

UPSTATE PROPERTIES DEVELOPMENT, INC.
a supporting corporation to

UPSTATE

MEDICAL UNIVERSITY

SUNY Upstate Medical University

\$30,625,000*

**Taxable Revenue Refunding Bonds
Series 2020**

Investor Information

July 28, 2020

***preliminary, subject to change**



Disclaimer

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Key Contacts

- **Stifel, Nicolaus & Company Banking Contacts**
 - Linda Eremita, Managing Director, Higher Education
 - Ph (412) 419-8437, eremital@stifel.com
 - Gary Nowicki, Director, Higher Education
 - Ph (412) 996-6479, nowickig@stifel.com
- **Stifel, Nicolaus & Company Underwriting Contact**
 - Lisa May, Director, Underwriting
 - Ph (303) 291-5365, mayl@stifel.com

Series 2020 Transaction Summary

Issuer:	Onondaga Civic Development Corporation
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Borrower:	Upstate Properties Development, Inc.
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Rating:	“A+” Negative Outlook (S&P)
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Borrowing Size:	\$30,625,000
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Use of Proceeds:	- Advance Refunding the Series 2011 - Pay Costs of Issuance
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Final Maturity:	December 1, 2041
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Optional Redemption:	December 1, 2030* at 100%
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Sale Date:	August 5, 2020*
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Dated Date / Closing Date:	August 27, 2020*
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Security & Related Agreements: (see following slides for more detail)	- Security Interest in Gross Revenues - Mortgage, Assignment of Rents - SUNY Agreement - Facility Management Agreement
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Security & Related Agreements Detail

- **Security Interest in Gross Revenues**

Under the Loan Agreement and the Mortgage, as security for the payment of all liabilities and the performance of all obligations of the Company pursuant thereto, the Company pledges, grants a Lien on and assigns to the Issuer the Gross Revenues, together with the Company's right to receive and collect the Gross Revenues and the proceeds of the Gross Revenues. The Company covenants that, except in connection with the issuance of Additional Bonds pursuant to the Indenture, it shall not create or permit the creation of any Lien in or other commitment of or with respect to the Gross Revenues or the Project Facility.

- **Mortgage; Assignment of Rents**

Under the Mortgage, the Company grants to the Issuer a first priority mortgage lien on all of its right, title and interest in and to the real and personal property comprising the Student Housing Facility. The Issuer shall assign its rights under the Mortgage to the Trustee.

Under the Assignment of Rents, the Company assigns to the Trustee all rents, issues, fees, sums, amounts, profits and, to the extent permitted by law, security deposits of and from the Student Housing Facility, and all residency agreements, leases, subleases, licenses or occupancy agreements of all or part of the Student Housing Facility.

Security & Related Agreements Detail

- **THE SUNY AGREEMENT**

The SUNY Agreement provides that if at the beginning of the fall or spring semester in any academic year during the term thereof occupancy of the Project Facility falls below the level necessary to achieve the level of Project Revenues required under the Facility Management Agreement, including, but not limited to 110% of all Debt Service Payments scheduled to become due and payable during that academic year, measured as of the last day of the calendar month preceding the beginning of the fall or spring semester, as the case may be, SUNY will promptly lease in its own name those of the unoccupied units in the Project Facility, and pay at such time the then established rental rates for the Project Facility, as shall be necessary to achieve the required level of Project Revenues.

As provided in the SUNY Agreement, upon determination by the Company that occupancy at the Project Facility for any fall or spring semester during the term thereof shall be at a level below that which is required under the terms of the Facility Management Agreement, the Company will within three (3) business days thereafter notify SUNY whereupon SUNY will promptly enter into a lease agreement based upon the Company's then current form of student lease under which SUNY shall license those portions of the unoccupied units in the Project Facility, provided, however, that notwithstanding any terms and conditions in such lease which prohibit subletting or sublicensing, SUNY shall have the unfettered right to sublet or sublicense any such units on such terms and conditions as SUNY shall in its sole discretion determine. Such lease shall obligate SUNY to perform all obligations with respect to such units in the manner specified in such lease, even if such units are later sublet or sublicensed, including, without limitation, payment of rental fees and any other sums due under the lease at the times and in matter set forth therein.

Security & Related Agreements Detail

- **THE FACILITY MANAGEMENT AGREEMENT**

Under the Facility Management Agreement, the Company has appointed SUNY as the Manager of the Student Housing Facility for a term of 30 years. Under the Facility Management Agreement, the Manager agrees to cause to be leased on behalf of the Company units in the Student Housing Facility to students associated with the University's campus until the occupancy is at a level sufficient to generate aggregate rents and other charges paid by occupants ("Project Revenues") in an amount that will allow the Company to fund all necessary reserves for the capital repair, replacement, alteration or improvement of the Student Housing Facility ("Capital Reserves"), to pay all operating expenses with respect to the Student Housing Facility ("Operating Expenses"), to make all principal and interest payments on the Series 2020 Bonds ("Debt Service Payments"), to pay all expenses of the University for utilities and non-capital maintenance and repairs at the Student Housing Facility ("University Expenses"), and to make all other payments required under the Indenture and the Loan Agreement (the "Principal Agreements").

SUNY Upstate Medical University Overview

- Located in Syracuse, NY, State University of New York Upstate Medical University (“SUNY Upstate” or “Upstate”) is the only academic medical university in the Central New York region. It is comprised of four colleges – Medicine, Graduate Studies, Nursing, and Health Professions — and is the training ground for an additional 600 medical residents and fellows. Upstate also hosts a clinical campus in Binghamton, NY, for third and fourth year medical students. Upstate owns University Hospital with dozens of specialty clinics, the Upstate Golisano Children’s Hospital, and Upstate University Hospital at Community General. Upstate is also home to a robust biomedical research enterprise, with all investigations aimed at benefitting human health. As well, the institution offers emerging therapies and treatments to patients via its many clinical trials.
- Upstate is the leading employer in the region with 11,000 employees in its workforce, generating an annual economic impact of more than \$2.5 billion statewide with an operating budget of \$1.8 billion, of which less than 3% is direct New York State support.

SUNY Upstate Medical University Enrollment

- Enrollment**

Total student enrollment and medical residents at Upstate over the past five years is shown in the table below.

	<u>Fall 2015</u>	<u>Fall 2016</u>	<u>Fall 2017</u>	<u>Fall 2018</u>	<u>Fall 2019</u>
Full Time	1,244	1,281	1,301	1,332	1,363
Part Time	<u>239</u>	<u>246</u>	<u>246</u>	<u>256</u>	<u>231</u>
Total Student Enrollment	1,483	1,527	1,547	1,588	1,594
Medical Residents	<u>523</u>	<u>554</u>	<u>587</u>	<u>612</u>	<u>650</u>
Total Students & Residents	2,006	2,081	2,134	2,200	2,244

SUNY Upstate Medical University Demand

- Demand**

Student applications, acceptances, and matriculations at Upstate over the past five years is shown in the table below.

	Fall 2015	Fall 2016	Fall 2017	Fall 2018	Fall 2019
College of Medicine					
Applications	4,361	4,426	4,334	4,358	4,501
Acceptances	421	432	452	466	464
Selectivity	9.65%	9.76%	10.43%	10.69%	10.31%
Enrolled	160	164	168	175	169
Matriculation	38.00%	37.96%	37.17%	37.55%	36.42%
College of Graduate Studies					
Applications	197	192	186	165	97
Acceptances	53	56	47	59	44
Selectivity	26.90%	29.17%	25.27%	35.76%	45.36%
Enrolled	26	18	21	20	24
Matriculation	49.06%	32.14%	44.68%	33.90%	54.55%
College of Health Professions					
Applications	1,733	1,719	1,913	1,681	1,593
Acceptances	194	226	242	256	248
Selectivity	11.19%	13.15%	12.65%	15.23%	15.57%
Enrolled	148	152	159	168	173
Matriculation	76.29%	67.26%	65.70%	65.63%	69.76%
College of Nursing					
Applications	211	276	378	275	332
Acceptances	170	182	238	204	194
Selectivity	80.57%	65.94%	62.96%	74.18%	58.43%
Enrolled	133	149	188	143	152
Matriculation	78.24%	81.87%	78.99%	70.10%	78.35%

COVID-19 and the Student Housing Facility

- The vast majority of residents who reside in Geneva Tower are medical students, medical residents, fellows and others enrolled in graduate level health profession programs. As a result, during the spring of 2020 when most higher education institutions had converted to online remote learning, this was not the case related to the individuals with leases in Geneva Tower. The very nature of medical training requires on-site learning throughout the academic year. Medical and most other health profession students can only meet certain requirements such as cadaver laboratory and clinical rotations, in-person, as is the case for medical residents and fellows who are constantly interfacing with patients in the hospital setting with supervision by attending physicians. As a result, only two residents of Geneva Tower departed early during the spring of 2020, prior to the conclusion of their lease period, and no related refunds were provided by the Company.
- The University, as both a teaching hospital and Manager of Geneva Tower, is able to provide a safe environment, access to testing, and both inpatient and outpatient support related to the current pandemic. In fact, the University believes that these factors have positively influenced the full subscription of all available beds during the 2020-21 academic year. The well-being of the entire Upstate Medical community is a top priority. See APPENDIX A for additional information relating to the Student Housing Facility and expected enrollment during the 2020-21 academic year. See also “CERTAIN BONDHOLDERS’ RISKS - Public Health Epidemics or Outbreaks” in the POS.

Upstate Properties Development, Inc.

(The “Company” or the “Borrower”)

- **Purpose**

Upstate Properties Development, Inc. is a not-for-profit corporation organized in 2008 to support Upstate by, among other things, providing and supporting campus facilities for the use of Upstate, including residential facilities for the use of students, residents, and faculty of Upstate, and obtaining financing to accomplish this mission.

- **Board of Directors**

The Company is governed by a three-member board of directors which includes Eric J. Smith, Senior Vice President for Finance and Administration, SUNY Upstate Medical University, Mantosh J. Dewan, MD, Interim President, SUNY Upstate Medical University, and Thomas E. Taylor, Esquire, Bousquest Holstein PLLC., (Syracuse, NY).



Geneva Tower

Upstate Properties Development, Inc.

(The “Company” or the “Borrower”)

- **Overview**

Geneva Tower, which was funded with proceeds of the Series 2011 Bonds, consists of a twenty-one (21) story, 137,200 square foot building to house students (of any of the four colleges), medical residents, fellows, Upstate Medical campus guests for which certain units are annually leased (that more recently included Upstate medical personnel needed for COVID-19 unable to leave the campus). The complex consists of approximately two-hundred seventy-six (276) beds, student lounges, fitness facilities, and laundry facilities. All units include private bedrooms to address the current needs of students, residents and fellows of Upstate. Geneva Tower is located on approximately four acres and situated at East Adams Street and Townsend Street, Syracuse, New York, adjacent to Upstate’s campus. Geneva Tower is owned by the Company and has been managed and operated by Upstate since 2011.

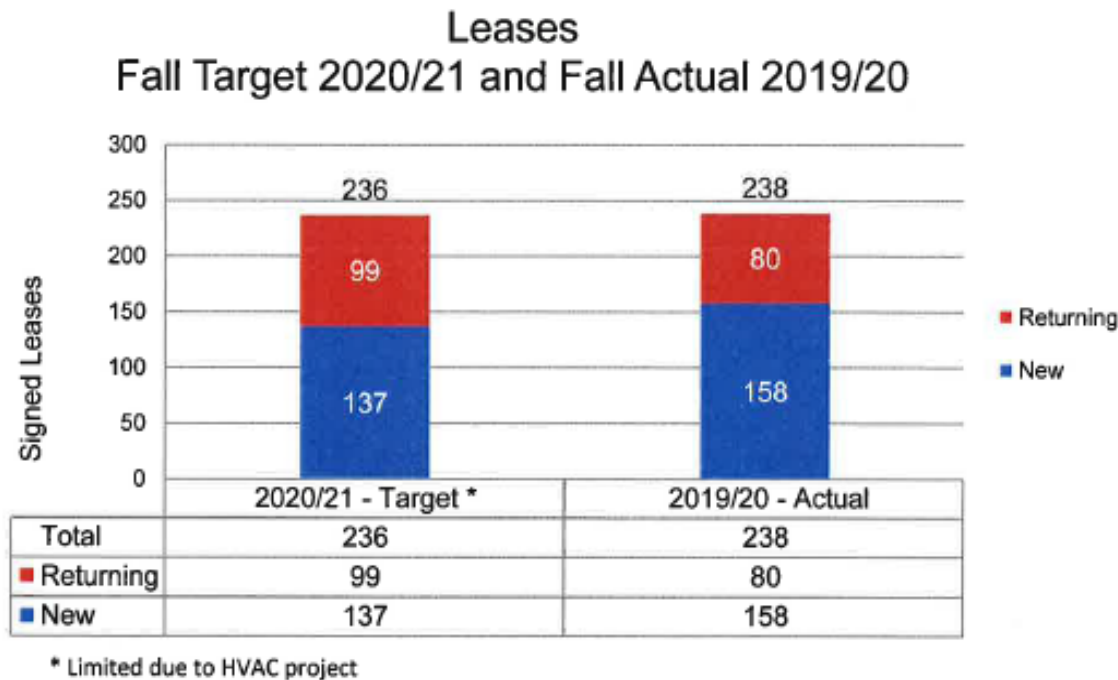
Geneva Tower ten-month housing rates per occupant are \$12,000 and \$9,900 for a one- and two-bedroom apartment, respectively, and \$10,400 for a four-bedroom suite. Summer rental fees equal \$1,800 and \$1,400 for one and two bedroom apartments, respectively, and \$1,600 for a four-bedroom suite. Such rates include utilities, cable, and wireless internet.

The vast majority of Geneva Tower occupants are medical students, medical residents, medical fellows and graduate students enrolled in various medical programs. Medical residents and medical fellows lease from July 1 through June 30 to coincide with the requirements of their programs. Students who reside in Geneva Tower for multiple years, but who are not required to be on campus during the summer months, sometimes lease for 12 full months to avoid move-out/move-in.

Upstate Properties Development, Inc.

(The “Company” or the “Borrower”)

- **Geneva Tower Lease Summary**



NOTE: For the 2020-21 academic year, certain beds were removed from the inventory of available residential leases of 276 in total, to accommodate the completion of an HVAC project currently in process at Geneva Tower. As a result, Geneva Tower management turned away new applications for leases, well in advance of the beginning of the 2020-21 fiscal year. To accommodate beds that have been removed from inventory, debt service requirements associated with the first year of the Series 2020 Bonds have been structured accordingly.

Upstate Properties Development, Inc.

(The “Company” or the “Borrower”)

Upstate Properties Development, Inc. (Geneva Tower Only)

Projected Statement of Activities for the Fiscal Year Ended June, 30, 2020 and Budgeted Statement of Activities for the Fiscal Year Ended June 30, 2021

	Projected 6/30/2020	Budget 6/30/2021
REVENUE		
Rental Income	\$ 2,723,291	\$ 2,724,882
Other Income	490,666	355,074
Total Revenue	3,213,957	3,079,956
EXPENSES		
Interest	1,439,081	631,770
Depreciation/Amort	900,402	902,608
Utilities	214,566	230,028
Insurance	56,100	60,220
RE Taxes & Assessments	56,295	57,894
Maintenance	330,287	191,088
Legal	896	1,000
Administration	136,261	138,987
Miscellaneous expense	12,571	14,000
Total Expenses	3,146,459	2,227,595
NET INCOME	\$ 67,498	\$ 852,361

NOTE: Due to the refunding of the Series 2011 Bonds and structure of the Series 2020 Bonds, interest expense is projected to be less for fiscal year 2021 than is shown above for fiscal 2020.

Upstate Properties Development, Inc.

(The “Company” or the “Borrower”)

Upstate Properties Development, Inc. Consolidated Statements of Financial Position For Years Ended June 30, 2015-2019

	2015	2016	2017	2018	2019
ASSETS					
Cash	\$ 319,679	\$ 410,689	\$ 191,338	\$ 311,128	\$ 293,162
Account receivable	175,965	17,445	90,273	129,325	83,541
Prepaid expenses	11,326	9,490	9,837	9,442	12,800
Pledged revenue	384,113	502,060	340,676	409,717	472,732
Repairs and replacements	297,847	531,765	1,033,824	1,307,054	1,557,827
Bond fund	1,208,308	1,374,769	1,325,322	1,248,075	1,251,276
Renewal fund	-	-	39,962	-	-
Deferred financing costs	622,603	-	-	-	-
Property and equipment, net	31,169,855	30,376,199	29,614,776	31,140,701	29,553,921
TOTAL ASSETS	\$ 34,189,696	\$ 33,222,417	\$ 32,646,008	\$ 34,555,442	\$ 33,225,259
LIABILITIES					
Accounts payable	\$ -	\$ 10,665	\$ 10,910	\$ -	\$ -
Accrued interest	130,961	127,011	125,044	122,462	119,757
Current portion of bonds payable, net	550,000	577,011	607,011	637,011	667,011
Current portion of note payable	25,000	-	-	-	-
Deferred revenue	271,243	311,516	233,366	211,238	247,952
Bonds payable, net	31,587,868	30,424,054	29,821,966	29,185,215	28,516,756
TOTAL LIABILITIES	\$ 32,565,072	\$ 31,450,257	\$ 30,798,297	\$ 30,155,926	\$ 29,551,476
NET ASSETS					
Unrestricted	\$ 1,624,624	\$ 1,772,160	\$ 1,847,711	\$ -	\$ -
Without donor restrictions	-	-	-	4,399,516	3,673,783
TOTAL NET ASSETS	\$ 1,624,624	\$ 1,772,160	\$ 1,847,711	\$ 4,399,516	\$ 3,673,783
TOTAL LIABILITIES AND NET ASSETS	\$ 34,189,696	\$ 33,222,417	\$ 32,646,008	\$ 34,555,442	\$ 33,225,259

Upstate Properties Development, Inc.

(The “Company” or the “Borrower”)

Upstate Properties Development, Inc. Consolidated Statements of Activities For Years Ended June 30, 2015-2019

	2015	2016	2017	2018	2019
OPERATING SUPPORT AND INCOME					
Rental income	\$ 2,649,153	\$ 2,863,005	\$ 2,738,060	\$ 2,789,857	\$ 2,653,704
Support from affiliate	1,348,092	636,220	833,842	567,907	855,464
Donated land	-	-	-	2,750,000	-
Miscellaneous income	55,610	10,680	49,659	10,369	7,125
TOTAL OPERATING SUPPORT AND INCOME	4,052,855	3,509,905	3,621,561	6,118,133	3,516,293
OPERATING EXPENSES					
Interest	1,600,461	1,592,387	1,563,481	1,530,454	1,496,374
Depreciation	872,722	852,685	880,997	875,354	877,414
Utilities	292,966	275,365	220,688	187,689	213,941
Insurance	74,959	128,925	124,746	108,376	113,203
Real estate taxes and assessments	112,000	158,267	158,215	160,195	173,303
Maintenance and operations	262,059	197,622	432,654	256,675	511,066
Legal	11,760	19,308	17,289	11,790	450
Administration	115,773	125,736	128,666	129,117	133,334
Donation	-	-	-	216,957	-
Miscellaneous	9,018	12,074	19,274	13,230	13,575
Loss on sale of real property	-	-	-	76,491	-
TOTAL OPERATING EXPENSES	3,351,718	3,362,369	3,546,010	3,566,328	3,532,660
INCOME (LOSS)	701,137	147,536	75,551	2,551,805	(16,367)
NON-OPERATING EXPENSE/GAIN					
Capital contribution from affiliate	994,155	-	-	-	-
Loss on impairment of property and equipment	-	-	-	-	(709,366)
TOTAL NON-OPERATING INCOME (LOSS)	994,155	-	-	-	(709,366)
CHANGES IN UNRESTRICTED NET ASSETS	1,695,292	147,536	75,551	-	-
CHANGES IN NET ASSETS WITHOUT DON. RSTR.	-	-	-	2,551,805	(725,733)
NET ASSETS, BEGINNING	(70,668)	1,624,624	1,772,160	1,847,711	4,399,516
NET ASSETS, ENDING	\$ 1,624,624	\$ 1,772,160	\$ 1,847,711	\$ 4,399,516	\$ 3,673,783