



DASNY

ANDREW M. CUOMO
Governor

ALFONSO L. CARNEY, JR.
Chair

GERRARD P. BUSHELL, Ph.D.
President & CEO

Memorandum

TO: Robert S. Derico, R.A., Acting Director, Office of Environmental Affairs

FROM: Sara E. Stein, AICP, Senior Environmental Manager 

DATE: April 3, 2019

RE: *State Environmental Quality Review (SEQR) Type II Determination* for the Brooklyn Law School 2019 Refunding Project (Independent Colleges and Universities Program)

The Dormitory Authority of the State of New York (“DASNY”) has received a funding request from Brooklyn Law School (the “Law School”) for its 2019 Refunding Project (the “Proposed Project”) pursuant to DASNY’s Independent Colleges and Universities Program. Accordingly, the Proposed Project is subject to environmental review pursuant to the *State Environmental Quality Review Act (“SEQRA”)*. Based on a review of the attached *Single Approval Transaction Summary* dated March 29, 2019, and supporting documentation provided by a representative of the Law School, the Proposed Action would consist of DASNY’s authorization of an aggregate amount not to exceed \$40,000,000 in one or more series of fixed- and/or variable-rate, tax-exempt and/or taxable, Series 2019 bonds to be sold at one or more times through a negotiated offering and/or private placement on behalf of the Law School. More specifically, the proceeds of DASNY’s bond issuance would be used to refund DASNY’s Brooklyn Law School Revenue Bonds, Series 2009 and Series 2012A.

About the Institution

Founded in 1901, Brooklyn Law School is one of the largest and oldest independent law schools in the United States. The Law School operates under a charter granted by the Board of Regents of the State of New York, and it is accredited by the American Bar Association. The Law School is a member of the Association of American Law Schools and offers an accelerated 2-year program, a standard 3-year program and an extended 4-year program, all leading to a Juris Doctor degree.

The Law School offers certificates in entrepreneurship law, business law, criminal law, intellectual property law, media and information law, international law and real estate law. The Law School also offers Joint Degree Programs in cooperation with Baruch College, Hunter College and Pratt Institute. The Law School is currently governed by a Board of Trustees consisting of 20 members and has an alumni network of nearly 23,000 graduates worldwide.¹

¹ <https://www.brooklaw.edu/about-us/about.aspx>.

State Environmental Quality Review

DASNY completed this environmental review in accordance with the *SEQRA*, codified at Article 8 of the New York *Environmental Conservation Law* (“*ECL*”), and its implementing regulations, promulgated at Part 617 of Title 6 of the *New York Codes, Rules and Regulations* (“*N.Y.C.R.R.*”), which collectively contain the requirements for the *State Environmental Quality Review* (“*SEQR*”) process. The DASNY bonds would be used to refund all or a portion of the outstanding DASNY Series 2009 and 2012A bonds that were issued on behalf of the Law School. “*Investments by or on behalf of agencies or pension or retirement systems, or refinancing existing debt*” is a Type II action as specifically designated by 6 *N.Y.C.R.R.* § 617.5(c)(29) of *SEQR*. Type II “actions have been determined not to have significant impact on the environment or are otherwise precluded from environmental review under *ECL*, Article 8 (6 *N.Y.C.R.R.* § 617.5[a]).” Therefore, no further *SEQR* determination or procedure is required for any component of the Proposed Project identified as Type II at this time.

State Historic Preservation Act

The Proposed Project was also reviewed in conformance with the *New York State Historic Preservation Act of 1980* (“*SHPA*”), especially the implementing regulations of Section 14.09 of the *Parks, Recreation and Historic Preservation Law* (“*PRHPL*”), as well as with the requirements of the Memorandum of Understanding (“*MOU*”), dated March 18, 1998, between DASNY and the New York State Office of Parks, Recreation and Historic Preservation (“*OPRHP*”). In compliance with Article III, Section 3.0 of the *MOU*, *OPRHP* would be notified of the Proposed Project being funded with bond proceeds. It is the opinion of DASNY that the Proposed Project would have no impact on historical or cultural resources in or eligible for inclusion in the State and National Registers of Historic Places (“*S/NR*”).

Attachments

cc: Dena T. Amodio, Esq.
Matthew T. Bergin
SEQR File
OPRHP Letter

Single Approval Transaction Summary

Brooklyn Law School
Brooklyn, New York

March 29, 2019

Program: Independent Colleges & Universities

Purpose: Refunding

New Issue Details

One or more series of fixed and/or variable rate, tax-exempt and/or taxable bonds in an aggregate amount not to exceed \$40,000,000 with maturities not to exceed 15 years are to be sold at one or more times through a negotiated offering and/or a private placement.

- Lead Manager – J.P. Morgan Securities LLC
- Bond Counsel – Bryant Rabbino LLP
- Underwriters' Counsel – Katten Muchin Rosenman LLP

Purpose

- Refunding of DASNY's Brooklyn Law School Revenue Bonds, Series 2009 (\$22.3 million).
- Refunding of DASNY's Brooklyn Law School Revenue Bonds, Series 2012A (\$16.4 million).

Security

- Pledge of tuition and fees equal to maximum annual debt service.
- Negative pledge on encumbering the Law School's main facilities.

Expected Rating: Moody's: Baa1

Overview

Founded in 1901, Brooklyn Law School (the "Law School") is one of the largest and oldest independent law schools in the United States. The Law School operates under a charter granted by the Board of Regents of the State of New York, is accredited by the American Bar Association, and is a member of the Association of American Law Schools. The Law School offers an accelerated 2-year program, a standard 3-year program and an extended 4-year program, all leading to a Juris Doctor degree. Students admitted to the Law School are required to hold a baccalaureate degree granted by an accredited college or university. The Law School offers certificates in entrepreneurship

law, business law, criminal law, intellectual property, media and information law, international law and real estate law. The Law School also offers Joint Degree Programs in cooperation with Baruch College, Hunter College and Pratt Institute. The Law School is governed by a Board of Trustees currently consisting of 20 members.

Description of the Series 2019 Bonds

- The Bonds are a special obligation of DASNY.
- The Loan Agreement(s) is a general obligation of the Law School.
- The Bonds are payable from payments made under the Loan Agreement(s) and all funds and accounts established under the Resolution.

Approvals

- SEQR Filing – April 8, 2019*
- TEFRA Hearing – April 11, 2019*
- PACB Approval – April 17, 2019*

*Anticipated Date

Additional Information

- Balance Sheet Liquidity: The Law School's Expendable Resources to Long-Term Debt ratio indicated resources to cover outstanding debt 4.8 times at the end of fiscal year 2018.
- Financial Resources: The Law School had 4.1 times the amount of cash and investments as compared to operating expenses at the end of fiscal year 2018.
- Operating Margins: The Law School has reported losses from operations in four of the last five years.
- Reliance on Endowment – Over the past five years, the return on endowment that has been made available for operations has averaged 22% of the Law School's total operating revenue.
- Operational Flexibility – It is expected that the market will not require financial covenants as



DASNY

DIVISION OF PUBLIC FINANCE AND PORTFOLIO MONITORING
PORTIA LEE, MANAGING DIRECTOR
PREPARED BY: MATTHEW T. BERGIN (518) 257-3140

Single Approval Transaction Summary

Brooklyn Law School
Brooklyn, New York

March 29, 2019

Program: Independent Colleges & Universities

Purpose: Refunding

part of the security. This, together with the savings from the refunding, will provide greater operational flexibility for the Law School.

Recommendation

The attached staff report recommends that the Board adopt the necessary documents for one or more series of bonds with maturities not to exceed 15 years in an aggregate amount not to exceed \$40,000,000.

This Transaction Summary was prepared solely to assist DASNY in its review and approval of the proposed financing described therein and must not be relied upon by any person for any other purpose. DASNY does not warrant the accuracy of the statements contained in any offering document or any other materials relating to or provided by the Institution in connection with the sale or offering of the Bonds, nor does it directly or indirectly guarantee, endorse or warrant (1) the creditworthiness or credit standing of the Institution, (2) the sufficiency of the security for the Bonds or (3) the value or investment quality of the Bonds.

The Bonds are special limited obligations of DASNY that are secured only by the amounts required to be paid by the Institution pursuant to the Loan Agreement, certain funds established under the Resolution and other property, if any, pledged by the Institution as security for the Bonds.



DASNY

Brooklyn Law School

INSTITUTION: Founded in 1901, Brooklyn Law School ("Brooklyn Law" or the "Law School") is one of the largest and oldest independent law schools in the United States. Brooklyn Law operates under a charter granted by the Board of Regents of the State of New York, is accredited by the American Bar Association, and is a member of the Association of American Law Schools. Brooklyn Law's curriculum is registered with, and approved by, the New York State Education Department. Brooklyn Law offers an accelerated 2-year program, a standard 3-year program and an extended 4-year program, all leading to a Juris Doctor degree. Students admitted to the Law School are required to hold a baccalaureate degree granted by an accredited college or university. Brooklyn Law's curriculum combines traditional course offerings and teaching methodologies with innovative clinical and skills training and small group training techniques. The Law School's new Center for Urban Business Entrepreneurship explores the legal issues surrounding entrepreneurship while training the next generation of business lawyers. Brooklyn Law also offers Joint Degree Programs in cooperation with Baruch College, Hunter College, and Pratt Institute. The Law School is governed by a Board of Trustees currently consisting of 20 members.

Dormitory Authority Financing History: As of December 31, 2018, approximately \$38.7 million in DASNY bonds remained outstanding as shown in Table 1 below. The Series 2009 and 2012A Bonds are the subject of the refunding.

<u>Series</u>	<u>Final Maturity or Defeasance</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
1991	2003	\$ 28,000,000	\$ 0
2003A	2012	31,245,000	0
2003B	2030	38,025,000	0
2003C	2009	20,000,000	0
2009	2033	22,340,000	22,340,000
2012A	2030	<u>46,575,000</u>	<u>16,355,000</u>
		\$186,185,000	\$ 38,695,000

Brooklyn Law School has always met its obligations on time and in full. On April 21, 2014, the Law School defeased approximately \$30.2 million of the

2012A bond issue from proceeds received from a property sale.

THE REFUNDING PLAN: The Law School proposes to use bond proceeds and existing funds on hand to refund all or a portion of the DASNY Series 2009 and 2012A bonds outstanding. The Series 2009 Bonds are a current refunding and can be done on a tax-exempt basis while the 2012A Bonds are an advance refunding and must be done on a taxable basis. Attachment 1 shows projected savings in the aggregate for the current and advance refunding which includes dissavings on the advance refunding. Under current market conditions, a net present value benefit of approximately \$4.1 million is anticipated.

FINANCING DETAILS: The proposed issuance is expected to be sold through one or more series of bonds, including both tax-exempt and taxable, with maximum maturities of 15 years. The total par amount is currently anticipated to be approximately \$36.6 million. Costs of issuance are estimated at approximately \$735,000. Included in the costs of issuance are fees associated with the underwriter's discount, DASNY's fee, various counsel fees and other expenses. In order to provide for market fluctuations, a bond issue of an amount not to exceed \$40 million is requested. See Attachment II for the estimated sources and uses of funds.

Security Provisions: The obligation of Brooklyn Law School under the Loan Agreement(s) will be secured by a pledge of tuition and fees equal to maximum annual debt service on the Series 2019 Bonds. The Law School's tuition and fee revenue for fiscal year 2018 totaled approximately \$24.4 million. The maximum annual debt service on the proposed Series 2019 Bonds is approximately \$5.6 million. In addition, it is anticipated that the security provisions will also include a negative pledge on encumbering the Law School's facilities including Feil Hall and their main academic building at 250 Joralemon Street. The security features of the Series 2009 Bonds currently include a pledge of tuition and fees equal to maximum annual debt service, mortgages on the Law School's facilities (including Feil Hall and their main academic building at 250 Joralemon Street), financial covenants and a debt service reserve fund. With the exception of a debt service reserve fund, the 2012A Bonds have the same security features as the Series 2009 Bonds.

Table 2 – Selected Enrollment Statistics

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Graduate Applications Received	3,376	3,274	3,629	3,491	3,692
Graduate Applications Accepted	1,671	1,685	1,790	1,806	1,729
Acceptance Ratio	49.5%	51.5%	49.3%	51.7%	46.8%
Applicants Enrolled	399	394	348	369	356
Matriculation Ratio	23.9%	23.4%	19.4%	20.4%	20.6%
Headcount Enrollment					
Full-Time	1,000	907	966	955	923
Part-Time	<u>138</u>	<u>247</u>	<u>132</u>	<u>126</u>	<u>109</u>
Total	1,138	1,154	1,098	1,081	1,032
Full-time Equivalent Enrollment					
Undergraduate	0	0	0	0	0
Graduate	<u>1,092</u>	<u>1,072</u>	<u>1,003</u>	<u>1,039</u>	<u>996</u>
Total	1,092	1,072	1,003	1,039	996

FEASIBILITY - ENROLLMENT ANALYSIS:

Brooklyn Law School's curriculum offers over 200 courses and combines traditional course offerings and teaching methodologies with professional skills training courses. The Law School offers a flexible range of 2 to 4-year degree options to adapt to all prospective students' needs. The Law School offers certificates in entrepreneurship law, business law, criminal law, intellectual property, media and information law, international law and real estate law. Brooklyn Law's clinics take full advantage of their location which is within blocks of many of the busiest courts and government agencies in the nation. Brooklyn Law's clinics specialize in the areas of community development, corporate law, consumer law, real estate, housing rights, federal civil litigation, municipal litigation, criminal defense, employment law, veteran's rights, disability and civil rights. Students interact with individual clients, groups and businesses and appear in state, federal, and administrative courts, on both the trial and appellate levels. The Law School offers fellowships and externships in civil and criminal justice, international human rights, health law and policy, real estate and community development and international business law. Every student must take at least one clinic or externship to graduate. The Law School also offers semester exchange programs with law schools in Germany, China, India, Argentina, Ireland, Hong Kong, Israel, France and the Netherlands. During the summer, students have the option of studying in Beijing, China or

Bologna, Italy through the Law School's sponsored summer study abroad programs.

Over the past five years, applications received have averaged 3,492. Over this period, the Law School's acceptance ratio has averaged 49.8%. The Law School's matriculation rate has decreased slightly from Fall 2014 to Fall 2018 (averaging 21.5%). The number of applicants enrolled for Fall 2018 was 356 students. Throughout the five-year period, the number of applicants enrolled averaged 373 students.

The chart below illustrates the Law School's FTE enrolment over the last five years.

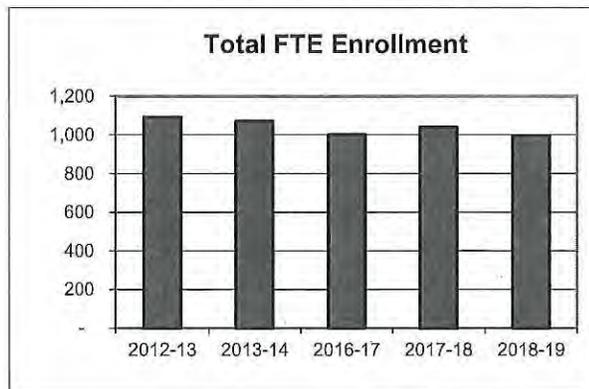


Table 3 – Selected Operating Statistics

<i>(dollars in thousands)</i>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total operating revenue	\$47,831	\$50,842	\$50,041	\$58,228	\$55,082
Total operating expense	<u>51,728</u>	<u>52,688</u>	<u>54,002</u>	<u>55,785</u>	<u>58,349</u>
Change in net assets from operations	(3,897)	(1,846)	(3,961)	2,443	(3,267)
Total non-operating activities	<u>27,007</u>	<u>(7,162)</u>	<u>23,886</u>	<u>70,737</u>	<u>(8,001)</u>
Change in unrestricted net assets	23,110	(9,008)	19,925	73,180	(11,268)
Plus: Total depreciation/amortization	4,883	4,847	4,876	5,059	6,003
Plus: Total interest paid (expense)	<u>3,568</u>	<u>2,102</u>	<u>2,032</u>	<u>2,128</u>	<u>2,392</u>
Adjusted change in net assets	\$31,561	(\$2,059)	\$26,833	\$80,367	(\$2,872)
Cash provided by operating activities	(\$5,922)	(\$2,934)	(\$6,323)	(\$11,579)	(\$11,792)
Total annual debt service	\$3,568	\$2,102	\$2,032	\$2,128	\$2,393
Adjusted Operating Margin (DASNY 2017 Median: 3.7%)	-6.4%	-9.8%	-17.2%	-29.8%	-37.0%
Adjusted Net Income Margin (DASNY 2017 Median: 7.7%)	49.1%	-24.7%	34.6%	134.8%	-55.7%
Debt Service to Operating Expenses (DASNY 2017 Median: 4.4%)	6.9%	4.0%	3.8%	3.8%	4.1%
Adjusted Debt Service Coverage Ratio (DASNY 2017 Median: 2.3:1)	1.49	1.08	-0.50	-2.64	-3.07
Debt Service Coverage Ratio (Based on Historical Loan Agreement Definition)	1.34	2.23	1.45	4.67	2.14

FEASIBILITY - OPERATIONS ANALYSIS:

Although total operating revenues have increased by over 15% from 2014, Brooklyn Law School recorded a negative operating result in 2018 as operating expenses have typically outpaced operating revenues. In 2018, the Law School recorded a loss from operations of approximately \$3.3 million on \$55.1 million of operating revenue. In 2017, the Law School recorded a gain from operations of approximately \$2.4 million on \$58.2 million of operating revenue. In fiscal years 2014, 2016 and 2017, the Law School sold various properties resulting in non-operating gains. As shown in Table 3, the adjusted operating margin is negative throughout the period shown despite positive results from operations in 2017. This is due to the normalization of the investment return as DASNY’s calculation removes what is counted in operating revenue and limits the amount to 5% of the average value of cash and investments at the fiscal year end of the prior three years. As the Law School over this period made draws from the endowment for operations in excess of 5%, the resulting adjusted calculation indicates an increasingly negative operating margin. As this normalization is then used for both the adjusted net income margin and adjusted debt service coverage ratio, the resulting ratios reflect less revenues available for operations than the revenues reflected

in the audit. When the Law School certifies its debt service coverage ratio (based on the historical loan agreement definition), this has averaged 2.37:1 since 2014. When comparing the Law School’s debt service to its operating expenses, it has been lower than the 2017 DASNY Median since 2015.

Brooklyn Law School’s revenue composition primarily consists of net tuition and fees and the return on endowment made available for operations. Other revenue is mainly comprised of income from rental properties.

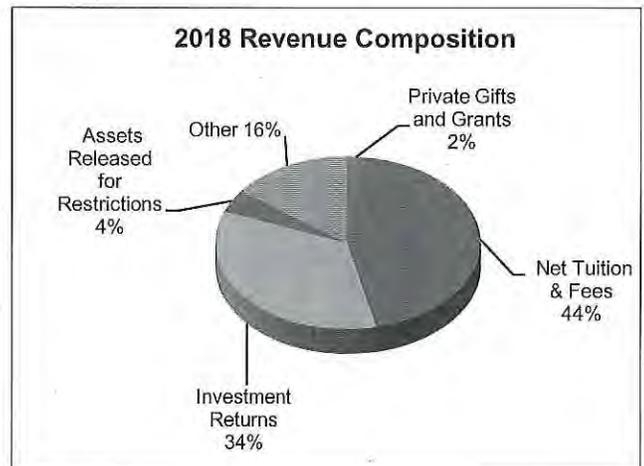


Table 4 – Selected Financial Position Statistics

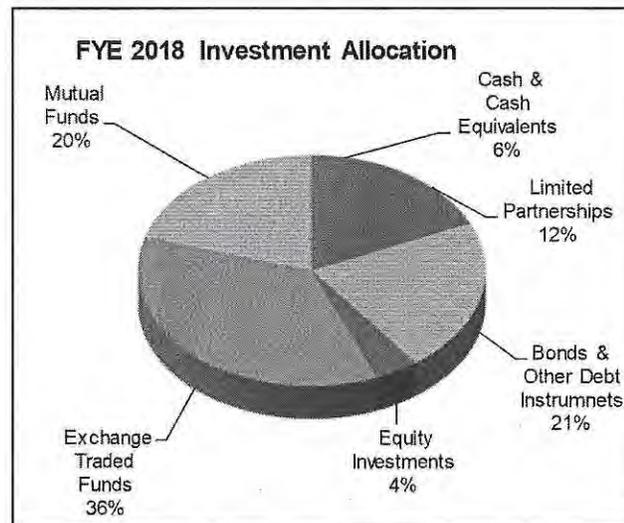
<i>(dollars in thousands)</i>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Assets	\$253,267	\$245,857	\$264,352	\$352,471	\$350,595
Total Liabilities	56,674	56,818	56,675	69,283	76,471
Net Assets					
Unrestricted	159,803	150,795	170,720	243,899	232,631
Temporarily Restricted	20,161	20,411	18,593	20,455	22,013
Permanently Restricted	<u>16,629</u>	<u>17,833</u>	<u>18,364</u>	<u>18,834</u>	<u>19,480</u>
Total Net Assets	\$196,593	\$189,039	\$207,677	\$283,188	\$274,124
Long-Term Debt	\$40,620	\$39,461	\$39,379	\$39,297	\$39,215
Expendable Resources to LT Debt (DASNY 2017 Median: 1.2:1)	2.7	2.6	3.2	5.0	4.8
Total Cash & Investments to Operating Expenses (DASNY 2017 Median: 1.6:1)	2.6	2.5	2.9	4.3	4.1
Total Cash & Investments to Total Debt (DASNY 2017 Median: 2.3:1)	3.4	3.4	3.9	4.8	4.2

FEASIBILITY - BALANCE SHEET ANALYSIS: In 2018, total assets were recorded at \$350.6 million, an increase of over \$97 million from 2014. Total liabilities increased by \$19.8 million during this same time period while unrestricted net assets increased by \$72.8 million.

Throughout the five-year period shown above, Brooklyn Law School has consistently exceeded the 2017 DASNY Medians in terms of expendable resources to long-term debt, total cash and investments to operating expenses and total cash and investments to total debt. The 2018 expendable resources to long-term debt ratio (formerly the viability ratio) of 4.8:1 indicates an ability to cover 4.8 times its existing debt with expendable net assets and is much higher than the 2017 DASNY Median of 1.2:1. In 2018, total cash and investments to operating expenses was recorded at 4.1:1, as compared to the 2017 DASNY Median of 1.6:1. Also in 2018, total cash and investments to total debt was recorded at 4.2:1 as compared to the 2017 DASNY Median of 2.3:1.

The Law School has no near-term plans to issue additional debt.

ENDOWMENT AND INVESTMENTS: The Law School's investments increased to \$237.4 million in 2018 from \$151.3 million in 2016. The following is the composition of the Law School's investment portfolio with market valuations reported as of June 30, 2018:



SUMMARY: Staff recommends the Board adopt the necessary documents for one or more series of bonds in an amount not to exceed \$40,000,000.

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The Bonds are special limited obligations of DASNY that are secured only by the amounts required to be paid by the Institution pursuant to the Loan Agreement, certain funds established under the Resolution and other property, if any, pledged by the Institution as security for the Bonds.



**Brooklyn Law School
Savings Analysis**

DEBT SERVICE COMPARISON

Date	Existing D/S	New D/S	Gross Savings	PV Savings
2020	2,102,300	1,101,233	1,001,067	991,876
2021	2,102,300	1,651,850	450,450	429,815
2022	2,102,300	1,651,850	450,450	415,811
2023	2,102,300	1,651,850	450,450	402,263
2024	2,102,300	1,651,850	450,450	389,157
2025	2,102,300	1,651,850	450,450	376,478
2026	2,102,300	1,651,850	450,450	364,211
2027	5,641,550	5,618,782	22,769	15,204
2028	5,635,550	5,616,403	19,147	12,082
2029	5,630,300	5,608,382	21,919	13,871
2030	5,625,300	5,606,168	19,132	11,564
2031	6,101,531	5,256,833	844,699	581,873
2032	6,588,600	5,396,875	1,191,725	795,329
2033	6,580,788	5,392,625	1,188,163	767,628
2034	6,568,569	5,381,250	1,187,319	742,627
Total	\$63,088,288	\$54,889,650	\$8,198,638	\$6,309,790

PRESENT VALUE ANALYSIS SUMMARY

Gross PV Debt Service Savings.....	\$6,309,790
Less: Prior Funds on Hand.....	(2,234,000)
Plus: Rounding.....	<u>3,816</u>

NET PRESENT VALUE BENEFIT..... **\$4,079,606**

NPV BENEFIT OF REFUNDED PRINCIPAL.....	10.54%
NPV BENEFIT OF REFUNDING PRINCIPAL.....	11.15%

REFUNDING BOND INFORMATION

Refunding Dated Date.....	Apr-19
Refunding Delivery Date.....	Apr-19



Brooklyn Law School
Sources and Uses of Funds

Sources of Funds:

Par Amount	\$36,590,000
Premium	2,659,987
Existing Debt Service Reserve Fund	2,234,000
<i>Total Sources</i>	<i>\$41,483,987</i>

Uses of Funds:

		% of Par
Escrow Fund Deposit	\$40,748,371	
Costs of Issuance	450,616	1.23%
Dormitory Authority Fee	125,000	0.34%
Bond Counsel	125,000	0.34%
Institution's Counsel	125,000	0.34%
Trustee & Counsel	6,600	0.02%
Ratings	46,500	0.13%
Printing	10,000	0.03%
TEFRA	8,700	0.02%
Rounding	3,816	0.01%
Underwriter's Discount	285,000	0.78%
<i>Total Uses</i>	<i>\$41,483,987</i>	

All Figures in 000's	Balance Sheets				
	2014	2015	2016	2017	2018
Assets					
Cash and Cash Equivalents	\$ 3,333	2,518	3,209	3,671	1,090
Accounts Receivable	761	873	1,222	2,919	806
Contributions Receivable	2,632	2,563	1,640	1,292	1,738
Grants, Loans and Other Receivables	786	142	64	0	0
Short-Term Investments	0	0	0	0	0
Investments	133,266	129,836	151,265	233,423	237,373
Property, Plant and Equipment, Net	105,646	104,078	100,685	104,529	102,729
Deposits Held Under Debt Agreements	3,290	3,289	3,294	3,303	3,329
Prepaid Expenses and Other Assets	3,553	2,558	2,973	3,334	3,530
Right to Use Leased Property	0	0	0	0	0
Total Assets	\$ 253,267	245,857	264,352	352,471	350,595
Liabilities					
Accounts Payable and Accrued Expenses	\$ 7,098	7,864	8,351	11,548	11,360
Deposits and Deferred Revenues	712	1,145	1,002	854	846
Federal Grants and Student Loans	2,074	1,505	0	0	0
Pension and Postretirement Benefits	5,119	5,792	6,892	6,533	6,999
Short-term Debt Obligations	0	0	0	10,000	17,000
Long-Term Debt	40,620	39,461	39,379	39,297	39,215
Lease Obligations	0	0	0	0	0
Due to Related Organizations	0	0	0	0	0
Asset Retirement Obligation	0	0	0	0	0
Other Liabilities	1,051	1,051	1,051	1,051	1,051
Total Liabilities	\$ 56,674	56,818	56,675	69,283	76,471
Net Assets					
Unrestricted	\$ 159,803	150,795	170,720	243,899	232,631
Temporarily Restricted	20,161	20,411	18,593	20,455	22,013
Permanently Restricted	16,629	17,833	18,364	18,834	19,480
Total Net Assets	\$ 196,593	189,039	207,677	283,188	274,124
Total Liabilities and Net Assets	\$ 253,267	245,857	264,352	352,471	350,595

All Figures in 000's	Statement of Activities				
	2014	2015	2016	2017	2018
Operating Revenue					
Tuition and Fees	\$ 57,643	59,142	56,604	51,528	49,067
Less Financial Aid	-25,592	-27,191	-26,966	-25,934	-24,649
Net Tuition and Fees	\$ 32,051	31,951	29,638	25,594	24,418
Sales and Service of Auxiliaries	\$ 0	0	0	0	0
Government Grants and Contracts	91	73	67	73	0
Private Gifts and Grants	1,707	1,292	1,419	1,357	1,178
Investment Return	3,841	7,090	8,708	21,161	18,986
Other Revenues	8,380	8,578	8,411	7,910	8,168
Sales and Services -Educational	0	0	0	0	0
Hospital and Faculty Patient Care	0	0	0	0	0
Assets Released from Restriction	1,761	1,858	1,798	2,133	2,332
Total Operating Revenue	\$ 47,831	50,842	50,041	58,228	55,082
Operating Expense					
Instruction and Research	\$ 18,296	18,155	18,172	19,326	19,919
Academic Support	5,801	6,450	6,670	6,623	7,193
Student Services	6,171	6,329	6,084	6,244	6,949
Institutional Support	14,463	15,868	16,467	17,713	20,280
Facilities Expense	0	0	0	0	0
Auxiliary Expense	5,876	4,784	4,712	4,666	4,373
Sponsored Programs	0	0	0	0	0
Other Operating Expense	1,121	1,102	1,897	1,213	-365
Hospital and Faculty Patient Care	0	0	0	0	0
Total Operating Expense	\$ 51,728	52,688	54,002	55,785	58,349
Chg in Unrestricted Net Assets from Operating Activities	\$ -3,897	-1,846	-3,961	2,443	-3,267
Non-Operating Activities					
Net Excess Investment Return/(Loss)	\$ 9,722	-5,338	-9,470	-1,610	-6,143
Capital Gifts and Contributions	12	9	0	0	0
Assets Released from Restriction	310	0	0	0	0
Other Non-Operating Items, Net	16,963	-1,833	33,356	72,347	-1,858
Pension & Postretirement Obligations	0	0	0	0	0
Change in Value of Derivatives	0	0	0	0	0
Extraordinary Gain/(Loss)	0	0	0	0	0
Total Non-Operating Activities	\$ 27,007	-7,162	23,886	70,737	-8,001
Change in Unrestricted Net Assets	\$ 23,110	-9,008	19,925	73,180	-11,268

Brooklyn Law School
Independent Higher Education Institutions

Appendix B

Financial and Operating Ratios

	Year					2017 DASNY Median	2017 Moody's Median
	2014	2015	2016	2017	2018		
<u>Liquidity Ratios</u>							
Total Cash & Investments to Operating Expenses (x)	2.6	2.5	2.9	4.3	4.1	1.6	2.0
Total Cash & Investments to Total Debt (x)	3.4	3.4	3.9	4.8	4.2	2.3	3.1
Expendable Resources to LT Debt (x)	2.7	2.6	3.2	5.0	4.8	1.2	
Total Cash & Investments per Student (\$)	\$125,091	\$121,203	\$144,099	\$236,385	\$229,512	\$50,149	\$93,002
Cash Income (%)	-12.2%	-6.1%	-13.7%	-26.9%	-27.7%	4.8%	
Operating Cash Flow to Debt Service (x)	-1.66	-1.40	-3.11	-5.44	-4.93	0.89	
<u>Capital Ratios</u>							
Capital Spending (x)	0.2	0.4	0.6	1.6	0.9	0.7	1.4
Age of Facility (Yrs)	9.84	10.08	10.54	11.14	10.33	13.59	13.55
Debt Service to Operating Expenses (%)	6.9%	4.0%	3.8%	3.8%	4.1%	4.4%	5.0%
Annual Debt Service Coverage (x)	1.5	1.1	-0.5	-2.6	-3.1	2.3	2.7
Total Debt to Total Capitalization (x)	0.2	0.2	0.2	0.1	0.2	0.2	0.8
LT Debt per Student (\$)	\$37,198	\$36,136	\$36,734	\$39,179	\$37,743	\$29,246	
<u>Productivity and Demand Ratios</u>							
Primary Matriculation (Yield) (%)	22.3%	23.9%	23.4%	19.4%	20.4%	26.4%	24.0%
Primary Selectivity (Acceptance) (%)	43.6%	49.5%	51.5%	49.3%	51.7%	56.0%	56.3%
Student/Faculty (x)	13.8	13.3	13.2	12.1	10.5	11.2	
Tuition Discount (%)	44.4%	46.0%	47.6%	50.3%	50.2%	35.2%	37.6%
Educational Core Services (%)	37.6%	37.8%	39.4%	45.0%	46.8%	38.9%	
<u>Profitability and Operating Ratios</u>							
Operating Margin (%)	-6.4%	-9.8%	-17.2%	-29.8%	-37.0%	3.7%	4.0%
Net Income Margin (%)	49.1%	-24.7%	34.6%	134.8%	-55.7%	7.7%	
Net Tuition per Student (\$)	\$29,351	\$29,259	\$27,647	\$25,517	\$23,501	\$23,542	\$24,210
Return on Net Assets (%)	15.9%	-3.9%	9.4%	30.8%	-3.3%	8.2%	9.0%
Return on Average Investment Value (%)	13.7%	2.0%	-0.8%	11.8%	6.4%	11.2%	
Net Tuition Dependency (%)	65.9%	66.6%	64.3%	59.6%	57.3%	59.9%	
Tuition and Auxiliaries (%)	65.9%	66.6%	64.3%	59.6%	57.3%	80.2%	73.8%
Federal Financial Ratio (x)	3.00	2.20	3.00	3.00	2.20	2.59	

BROOKLYN LAW SCHOOL

The Letter from Bond Counsel will be transmitted to the Members under separate cover.