

NYC Regional Economic Development Council Meeting

MEETING AGENDA

February 23, 2015
10:30 a.m.

The Graduate Center, CUNY
Manhattan

EXECUTIVE SESSION

- 10:30 – 10:35 a.m. Welcome and Introduction**
Kenneth Knuckles, President and CEO, Upper Manhattan Empowerment Zone
- 10:35 – 10:45 a.m. Opening Remarks**
Lieutenant Governor Kathy C. Hochul
Howard Zemsky, President and CEO, Empire State Development
- 10:45 – 10:50 a.m. Overview of General Session Meeting Agenda**
Kenneth Knuckles, Upper Manhattan Empowerment Zone
- 10:50 – 10:55 a.m. Comments and Questions from Council Members**
Kenneth Knuckles, Upper Manhattan Empowerment Zone

GENERAL SESSION

- 11:00 – 11:10 a.m. Welcome and Introduction**
Kenneth Knuckles, Upper Manhattan Empowerment Zone
- 11:10 – 11:35 a.m. Opening Remarks and State of the State Summary**
Lieutenant Governor Kathy C. Hochul
- 11:35 – 11:45 a.m. Recap of Council Activity**
Kenneth Knuckles, Upper Manhattan Empowerment Zone
- 11:45 – 11:55 a.m. Presentation on START-UP NY**
Leslie Whatley, Executive Vice President, Empire State Development
- 11:55 – 12:05 p.m. Priority Project Update - Closing the Gap: Classrooms to Careers**
Cass Conrad, Executive Director, School Support & Development, CUNY

12:05 – 12:10 p.m.

Wrap-up / Adjourn

Kenneth Knuckles, Upper Manhattan Empowerment Zone

**New York City Regional Economic Development Council Meeting
Monday, February 23, 2015
The CUNY Graduate Center, Manhattan**

Summary of Public Meeting

Attendees:

Regional Council Members and Representatives:

Stuart Appelbaum, President, Retail, Wholesale and Department Store Union, represented by Zayne Abdessalam

Marlene Cintron, President, Bronx Overall Economic Development Corporation

Cesar Claro, SIEDC, represented by Varun Sanyal

Carol Conslato, Past President, Queens Chamber of Commerce

Mike Fishman, SIEU, represented by Ival Grant-Williams

Steve Hindy, President, Brooklyn Brewery

Kenneth Knuckles, President and CEO, Upper Manhattan EZDC

Nick Lugo, Hispanic Chamber of Commerce

Marcel Van Ooyen, Executive Director, GrowNYC

Peter Ward, Hotels and Motels Traders Council, represented by John Tritt and Josh Gold

Kathy Wylde, President and CEO, Partnership for NYC

Elected Officials and Representatives (City)

Ramen Sanchez, representing Hon. Ruben Diaz Jr., Bronx Borough President

Peter Wertheim, representing Hon. Mayor Alicia Glenn, New York City Deputy Mayor

Elected Officials & Representatives (State)

Jerry Kassar, representing Hon. Martin Golden, NYS Senate District 22

Derrick Lewis, representing Hon. Michael Blake, NYS Assembly District 79

Executive Chamber

Jason Elan, Lt. Gov. Press

Lieutenant Governor Kathy Hochul

Ryan Silva, Governor's Office

Empire State Development

Adem Bunkeddeko, ESD

Jason Conwall, ESD

Elizabeth Demetriou, ESD

Andrew Fletcher, ESD

Charles Imohiosen, ESD

Bianca Malhotra, ESD

Angela Pitto, ESD
Lauren Racusin, ESD

Joseph Tazewell, ESD
Leslie Whatley, ESD
Howard Zemsky, ESD

CUNY

Dr. Suri Duitch, University Associate Dean for Continuing Education
Shanequa Terry, CUNY
Laura Miller, CUNY
Conrad Cass, CUNY

State Resource

Dwight Brown, EFC
Luis Calderon, NYS DOT
Jason Cornwall, ESD Press
Sandra Dixon, Port Authority of NY & NJ
Merrill Hesch, NYS Parks
Imran Khan, Empire State Fellow
Fred Landa, DOS
Alana Marcello, NY Power Authority
Charles O'Shea, NYS DOT

Public

Anthony Amiewalan, BOC Network
Richard Drucker, Brooklyn Navy Yard
Tom Florino, Ernst & Young
Deb Howard, BOC Network
Christopher Le Gorju, BOC Network
Carmela Mammas, US Export Assistance Center
Sam Miller, NY Grant Co.
Michael Moynihan, NYC EDC
Jamal Othman, NYS Division of Veteran's Affairs
Jennifer Pautz, NYU
Tarna Prado, Downtown Alliance
Joe Schoonmaker, NY District Export Council
Ben Searles, NYU
Rick Stuart, SUS.org

Executive Session

I. Welcome and Introduction

As Co-Chair, Kenneth Knuckles welcomed the committee and thanked President Chase Robinson of The CUNY Graduate Center for hosting the Council.

Knuckles said the Council was honored to have Lieutenant Governor Hochul present. She was elected last November and inaugurated on January 1, 2015. He will share her bio and present her more formally in the general session.

II. Opening Remarks

Hochul said she looked forward to cultivating the relationships that her predecessor Bob Duffy had built with the Council. She asked the governor to allow her to keep serving with the regional councils when he asked her to join his ticket because she wanted to do more meaningful work. He agreed. She's hoping to use her position to advance economic development for the state as a whole, because it is one state, one balance sheet. We are all on the same team, and should compete not with other regions but with other states and abroad as well.

She shared the governor's view that one's time in public service is finite so positive change should be accomplished decisively and quickly. She looked forward to working with the Council and sharing the governor's budgetary priorities, for example. We have moved forward significantly in four years. When the governor began his term, unemployment was skyrocketing, the deficit was \$10 billion. He was able to bring back jobs and turn the deficit into a \$5 billion surplus. New York State is open for business is not only a slogan but businesses know it is a new day in New York.

She introduced the "turnaround expert," Howard Zemsky, who was instrumental in turning around Buffalo. The people of the state of the New York were fortunate to have him as president and CEO of the Empire State Development Corp.

Zemsky stated that he comes from the Council's world. The governor's approach of collaborative, bottom-up and empowering approach has truly benefited economic development. The work of the Council is particularly important, as NYC is the engine that drives the state's economy. Zemsky thanked his predecessor Ken Adams for his friendship and their collaboration. He looked forward to collaborating with the Council. He spent twenty years in the food processing industry and in his travels noted how other cities developed their historic districts into trendy areas to work and play. After he got into real estate, he spent his time doing the same for Buffalo.

III. Overview

Knuckles went over the agenda for the public session. He would recap the Council's activities since the last meeting on August 8th.

Leslie Whatley, Executive Vice President of ES, will then provide an update on START-UP NY.

Lastly, the Council will hear from the sponsor of one of our 2013 priority projects. Cass Conrad, Executive Director of School Support & Development at the City University of New York, will provide an update on the "Closing the Gap: Classrooms to Careers" project, which was the centerpiece of our 2013 Opportunity Agenda.

Before he adjourned the Executive Session, Knuckles opened the floor for questions and comments. Steve Hindy stated that the Council needed a successor as chairman to Matt Goldstein, former CUNY Chancellor, who led the Council for four years. While CUNY staff has done a great job a lot of the support work, the Council needed leadership. Knuckles said that he concurred.

Knuckles closed the Executive Session.

Public Session

I. Welcome and Introduction

Kenneth Knuckles welcomed the members of the public and thanked President Chase Robinson of The CUNY Graduate Center for his hospitality. He introduced Lieutenant Governor Kathy Hochul for her opening remarks.

Before her election as lieutenant governor, she as a group vice president for strategic relationships at M&T Bank and was liaison for economic development projects and community matters. From 2011 through 2013, she was a congresswoman from New York's 26th congressional district; she earned a reputation for fighting for western New York, creating well paying jobs, relieving student debt and advocating for farmers, small businesses and veterans.

II. Opening Remarks and State of the State Summary

Hochul conveyed Governor Cuomo's appreciation to the Council for its efforts to ensure that New York remains number one in creating the environment where businesses want to come and want to stay. The Governor would like to build on New York State's strengths and take the region's experience nationally and internationally. She expressed her excitement at seeing the fruits of the funded projects from the last few years. She lauded the next speaker, Howard Zensky, for his leadership especially since she saw the tough years firsthand, whether it was Staten Island or the Bronx and other areas left out of the state's resurgence. She said she would be a partner to the Council not only on paper but in person as well and would like to see firsthand and onsite the

proposed funding projects. She promised to attend as many gatherings of the Council as her schedule would allow. Hochul excused herself to attend an event with the governor. Knuckles introduced Howard Zemsky.

Commissioner Zemsky served as co-chair of the Western New York Regional Economic Development Council, was chairman of the Niagara Frontier Transportation Authority, was a managing partner of Taurus Partners LLC and his company, Larkin Development Group, is redeveloping the historic Larkin district in Buffalo.

Zemsky expressed his pride at his nomination to be Empire State Development Corporation president and looked forward to his senate nomination hearings. He thanked his predecessor Kenneth Adams. He identified himself as a believer in the Council's mission as well as the governor's collaborative and strategic approach to economic development, a welcome departure from the one size fits all approach practiced in the state for a long time. He applauded the Council's focus on export, innovation, infrastructure and inclusiveness. He was proud particularly of the Human Genome Center, one of the Council's priority projects and collaboration with the University of Buffalo's Center of Computational Research. He experienced firsthand the fruits of the Council's type of collaborative approach in the resurgence of Western New York, where more voices were included and alignment between the business, academic, community development, labor and philanthropic communities was achieved.

III. Recap of Council Activity

Knuckles provided an overview of the Council's extensive activity over the last six months. After the August 8th, 2014 meeting, the Council's progress report was submitted to Commissioner Zemsky's predecessor, Ken Adams. On September 15th, he and two other members of the Council's executive committee, Kathy Wylde and Carol Conslato, presented the progress report to the strategic implementation assessment team in Albany. The SIAT team was made up of Cesar Perales, secretary of state of New York; Jerry Boone, commissioner and president of the New York State Civil Service Commissioner; RoAnn Destitio, commissioner of the New York State Office of General Services; Matthew Driscoll, president and CEO of the New York State Environmental Facilities Corporation; Thomas Mattox, commissioner of the Department of Taxation and Finance; Cristyne Nicholas, chair of the State Tourism Advisory Council, Patrick Kirwan, director of the Trade Promotion Coordinating Committee US Department of Commerce; and Colonel Eric Hesse, executive director of the New York State Division of Veterans Affairs.

The CFA awards were announced at a ceremony in Albany attended by Governor Cuomo on December 15th. Joining him were Lieutenant Governor Duffy, then Assembly Speaker Silver, Senate Co-Leader Skelos, Senate Co-Leader Klein. Carol Conslato and Marlene Cintron represented the Council. A total of \$61.2 million in funding for 71 projects including funding for nearly all of the Council's 2014 projects. The following priority projects were granted funding: National Urban League 125th Street development, \$2.5 million; Brooklyn Brewery expansion, \$2 million; the New York Wheel, \$1.55 million; the Victoria Theater, \$1.5 million; Building 77 at the Brooklyn Navy Yard, \$1 million; Saw Mill Creek Pilot Wetland Mitigation Bank, \$1 million; the Per Scholas Urban Development Center, \$800,000; JFK air cargo facility, \$500,000; New York City Energy Efficient Market Integration and Assistance Program, \$3.5 million; the CUNY Hub for Innovation and Entrepreneurship, \$250,000; the Long Island City Partnership Comprehensive Plan,

\$100,000; the Josephine Herrick Project, veteran work investment, \$49,000. There were also seven excelsior tax credit projects--Brooklyn Brewery, \$4 million; Steuben Foods, \$200,000; Israel Beigels, \$96,000; Doran Jones, \$1 million; GAL Manufacturing, \$350,000; Precision Gear, \$225,000; and Lady M Confections, \$275,000.

Knuckles introduced the next presenter, Leslie Whatley, executive vice president at Empire State Development, for an update on Startup New York.

IV. Presentation on START-UP NY

Whatley began with a restating of the program's purpose. Start-Up NY creates tax-free zones by taking advantage of under-utilized university spaces: a company in these zones enjoys tax free status for ten years; zero income taxes for the company or its employees, no sales tax, state or local, no property tax, no franchise tax, no transfer tax. But they must create net new jobs to the state.

There are 63 approved campuses presently, soon to be 66. These include five CUNY campuses: City College in Manhattan, York in Queens, Bronx Community College, Medgar Evers in Brooklyn and the College of Staten Island. Also included are Downstate Medical, NYU, Columbia, SUNY Maritime and a number of privates.

At the present time 73 companies that have enrolled in the program, with a commitment to create over 2400 jobs and invest over \$100 million in the state. Examples of these companies include one that processes and stores stem cells for future medical and therapeutic use; two companies developing products that may cure pancreatic cancer and designing drugs for the treatment of auto-immune and anti-inflammatory diseases. The program is creating the opportunity to commercialize important research. The companies also advise faculty on how they can apply science education to the marketplace so that when students graduate they are ready to work. These high paying jobs create an economic multiplier effect.

Even companies that aren't ready for a tax program are referred to the incubator programs that exist at the schools until they are better prepared. They are kept in the state. The program, along with venture funds launched by the governor and the incubators, aims to cultivate high tech jobs and keep the 40,000 STEM graduates that New York produces in the state. Another important result is that the schools are becoming economic development players in their communities.

Whatley was asked about the cost of foregone taxes to the state from the 2400 jobs; the program's plans for outreach to smaller firms without access to capital, especially ones in the outer boroughs and whether the program pays for private space off campus.

Whatley responded that companies are paying rent to the schools for previously fallow spaces. The program puts jobs that did not exist in those spaces. Thus the program creates revenue from these assets at the schools that are being paid for with public dollars. For the smaller firms, there are a number of great incubators in this city including at NYU, Columbia, Downstate Medical, that are filling this need. Regarding private space, the program tries its best to use properties that are

off the tax rolls, so that the company gets the full benefit of the property tax abatement and nothing is taken away from the communities.

Whatley addressed a final question regarding MWBEs throughout the state that would benefit from the program by stating that while those numbers have not been analyzed yet, she would say that the program will use real estate brokers that would be required to meet the state's MWBE's requirements. Additionally, while many of the firms that apply do not meet the screening criteria, START UP-NY works with the incubators to guide the companies further along on their development.

V. Priority Project Update - Closing the Gap: Classrooms to Careers

Conrad introduced her colleague and co-presenter Laura Miller. They would begin by providing an overview of CUNY's Early College Initiative (CUNY ECI) – the organization – and the Closing the Gap Project. CUNY-ECI partners CUNY and the New York City public school system to develop new high schools and new high school models to increase college completion rates, to support students throughout their tenure both in high school and college no matter what their background is as they enter the school. Closing the Gap supports one of those high school models, the PTECH model which she and Miller will expand on. The schools integrate a high school and a college program. Students who are traditionally underrepresented in higher education attend these high schools. Students are non-screened so they represent the full range of academic preparation in the New York City Public School System as well as very diverse ethnically and socioeconomic status.

An innovative model which came out of the Initiative is the 9 to 14 early college and career schools, known as the PTECH model. PTECH brings together high school curriculum, college degree work as well as workplace experiences so that students will earn their high school diploma and an associate degree geared to the industry in which they hope to enter and armed with authentic workplace experience so they will be ready for the high growth jobs direct from graduation. PTECH's partner employers are in the technology, health, energy and engineering fields. Each of the schools has a specific industry focus. These programs are designed as six-year models, so students enter in the ninth grade and can stay in the program for up to six years. Closing the Gap project provides support to the employer partners.

Miller stated that Closing the Gap began when CUNY ECI found a host of employer partners eager to provide mentoring and internships, so the objective was to provide these employers with assistance in developing high quality mentoring and internship programs for the early college and career students. CG creates mentoring and the meaningful internship opportunities for students and tailors them for individual schools as well as the entire six school network.

Miller showed visuals highlighting an example of these partnerships. The Inwood Early College for Health and Information Technologies. The two employer-partners are New York Presbyterian Hospital and Microsoft. A second example is Energy Tech in Long Island City with employer-partners Con Edison and National Grid. CG will soon have a six year work-based learning plan for how students' progress through the program. Other future plans will involve getting more teachers

active in externships at these businesses so that when they're planning mentoring and internships and school-based projects, they have that direct, current and relevant experience from their time within the externship. A learning community network among these employer partners will also be built, so they may learn best practices from each other and provide a network for future schools and partner employers to join and learn from

Asked whether the program can be integrated more broadly into the state's mentoring initiative, Conrad stated that she is working closely with the National Mentoring Partnership here in New York City and Long Island and does a great job of convening best practices across the different regions and the country. She also just attended a national conference to learn about mentorship programs nationally. Conrad said she would love to find a way to share the lessons of the work so far with the four different program models in the 9 to 14 schools.

Ryan Silva commented that mentorship programs infrastructure are being built as part of the 2015 Opportunity agenda and that the regional councils will play a significant role in the process.

Conrad was asked for an update on the South Bronx component of the program. She said that this program is called HERO, or Health Education and Research Opportunities High School. It's partnered with - - Community College in the South Bronx. HERO is in its second year. The employer-partner is Montefiore Medical Systems, and Montefiore has been a fantastic partner.

In response to a question regarding underrepresented groups recruitment as well as recruitment of youth who have touched the juvenile justice system and measuring outcomes for these youth, Conrad replied that admission into CUNY-ECI is limited unscreened: there's no academic criteria, no attendance criteria, no prior performance that students need to demonstrate in order to be eligible. Roughly 85% of students are black and Latino. The academic performance varies widely; some students are extraordinarily high achieving on the way in and some students have really struggled. Both groups are welcomed into the schools and both are supported in the program.

In response to a question regarding expanding to Staten Island, Conrad also stated that if CUNY-ECI were to expand and open another school, Staten Island would be high on their priority list.

Knuckles adjourned the session.