect and integrity who aspire to contribute meaningfully to our world". The Project will include a cafeteria, library, outdoor dining area, classrooms, a biology and chemistry lab, a regulation size gymnasium and more, allowing the School to accommodate its growing student body and expanding, innovative curriculum. But-for a lower tax-exempt interest rate and other ancillary benefits offered by a Build NYC financing, the School would not be in a position to affordably finance the Project. Equally important, the savings will allow the School to reduce the costs passed through to its students and their families and will improve its capacity to provide financial aid to families with limited resources.

We sincerely appreciate your consideration of this request. If you have any questions, please feel free to call or email me directly.

Sincerely,

John Campbell

Exhibit F

**RESOLUTION APPROVING THE FINANCING OF AN EDUCATIONAL FACILITY FOR THE BROWNING SCHOOL AND AUTHORIZING THE ISSUANCE AND SALE OF APPROXIMATELY $40,000,000 TAX EXEMPT AND/OR TAXABLE REVENUE BONDS (THE BROWNING SCHOOL PROJECT), SERIES 2023 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 Browning School, a New York not-for-profit corporation exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Applicant"), entered into negotiations with officials of the Issuer to: (i) finance the cost of developing, converting and expanding an existing 5-story (plus cellar) building into a 56,900 square foot facility (and equipping, and furnishing the same) located on a 10,042 square foot parcel of land at 337 East 64th Street, New York, New York 10065 (the "Facility"); (ii) fund debt service reserve fund(s), if any; (iii) fund capitalized interest; and (iv) pay for certain costs related to the issuance of the bonds and other costs relating to the Facility, which Facility will be leased and operated by the Applicant as the Applicant's Upper School which will serve approximately 200 students in grades nine through 12 (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 currently serves as an independent, college preparatory school that provides an education for boys in grades kindergarten through 12; that the Applicant is seeking to expand its current facility; that the Applicant employs approximately 99.5 full-time equivalent employees in the City and expects to create approximately 16 new full time jobs at the Facility within the next three years; that the Issuer's financing assistance will provide savings to the Applicant which will allow it to redirect financial resources to educational purposes; and that, therefore, the Issuer's financing assistance is necessary to assist the Applicant in proceeding 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 and/or taxable revenue bonds (The Browning School Project), Series 2023, 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 The Bank of New York Mellon, 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 leasehold 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") and will be further secured by a pledge of the Applicant's gross revenues;

**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 December 31, 2053 (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 TD Bank, N.A., 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 City and Sate mortgage recording taxes.

**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 New York City Board of Standards and Appeals ("BSA" or the "Lead Agency") assumed Lead Agency status for the review of the proposed Project and determined that the proposed action related to the building is an Unlisted action pursuant 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. Pursuant to the methodology of the 2021 CEQR Technical Manual, a Final Environmental Assessment Statement ("FEAS"; CEQR No. 22BSA024M) was prepared for the proposed project to facilitate the conversion and enlargement of a building, intended to serve the Browning School, contrary to height regulations as per Zoning Resolution ("ZR") 23-662 and ZR 35-652, and minimum rear yard and open area requirements per ZR 33-292.

The Issuer finds that, with respect to the findings and resolution of the Lead Agency for the proposed Project, attached as Exhibit A, the Final Environmental Assessment Statement ("FEAS"; CEQR No. 22BSA024M) has made a thorough and comprehensive analysis of the relevant areas of concern under SEQRA and its implementing regulations, considered a reasonable range of alternatives, appropriately assessed the potential environmental and land use impacts of the FEAS Proposed Action, identified measures to avoid or mitigate adverse impacts to the extent practicable and set forth appropriate conditions to be imposed as conditions of approval. Furthermore, the Issuer has carefully considered the Lead Agency's Negative Declaration and finds that this document is an accurate reflection of the FEAS findings related to the Issuer proposed action. The Board of Directors of the Issuer hereby adopts and incorporates by reference the Lead Agency's Resolution and Findings Statement dated March 13, 2023 and filed on April 4, 2023, attached hereto as Exhibit A (including the conditions therein) and determines the Project to be an Unlisted Action.

Having considered the FEAS and the Lead Agency's Negative Declaration, the Issuer certifies that:

(a) The requirements of SEQRA, including 6 NYCRR § 617.9, have been met and fully satisfied;

(b) The Issuer has considered the relevant environmental assessment, facts and conclusions disclosed in the FEAS and in the Lead Agency's Negative Declaration and weighed and balanced relevant environmental assessment with social, economic, and other considerations; and

(c) The Lead Agency's resolution is subject to the following conditions:

1. THAT the bulk parameters of the building shall be as follows: a maximum height of 83′-2.25″ above base plane; a rear yard with a depth of 9′-11″ along 75% of the yard at the first floor and above and 0′-0″ at 25% of the yard at the first floor and above; and an enclosed stairway to be located at the northeast corner of the site;

2. THAT the proposed project shall exclusively use natural gas or electric to power the HVAC systems;

3. THAT if natural gas is utilized, the HVAC must be fitted with a low Nitro Oxygen ("NOx") 30 PPM burner and the HVAC stack of the proposed building must be located at least 70 feet from the eastern lot line facing First Avenue;

4. THAT all curb cuts and sidewalk improvements are for illustrative purposes only and will require New York City Department of Transportation ("DOT") review and approval post BSA approval;

5. THAT a draft Builder's Pavement Plan ("BPP") shall be provided to DOT for review and approval, prior to final approval from New York City Department of Buildings ("DOB");

6. THAT improvements to the streets as per the approved BPP shall be completed prior to obtaining a Temporary Certificate of Occupancy ("TCO");

7. THAT the school loading zone will be installed along the entirety of the frontage by NYS DOT;

8. THAT a professional engineer ("P.E.") will certify a closure report at the completion of all remedial activities associated with the site, including installation of a waterproofing Vapor Barrier System;

9. THAT the closure report will be submitted to New York City Department of Environmental Protection ("DEP") for review and approval;

10. THAT a certificate of occupancy, also indicating this approval and calendar number ("BSA Cal. No. 2022-31-BZ"), shall be obtained within four years, by March 13, 2027;

11. THAT this approval is limited to the relief granted by the Board in response to objections cited and filed by the DOB;

12. THAT the approved plans shall be considered approved only for the portions related to the specific relief granted; and

13. THAT the DOB must ensure compliance with all other applicable provisions of the Zoning Resolution, the Administrative Code and any other relevant laws under its jurisdiction irrespective of plans or configurations not related to the relief granted.

**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: April 25, 2023

Accepted: April __, 2023

**THE BROWNING SCHOOL**

By: ___________________________________

Name:

Title:

Exhibit A

Resolution of the New York City Board of Standards and Appeals