

Town of Montgomery Industrial Development Agency Meeting Minutes
Town Government Center
110 Bracken Road
Montgomery, NY 12549

August 16, 2022
1:00 PM

PRESENT:

Jeffrey Crist - Chairman
Felicia Kalan – Executive Director
Bob Santo - Board Member
J. Thomas Jones - Second Vice Chairman
Billy Ibberson – Livestream Services (Acquisitions Marketing)
George DeClue – Board Member
Meghan Hurlburt – Secretary (Working Remote)
John Dickson – First Vice Chairman
Matt Stoddard – Treasurer
Ashley Torre - Counsel

ABSENT:

NOTE: Conference Call Line – No Calls

AGENDA

1. Call to Order and Declaration of Quorum
 2. Approval of the July 12, 2022 Meeting Minutes
 3. Public Comment on Items on the Agenda
 4. New Projects: 18 Leonard’s Drive and Key Capture Energy
 5. Executive Director Introduction, Report & Discussion
 6. Discussion – Financial Report Update
 7. Other Business
 8. Adjournment
 9. Next Meeting – Scheduled for September 12, 2022
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Meeting

1 - Chairman Jeff Crist began with the introduction of new Executive Director, Felicia Kalan, Board Members and other members in attendance.

2 – Chairman Crist – Approval of July 12, 2022 meeting minutes – Motion to accept minutes made by John Dickson. Ashley Torre: The dates need to be changed to July 12, 2022 and the approval of meeting minutes need to be changed from July to June of 2022. Motion seconded by George DeClue. All in favor, none opposed. Motion carried.

3 – Public Comment – No public comment.

4 – Discussion of New Projects – Chairman Crist – The first project we would like to discuss is 18 Leonard’s Drive, Christopher Frassetto. It’s an introduction and overview, we just received that application in the last several days. Are you Christopher?

Christopher – I am.

Chairman Crist – Welcome. You can use the corner of the table is fine, I don’t know if we have an easel anywhere. (Discussion on whether or not there is an easel for Christopher to be able to make his presentation.)

Michael Bluestein – I am with the law firm of Bluestein and Shapiro, Frank and Barone in Goshen. I have represented the Frassetto family for over 20 years. I have a pretty good track record, if you’re familiar with the Town of Walkill, I have built a lot of manufacturing, warehouse buildings up by Tower Drive. Some larger than this, some smaller than this. I have been a proven developer, started with my father and Chris’s father back in the 80’s. Chris and I have been working together for about the last 20 years. Proven developer, a lot of holdings in Orange County, mostly Town of Walkill. This is their first project in the Town of Montgomery. Here is a rendering of the proposed building. They have a building permit and as they started to start estimating the cost of the building, of course steel has gone up by about 70% in the last year and they decided that they needed to seek some more approvals from the IDA for some incentives and that’s why we are here today. Certainly, any questions you have about the project, Chris can certainly introduce it and explain to you what it is.

Chairman Crist - I might just mention, board members you have a hard copy of that application in front of you.

Christopher Frassetto – First, I want to say, thank you for having me today. As Michael said, we have been developing up in Orange County for the past 30 years. We have built around 600,000 square feet throughout the Town of Walkill, Harriman as well and this is our first project in the Town of Montgomery. This building is going to be an 80,000 square foot spec industrial flex building. Many types of uses can go in here, it’s the flex nature of the building. We are hoping for manufacturing, office use, research and development and/or warehouse distribution. We have started moving some soil around at the site. It’s 9.3 acres, 80,000 square feet, ceiling heights are 36 foot clear and it’s going to have 18 loading dock doors. It’s going to be state-of-the-art flex industrial building.

Chairman Crist – Questions board members?

John Dickson – Do you have any tenants at this time?

Christopher Frassetto – We have around 3 prospects and 2 are manufacturing, 1 is distribution. No one has signed a lease yet.

George DeClue – Are you looking for a single tenant or multiple tenants?

Christopher Frassetto – Right now we are looking for a single tenant but the building could be split in half, that’s the way it’s designed. So, if we have someone for 40,000, two 40,000 square foot users, we would entertain that.

Chairman Crist – I might just ask you to state what the stage of the project is now. I drove by it and I know tree clearing was done before, I think the restriction for that begins maybe April 1st. I know there is work going on now.

Christopher Frassetto – Right. The stage of the project now is trees have been cleared, we are setting up the pad to get it ready for the tilt-up panels and the steel. If all goes to plan, we would like to have that up by October, and we would like to have this project completed by second quarter or third quarter next year.

Chairman Crist – Thank you. One thing you may or may not be aware of to at least some degree, our benefits are dependent upon a needed benefit to have the project go forward. I don't know if you could speak to what that might do to let this project go forward.

Christopher Frassetto – Sure, no problem. Well, like Michael said, we have been building in the area for the past 30 years. My family's business has been around for roughly 60 to 70 years. We built an 80,000 square foot building up in the Town of Wallkill last year, much like this one, and the costs of construction has risen substantially. The whole project on a square foot basis has increased around 50% and steel alone now costs about 70% more from a year ago when the last project was completed. In order to keep the rents in line and to make this building attractive to prospective users, manufacturers and what not, we have to keep the costs in line. Therefore, in order for us to move forward, get the tilt up and the steel up and actually put the building up, we are looking for some type of relief on our end.

Bob Santo – I'm trying to make this into a question – There seems to be in the community a prejudice against warehouses. This seems to me to be another warehouse, maybe manufacturing. If you could say we are going to build an ice cream factory, boy, you would have support. Only for popularity, but warehouses, in this community, it's a bad word. We have so many warehouses, that's my opinion as one board member.

Chairman Crist – I believe the zoning fits this use.

Bob Santo – It's in the right spot too.

Christopher Frassetto – I understand the communities concerns. However, some of my past projects, one is very large, same type of building. It brought in Pratt and Whitney in the Town of Wallkill, and that created approximately 100 jobs with an average salary of I believe it was \$75,000.00 and that was back 15 years ago. Some other of our projects we have, Safe-Lite Auto Glass. They are light assembly distribution out of the Town of Wallkill and that's roughly 45,000 square feet. So, I understand that this building does look like a warehouse building, but, we are doing everything we can to make it manufacturing.

Tom Jones – I think your job creation numbers are projected to be around 50 to 60?

Christopher Frassetto – I think it was around 40, but, I am hoping to get more than that.

Tom Jones – And how do you calculate that?

Christopher Frassetto – That's a great question. It's just our experience with this type of building and our previous developments. I just took my experience and estimated it.

John Dickson – What type of tenant did you get out in the Town of Walkill?

Christopher Frassetto – In the Town of Walkill, it was Sonneman Lighting Distribution. What they do, in that particular building, they do distribution out of there. However, they do R and D for their lighting business, as well as, light assembly and they had around 10,000 square feet of office. Approximately 40 office workers and 20 people in the warehouse area.

Chairman Crist – Anybody else? I was just glancing through your application to see if those job numbers were in this application. Are they?

Christopher Frassetto – Yes, estimated. Correct.

Chairman Crist – And, I think in our application process we do encourage an estimate of something that's not set, rather than a blank space. Thank you for doing that.

Ashley Torre – So, just speaking to the job creation numbers, I think I saw an estimate for construction jobs, but, was there an estimate for the actual prospective tenant jobs in there? I may have missed it, I haven't had a whole lot of time to look at this.

Christopher Frassetto – Page 40. Yes, it was plus 40 jobs is the estimate and it's on page 4 of the document. Well, for this hearing, I would say estimated at 40.

Chairman Crist – And that's for construction and also 40 to be retained?

Christopher Frassetto – No, that's for full-time jobs after the building is completed.

Ashley Torre – There was I think somewhere I saw on here that it estimated 50 for construction, so I don't know if that is still.....

Christopher Frassetto – Correct. I wouldn't call them full-time, the construction jobs I would say they are part-time as the trades are needed. We have over 20 trades that will be building this building and I think I estimated approximately two people or three people at the minimum from each trade working on the site.

Ashley Torre – I think it would be helpful for the board, there are the tables towards the back of the application about the type of employment and I think some of that data was missing from the types of jobs you expect, and salary range and that stuff. I understand with a spec building, it's obviously something you will not know for certain because you don't know your tenant's yet, but, I think that's something, some conservative estimates there to have and also something for the board to consider, since you don't have a tenant in mind or known tenant at this time you have the anti-pirating rules that you have to abide by. So, if a company, warehouse or industrial facility was going to be relocating from somewhere else in New York to come here that's something that is not permitted, so, some type of mechanism that would be able to allow the board to be sure that you're complying with that. Whether or not you have looked into how that may work because this isn't the first spec building seeking IDA benefits, but just to keep that in mind. I didn't see and EAF submitted with the form, so, I am guessing the planning board went through their whole SEQRA process, but this board, if they weren't listed as an

involved agency they will have to go through the EAF and make their own determination before they could take any action.

Michael Bluestein – Did you get the approval or did the prior owner get the approval?

Christopher Frassetto – The prior owner.

Michael Bluestein – So, we would have to check to see if the IDA wasn't named then we would just re-submit a short EAF.

Chairman Crist – I was going to ask; the planning board has approved the site plan for this project?

Christopher Frassetto – Yes.

Michael Bluestein - I think you will see it's a better-looking building than you're used to seeing to address the gentleman's concern about another warehouse. I think he is known for building really beautiful, nice-looking buildings, whether, it's a warehouse, a manufacturing building, I mean, it's a really attractive-looking building. I think it fits the character of that location very well. It would be a nice improvement for the town.

Chairman Crist – I think one concern with warehouses is the number of trucks and the time of day they travel. We have had some wonderful improvements in the Town with the 84 interchanges on both 208 and 747. I don't know if the planning board evaluated any parameters on truck traffic and I know at times I have talked about a signal light out here on Bracken and 208.

Michael Bluestein – Yeah, we were not involved, but, that was all taken into accountability. I would imagine it was all considered by the planning board. This type of building doesn't really lend itself to a high-use. It's not big enough to generate that much truck traffic anyway. It's not a half a million square foot building where they are running all day long.

Chairman Crist – Felicia, did you have any questions?

Felicia Kalan – No, not at the moment.

Chairman Crist - I just wanted to review time table a little bit, because I sense some urgency here. If this is going to work at the IDA tax exemption level and you are seeking the sales and compensating use tax exemption, the mortgage recording tax exemption as well as a real property tax exemption also known as a PILOT.

Christopher Frassetto – Correct.

Michael Bluestein – We have a commitment with a Columbia Bank, which has financed a lot of Mr. Frassetto's projects. We can start construction and ramp things up going full-speed ahead as soon as possible. The bank is ready, we are ready. We just looked at our numbers and said we need to go in and get a little bit of incentives to make this project, make the numbers work on it. So, yeah, the faster that the IDA and the board here can act on this, the sooner we can at least get going with the mortgage tax exemption, sales tax exemption, which, is somewhat time critical.

Chairman Crist - I talked with Counsel a little bit about the scheduling of a public hearing. We need to complete a little more of a review since we just in the last few days received your application. I guess what we could say is that we will be in touch with you as we work through that review with a possible time table.

Christopher Frassetto – Sure, that’s fine. But, time is of the essence here. What we are really looking to achieve here is to get some relief on the mortgage tax and sales tax exemption when it comes to our vendors, construction.

Chairman Crist – Well, I want to thank everyone for coming in. Unless anyone else has a final question, we will proceed accordingly and thank you for your interest in the Town of Montgomery. Thank you. Our next project is Key Capture Energy, Mike Carella and I believe Rob. Welcome gentlemen. Go ahead Mike.

Mike Carella – I’m with Key Capture Energy and I thought we could start with a little presentation on Key Capture and then get into some background on energy storage and I know this is a new technology for a lot of people and then get into the project. Key Capture Energy is relatively a new company, started in 2016. We are a utility scale energy storage developer with a headquarters in Albany. We have offices in Houston and Salt Lake. We have a 72-person team but this slide you are looking at is a little old and we have been expanding pretty quickly. About half of those hires are in NYS, maybe a little more than that. We have spent over \$22 million dollars on NY contactors and companies to date. That number is probably out of date at this point because this presentation was made more than a month or so ago. We are actively developing many projects all over NYS. 420 megawatts of energy storage projects are currently in construction or operations in the U.S., and 44 of that is in NYS. We are currently the largest owner/operator in NYS of this specific technologies, stand-alone energy storage. So, I wanted to talk a little more about storage because, as I said, this is a new thing for a lot of people. It’s a very new industry. Energy nerds will call energy storage the bacon of energy products because it’s good with everything. Basically, expanding on that, it can do a lot of different things. It’s very different than anything we’ve seen on the grid to date. It has a lot of potential services that it can provide, both reliability and capacity, and whether it’s helping for greater penetration of renewables which are intermittent. The sun is only shining at certain times and the wind is only blowing at certain times and it can act as a buffer to take that extra energy in and discharge it at a time when there is not as much generation. There is reliability serving new peak demands as there’s more EVs and more things are electrified. The overall peak is starting to increase and having additional capacity online will help meet that peak. Another component is the deferral of upgrades. You know, the grid is changing all the time, it’s very costly and sometimes difficult to cite new transmission lines or distribution lines and energy storage can actually be put in place to avoid those costly upgrades. In addition, low noise profile, no emissions, it is closer to the load pockets. There is a much smaller footprint than other use, other generation uses. You know you can put it in the city, you can put it in the load pockets which has more benefit to the grid. That’s just a few, that is not an exhaustive list. I put this in because I wanted to show you what it looks like. So, these are in shipping containers, 30-foot shipping containers. This is not the exact product that we are going to be using but it’s very similar in nature and it shows the inside so that is why I wanted to use this. But, as you can see on the right side, those are modules of batteries. The smallest unit is a cell. You put many cells together into one of those modules and then each one of those modules goes into a rack and then we’ll say that all those racks are in a container. They are in an enumerated container. They go outside. The components that are to the left are number one, a DC, a DC combined. So, essentially that is taking the voltage that’s coming off the batteries and making sure that it is consistent before it goes into an inverter and changes the AC and go out onto the grid. The other one is a thermal management system. So, these batteries produce heat. It is not good for the

battery health. We essentially have in the technology that we'll be using a liquid cooling system. It cools liquid and pushes it around the system to cool down the batteries and keep them within a certain temperature range. One of the reasons for this project is that NYS has some pretty aggressive clean energy goals. There was a bill that was passed called the CLCPA (Climate Leadership and Community Protection Act) and within that bill, there are some clean energy goals that were stated. As you can see, 100% of electricity from zero emitting resources by 2040, 6,000 megawatts of solar by 2025, 70% renewable by 2030, 9,000 megawatts of offshore wind by 2035, 85% reduction in GHG, from the 1990 levels in 2050 and then there is a little timeline on the bottom there. In addition to those goals, there are specific energy storage goals. In the original bill, it was 1500 megawatts of energy storage by 2025 and 3000 megawatts by 2030. Earlier this year, in the state of the state address, Governor Hochul doubled that goal so the new goal is 6000 megawatts by 2030. This chart to the right is from NYISO (New York Independent System Operator) they are the people that run the grid here. This is a report that they put together on their projected energy storage capacity that was coming online that goes out to 2052 it looks like. So, the project itself KCENY2, this is a site plan for the layout here. We are tying into the Coldenham substation. It's about 1500 feet away to the Northeast and we are going to be putting in a gentile line that goes down to our project substation which is above the containers at the top. We get power at 115 KV and it gets stepped down to medium voltage which is 30/34 and a half and then it gets taken out to all of the containers which I showed you before and also inverters. Inverters change the power from AC to DC. The batteries hold DC power so we need to change it back and forth each time it charges or discharges. I put some notes on where we are at in the development status. We have the land secured for up to 30 years. We have a detailed site plan, landscaping, grading and sound studies were all completed. We are in the middle of putting together a SWPPP. Our interconnection agreement should be actually signed this week. We were just ironing out some of the details with Central Hudson and NYISO. As far as permitting is concerned, we have submitted a special use permit and site plan review application to the planning board here. We are awaiting comments back on that and we have been notified by the planning board that they will put out a NOI to declare themselves for lead agency for SEQR. I'm not actually 100% sure if that's gone out yet. There was e-mail traffic about it last week but I never got a confirmation that it had gone out. If it's not out yet, it should be out in the coming days. The last thing is the construction. We will be using union labor and prevailing wage for this project and we will adhere to the local labor policy.

Chairman Crist – Mike, if I could just mention is are all the board members comfortable with knowing where this location is, 17K and Browns Road?

George DeClue – I'm not. Where is Browns Road? I know 17K but where is Browns Road?

Chairman Crist – Yeah, it's across from Dempsey Pipe.

George DeClue – I know Dempsey Pipe, yeah.

Chairman Crist – This is on the North side of 17K, just east of Browns Road.

Bob Santo – Is it going to be visible from 17K?

Mike Carella – Certain elements will be visible but we have screening. The actual containers themselves will be behind a 12-foot wall, sound wall, but also there is a visual screen and there is landscaping that will be front of that.

Bob Santo – Do these things make noise?

Mike Carella – There is a sound profile that comes in on the liquid. On the thermal management system, it's similar to an AC. It's cooling essentially an antifreeze that goes around and the inverter makes a little bit of clicking noise. However, there was a best law that was passed by the Town of Montgomery, by the planning board earlier this year and they have a sound threshold that we are under. We have already conducted the sound studies for it so we are compliant with that.

John Dickson – Are the transmission lines going to be overhead or underground when they connect to you?

Mike Carella – There's that line, that connection is overhead. The other thing, the unique characteristics of this site. It's the wetlands, the purple, the light, dark purple and green are emerging wetlands. The purple dark and light are state regulated and federally regulated wetlands. That is the reason we have this bifurcation of the system and we have kind of two-foot prints. I should say the history of this project is that we originally had two projects. We had one of the east foot print and one of the west foot print. We had gone through permitting and received a negative declaration from SEQR for that. The nature of that original system was a little bit different in that the eastern footprint was a building, so the batteries would be inside a building. Now, we have gone to a 100% containerized system. The overall footprint system has increased slightly from that, but for all intense and purposes, it's very similar to however this happened in 2019 and COVID and a series of events so we had to put the development on hold. We are also waiting for the town law to be passed. In that time, we picked a vendor that we feel very good about for the batteries and they are 100% containerized so we had to pivot to this style of system.

John Dickson – How many containers are going to be there?

Mike Carella – So the way that this works is that batteries degrade over time. The capacity goes down. We start with a certain number and what is shown here is the end of life there will be 164 containers. The inverters, the PCS, power conversion system, the larger of the two in the actual system, those are the actual containers. That's a group of 4, each one that is shown there. The smaller of the two is the inverter.

John Dickson – How often do the batteries need to be replaced? Three to four years?

Mike Carella – Every five years approximately.

Tom Jones – Who's going to benefit from the stored energy?

Mike Carella – There is a big reliability component. That will be localized. That will be here. The issue with electricity is very hard to say where electrons travel to. They probably will be used here. The Town of Montgomery will benefit.

Tom Jones – In the application, it mentions nothing about job creation.

Mike Carella – We have numbers for job construction, which, I believe is 40 full-time construction jobs. There is not something where someone will be there every day. They are remotely monitored and controlled. It's not a long-term job creation project. This is more on the power reliability and also increasing clean energy across NYS.

Rob Panashi – Attorney for KCE, to add to that one thing that was added, there were goals established, whether you like it or not, we are mandated to meet this climate, to meet renewables, Indian Point is going down. Fossil fuel facilities will be shut down in the future. In addition to that, it's all about meeting the reliability. The other thing that separates KCE from any other renewable energy is that they are a NY based company. They have funding and provide jobs through SUNY. The people that are not in Orange County, you can know that they are in the Albany area, working on this project. These are not job creators, but they are meant to help the system. Central Hudson sees value in this system.

John Dickson – How many systems do you foresee being in this area? Not just Montgomery, but surrounding towns?

Mike Carella – There are not many of them. It gets back to the amount of capacity available.

Chairman Crist – Discussion on how they get paid. That answer wasn't that easy to grasp.

Mike Carella – The NYISO is the one who is in charge of making sure the grid is up and running. It's a bidding scheme. We pick the cheapest generators that are going to serve the load that's needed.

Bob Santo – Is there any bond that is going to force you to remove it?

Mike Carella – We will have a bond with the Town of Montgomery for decommissioning.

Felicia Kalan – Could you just speak to the SUNY partnership and if there would be potentially any workforce development relationship with the community?

Mike Carella – We have been partnering with SUNY for many years now. There are now tens of them that have come through for internships. Five of them have gone on to become full-time employees. We are always looking for home grown talent. It's something we could certainly work with here. There are other community initiatives that we could do around education. I know not necessarily KCE.

Chairman Crist – Other questions? I had one when there is excess power capacity, which is what you will get your batteries powered by, but if your batteries are not there to do that, what happens to the excess capacity? I imagine the plants can slow down to some degree but is there lost power?

Mike Carella – So a lot of the renewables will throttle. So, it will be power that generated that is then not used. There are the thermal units, so, gas or coal, they have the ability to slow down as well although the one thing to take in consideration there is that those units when they are not at a certain percentage are inefficient. Meaning that they are burning a lot more, whether coal, natural gas whatever it may be, they are getting energy on the back end. They're rated to have a certain output, call it 80%. Each unit is different. When you are below that you are running inefficiently and creating more emissions per kilowatt hour that you produce. A lot of these systems don't like to throttle up and down and that is really what batteries are great at. They can change in less than a fraction of a second. They can do a lot of the fine tuning on the grid which is a service that is currently provided by peaker plants which are some of the least efficient and dirtiest that are out there. We can supplement that service as well as just putting power on the grid when there is an overall deficit to help meet peak load.

Chairman Crist - I think you said to me previously that your company attracts investors who are particularly concerned about climate appropriateness moving ahead and resolving some of the climate challenges. Did I describe that about right?

Mike Carella – Yes, in 2019 we were a majority stake in our company which was purchased by SK, which, is a Korean conglomerate that they, SKES, is actually the company that purchased us and they have many tens of millions of dollars of investment in the US. They have chemical but also electricity or clean energy I should say. They have made investments in Key Capture, plug power, which, is a hydrogen company that's in Albany area. Other New York companies but really all across the US and it is predominately focused on decarbonization, energy transition companies.

Chairman Crist – We did have a little confusion about your PILOT request, I don't know if we need to talk about that here Ashley for our understanding.

Ashley Torre – Sure, before diving into that I just have a few other comments as well on the application. The version I have was not signed so I have to make sure there is a signed notarized one on file. You will need to submit an EAF too. I know the planning board is going to be doing the SEQR, the EAF has to be a part of the application here as well. I think you spoke a little bit today about what you feel are the benefits that are kind of in lieu of the job creation. It might be helpful if you kind of elaborated on that in your application paperwork. That way that's available and something that the public can read and understand as far as the State's incentives and all of that you spoke to. You do indicate too that the board will have to consider your request to deviate from the UTEP Policy. If there is anything else you want the board to consider as far as that request, this type of project is not specifically spelled out in your UTEP. You have a category for small-scale solar I believe in energy systems. They are seeking to deviate from the policy to be considered similar to that project. So, the board will have to consider the deviation process in that policy, whether there are unique and special circumstances that would warrant that deviation. That's something you will have to decide and then moving on to the PILOT. The tax exemptions, the way the application is, it says you are seeking tax exemptions within says zero. I think it's just a little confusing and if you could elaborate on that both to the board now and then also in some type of submission. That way it's clear in the record.

Mike Carella – We will provide the EAF in the assigned application and include additional information on the renewable plus incentives. We did include provisions about the deviation. We are not seeking what I would consider a big deviation, it's just a definition. We are not sure it fits.

Robert Panasci - With respect to the real property abatement, when you look at these projects, and again, there is not that many out there. We did Stillwater, we are doing the project out in Western New York and in Brookhaven on Long Island, there's been a bunch of projects out there and just trying to figure out how to be fair and how to assess these things. Wind and solar are assessed with a state model. The state developed that model. You plug in a few numbers and there is your assessed value for those things. Energy projects are not like that, there is no set number. When we look at this is we're looking at what we think could be the assessed value of the project and by think, there is no cases, no statutes. When we came up with a number of what it is, it was a number that was very close to what the PILOT amount is. So, if you take the PILOT for 15 years and you come up with a number, the number here, let me just give you the real numbers. It's appendix B – so if you go to three pages after the last page of the actual application. The PILOT payments and the payment without that, the way we look at this is in year one we would pay \$289,000.00 almost \$290,000.00 in real property taxes based on what we believe would be considered fixtures on the real estate. Again, we are not including the batteries.

We talked about the batteries being interchangeable and things like that. These projects cost hundreds of millions of dollars to build but we're not saying that the assessed value is that because it's not fixtures. It's not real property. That is what we did in Stillwater, out in Western New York and Brookhaven. Brookhaven, if you want to look, they have a new energy storage policy in place now as well. We took those numbers, and if you're going to use the cost approach on something, the cost approach is cost minus depreciation. The value goes down every year. These are based on assumptions which we have come up with. If we were to do that in our assumptions, we would pay close to \$2.9 million in real property taxes. If we were to do the PILOT it would be \$2.9 million give or take. These are based on our assumptions only. Again, it's one of those things where we want tax certainty when it comes to our real property tax payments. The other thing we thought about was the one thing we could do to show that there is real property abatement sought would be if you look and I know this wasn't red. I don't know if you guys have it in red or if it's black and white but if you look at the total difference, if you look at the first eight years, the number, the PILOT payment is less than what the tax payment would be. What we thought about doing and what we did is change the real property exemption from zero to give or take, \$400,000.00. The reason I didn't want to include that was it's tie and I don't know that it's accurate, but in our view that would be the worst-case scenario. That would be an analysis for a potential abatement.

Ashley Torre – I think it would be helpful to look at other jurisdictions. If you're looking at the application, you're looking at the application, you're seeking a PILOT, you're seeking tax exemptions but then saying you're actually not getting any, it's a zero figure, just some way to understand that I think the concept makes sense but it'll be helpful to look at those other places.

Robert Panasci – The other thing I looked at, I checked out Stillwater application, I checked the Blasdale application and I checked the Brookhaven applications that I have submitted. Some of the other applications don't include an amount of the exact exemption. That's where it got a little tricky. I can send you those applications to look at just to give an idea of what we have been doing. Also, you said there was one in Orange County?

Ashley Torre – Yes, I think one in Warwick. I believe that was the Orange County IDA.

Robert Panasci – I am still looking but I didn't find anything specifically that was in that application. I am still tracking that now.

Chairman Crist – Anything else at this time it's an involved understanding of a project. It's very different from some of our more typical ones. I do understand, there was a project in Warwick that the Orange County IDA did. Felicia, I don't know if you found that on their website?

Felicia Kalan – I've done some research and we actually have a meeting with the Orange County IDA just to get a better understanding of what they did of the project and to learn a little bit more, so we will be doing that soon.

Robert Panasci – When you look online, I didn't find anything that was actually helpful for helping us.

Felicia Kalan – I reviewed the public hearing that they had and the resolution they passed and that was helpful. Hopefully, we'll get a little bit more.

Chairman Crist – As far as time, Ashley, I don't believe we can do an approval until you have planning board approval and the SEQR process is complete, but, I do think we can have a public hearing after we better digest what this project is and answer a few of the questions that came up today. We have a meeting on October 11, 2022 to see if there is a possibility to aim for a public hearing. And, occasionally we have a special meeting with proper public announcements outside of our regular meeting schedule.

Felicia Kalan – We just have to pass a resolution?

Ashley Torre – And you can do that in September – Consider a resolution to have the hearing in October. Where are you with the planning board process? I think they are going to be circulating the notice of intent?

Mike Carella – Yes, we submitted and are now awaiting comments.

Ashley Torre – Yeah, because you were before them previously correct? You got pretty far along and then.....

Robert Panasci – Previously we had the neg dec.

Ashley Torre – So it sounds like a lot of the analysis is likely already done?

Robert Panasci – We are not going to get an approval at the first September meeting because it depends on when the 30-day starts. This board would know if they received it because we listed the IDA as an involved agency. You would know if you saw a notice. So that puts us at September 16th. So, the hope would be October for the approval. Would it be helpful for us to come back next month with more information?

Chairman Crist – It might very well be, but, we can determine that closer to that time. If you have answered the questions directly in the meantime, but may not we can stay in touch on that. Some of these, you don't own the property now?

Robert Panasci – No, it's going to be a lease with the underlying landowners. We have an agreement in place that it's an automatic agreement that turns into the lease once we exercise it.

Chairman Crist – The project cost, is that accurate now in your application or did that go up?

Mike Carella – Yes. So, when we had talked previously, we have recently gotten updated numbers on the batteries. The main cost component here and you can see in the breakout, is the batteries themselves. Batteries have been on a precipitous drop for the previous ten years up until about 18 months ago. Then there has been a pretty sharp increase due to some of the minerals that go into the batteries, lithium prices, nickel, cobalt, magnesium, they have all increased in costs. This is hitting the EV markets, electric vehicle markets. So, you can see that a lot of the cars have gone up in price. The cost component in those is the EV battery itself. That is really where the price shock has come from. We had talked to Jeff and Ashley prior to this meeting a few times and in that time period we have received updated quotes that have increased the price of the batteries substantially. That's another reason why we are here asking for this relief.

Chairman Crist – Any last questions? Thank you for being here. Thank you for considering the Town of Montgomery. Moving on to our next agenda item is the Executive Director’s report. A press release was done last week making a public announcement of Felicia taking this job. Congratulations! We are glad to have you here and I can say just to close the loop that the authorization by this board and the parameters of her employment match what Felicia agreed to including the full-time part starting November 1st 2022. We are glad to have you on board and look forward to your first report. Felicia has been working since August 1st so this is your third week already.

5 – Introduction of Executive Director - Felicia Kalan – Well thank you Mr. Chairman and I would like to say thank you for all of you for trusting in me for this very important position role. Just to go over a few things that we have been working on – I found it appropriate to review at length the corridor study, the comprehensive plan, the policy documents that you have in place. I started to take over as a lead in some pending projects which we heard from today. I am in the process of some routine website maintenance. I am making a lot of introductions with town officials and I have reached out to all of you. Hopefully I can sit down with all of you to get some ideas and get to know one another better. I have a really big initiative to do a workforce type development projects with some of the developers that come in and pitch to us so that is going to be a huge initiative. Right now, I am in the process of assessing everything. The amazing work that Conor Eckert did here and you have so much going on and now my job is to come in and showcase that and make sure we get really good partners that would make good neighbors for the community and work with all of you and your wealth of knowledge to do so. For the purpose of accountability, I am submitting a weekly report to the Chairman. We talk probably on a daily basis and so I am excited to get into the role of working on some workflow, task management, and things so we can increase accountability for our side but I welcome the public to get in touch with me as I did in the press release. I want to work towards a very bright future for the Town of Montgomery. Thank you, Mr. Chairman.

Chairman Crist – Excellent, thank you for that report. Any questions or comments from the board members?

Felicia Kalan – I also wanted to make note the shovel ready grant is something we are looking into that will be available. It’s a grant through the state of New York that they give to the local IDA’s like us and they give grant money to get sites ready for development. So, we will be looking at that. So that’s the main matter to take note of. Thank you.

Chairman Crist – Excellent, we are glad to have some projects to go along with your employment with us. Did you want to say anymore about the shovel ready grant?

Felicia Kalan – Yes, so it’s a two-hundred-million-dollar grant that’s funded through the state. I have been in conversation with a few folks but the funding/application isn’t ready yet but there are some things we can start to assess if we are ready for the application process which is pretty in-depth.

Chairman Crist – Thank you. The ABG meeting this morning, any particulars or highlights?

Felicia Kalan – Yes, so, it’s funny we are talking about the battery storage because Conor also was one of the presenters today and one of the main topics of conversation was the infrastructure needed for economic development in Orange County and when big projects are coming in, they are certainly looking at the grid reliability and capability and so I think it’s very timely to get that perspective and to see the amount of growth that we have ahead of us and we can be selective in the type of partners that

we have, but the benefit we have of an upgrade to our grid system not only to the residents of the town but also for future projects, I think it's a huge bonus for us to consider.

Chairman Crist – To that point, and I never appreciated it in the past, but some of these high-tech companies uses, demand a ton of power. We have become aware that some parts of the town don't have the capacity to handle them. I think particularly near the Orange County Airport. It does make sense to build that up for future good uses for the town. Thank you for that report I look forward to working with you and board as a team. Let's move on to the financial report.

6 - Discussion on Financial Report – Treasurer, Matt Stoddard – Please see attached financial report.

Chairman Crist – Questions or comments? Motion to accept it would be good. John Dickson made the motion and George DeClue seconded it. All in favor, none opposed, motion carried. I believe that completes our agenda and then the next meeting is scheduled for September 12th at 1:00 PM.

Discussion on the wrong date – Motion to move the date to the 12th was made by Bob Santo and seconded by George DeClue. All in favor, none opposed. Motion to adjourn made by John Dickson and seconded by Bob Santo. All in favor, none opposed.

Meeting minutes were transcribed and submitted by Meghan Hurlburt.