



ECONOMIC BONANZA



Rendering of the Inn at Bellefield.

First phase of \$500M development breaks ground in Hyde Park

BY RYAN DEFFENBAUGH

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Business executives and Dutchess County officials took ceremonial shovels to dirt Sept. 21 for the groundbreaking of Bellefield at Historic Hyde Park, an estimated \$500 million venture to bring hotel rooms, homes and foodie-friendly commercial storefronts to an undeveloped 330-acre parcel of land across from The Culinary Institute of America in Hyde Park.

Developer Bellefield Development Partners, an affiliate of T-Rex Capital Group LLC, envisions the site as a future destination for visitors and residents, each drawn to the area's history, natural resources

and food culture.

The master plan ultimately calls for about 2.1 million square feet of development, a mix of residential, commercial and agricultural space. That vision includes up to 559 residences, two hotels, a 45-acre agricultural complex, farm-to-table restaurants, a special events barn and an educational center.

The first step in that plan is the Inn at Bellefield, a 133-room hotel developed in partnership with The Shaner Group. Based in State College, Pennsylvania, Shaner Hotel Groups owns and manages more than 50 hotel properties in the U.S., Italy and the Bahamas.

The hotel is a collaboration with Marriott International and will be soft-branded as a Residence Inn.

The soft brand means the hotel will operate as Marriott but signs will carry the Inn at Bellefield name. The soft brand also allows the developer more creativity in the exterior design of the hotel. Architectural renderings show a brick and stone exterior designed to blend into the style of the nearby buildings at the CIA and

» HYDE PARK 6

Developer proposes STEM school for entire 723-acre IBM Somers site

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A more than 700-acre Somers campus that once hosted thousands of IBM employees could become home to a private high school focused on science, technology, engineering, math and arts studies.

Evergreen Ridge LLC, a newly formed school development company, presented plans Sept. 21 to the Somers Town Board for what company principal Tim DiScipio described as a "world class" private high school focused on STEM, or STEAM, a more recently popularized acronym to include arts, education.

Tentatively named Somers STEM Academy, the boarding and day school could eventually enroll 1,800 students. The school would

be for-profit, meaning the property will remain a tax-paying entity.

The company is in talks with the property's asset manager, Sebastian Capital LLC, for a long-term lease on the property's 1.2 million square feet of office space. The complex's five-buildings, distinctively topped by glass pyramids, were designed for IBM in 1986 by famed architect I.M. Pei.

The technology company announced in May 2016 that it would relocate staff to other offices in the county and sold the campus for \$32 million six months later.

In a phone interview with the Business Journal, DiScipio described his company's plan to bring life back to the vacant campus. The proposed school, he said, would focus on learning

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IBM campus in Somers.



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The hotel hopes to draw its guests from the visitors to those destinations, along with the nearby Walkway Over the Hudson, Staatsburg State Historic Site and local private colleges Marist and Vassar.

At the groundbreaking, Hyde Park Town Supervisor Aileen Rohr said the hotel would allow the “hundreds of thousands of visitors to stay where they play.” Mary Kay Vrba, president and CEO of Dutchess Tourism Inc., said the project should build on the region’s \$600 million in visitor spending in 2017.

“This location is triple A.

This is just such a great spot to do this,” said Lance Shaner, chairman and CEO of the Shaner Hotel Group, following the groundbreaking.

Tom Mulroy, CEO of T-Rex Capital Group LLC, put the development in a regional context.

He cited other major projects in the lower Hudson Valley: Marist and Health Quest teaming up to launch a medical college, Legoland’s half-billion-dollar theme park under construction in Goshen and Resorts World Catskills, the billion-dollar casino that opened earlier this year in Sullivan County.

Just farther north up Route 9, Japanese sake maker Asahi Shuzo Co. Ltd plans to spend \$28 million converting a former grocery

store into its first international brewery.

“We are thrilled to be part of this growth,” Mulroy said. “Things are happening here and that’s great for everyone.”

Mulroy promised Bellefield would build on that by bringing local jobs and investment, creating “a world-class hospitality and tourism destination” that complements The Culinary Institute of America.

Shaner said he was thrilled to build a hotel in what will become “one of the most beautiful communities in New York state.”

Just how long that community will take to fully build isn’t clear just yet. Mulroy said the first phase would focus on building up the property’s infrastructure – bringing roads,

sewer, water treatment and electricity to the site – with the hotel acting as the force that “ignites” it, as Mulroy described it. The estimated investment in the hotel and infrastructure improvements is \$60 million.

The hotel expects to break ground in January with Shaner projecting a 12-month construction timeline.

“Which is fast, by the way,” Mulroy added.

The next phase after the hotel would be a village green with some residential components. The entirety of the project could take at least five to seven years, driven by market conditions.

“But it’s going to move quicker now,” Mulroy said. “The biggest lead time to

getting this site activated, starting the other 2 million square feet, was getting the infrastructure in place.”

The commercial space would feature a market square fronted by signature restaurants, a year-round farmers’ market and specialty food and wine shops.

As for the site’s residential portion, “luxurious while not exclusive,” was the phrasing Mulroy used, with the new curved streets and a network of wide sidewalks. The style of homes is expected to range from brownstone style to detached cottages, artist-style lofts and private estates.

About 60 percent of the site’s 340 acres will remain wooded and undeveloped, while another 48

acres would be developed for agricultural uses. The property would have a network of 10 miles of walking, hiking and bikes trails through wetlands and nature preserves.

All told, the Bellefield project estimates it will create more than 550 construction jobs and 369 full-time jobs on site. Developers estimate the first phase of the project will generate more than \$118 million in state, county and town tax revenue and 10-year visitor spending of more than \$630 million.

Bellefield is also a “priority project” of the Mid-Hudson Regional Economic Development Council and has been awarded \$4.25 million in state grant funding.

IBM—

in growing, modern fields, draw top teaching talent and regularly bring in experts and mentors.

“We want to develop one of the most progressive academic schools in the world,” DiScipio said. “And the way that you do that is you draw upon the latest and greatest learning research and apply it with educators and administrators who are experts.”

DiScipio was most recently CEO of Weiming Education Group USA, the U.S. subsidiary of a Chinese company that is among the largest international K-12 private school providers.

Before that, DiScipio founded in 1996 the ePals Classroom Exchange, an online social learning network that reached 29 million students and teachers in close to 200 countries.

“In the early days of the web, if you ever saw a classroom on TV that was connecting with another classroom across the globe, it was likely ePals doing that,” DiScipio said. “We were recognized as a pioneer in that space.”

His role as founder and CEO of the company had him to travel to what he estimates totaled more than 900 schools worldwide. He learned, as he said, the way kids learn and teachers teach, as well as how they use technology.

The job also placed him on the very campus where he now wants to create the school. IBM handled the hosting services for ePal, which meant DiScipio visited the Somers campus several times for meetings.

When the Somers property came under new ownership, DiScipio said he was contacted by Sean Cahill, principal and managing director for Avison Young in Westchester and Fairfield counties from Avison Young. The potential for a school on the site was clear, he said.

“It’s this very modern, futuristic, serene setting and really ideal for a school campus,” DiScipio said. “It’s got all the key elements: spacious, interconnected buildings, a housing and residential life, dorm potential.”

That vision aligned with what Sebastian Capital was considering when the company began marketing the site.

Sebastian Capital represents the buyer of the building, a group of Mexican investors that also purchased the nearby former PepsiCo office building for \$87 million in 2015. The Business Journal reported following the sale of the PepsiCo building that the buyer was an affiliate company in Mexico City of Mexican business magnate Carlos Slim Helu. A Slim spokesperson later confirmed to Forbes magazine that a real estate company affiliated with the billionaire

was behind the deal.

Sebastian Capital has pursued a multi-tenant office conversion for the 540,000-square-foot PepsiCo building, but has listed the IBM property as a “school campus opportunity” on its website.

Roxana Girand, president and CEO of Sebastian Capital, said that without an office tenant, an educational purpose was the best and highest use of the IBM building complex.

The layout, with a central building that connects all five offices buildings, along with large windows and sunny central lobbies, made the campus ideal for school use, she said.

“It’s one of those rare occasions where you retrofit a building for a different use that actually lays out very nicely to it,” Girand said.

There’s also a certain appeal in the site’s historical ties to IBM.

“It’s really very cool to imagine as a 16-year-old or 14-year-old going into high school, you’re walking into what was a think tank for one of the largest companies in the world,” Girand said.

Planning discussions between the two parties carried on for more than a year before the conceptual plan was brought to the Somers Town Board in September.

The school hopes to open by 2020, beginning with a class of about 750 high

school freshmen and sophomores. From there, the goal is to reach between 1,500 to a maximum capacity of 1,800 students by 2022. The potential school will first require a zoning change from the town of Somers.

DiScipio said the school aims to be a leader in STEM education, including specialties such as biotechnology, biomechanical engineering, artificial intelligence, robotics and aeronautics.

“We want to align the course and programming with emerging career fields,” DiScipio said. “The classrooms would be highly engaging and collaborative, with problem-solving as one of the key drivers.”

He said the company is already in talks with universities and companies in those fields on potential programming.

About 85 percent of the school’s students would live on campus, with the other 15 percent local day students. The majority of students would come from the U.S., with some international students as well.

“We’re building the school to be so well differentiated that a family from the West Coast or Midwest would want to send their child to it,” DiScipio said. “There are private schools that have done things to warrant that type of travel and we think this is one of those academic programs.”

To get there, DiScipio

described “pretty extensive” renovations required on the property. None of the exteriors for the existing buildings would be reworked, but the school would require changes to the interior layout of each office. Plans also include a new arts center, head of school residence, dormitory buildings, a field-house athletic center and athletic fields such as for baseball, softball, soccer and tennis courts.

The developer has hired Pei Partnership Architects in Manhattan and KG+D Architects of Mount Kisco to handle the school’s design. Pei Partnership was actually founded by two of I.M. Pei’s sons, Chien Chung Pei and Li Chung Pei, who are the firm’s two partners.

DiScipio said the company does not yet have an estimate for the total cost of the renovation. The development team includes Tyton Partners, an education-focused investment firm in Stamford that will provide financing toward the venture.

Annual tuition is expected to be \$49,000 for boarding students and \$37,000 for day students, the developers told the board.

At maximum capacity, the school would employ about 235 people, DiScipio said. That’s 102 teachers, 23 administrators and 110 support staff, such as administrative assistants, maintenance and security employees, lab

aides and shuttle bus drivers.

As far as economic impact, DiScipio pointed to those employees – as well as the school’s students – supporting local businesses in Somers and northern Westchester County. The school could also potentially work with area high schools on courses and competitions.

The school could have major implications for the county’s office real estate market. Market analysts often describe the county’s overall office vacancy rate as distorted by the nearly 2 million vacant square feet dropped onto the market in 2016 when both PepsiCo and IBM left their office buildings. Converting the IBM property to a new use would take 1.2 million vacant square feet out of the northern office submarket, where a 21.9 percent availability rate is the county’s highest.

Town Supervisor Rick Morrissey published a letter to town residents following the hearing in which he wrote that there will be “much more to come” on the proposal.

Morrissey noted that the proposal at its peak would generate about 15 percent of the daily commuters that IBM’s 3,000 employees once generated.

He said through the review there will be “ample opportunities for public input. Tonight’s presentation was the first step of the process.”