

**Workforce Development Board
Executive, Finance and Audit Committee
and RochesterWorks, Inc. Board of Directors
Meeting Minutes
Tuesday, August 20, 2024
8:00AM - 9:00AM
Meeting Scheduled via Zoom**

Committee Members Present: Bert Brinkerhoff, Glen Jeter, Shirley Green, Ana Liss, Sergio Esteban, Melissa Suchodolski, Mary Beth Artuso

Committee Members Absent: David Scott

RochesterWorks, Inc. Board Present: Bert Brinkerhoff, Glen Jeter, Shirley Green, Ana Liss, Sergio Esteban, Melissa Suchodolski, Mary Beth Artuso

RochesterWorks, Inc. Board Absent: David Scott

Staff and Guests: David Seeley, Jeanine Frenz, Mary McKeown
John Anderson; Harter Secrest and Emery LLP

WORKFORCE DEVELOPMENT BOARD EXECUTIVE, FINANCE AND AUDIT COMMITTEE

Call to Order:

The Executive, Finance and Audit Committee Meeting was called to order by Glen Jeter at 8:01 A.M. Glen began the meeting by welcoming Mary Beth Artuso to the committee.

Approval of Minutes:

A motion to approve the May 21, 2024 Regular Meeting and July 16, 2024 Special Meeting Minutes was made by Melissa Suchodolski and seconded by Ana Liss. The motion was passed unanimously.

Finance Committee:

Review of Program Year 2023, Quarter 4 Financials:

Jeanine Frenz provided financials covering the Summary of Expenses April 2024 - June 2024.

The Office of the Inspector General audit, which began in February, has resumed. To recap, they are auditing us for program years 2019, 2020 and 2021. Additionally, our NYSDOL audit starts on August 21st and is expected to conclude within 3 weeks. Their report will be issued by the end of October, and we do not anticipate any surprises.

In early August, we received the initial allocation for PY 24 for Adult and DW funding. The allocation was just over \$1M of the \$3.3M we are expected to receive. The remaining funds will be available after October 1st, but possibly as late as November.

Revenue

- Total WIOA funds for the 4th Quarter were \$1.6M; 37% Adult, 20% Dislocated Worker, and 36% Youth.
- SCION: Funding for the Disability Resource Coordinator is on budget for the quarter and YTD. Earlier this month, the State granted an additional \$30K for this program through the Office of Mental Health. Recruitment is underway for a second position which will have part of the wages allocated to this effort.
- In School Youth: We have received a total of \$874K in funding for the ROC Your Job Program, with \$861K spent to date. The State has approved the continuation of this program for another year.
- Monroe County: We are on budget for the quarter and YTD for both programs.
- ROC Seeds: Billing is semi-annual. Our attorneys are finalizing the Opinion Letter, after which documentation will be submitted to Empire State Development. The reimbursement lag is 6 to 14 weeks for expenses from June through November 2023.
- School to Work Navigator: This program began July 1st with funding already advanced by the Farash and ESL Foundations.
- Gun Violence Prevention (GVP): This program concluded on March 31st. We have closed out this grant, with total revenue and expenditures of \$950K out of the \$2.25M allocated over the life of the grant.

Program Expenses

Direct Expenses:

- Individual Training Accounts (ITAs): ITAs are under budget for the quarter, mainly due to underspending in the Trade Act (\$15K) and Adult (\$31K). The yearly variance is due to GVP and Trade Act, with only \$17K expended out of a \$210K budget.
- OJTs: These are under budget in this quarter. Significant progress has been made with COMIDA funding, but amounts are not yet fully accrued on our financials, and final payments are still pending. Additionally, we budgeted \$271K for OJTs under the ROC Seeds Program, which has yet to be billed.
- The variance in Wage Subsidies is due to payments for the ROC Your Job Program and an increased focus on work experience opportunities for our WIOA Youth program.

Service Provider Payments:

- WIOA Youth payments are on plan for the quarter. Year-end will be under budget due to the loss of 1 navigator agency (CRC) and underperformance with other agencies.

Operational Expenses

- Overall, Operational Expenses are over budget for the quarter, but under budget YTD. Professional fees are significantly over budget due to outsourcing program monitors for the ROC Your Job Program, which was not budgeted.

For the year, we are showing a deficiency of approximately \$23K; however, once year-end accruals are posted, we should be close to breaking even.

A motion to approve the Review of Program Year 2023, Quarter 4 Financials as presented was made by Melissa Suchodolski and seconded by Ana Liss. The motion was passed unanimously.

RWI Board Meeting:

Review of Draft Lease at Monroe Community College Downtown Campus:

Dave Seeley welcomed John Anderson, a partner at Harter Secrest and Emery LLP. They have been our counsel for three years. We have engaged them primarily on HR related issues. We had approached John earlier this year about helping us with lease negotiations that relate to the MCC Downtown Campus project.

Dave reviewed a summary of activities that have taken place over the past several months in efforts to move forward with this project, which is the relocation of our Career Center next to the MCC Downtown Campus.

There have been two primary tracks and projects that we have been working on, with a pretty large stakeholder group that includes the Governor's Office, Empire State Development, MCC, the County, SUNY Counsel and outside counsel as well.

Dave recapped the following on the Career Center Project:

Two critical issues to move this project forward:

1. Financing
2. Lease terms agreeable with SUNY.

Securing financing, though not easy, has been more straightforward.

NYS Law does not envision a non-profit locating at a SUNY facility, even if its mission is supportive of the community college.

There has been back and forth with SUNY Counsel and Counsel from the Dormitory Authority (DASNY), the County Attorney and Harter Secrest.

- First to determine that a Career Center is a permissible use.
- Secondly, to assure that lease terms do not violate any State/Federal laws or threaten tax exempt status of bonds issued for the MCC downtown campus.

John Anderson presented lease agreement information at a very high level. The lease agreement needs to be improved in some form to obtain SUNY Capital funding. The current 'draft' lease is now in the hands of MCC and the County. John provided a brief overview of the following economic terms in the lease, including:

- Section 2 identifies really what we are leasing from MCC. The way this is drafted is we will be leasing the space that is being built out for us, in addition to any and all common areas that are available at the site and parking spaces in the Kodak parking lot adjacent to the site.
- Section 3 includes the commitment for the County and MCC to build out our space. HS&E has left a placeholder for Schedule D that will identify exactly what is going to be built in the process by which it is going to be built.
- Section 4 is the term of the lease. The current thinking is that the lease term must be as long as the useful life of the assets being constructed for us. John's expectation right now is that it would be approximately 20 years. Also drafted in the lease will be a right for us to extend for an undisclosed period, so that our right to be there would be 20 years plus some additional time, if we decided to exercise our option.
- Section 5 gets into the rent and other economics. Our rent is de minimis. Our base rent is \$1 a year, so we are not paying anything for that. John's understanding of the rationale for that is that the benefit that we are providing offsets whatever rental income would be otherwise due. However, even though we are not paying any rent, there still is the thought that there will be additional rent components that we will be paying as a part of our being a tenant of the space. That still needs to be worked out and is referenced in Schedule C.
- Section 6 includes that generally we will be responsible to pay our utilities for the space.
- Section 9 includes who pays for what, once the lease is in place and our property is built out. The way HS&E has drafted this is that our responsibility would be to maintain the interior, non-structural, and cosmetic areas of the property, whereas the landlord would be responsible to maintain the structural components of the building, the common areas, the utility systems, the HVAC, and everything on the exterior of our premises.
- Section 13 includes our permitted use of the premises. The lease has been drafted so that the use that we are permitted to make to the space is consistent with our not-for-profit 501(c)(3) use.
- Section 19 includes our ability to assign and sublet the space. The clause drafted is that we cannot assign or sublet without getting the landlord's consent.
- Miscellaneous, paragraph (j) Signage includes a provision allowing us to install signage on the inside and the outside of the building at our expense.

Bert Brinkerhoff asked when we expected to have the lease executed. Dave Seeley responded that short term, one of the reasons why we are doing this so soon is that in order for SUNY Central to include this in their Capital Plan, which then goes into a State budget process, they have said they needed Lease Terms that are agreed to. That is what the SUNY Board of Trustees wants to see. Dave does not know if he will be signing this lease anytime soon but stated on the record that if there are changes made, we will convene again to review those changes, because we really want the Corporation Board to authorize any decision like this. As far as the project itself, this would hopefully in the next handful of months trigger a process that ultimately will go through the County's Capital Improvement Plan. We are probably not going occupy the space until 2026. John added the way the lease is drafted is, when we get to the point of signing it, our obligations under the lease do not begin until they deliver the space to us completed, and there is a provision that has been added that states if for some reason there is a horrible delay, and the property is not delivered to us by some outside date, we have the right to terminate. Once we sign it, we still have some outs if for some unknown reason things change.

Downtown Career Center: Financing:

Ana Liss explained the County's role as follows: The County owns all of MCC's facilities in trust for MCC, which is why this has to be folded into their Capital Improvement Plan. All of MCC's capital improvements have to be part of Monroe County's capital improvement planning process. Monroe County is moving right ahead with amending their Capital Improvement Plan for the next cycle, so they are going to proceed with this project because of the County Executive's support for it. The full \$14M cost goes into their CIP, so any of the grants that are connected to the project will name Monroe County as the recipient and RochesterWorks as the beneficiary.

Glen Jeter asked, "After 20 years, is there any communication on the extension? Is that another 20 year extension, or looking like a 10 year extension, has that been discussed?" John Anderson responded that right now, we have not gotten their comments back. We have left it open as to how long they would be willing to extend it for. The other thought was, if the lease is structured so that the base term is around the useful life of the improvements, he suspects that once we get past the end of the useful life, there would need to be probably some significant changes or upgrades to the space, adding he would probably think the renewal would give us the option to stay there if we wanted to, but at that time, we probably would be in negotiations again with the County and MCC about whether the space works at that time, and are significant improvements or repairs needed at that stage.

Glen Jeter, acting in his capacity as Board of Directors for the RochesterWorks Corporation Board, stated we are seeking approval for the Lease terms with Monroe Community College. This is necessary in order to obtain SUNY Capital Funding. John Anderson, partner at Harter Secrest and Emery LLP, is the attorney representing RochesterWorks.

The Resolution of RochesterWorks, Inc. Board of Directors includes:

Authorize the Executive Director to execute a lease with Monroe Community College (MCC), as presented, for a Career Center at the 4th floor MCC Downtown campus, located at 321 State Street, Rochester, NY.

A motion to approve the Resolution of RochesterWorks, Inc. Board of Directors as presented was made by Melissa Suchodolski and seconded by Sergio Esteban. The motion was passed unanimously.

Dave reviewed the following project financing information for the Downtown Career Center:

Project Financing: \$14.1M

- Estimated at \$11.5M in early 2023
- Thorough construction estimate conducted by Christa Construction (July 2024): \$14.1M

Financing Plan:

- \$1.6M from US HUD, through Congressional Appropriation (secured)
- \$1M from Ralph C. Wilson Foundation (before their Board in September)

- \$500K from Konar Foundation (committed)
- \$11M gap - to be split between NYS Empire State Development (ESD), SUNY/MCC, and Monroe County under the proposed cost share.
 - NYS ESD: \$5.5M
 - County of Monroe: \$2.75M
 - SUNY/MCC: \$2.75M

Next Steps include:

- SUNY Board of Directors must include project in the SUNY Capital Budget request (September)
- Monroe County: Amendment of Capital Improvement Plan (late 2024)
- NYS ESD \$: will be finalized through the Regional Revitalization Partnership

Should the project have both the legal (lease) and financial support, it would become a part of the County's Capital Improvement Plan.

Executive Committee:

Resolution to Renew Payrolling Contracts for Paid Work Experience:

Background: At the September 2022 Board Meeting, the following fee-for-service contracts were approved for payrolling services for participant work experience:

- TES Staffing, for payrolling approximately 80 year-round youth and 230 summer youth per year; internal staffing for temporary youth staff; and as a secondary provider for all other payrolling services.
- RBA Staffing (now known as Beyond TalentEdge), for payrolling for 50 or more Adult, Dislocated Worker, National Dislocated Worker Grant, and other grant participants per year; and as a secondary provider for all other payrolling services.

The contracts included up to three one-year renewal options. The initial term of both contracts began on October 1, 2022, and ended on September 30, 2023. In September 2023, the Workforce Development Board approved the first one-year renewal for the period October 1, 2023, through September 30, 2024. Both TES Staffing and Beyond TalentEdge have performed satisfactorily during the second contract period.

Resolution: The Executive Committee and the Monroe County/Rochester Workforce Development Board approve the renewal of fee-for-service payrolling contracts with TES Staffing, with an estimated annual budget of \$1,760,000, and Beyond TalentEdge, with an estimated annual budget of \$200,000, for a one-year renewal period beginning on October 1, 2024, and ending on September 30, 2025.


A motion to approve the Resolution to Renew Payrolling Contracts for Paid Work Experience as presented was made by Sergio Esteban and seconded by Bert Brinkerhoff. The motion was passed unanimously.

Adjournment 8:45 A.M.

A motion to adjourn the meeting was made by Melissa Suchodolski and seconded by Shirley Green. The motion was passed unanimously.

Approved

Workforce Investment Board Executive Committee Meeting and
RochesterWorks, Inc. Board of Directors Meeting Minutes


David Seeley
Date 11/19/27

Submitted by Mary McKeown

Approved:

David Seeley: DAS 9-26-24

Jeanine Frenz: JEF 9-26-24