

**Build NYC Resource Corporation
Finance Committee Discussion**

The Finance Committee convened on March 6, 2024, to discuss the following project:

- Tremont Park Facility LLC

Finance Committee Members: Ellen Baer, Richard Eaddy, and Randy Peers

Build NYC and NYCEDC Staff Members: Brinda Ganguly, Emily Marcus Falda, Noah Schumer, Weston Rich, Sophie King, Joseph Taecker-Wyss, and Leyla Arcasoy

Start: 1:00 PM

End: 1:30 PM

Tremont Park Facility LLC

The borrower will be Tremont Park Facility LLC, which is a New York limited liability company and a disregarded entity for federal income tax purposes (the “Borrower”), whose sole member is Zeta Charter Schools, Inc. (“Zeta CMO”), a Delaware 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”). Zeta CMO is a charter management organization founded to provide academic and business services to Zeta Charter Schools – New York City (“Zeta NYC”), a New York not-for-profit education corporation exempt from federal taxation pursuant to Section 501(c)(3) of the Code, which operates public charter schools. The Borrower is seeking \$62,000,000 in tax-exempt bonds (the “Bonds”). The Bonds will be issued as part of a plan of finance of qualified 501(c)(3) bonds for educational facilities under Section 145 of the Code. Proceeds of the Bonds will be used to finance or refinance: (i) the acquisition by the Borrower of a 2,503 square foot parcel of land located at 4261 Third Avenue, Bronx, New York (the “4261 Parcel”) and a 10,868 square foot parcel of land located at 4263 Third Avenue, Bronx, New York (the “4263 Parcel” and together with the 4261 Parcel, the “Land”); (ii) demolition of an existing 9,800 square foot, one-story building located on the 4263 Parcel and the subsequent construction and equipping of a new six-story 63,554 square foot facility on the Land (the “Facility”); and (iii) certain costs related to the issuance of the Bonds (the “Project”). The Facility will be owned by the Borrower and leased to Zeta NYC, which will operate the Facility as a public charter school serving approximately 630 students in pre-kindergarten and Grades 3 to 5.

Mr. Peers asked for the respective prices of the two parcels being acquired by Zeta, and questioned whether Zeta had any market analysis justifying the sales price. Mr. Peers commented that \$7.6M did not seem unreasonable but wanted to ensure Zeta was receiving a fair price.

Mr. Rich replied that Build NYC did not know the sale prices of each parcel individually, and that each parcel had the same owner, so that they may be sold together under one price. Build NYC staff confirmed they would follow up with Zeta regarding the sales price of each parcel and inquire about a market analysis.

Mr. Eaddy asked if the school was allowed as-of-right or required a BSA.

Mr. Rich responded that the zoning is M1-4 mixed use which allows for school development as-of-right. Mr. Rich continued, commenting that there was an E-designation on the site which required a Phase II review by the City’s OER department.

Ms. Baer asked if this is the first facility that Zeta would own, adding that her understanding was most of their facilities were leased.

Mr. Rich confirmed, replying that Zeta currently leases five facilities but anticipates ownership will be a bigger part of their real estate model going forward.

Mrs. Marcus Falda added that Build NYC was aware of additional projects being contemplated by Zeta in the near future.

Mr. Eaddy asked how many schools Zeta operates.

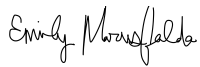
Mr. Schumer replied that Zeta operates five school facilities.

Mr. Rich added that Zeta has four charters authorized.

Mr. Peers asked if the new school would replace the existing school.

Mr. Rich replied that the new school will serve as an extension to the existing Tremont Park Elementary School.

The Committee recommended the Project to seek authorization at the March 12th Board meeting.



Emily Marcus Falda
Executive Director, Build NYC