

**JOINT-RULES, ENACTMENTS AND INTERGOVERNMENTAL RELATIONS AND
EDUCATION AND ECONOMIC DEVELOPMENT COMMITTEE
MINUTES
LEGISLATIVE CHAMBER**

**WEDNESDAY, JANUARY 23, 2019
4:55 P.M.**

PRESENT: Thomas J. Faggione, Chairman (Rules, Enactments and Intergovernmental Relations)
Katie Bonelli, Barry J. Cheney, Kevin W. Hines, James M. Kulisek, Michael D. Paduch,
John S. Vero

PRESENT: Paul Ruskiewicz, Chairman (Education and Economic Development)
Barry J. Cheney, Joseph J. Minuta, James D. O'Donnell, Rob Sassi, Joel Sierra,
Kathy Stegenga, Laurie R. Tautel

ALSO

PRESENT: L. Stephen Brescia, Chairman
Kevindaryán Luján, Legislator
Peter V. Tuohy, Legislator
Antoinette Reed, Legislative Counsel
Wayne Booth, Director, Operations and Cost Control
Langdon Chapman, County Attorney
John McCarey, Director, Real Property Tax Service Agency
Tim Tucker, Budget Analyst
Dr. Kristine Young, President, Orange County Community College
Fredrick Watson, Orange County Community College Board of Trustees
Richard Rowley, Orange County Community College Foundation Board of Directors

Mr. Ruskiewicz opened the meeting at 4:55 p.m. and requested everyone stand for the Pledge of Allegiance to the Flag. All members were present with the exception of Legislator Amo (Rules, Enactments and Intergovernmental Relations) who was absent.

On the agenda was a presentation by Orange County Community College Orange County Community College Foundation on the three Grand Street buildings in Newburgh.

Dr. Young presented a handout on INNOVATION GRAND STREET ENTREPRENEURIAL ACTION AGENDA 2020 (see original Minutes) and thanked both committees for the opportunity to conduct this presentation. She explained that she would be speaking on the college's vision for the three properties followed by County Attorney Langdon Chapman on the history and the county's association with the buildings, and Richard Rowley from the Orange County Community College Foundation Board of Directors has partnered with the college and is lending his support to this project.

Dr. Young explained that the SUNY Orange campus in Newburgh for less than ten years as an official site and in a community that it is supposed to serve. Forty percent of the population is age twenty or under and they know that unemployment is higher than in other locations in Orange County and the state. The household income in the city of Newburgh is \$20,000.00 below the

average for the state. How do they use the Newburgh campus location to serve their strategic plan and community differently and how can they use the three buildings differently. The college is proposing a much stronger emphasis on workforce development with a stronger emphasis on direct connection with employers with hands-on training. This college from the beginning has been associated with technical degrees but they are talking about expanding their mission to include more applied fields. They are also looking at programs that are not necessarily credit generated but with tight close association with employers that are short term noncredit programs but programs that are stacked together to deliver more comprehensive and/or complex skills. As part of their Consolidated Funding Application (CFA) and commissioned Market Analysis, the following showed jobs that would be growing in Orange County and where they have a deficit in trained workforce: healthcare and wellness, food, beverage and entertainment, creative design and historical preservation and entrepreneurialship, innovation and business. They have put a great deal of energy in developing the Newburgh Campus and its potential and they saw significant enrollment growth last fall in Newburgh and while cautious, it would appear they are up another 4% on the Newburgh campus for the spring semester. The college is an anchor institution with connections to Liberty Partnerships Programs in collaboration with Newburgh Enlarged City School District and they work with the schools and high schoolers to prepare for college., P-TECH in collaboration with Newburgh Free Academy (NFA) where students are graduating with their high school degree and an associate degree simultaneously and entering the workforce at IBM. Lastly, the Newburgh Armory Unity Center as an educational affiliate.

Dr. Young addressed the use of buildings and expanded enrollment. While this is consistent with their vision it is different from what they are used to seeing from the college. They are looking at flexible and adaptive spaces in which a company might be interested in developing worker skills, short and long-term workforce training programs, non-credit certifications, pathways to degree programs and to connect college curriculum to real-world experiences for students.

Dr. Young added that Orange County government provides the college with 30% of their operating revenue and not something that her colleagues have at other community colleges throughout the state. There are two other legs to their stool which is the state at about 21% of their revenue with students contributing the other 50%. To ask the legislature to do more is very difficult; however, these are conversations that must be done. Part of the attraction to the project is the potential for a fourth leg to that stool by constructing this in a way that relationships with companies, space usage, accessibility to the space and instructional review bring revenue to the college in a new revenue stream. In her opinion, this would take the burden off the three entities that they come to for revenue and to do right by employers and potential students of the community. With respect to connections to private workforce development they have spoken to St. Luke's Cornwall Hospital and Orange Regional Medical Center on healthcare and wellness; and agricultural community, Amy's Kitchen; LEGOLAND and Cornell Cooperative Extension on food, beverage and entertainment. If asked what they would get done first, she would say Healthcare in the American Legion building, and on food, beverage and entertainment, the Masonic Lodge; and hang onto the YMCA for bit longer as it could be used for the creative arts due to the high ceilings.

Mr. Chapman explained that Dr. Young asked him to present an overview as to why they acquired the properties and financing. The properties were acquired by resolution in December 2013 with the issue of bond, specifically, for the expansion of the Orange County Community College facilities. The Legislature authorized bonding up to \$3.5 million to purchase the three buildings. The YMCA for \$1.4 million, American Legion at \$785,000.00 and Masonic Lodge for \$750,000.00 and they still owe just under \$2.5 million on the outstanding debt. The County Executive and many Legislators

have asked how they get out of the real estate business, so they looked back at the resolution that authorized the debt and its purpose. The resolution stated what the Orange County Community College Foundation's role would be. When the college first started discussions on this, they asked what the Orange County Community College Foundation's role would be with the Orange County Community College Foundation asking for an option agreement to go out and raise money for the project and layout a timeline on when those options can be utilized. They have presented three different option timelines for each building as follows: Phase I: American Legion Building at 62 Grand Street, September 1, 2020; March 1, 2021 for the Masonic Lodge at 48 Grand Street and March 1, 2022 for the YMCA Building at 54 Grand Street. In the minutes of the December 2013 Legislative session, the Orange County Community College Foundation and Mr. Rowley's roles were laid out in writing with no risk to the county at Mr. Rowley's request and incorporated into the option agreement. They have currently raised/pledged to date 70% of the original \$9 million planned for the first two buildings with the state matching most private sector donations and county contributions. From their perspective they looked at their intent and tried to work with the college to ensure that the Orange County Community College Foundation would have a role that honors that intent and they are working with bond counsel on what their options are with the outstanding debt.

Mr. Rowley presented the committee with a brief overview of his time with the Orange County Community College Foundation. He expressed his appreciation of the county's support which has been unprecedented in the state. This is an exciting project and he has not seen such excitement from a city or county with support pouring in from County Executive Neuhaus, those legislators that he has personally spoken to, former State Senator William J. Larkin, Jr., State Senator James Skoufis and Central Hudson. They are fortunate to have college related partners and to be part of the SUNY system with its matching funding mechanism for capital projects, curriculum approval, College Association and SUNY Orange County Community College Foundation. The Orange County Community College Foundation and Orange County Community College Association share the fundamental goals of enhancing the college and improving the overall community.

Mr. Rowley addressed the funding stream. The Phase I support to date is as follows: Masonic Lodge and American Legion; Grand Street building donation (estimated value)/SUNY match \$2 million, CFA/Empire State Development \$1.831 million, former Senator Larkin/SAM \$200,000.00, Central Hudson \$20,000.00, SUNY match (Central Hudson) \$200,000.00, SUNY Orange Foundation/Private Pledges \$1 million, SUNY Match (Orange County Community College Foundation/Private Pledges) \$1 million total to date \$6.431 million (70.2%) with a projected budget of \$9,158,566.00. Everything hinges on the option agreement mentioned by Mr. Chapman and what they are asking them to support. In their opinion, it makes good business sense to conduct this in a businesslike manner to ensure they go through the due diligence process properly. Their next step would be to get the Legislature's approval of the option agreement, incorporate the agreement into the local law, work with bond counsel to resolve issues, complete an enhanced environmental assessment, gain local permitting and approvals, meet state/federal guidelines and regulations, develop accurate construction/renovation scope and budget, architectural drawings, complete MOU's with public and private partners, develop operating budget and revenue projections, begin renovations, outfit spaces, fill training classes and expand partnerships.

Mr. Ruskiewicz expressed concerns with the transfer of ownership, why it was important for the Orange County Community College Foundation to acquire ownership, the ability to move forward with their plans if the county retained ownership and whether or not that would impact their current and/or future fundraising. Mr. Rowley replied that it would have an impact. As a taxpayer in Orange County, in his opinion, the government's business should not be in real estate

and that the private sector can do a better job with respect to real estate. One of the programs will be workforce training and with them taking ownership they would also be taking the liability as the buildings could be used for various trainings, and this structure makes the most sense for the county and college.

Mr. Hines commented that the county purchased the buildings for approximately \$3 million; however, the aforementioned grant is at \$2 million but could they petition the state for \$3 million. Dr. Young replied that they would need to get clarification from the state on whether their matched value would be on the purchased price or the current appraised value. The figure they have stated was a conservative estimate, but it could be \$3 million.

Mr. Hines suggested they confer with John McCarey, Director of Orange County Real Property Tax Service Agency as he is a licensed real estate appraiser and an expert in this field.

Mr. Hines asked for clarification on who would own the buildings. Mr. Rowley replied that by law the college cannot own the property and was an additional reason why the Orange County Community College Foundation was stepping in as a placeholder for the buildings. This would allow them to move quickly, negotiate quickly and have the college and the foundation working side by side on these deals. If the county were involved, they would be required to come to them for everything which would bog down the process and put them behind the eight ball.

Mr. Hines asked about giving away property that they have bonded, and would they be required to come up with the remaining balance of the bond before transferring the property. Mr. Chapman replied that bond counsel was looking at several alternatives, but it could be a long-term lease that would be sold later and a way to get around the bond issue or a Debt Service Reserve Fund could be setup for the \$2.5 million. They are also trying to determine if the Orange County Community College Foundation is an arm of the county yet still maintaining a public purpose. It could be something that may ultimately be put into a purchase/sale agreement with very specific requirements such as the property must always be used by the Orange County Community College Foundation for the benefit of the college. In addition, the \$2 million match covered Phase I and was not a factor for additional funds as a budget was only provided for Phase I.

Ms. Tautel asked if the county retained ownership and the college brought in a private company and equipment would they need the New York State Education Department (NYSED) approvals. Dr. Young replied yes.

Ms. Tautel asked if the Orange County Community College Foundation owned it, would it eliminate that process. Dr. Young replied yes.

Ms. Stegenga asked if the property was transferred, would the county and county taxpayers still have to pay the bond. Mr. Chapman replied yes, however, it could be done by establishing a reserve fund or they could continue to pay it off like any other debt.

Ms. Stegenga asked if the programs would be like those at Delhi and would the students utilizing these programs be able to get the various grants and/or funding because "trade type" colleges do not qualify for grants, but certain educational components could enable them to qualify for said grants. Dr. Young replied that it would be a blended model of academic funding and workforce funds. The governor has placed funds into workforce training, and this would provide them with a structure that they can make a play for those funds in addition to what they currently

do. They would also like to have skin in the game from private companies and business that they would not normally see. While this has been thought out it is all speculative, but the idea was to use the streams of state and private money to pay for the training of those Orange County residents that would like to partake of this program but do not have the funds to pay for it.

Ms. Stegenga asked about "tenants" in the buildings and how that would be beneficial to the taxpayers of Orange County. Dr. Young replied that currently that plan does not exist.

Mr. Rowley added that there could be tenants and/or classrooms, but the objective is to make this financially feasible so that students are leaving with jobs.

Ms. Stegenga expressed concerns that the college would have set guidelines on what the charges would be and the raising of tuitions. However, if they go with private firms for training, those companies could max out and the people they are trying to help may not be able to afford the programs and the goal they are trying to build and accomplish may not work.

Mr. O'Donnell stated that while he supports the program, he does not support them releasing ownership, yet.

Mr. O'Donnell asked why the Orange County College Association put in the Consolidated Funding Application (CFA) application rather than the college. Dr. Young replied that the application for the Consolidated Funding Application (CFA) required the applicant be a 501(c)(3), therefore they needed one of their sister organizations to submit the application.

Mr. O'Donnell asked why the Orange County College Association was chosen. Mr. Rowley replied that they are merely the placeholder for the application, but it could have been either the Orange County College Association or the Orange County Community College Foundation.

Mr. O'Donnell asked what the Orange County College Association's role would be. Mr. Rowley replied that they would not have a role going forward other than the application being made by them.

Mr. O'Donnell asked if matching funds were received from the state when they originally purchased the buildings and did SUNY Orange apply. Mr. McCarey replied that they did not apply for matching funds.

Mr. O'Donnell asked if they were eligible to do so. Mr. McCarey replied that he did not know.

Mr. O'Donnell inquired as to whose idea it was to purchase the buildings.

Mr. McCarey noted that this is an excellent opportunity for them to move forward with the buildings for the college.

Mr. O'Donnell reiterated that he supports it just not giving up ownership of the property.

Mr. Rowley clarified that the match is from the SUNY system and because they are a SUNY college, they are eligible for the matches; however, Orange County government is not eligible.

Mr. McCarey added that in the 1970's when the college was buying up property, the Orange County Community College Foundation purchased that property and transferred it to the college. That is a good arm as a mechanism to make a project like this work. There are several ways for bond counsel to figure this out or they could do a ground lease where they maintain the rights to the land with the college maintaining the rest.

Mr. O'Donnell stated that before they vote he would like clarification that they do not have to go back to the state for approvals because it's the Orange County Community College Foundation and not the college.

Mr. O'Donnell asked if this could be done without the Orange County Community College Foundation owning the buildings. Mr. Rowley replied that if they do not have control, he would recommend to the foundation that they not proceed with the project.

Mr. O'Donnell asked why he would recommend that. Mr. Rowley replied that government involvement in these types of projects is a negative and it would be a very cumbersome process that could be bogged down with red tape with the process they are proposing being more streamlined.

Mr. Chapman commented on a recent discussion with his trial attorneys on this matter. One of the attorneys expressed concern as to why the county would want to deal with the manufacturing things, heavy machinery and the possibility of an individual being hurt in the private sector because in the end they would be sued. In his opinion, he does not want to own a place in which heavy industrial work is being done.

Mr. O'Donnell pointed out that if it has the name SUNY Orange on it, they own it.

Mr. Watson explained that the three buildings they seek to take over fit into a category where they can be approved for historic tax credits and new market tax credits but in order to accomplish that they would have to have ownership of the buildings and a way to speed the funding along for both phase I and phase II.

Mr. O'Donnell agreed that it would be a plus; however, he wants all the facts on paper before he will vote on this.

Mr. O'Donnell asked if they were to sell the properties, would it have to go out to bid. Mr. Chapman replied no, it would be done by local law.

Mr. Cheney asked if the county were to retain ownership of the properties how would it impact the SUNY match. Dr. Young replied that her understanding was that they are eligible for the match because they are a community college and if their properties are on the county books they are held in trust for the college and makes the match available. However, she was not sure if a county property alone would allow the college to take that match versus it being held in trust or in partnership with the Orange County Community College Foundation.

Mr. Cheney asked if the current options with bond counsel was allowing the college to get the SUNY match. Mr. Chapman replied that the colleges consultant has indicated that after evaluating the regulations they would allow the match if it were a long-term lease. They will get the

additional information from SUNY Central Office on who qualifies and/or does not qualify for the match.

Ms. Tautel requested the following information: (1) would the Orange County Community College Foundation qualify for federal funding for workforce development; (2) the NYSED approvals with businesses conducting workforce development training for college students; and (3) if the county retained ownership how would that affect the CFA.

Mr. Rowley replied that they would get those answers to them in writing.

Chairman Brescia commented that they would get subsidies from the companies they are looking to engage with. One overriding question would be whether they would have to pay prevailing wage with a lease option with the Orange County Community College Foundation. He is sold on the county passing the expense of the building and he is unsure if they can transfer the liability with a lease to the Orange County Community College Foundation as long as the county is attached to the buildings. He agrees that legislators should hear more, and questions answered at subsequent meetings.

Mr. Chapman stated that at the Port Jervis campus the owner of that building did not have to pay prevailing wage and the way that it was structured by the Law Department, Port Jervis and the college. Prevailing wage is for public projects and what Mr. Rowley is discussing a private sector entity doing something with property that the county presently owns.

Mr. Brescia added that the YMCA building could remain separate until they see how the other buildings proceed. The future is now, and they need to get something done and they do not want to spend a lot on the buildings and that was the assurance that many legislators had when it was voted on years ago.

Mr. Minuta commented that he was in favor of what they are trying to accomplish; however, he is not sure they are there or that they have all the details to get there. Obviously, there are a lot of questions that need to be answered definitively instead of in theory. Regarding the government owning it and streamlining, he could agree to some of it and since 2013 they have owned the buildings with not much being done. With respect to their program projections for workforce and labor workforce there is an immediate need right now with Legoland and Amy's Kitchen but when does that become saturated to where they don't need that program as robust as it once was and what do they do at that point.

Dr. Young replied that they asked both companies about their typical attrition rate and how typically are people moved from entry level positions into more complex job levels. There would be a certain amount of attrition for entry level positions. The part they hope for and expect the model holds is that with their success do other similarly oriented businesses move into the community that are looking for those skills because they have demonstrated that they are a county that is providing workforce training.

Mr. Minuta asked who they are competing against for this niche as they currently have BOCES programs and the Culinary Institute of America (CIA) out there.

Mr. Minuta commented on the projections for phase I and he agrees with Legislators Hines and Stegenga on the taxpayer dollars that have already been funded for this purchase and on

taxpayer dollars going back into the community college at around \$3 million. In his opinion, this is something they need to be careful with and looked at.

Mr. Minuta inquired on the projections and time frame for Phase II and are they getting their arms around a too big of a tree trunk and should they just look at the two buildings at this time.

Dr. Young replied that they should be able to do all three buildings, they only separated them for the purpose of the CFA proposal and these areas of interest should fill all three buildings.

Mr. Minuta pointed out that the funds have not been allocated in this, correct. Dr. Young replied that they were trying to get a competent estimate; however, they do not have that information yet.

Mr. Minuta commented that the overall work that needs to be done to just rehabilitate the building and to get it to a function of the new occupancy would be a starting point and they are talking millions at that point.

Mr. Minuta thanked them for their presentation, and he hopes that it goes forward the way they hope it goes forward.

Mr. Ruskiewicz asked about the option agreement and timeline. Mr. Chapman replied that option agreement has three separate dates with the last being March 1, 2022. The first option would be the 62 Grand Street property and they would have to execute the option, if at all, by September 1, 2020. The second option would be the 48 Grand Street property and they would have to execute the option, if at all, by March 1, 2021 and the third option would be the 54 Grand Street property and they would have to execute the option, if at all, by March 1, 2022. The timing is to provide the Orange County Community College Foundation with the opportunity to raise the money they need, see if the buildings are architecturally feasible and to build a base with the customers they are trying to retain. By having the option dates bumped out it provides the Orange County Community College Foundation with a realistic chance to do what they believe they can do.

Mr. Luján thanked everyone for their hard work. The last time they met was during the tour with a great deal of excitement and questions being expressed. Since that time the work has shown with a CFA grant of \$1.8 million, and to be at 70% of the projected budget is spectacular. This is what the city of Newburgh has been talking about for years and the jobs they have been asking for in the community. This community has suffered because of poverty, max taxation and lack of jobs and to see that the college has paid attention is gratifying. He has spoken to people in the community and representatives who are also excited. When they talk about legacy and why they bought the property in the beginning it was to serve the community and what better way to serve the community than to do what the community has asked for. He is a definite yes, and although there are many valid questions that need to be answered, he would recommend they keep moving forward.

Mr. Rowley concluded stating that their intentions were to come away from the meeting with guidance, receive and document questions and to respond to those questions immediately.

The meeting adjourned at 6:05 p.m.