

Build NYC Resource Corporation Finance Committee Discussion

The Finance Committee convened on April 5, 2019 to discuss the following projects:

- Bais Yaakov Dkhal Adas Yereim
- Success Academy Brook Ave., LLC

Finance Committee Members: Barry Dinerstein, Andrea Feirstein and Jacques-Philippe Piverger.

Build NYC Staff Members: Nicholas Lyos, Emily Marcus, Krishna Omolade.

Start: 11:15 AM

End: 11:45 AM

Bais Yaakov Dkhal Adas Yereim

Bais Yaakov Dkhal Adas Yereim ("School"), a New York not-for-profit religious corporation exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") is seeking approximately \$16,000,000 in tax-exempt revenue bonds (the "Bonds"). Proceeds from the Bonds, along with other funds available to the School, will be used to finance, refinance and/or reimburse: (1) costs of acquisition, construction, renovation, equipping, and furnishing of a new approximately 70,016 square foot, three-story facility located on an approximately 21,481 square foot parcel of land located at 184 Nostrand Avenue, Brooklyn, New York 11205 ("Facility"), (2) capitalized interest on the Bonds, and (3) costs of issuance related to the issuance of the Bonds. The Facility will be owned and operated by the School as an independent Jewish day school for girls in grades pre-kindergarten through Grade 12.

Mr. Dinerstein asked how long the School has been operating, and if they have any existing debt.

Mr. Lyos responded that the School was founded in 1990 and that they have very little existing debt.

Ms. Feirstein asked how long the construction period for the new Facility would be.

Mr. Lyos responded that there is approximately 24-30 months estimated for construction.

Mr. Piverger asked what tuition costs per student.

Mr. Lyos responded that tuition is approximately \$3,000 per year.

Ms. Feirstein stated that the debt service coverage ratio is low, but that she understands it was calculated using the most conservative method.

The committee recommended the Project to seek authorization at the April 9th Board meeting.

Success Academy Brook Ave., LLC

Success Brook Ave., LLC (“SABA LLC”), a Delaware limited liability company, the sole member of which is Success Academy Charter Schools, Inc. (“SACS, Inc.”), a Delaware not-for-profit corporation exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), and collectively with SABA LLC, as “Borrower”, is seeking approximately \$20,000,000 in taxable revenue bonds (the “Bonds”). Proceeds from the Bonds will be loaned to SABA LLC, which will loan such proceeds to SACS, Inc., for the purpose of refinancing an existing loan to reimburse it for expenditures related to the acquisition, renovation, furnishing and equipping of an approximately 109,000 square foot condominium located on an approximately 17,528 square foot parcel of land located at 500 West 41st Street, New York, New York 10018. The condominium is owned by SACS, Inc. and leased to Success Academy Charter Schools – NYC, which is a New York not-for-profit corporation exempt from federal taxation pursuant to Section 501(c)(3) of the Code and which is using the condominium as a public charter elementary and middle school and training facility.

Ms. Feirstein asked why the bonds are being issued as taxable bonds.

Ms. Marcus responded that the Borrower’s Board failed to pass a Reimbursement Resolution before initially refinancing the project costs, rendering the Borrower ineligible to seek tax-exempt bonds for this purpose.

Mr. Dinerstein asked if there is a connection between the Bronx project (tax-exempt issuance) and the Manhattan project (taxable issuance).

Ms. Marcus responded that there is no connection between the two projects, other than the decision to seek financing for both at the same time.

Ms. Feirstein asked if the debt service coverage ratio of 1.85x is for the taxable and the tax-exempt issuance combined.

Ms. Marcus confirmed that the debt service coverage ratio is for the taxable and tax-exempt issuances combined.

The committee recommended the Project to seek authorization at the April 9th Board meeting.

Mr. Omolade provided the following information to Committee Members via email on Monday, April 8th:

Bais Yaakov Dkhal Adas Yereim is currently leasing their existing Brooklyn location. They spend close to \$600,000 annually on rent at this location; as a result of building the new facility they will be able to relocate to the new location and will have additional revenue available to pay debt service. When this is taken into account, the anticipated debt service coverage ratio is approximately 1.5x.