**SARATOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY MEETING**

**June 8, 2021 – 8:35 a.m.**

WITH REGARD TO THIS MEETING THERE WILL NOT BE A PUBLIC MEETING LOCATION AT WHICH THE PUBLIC MAY ATTEND IN PERSON.

Because of the Novel Coronavirus (COVID-19) Emergency and State and Federal bans on large meetings or gatherings and pursuant to Governor Cuomo’s Executive Order 220.1 issued on March 12, 2020 suspending the Open Meetings Law, the general meeting scheduled for June 8, 2021 being held by Saratoga County Industrial Development Agency (the Agency”) in accordance with the provisions of Article 18-A of the New York General Municipal Law will be held electronically via conference call instead of in a public setting open for the public to attend. Members of the public may listen to the meeting and comment during it by Dialing: (605)-475-4069 and entering Access Code 445131#. Pre-meeting comments may also be submitted to the Agency in writing or electronically (mvalentine@saratogacountyny.gov). Comments may be made during the meeting following presentation of the agenda item by the speaker. Please provide your name clearly prior to the question or comment. Minutes of the preceding Public Hearing and general meeting will be transcribed and posted on the Agency’s website.

**PRESENT**: Members: Chairman Rod Sutton, Andrea DiDomenico, Michael Mooney, Kevin Tollisen, Phil Klein, Tom Lewis.

**STAFF & GUESTS**: Scott Duffy, CEO; Jeff Many, CFO; Michael Valentine, Administrator; James Carminucci, Counsel to the Agency; Dennis Brobston, SEDC; Jeff Shorr, Saratoga Auto Body; Mike & Craig Arnoff, Arnoff Logistics; Dan Sagliano, Arnoff Logistics; and Lori Eddy.

**ABSENT**: Walt Wintsch;

Chairman Sutton called the meeting to order at 8:42 a.m.

**Approval of meeting minutes: April 29, 2021 & May 18, 2021:**

Chairman Sutton stated the first item on the agenda is the approval of the minutes of the April 29, 2021 & May 18, 2021 meetings. Mr. Valentine stated to Chairman Sutton that would be the April 29th minutes, he does not have finalized minutes from May 18th yet. Chairman Sutton stated okay, we are approving the minutes of the meeting of April 29, 2021. Chairman Sutton asked if there were any additions or changes to the minutes of April 29, 2021? Mr. Lewis made a motion to approve the minutes of April 29, 2021. The motion was seconded by Mr. Klein. As there was no further discussion, all were in favor and the minutes were approved.

**Application: Saratoga Auto Supply:**

Chairman Sutton stated as presented to us at the last meeting, they are looking for a five-year PILOT with mortgage recording tax abatement of $11,813.00, sales tax of $121,800.00 and property abatement tax of $286,315.00. Chairman Sutton asked if there was any discussion by the Board members pursuant to the application that has been submitted to us. Ms. DiDomenico stated she thinks it is a good project and she wishes them a lot of luck on the expansion of what they want to do. She thinks it is very good for that part of the County. Chairman Sutton asked if there were any other comments by our Board members? There were no further comments.

Chairman Sutton then asked for a motion to approve the application for Saratoga Auto Supply. Ms. DiDomenico made a motion to approve the application. The motion was seconded by Mr. Mooney. Chairman Sutton asked if there was any further discussion. There was no further discussion.

**RESOLUTION #1491**

RESOLVED, THAT the Saratoga County IDA accept the motion to approve the application for Saratoga Auto Supply as presented and discussed be acted upon. The results of the roll call vote were as follows:

AYES: Mr. Klein, Ms. DiDomenico, Mr. Lewis, Mr. Mooney, Mr. Tollisen, and Chairman Sutton.

NOES: None

ADOPTED: 6-0

**CEO Report; Grant Applications:**

Chairman Sutton asked Mr. Duffy to discuss the CEO Report. Mr. Duffy hopefully you all got the spreadsheet that he attached this morning. There were four projects considered. The applications are numbered #127 – 130. There was a total of $33,785.10 that was approved by Mr. Many and himself with the help of Mr. Valentine. Those are up for approval by the Board. You have those four in front of you hopefully. The remaining funds are $32,000 roughly and total funding so far is still at $750,000. He will leave it up to the Board as to how you want to move forward with this program. We did receive one additional application yesterday but they failed to fill in the requested amount of grant money. We will address that with a phone call and a conversation with the applicant. That is where that program stands right now. For the Board, four applications, a total of a little under $34,000. Ms. DiDomenico stated to Mr. Duffy, just to confirm, we are looking at Grumley, LLC, Saratoga County Agricultural, Stillwater Public Library and Senior Citizens of Saratoga County. Mr. Duffy replied yes. Ms. DiDomenico stated okay. Mr. Duffy stated just let me make a correction there, the actual sum here is $2,672.12. It is a pretty small amount as far as what we have done in the past. Mr. Valentine asked Mr. Duffy to repeat the amount. Mr. Duffy stated it is $2,672.12. Mr. Valentine questioned what was the other number. Mr. Duffy replied it was an incorrect calculation and he saw that it needed to be fixed. Mr. Valentine stated thank you. Mr. Duffy stated to Mr. Valentine that the remaining funds are $32,077.06.

Chairman Sutton then asked for a motion to approve the new expenditures of the grant for applications #127-130 in the amount of $37,628.16. Ms. DiDomenico moved to act upon the expenditure of $37,628.16 for grant applications #121-126 as presented and discussed. Mr. Mooney seconded the motion. Chairman Sutton asked if there was any further discussion. There was no further discussion.

**RESOLUTION #1492**

RESOLVED, THAT the Saratoga County IDA accept the motion to approve the new expenditures of the grant for applications #127-130 in the amount of $37,628.16 as presented and discussed be acted upon. The results of the roll call vote were as follows:

AYES: Ms. DiDomenico, Mr. Klein, Mr. Lewis, Mr. Tollisen, Mr. Mooney and Chairman Sutton.

NOES: None

ADOPTED: 6-0

Chairman Sutton thanked the Board. Chairman Sutton stated the funds we have capped at this point, as we all know, $750,000 and as Mr. Duffy has indicated we have $32,000 remaining in the pot for future applications. It seems as if the applications are dwindling and with the Governor’s announcement yesterday of opening up the State further, this project is probably coming to an end. Is there any thought of further funding the project further than the $750,000? The understanding that we had is once the pandemic has been officially ended, he thinks we have 60 days in which to close off the funding for any type of PPE grants. Is there a need to increase that $750,000 or should we just wait and see how the applications come in month by month? Ms. DiDomenico stated she thinks we should just wait. Mr. Lewis agreed because when the purpose of it was there is a pandemic and businesses shutting down. He wants to get things back to normal and having this keep going even though he likes the idea that normal is fleeting fast. Mr. Klein stated to Chairman Sutton why don’t we kill two birds with one stone here and go until the end of the month and then end the program at the end. Chairman Sutton stated we could do that but his only thought is that we would cap it at $800,000, see how the applications come in and that we have a drop-dead amount of monies that we would allocate would be to a maximum of $800,000 and then we would just cancel out the program as soon as the Governor declares this as being over. We’ve got those 60 days. But that is fine. We could do whatever you would like. Mr. Mooney stated he certainly likes Mr. Klein’s idea, end of the month and then if indeed it goes over the $750,000, we can up it next month to cover just the amount it is over and then it will end. Ms. DiDomenico stated she would like to suggest that we have this run until the end of August to cover the racing season period just in case some of those businesses that find themselves with an influx of customers during our racing season and have to install some PPE that they have this available to them, so maybe through August 31st or whenever Labor Day weekend ends when the meet ends. Pick that as a drop-dead date, to keep it open until then. Mr. Klein stated he can go along with that keeping in the spirit of Saratoga and racing. Mr. Tollisen stated we could do it until the end of the meet. Ms. DiDomenico stated September 5th, that Sunday, is Labor Day weekend. Chairman Sutton stated the track ends on the 6th on Monday. Chairman Sutton asked Mr. Klein if he wanted to make an amendment to his motion then? Mr. Mooney stated you might want to make it clear either the end of August or statutorily when it has to end. Chairman Sutton stated for all practical purposes it would be over at the end of August 31st.

Chairman Sutton then asked Mr. Klein to make an amendment to his earlier motion. Mr. Klein then made a motion to extend the grants program to a received date by August 31, 2021. Mr. Tollisen seconded the motion. Chairman Sutton asked if there was any further discussion. There was no further discussion.

**RESOLUTION #1493**

RESOLVED, THAT the Saratoga County IDA accept the motion to extend the grants program to a received date by August 31, 2021 as presented and discussed be acted upon. The results of the roll call vote were as follows:

AYES: Ms. DiDomenico, Mr. Klein, Mr. Lewis, Mr. Tollisen, Mr. Mooney and Chairman Sutton.

NOES: None

ADOPTED: 6-0

Mr. Duffy asked Mr. Valentine to please post that final closeout date for this grant program on the appropriate location on the website. Mr. Valentine stated yes. Chairman Sutton thanked everyone. It was a tremendous program and it was very successful. Thank you for all of the hard work Mr. Many, Mr. Duffy and Mr. Valentine put into this in vetting out all of the applicants. Hopefully we will have a few more applications, but it was a very successful program and it is something that we should be proud of.

**CFO Report:**

Chairman Sutton stated the next agenda item is the CFO Report. Mr. Many stated as of May 31st, all of our accounts are up-to-date and balanced. There is just a little under $3,000,000 in our accounts. Going down the balance sheet, if you will, he closed out the Luther Forest part of the project where we were installing the infrastructure and the net amount that we invested in the infrastructure turned out to be about $52,000 which was our net financial investment over the years. He should also mention, Luther Forest still owes us $400,000 from a note and the last principal payment was received, just double checking, was 2016. We also bill them for interest once a year for about $2,700 so we might want to address that issue. We did have one closing thus far this year. We did have one in early June which will be reflected in next month’s financial report. We’ve expended $411,000 on the grants thus far this year and one other thing he wanted to mention just for our records, we are establishing a form where he signs off on the financial reports related to a review of the financial reports of our applicants so that we have it in the file that we did due diligence with respect to financial viability of people requesting our benefits. It is a one-page formal sign off sheet. That is all he had this month. Chairman Sutton asked if there were any questions of Mr. Many at this point? Ms. DiDomenico thanked Mr. Many. Mr. Many stated you are welcome. Chairman Sutton stated as far as the principal and interest payment to the IDA from Luther Forest, Chairman Sutton questioned Mr. Many if he would be sending out a bill for the interest, is that what you have been doing? Mr. Many stated we haven’t really been doing that. He is not sure when the note is actually due. He guesses we would have to looking into that, but we have extended the agreement periodically. He guesses we would have to look into what we need to do there. Mr. Duffy stated it is usually a communication to Theresa and she has been handling that in the past. Mr. Valentine stated the interest is on a regular scheduled basis, but then again without the closeout, he guesses that won’t continue, so their payment is made based upon the agreement. As Mr. Many alluded to, the amount, that comes in regularly, so he is not sure what we are looking for here. Chairman Sutton stated for the $400,000. Mr. Valentine stated all the same, we don’t know when that will happen. Chairman Sutton stated he understands. Why don’t we do this? Mr. Many can draft a letter and review it with Mr. Duffy and Mr. Valentine and myself, draft a letter about the principal and interest that is due the IDA and he will sign the letter after we review it and we will send it to them basically asking what their intent is for the coming year. He doesn’t know where they stand right now with the project in Luther Forest at this point. Mr. Mooney stated he thinks it seems like a good plan. Everyone agreed. Mr. Many stated he will definitely do that. Chairman Sutton stated thank you. Mr. Klein questioned if we had a normal date that we bill them every year, on a yearly basis, and what that date might be, is it the end of the year or some other date? Chairman Sutton stated if memory serves him correctly, he thinks it comes due July 1st or thereabouts and he thinks Tom Roohan, being President of Luther Forest, would either write us a letter or appear in person asking for forgiveness and paying interest only. But he thinks the IDA should go on record saying this is what the principal and interest will be for, say whatever that date is, if it’s July 1, 2021 and put it down formalize what is due the IDA. Mr. Klein stated he is just trying to be consistent if we could. Chairman Sutton stated that is fine, he thinks it is July normally when it takes place. Mr. Klein stated that works well.

**Litchfield Holdings LLC: IDA Counsel:**

Chairman Sutton asked Mr. Carminucci to discuss the next agenda item, Litchfield Holdings LLC. Mr. Carminucci stated that actually closed last week. Chairman Sutton good. Where do we stand with E.nfrastructure? Have they followed up with their reports for us? Mr. Carminucci stated he needs to get that letter out to them basically notifying them that we are terminating them. Chairman Sutton stated okay.

**Administrator Report:**

Chairman Sutton stated the next agenda item is for Mr. Valentine. Mr. Valentine as a follow-up to that Litchfield Holdings that Mr. Carminucci had last week on Wednesday, the IDA generated an administrative fee of $80,108.14. Coming up along with that we need a motion today to authorize payment to SEDC according to the fee split agreement and according to that agreement, that amount would be $38,777.04. He is looking for a motion from the Board just to authorize that payment. Mr. Mooney asked why we need a special motion for that? Mr. Valentine responded we don’t, but he would like to keep record of it in the minutes, we’ve done it in the past. It is not necessary, it is a contractual agreement, but it helps when you are going back through the years of minutes and see a process to that.

Chairman Sutton then asked for a motion to approve the payment of $80,108.14 to SEDC in accordance with the terms of the fee split agreement currently in place. Mr. Lewis then made a motion to approve the payment of $80,108.14 to SEDC in accordance with the terms of the fee split agreement. Ms. DiDomenico seconded the motion. Chairman Sutton asked if there was any further discussion. There was no further discussion.

**RESOLUTION #1494**

RESOLVED, THAT the Saratoga County IDA accept the motion to approve the payment of $80,108.14 to SEDC in accordance with the terms of the fee split agreement as presented and discussed be acted upon. The results of the roll call vote were as follows:

AYES: Ms. DiDomenico, Mr. Klein, Mr. Lewis, Mr. Tollisen, Mr. Mooney and Chairman Sutton.

NOES: None

ADOPTED: 6-0

Mr. Valentine stated the only other thing he wanted to add was that following our last meeting we had worked out with PVA Campus III, we added 14 sub-agents. Usually, we would have an agent and a sub-agent would be appointed with Tax and Finance and in this case, which was similar to what we did with Global Foundries years ago, that they themselves would become the ones that would appoint their sub-agents, submitting to me the ST-60’s and then filing with the State. We have done the same with this one and he just wanted to alert you to that, that is all. Chairman Sutton thanked Mr. Valentine.

**Other Business: Arnoff Logistics:**

Chairman Sutton stated the next agenda item is other business. Chairman Sutton asked Mr. Brobston to speak on this agenda item. Mr. Brobston thanked Chairman Sutton. Mr. Brobston stated he was asked to put together some information which he sent out to the staff and Board members showing the process for the program for Arnoff for their first two projects and then how it would be affected by a third. That spreadsheet was included with your materials. We started this process in 2016 and it shows their cumulative amount on the projects. So, they spent $11,500,000 coming in, so another four something and this one would be eighteen seven. The Malta full value assessments are shown. He has adjusted this to show what the real taxes were by the rates of each year. So, the last payments made that he can confirm, is through September of last year. He knows they have already paid in January the County and Town tax but he has not figured that into these numbers, he is just using the numbers as we know it to be. The Town Assessor and he had a conversation about how she would assess these building going forward once they are built and she gave him a number for the 50,000 square foot building $100 per square foot assessment and for the 125,000 square foot building it would be $90, she uses somebody that helps her do that, the commercial work, they hire somebody to do that with her and she went through a description of diminishing returns after you get so big on a large building. So, that is how he came up with the full value assessments to make sure that we were saying that if full taxes paid is this and this is the PILOT then we could actually see what the actual savings would be at least through 2021 tax rates. You can see that when this project started, they actually paid more money than they are paying now by the tax rates that were applied in Malta and the County and the School District. 2021 is the end of the full five year on phase one so at the end of this year that will shift into where you are going to start seeing a percentage of the additions come on and you see how the PILOT assessment changes with that. He is using the assessments as she put on the buildings of the $7.3 as the numbers and that is how we get cranked up to the numbers that you see. It looks like the sales tax and the mortgage tax that you had approved in the beginning of each project, the mortgage tax was just at about the right numbers, sales tax was not utilized as heavy as we originally thought. Again, we wanted to make sure we covered that with the 60% of the building cost to make sure we didn’t have any errors with State and Tax Finance. So, he is not surprised at those numbers. This building, Phase Three, as we showed is a PILOT. The request is a 10 year five and five. The original five, the first years of that would be at the land value that is already there. That is being taken care of in the original PILOT’s. It is one single PILOT. The sooner they get the second building built, the more value they would see on savings from those. So, if they don’t get that built in the second year, you would see that assessment could change a little bit due to when that second building gets done. The thought process here is that they would start the first building in the Fall and then as you saw in the application, finish that one next year, start the next one and finish that in 2023. It is possible for that to happen. It is also possible, if things go well, and they are able to market it as well for other people to utilize that facility, that it could happen sooner. The other thing he wants to mention is when we thing about these projects, IDA projects starting in January of 2022, any project over $5,000,000 will be required to use prevailing wage by decision of the Legislature and Governor signed. He believes it was last year if he is not mistaken. So, these projects, there will be a change in the cost of them. Our history has been, what we’ve seen, when we priced it, and it has been a little while since we priced it he will tell you that, it’s probably been about three years, it was about 20% more at that time for prevailing wage. That was a building for around the $5-$8,000,000 mark that was done in Clifton Park. So, he hasn’t done it recently, but that was the history of it. We are concerned with timing for projects coming in. Mr. Carminucci mentioned to him yesterday to the Clifton Park IDA that there is supposed to be a Board of people that the State sets up to review these if you are asking for a waiver or something. Mr. Brobston asked Mr. Carminucci regarding this. Mr. Carminucci stated he knows the Board is supposed to be set up, they are supposed to administer this and issue regulations and he has not even heard that the Board is set up. He thinks there is a provision that the Board could modify or postpone some of this in light of economic conditions but nothing to-date has happened as far as he knows. If this ends up not being changed when the Board is put together, it would affect any project that hasn’t closed by the end of the year so even if we induce something but we don’t close and bestow benefits, it is possible that even this type of project could be subject to this. He is a little bit unclear about that. Mr. Brobston stated so what is your thought process with closing, they could close with the IDA, start a project and that would, we hope, legitimize it. Mr. Carminucci replied right, it is possible, if you approve a project and it doesn’t close it could be subject to whatever language is the statute. Typically, they exempt out projects that have been the subject of an inducement resolution, but he didn’t see that language. Mr. Mooney questioned Mr. Carminucci is the project cost, just the construction cost they are talking about, is that correct. Mr. Carminucci stated he thinks so. It captures any project that receives any kind of tax abatements which would obviously include sales tax on possibly even equipment, but he presumes what they are focused on is construction costs. Mr. Brobston stated we need to get that laid out and determine a little bit better. It has been a fluid situation. Anyway, that is just a comment of what could happen next year. This is where we are at this time. The project continues to be utilized in two ways. The Arnoff’s would bring in other companies that need their services, utilize their buildings that way for them as they mentioned a couple last week and he know Mike and Craig could talk about that again. And then also they could also lease the other building or part of the larger building to a company that would need that for their space themselves. Mr. Brobston asked Mr. Michael Arnoff if he would like to speak to that. Mr. Michael Arnoff thanked Mr. Brobston and just to remind the Board thank you very much for your time today. Just to remind the Board, the Arnoff’s are not looking at this from a real estate development perspective as non-operators. We look at this as continuing to develop our Logistics Campus and attract companies who want to work with us side-by-side and be a part of what almost becomes a communal environment where companies share in the services that we are the experts in providing. So, yes, Ahmet needs office space, and you guys know them as an office tenant at the Arnoff site, but we provide crating services for them, we provide labor for them, we provide handling for them. We provide logistic services of all different shapes and sizes from freight forwarding to local trucking to domestic trucking, courier services, so it is all part of, and he uses them as an example because we all know who they are and then there are many, many others. He thinks just in a nutshell we are not looking at this where we are sitting in some ivory tower in Chicago and we just want to develop the land. We are there operating an environment that companies are coming to us and raising their hand saying help us. Mr. Brobston stated Mr. Michael Arnoff has talked with the Planning Board person Jamie O’Neil when they approved the road site improvements, infrastructure improvements, their expectation would be that there would be about 175,000 square feet of building space available left to be developed in the park, so they have already got a conceptual understanding of what is going to happen and they are expecting a site paln review to go forward positively. Naturally you have to go through the motions of what needs to be where. But she was very positive about the project from the Town’s perspective and while he has not talked to the Supervisor in the last month, the last time he had a conversation with Supervisor O’Connor he was very positive about the project. Other than that, you can ask any questions, what can we help with? Mr. Mooney questioned how we left this the last time; his impression was that the Board wanted to do something with this project but the amount presented was a little high. Mr. Duffy, he and Chairman Sutton have been trying to get together on this and he did receive your spreadsheet. What he attempted to do was go into it and work with some other values for a set value. However, none of the formulas were in your spreadsheet so he did not. He feels like we are still at the same point and if you could help us out with that, that would be great. Then we could plug a number in for a starting value for the five and five program and come up with something that works for everyone. Mr. Brobston stated that is also within his regular spreadsheet which he understands what you are saying. The other thing he remembers you saying, it wasn’t clear to him, he apologizes, but it wasn’t clear to him that it was regard to the size of the PILOT. His understanding was you wanted to condense all of them into one, which is fine. That was sort of a logistic issue talking with Mr. Carminucci and staff about doing that. This would be a separate PILOT handled, jobs would be separate on this one, it would be, it was determined through conversation with staff, this would be a simplest way to do it because it would then allow the PARIS Report that this would the third project and it would have its own jobs and its own value. That is the thing he thought we were looking at. Because he was not given a clear indication of what you thought that needed to be. He would be more than happy to figure that out. Until he does have those spreadsheets that are active, he would say this. What are you thinking, do you want to do a five year, that is the type of thing that we are trying to get at? He can tell you now, that with the application, in the addition, if you go to the second year where the second building is there, you see that the full taxes paid would be an additional $310,000 roughly. That is due to the five year no payment on the improvements at all until year six and that is when it goes into 50%. That number then drops as you can see on the actual savings side, that drops by approximately one half. What is the desire of the Board, to see it as only a five-year PILOT, a ten year that starts at 50%? Those numbers can be put around but what kind of idea is there? Mr. Mooney stated just speaking for himself he likes a ten-year PILOT at 50%, that is what he likes. Mr. Arnoff questioned why are we looking for something different than we already have? He is a little confused. Why if it worked in the past why wouldn’t that work going forward. Mr. Mooney stated because it did work, that is the concept of this. It did work, you have a good facility going and it just seems like coming back the third time is just kind of a lot. But don’t get him wrong, we want to certainly be fair and make this work for you. Mr. Arnoff stated to Mr. Mooney that we are doubling the size of the operation there. That is significant. It’s not like this is an addition to a building. We’ve proven ourselves; we’ve gotten through the first coming up on five years and now we are going in deep. This is a deep, deep dive where maybe before we put our leg in and then we got up to the knee and we felt good and then we sort of gradually. Now we are diving in head first and we are doubling the size of what is existing on the property today. Chairman Sutton stated he would like to ask Mr. Arnoff a question to that. If you were to receive the PILOT, whether it be the ten-year or the five-year, the substantial savings to your organization, would you be passing some of that savings on to the tenant on the leases? Mr. Arnoff stated to Mr. Craig Arnoff and Mr. Sagliano be free to jump in at any point, but no this is more about, and he would like them to jump in as well, but this is more about the development costs and with accelerated costs we are seeing across the board and the numbers we started looking at a year ago and what we are looking at today. Would you both like to add to add to Chairman Sutton’s question? Mr. Craig Arnoff stated quite honestly on the leasing side, if the part of the building becomes a lease to a tenant, there will be market rate leases. The biggest place where the savings in which the IDA and the County is going to provide a savings is going to go back into as payroll. All of that $2.3 million you see in that savings we are going to dump directly back into growing our workforce, supplying them with high-level training, supplying them with the best benefits you can get around. We have people on our health plan who are provided health insurance for less than $6.00 per week. Arnoff carries the large end of that cost. And on top of that, higher wages that we continue to compete with the national firms that are in our region that are paying exorbitant amounts of money for entry-level labor and continue to grow our workforce in that way. Hopefully in the payroll taxes and in those payroll dollars, they are re-spending that money on products that have sales tax associated with them in the County. The County is really going to be seeing a lot of that money back in its pocket by us growing our company and creating dollars of payroll with this development. He really sees that the savings that you are providing us as a pass-through for us to be able to grow our workforce at the higher dollar wages that we have to afford with the Targets, the Aces of the world in our region now. Chairman Sutton questioned Mr. Craig Arnoff how many jobs are you talking about. Mr. Craig Arnoff stated he thinks we are talking somewhere between 35-50 jobs over the period, right Mr. Brobston? Mr. Brobston stated that is correct. That is the conservative number at this point. Mr. Craig Arnoff further stated that there are ancillary jobs that go with the growth. Chairman Sutton stated that is his point, are you going to bring in other jobs? You are basically bringing in new jobs, which he thinks is great for the County, but he thinks the job creation, that is what we are looking at for the PILOT program. The creation of more jobs and if you are getting the brunt of the savings, would that be passed on to the tenant for at least the term of the PILOT, five years, ten years, whatever the case might be. We have done this in the past and we have asked other companies this same question, that this is a substantial savings, $2.3 million dollars. That is on the low end. Mr. Michael Arnoff stated to Chairman Sutton that what we did with Ryder and to attract Ryder, he thinks the answer is yes, it will be passed on to attract companies to come to our campus. We did that with Ryder to attract them to come Malta by giving them some reduced rental rates during the first, he thinks they are on a fifteen-year arrangement, but during the first five years, sort of to get their business off the ground and get that particular branch operation up and running and equipment costs and relocation costs out of the way. He thinks the answer is yes. Craig is saying that we are going to have fair market rate of leases which is a great answer and that is what we all want to hear, but he thinks we have been very creative. We just signed a long-term renewal with Ahmat to keep them in place rather than getting them to go back to Albany where they were trying to be attracted by SUNY and to fill empty space down at SUNY and they have a pretty big operation that they are working down there and they could have very easily moved their administrative staff down there. Then we potentially would have lost some of the logistics services possibly that we provide them. So, yes, we are going to get creative in any way that we can to attract national companies to come to our site and having this benefit will be passed on to those companies in reduced rents, reduced cost of services in that initial period to get them to sign long-term relationships with us. Mr. Carminucci questioned Mr. Michael Arnoff if their leases are triple net, for instance, Ryder, are they responsible for a portion share of real estate taxes on the building they are occupying. Mr. Sagliano stated certainly when you are looking at a monetary savings, whether we are saving ten cents on the purchase of fuel. Ultimately those savings will get passed on to customers, etc. because it reduces our cost. With regards to the real estate here, yes are lease are triple net. So, again there is a factor of the real estate taxes on the initiation of a lease. Real estate tax will grow as the lease grows. Mr. Carminucci stated right. Mr. Sagliano stated they do get a portion of the savings. It is all a part of the entrepreneurial spirit to be able to create activity, to create jobs. Mr. Michael Arnoff, asked Mr. Sagliano to correct one thing. When we sell, and in the IDA’s eyes, it may be a lease but when we sell to a company coming in and taking a 30,000 square foot area in our new building, that is constituted in New York State as a storage service and that is taxable. That has a sales tax component to it where a triple net lease does not have a sales tax component to it, correct Don? Mr. Sagliano stated yes. Mr. Michael Arnoff continued that as a further benefit to the concept that we are bringing to the table, that we have continued to bring to the table, and that we have proven in the last five years to be very successful on the table. Mr. Sagliano that if a customer rents space, or as a storage contract then it generates sales tax for the County and the State. If it is a lessess/lessor relationship, that is not taxed. Mr. Michael Arnoff stated primarily what Arnoff is doing it’s a simple bailor/bailee relationship and it is taxable. Mr. Carminucci stated that you also might end up just doing third party leases as well with some of these entities, or no? Mr. Michael Arnoff stated that is not our long-term goal. Our long-term goal is to occupy these building with Arnoff staff members and convince companies why they need us to provide that service. If they are a Nebraska based Company, they don’t want to employ New York employees, right? They don’t want to have that commitment to bricks and mortar or a lease in New York State. They want to rely on us to provide that service and that is what we want to continue to market. Will there be some leases involved? It is inevitable, again going back to Ahmet model, it is inevitable that will develop as our sales team attracts national companies to want to come to our campus. Mr. Carminucci stated right, so he thinks the answer is that were you to do a lease, it would most likely be a triple net lease and the tenant would get the benefit of the PILOT. If it’s not a lease, it’s a storage contract as you described and the benefits are flowing differently than they would under a lease. Mr. Valentine stated he would like to add on to that. With going back to Marini’s three projects in Halfmoon, those were all questions that came up from the Board to the applicant, it was direct. Are these benefits going to be passed on to the tenant? That was a requirement at that time. Mr. Carminucci stated that is true and if you are looking at a traditional real estate development project but what they are sort of doing is a hybrid. A lot of their arrangements are not leases; they are storage contracts. So, the benefits flow differently than they would under a traditional real estate lease. Mr. Valentine stated that is why he brought it up so that we have it reflected that there are two different things going on here from what we have done in past precedence. Mr. Carminucci stated the bottom line is that if you are relying on the jobs that those third-party entities might be bringing into the facility, the IDA expects that the benefits will somehow flow down to those entities. Either instance in your case, the answer is yes. Mr. Valentine stated we have to figure out how we report those jobs as Arnoff employees. Mr. Carminucci stated right. It’s the same way you would do it with a real estate development project if they are leasing to third parties and those jobs are being included, they would get reported. It’s the obligation of the applicant to track down that employment information coming from those third parties and report it up to the IDA. Mr. Duffy stated to Mr. Carminucci but outside of the lease agreement, they are not required to do that right, they are just giving the jobs just on their portion of labor in the facility. Mr. Carminucci stated no, he thinks they mentioned earlier that going forward he thinks they would, he doesn’t know if it is reflected in the application now, but he thought Mr. Valentine mentioned that they should be including the job projections related to those third parties. So, if they do that in the application and that forms part of the basis for whatever they are approved, they would be reported going forward. It is just the Arnoff’s responsibility to do that. Chairman Sutton asked if there were any further questions. Mr. Brobston stated what Mr. Mooney had asked him to do or what he said could you put some numbers in and if you went to a ten-year PILOT at 50%. So, $3,500,000 would go on. The difference in savings, the ten years as it is listed now, the savings is approximately $875,000. In a warehouse PILOT the other way, 50%, it’s $675,000. So, there is $200,000 difference between a five and five and a 10 year that is at 50% immediately. Just so you could see that. He would be glad to forward that. In that case, there is a $200,000 difference. Chairman Sutton asked Mr. Brobston to send that to us. Mr. Brobston stated he would. Chairman Sutton asked if the Board members had any other questions of the Arnoffs. There were no questions. Chairman Sutton asked Mr. Brobston if he would send over revamped numbers and we will continue this discussion. Are we ready to go to a public hearing in the July meeting? Are my members comfortable in going forward with that? Mr. Valentine stated we have accepted the application yet. Chairman Sutton stated the application is very fluid at this point, right? Mr. Valentine stated we would have to do something to accept it so for the record last month, we pulled it off, we did not have an accept and to establish a public hearing. Mr. Mooney stated maybe Mr. Carminucci could speak to that and see what we may be able to do to get a number lockdown but still get the public hearing scheduled. Mr. Brobston asked Mr. Carminucci if that was the issue that comes with this, that you have to have a number for the PILOT by that time or for the public notice. Mr. Carminucci stated before we publish, we have to have that number. Chairman Sutton stated and the publication is 10 days before the public hearing. Mr. Carminucci stated right, it has to be in 10 days, it usually takes us 3-5 to get it in the paper. Mr. Duffy stated you are looking at the end of June, you’ve got to have this locked down, right. Mr. Carminucci stated right, your meeting would be on the 13th right? Mr. Duffy stated right. Mr. Carminucci stated that is even a little bit earlier than the end of June. Mr. Duffy stated so you are looking at either 28th or 29th might be the drop-dead date, right? Mr. Carminucci stated also he is not around on the 13th. Mr. Duffy stated we can move that. Mr. Mooney stated why don’t we try to put this to bed by the end of the week or early next week so we have everything set. Chairman Sutton asked Mr. Brobston to get the revised numbers over to us. Tom Lewis, Mike Mooney and himself, Mr. Duffy and possibly Jim Carminucci, we will sit down and review everything and then we will talk to our Board. We will submit all of the information to the balance of the Board. What does July 20th do for us if we were to move the date one week for the public hearing? Does anyone have a problem with that? The Board members agreed to this date. Chairman Sutton questioned Mr. Duffy if we have very much on the agenda at this point? Mr. Duffy replied no this would be the main one and whatever little grant items we might have. This would be the focus. Chairman Sutton stated why don’t we set the date for our next meeting for July 20th and we will try to fast forward to have a public hearing for that meeting. We will get the information from Mr. Brobston. Our sub-committee will meet and then we will poll our members with the information that has been imparted to us and then we can make that decision and we will have plenty of time then to do the advertising for the public hearing and we will try to set that for July 20th. Chairman Sutton asked Messrs. Arnoff if that would work for them? Mr. Michael Arnoff stated that works for us. Chairman Sutton asked if there were any other questions for the Arnoff’s. There were no further questions. Chairman Sutton thanked Messrs. Arnoff and Mr. Sagliano for their participation. There are a lot of tough questions that we have to ask, but this is part of our due diligence and these are the obligations we have to the public. Mr. Michael Arnoff stated we understand and we respect that and thank you very much.

Chairman Sutton then asked for a motion to accept the application for the Arnoff Logistics Phase 3 application and set the public hearing. Mr. Mooney made the motion pending a revision in the amount and to set the public hearing for July 20th for the Arnoff Logistics Phase 3 application. Mr. Klein seconded the motion. Ms. DiDomenico stated for the record her recusal of voting on the motion. Chairman Sutton asked if there was any further discussion. There was no further discussion.

**RESOLUTION #1495**

RESOLVED, THAT the Saratoga County IDA accept a motion pending a revision in the amount and to set the public hearing for July 20th for the Arnoff Logistics Phase 3 application as presented and discussed be acted upon. The results of the roll call vote were as follows:

AYES: Mr. Klein, Mr. Lewis, Mr. Tollisen, Mr. Mooney and Chairman Sutton.

NOES: None

ABSTAINED: Ms. DiDomenico

ADOPTED: 5-1-0

Chairman Sutton stated the motion is carried. We will then set the public hearing for July 20th.

Chairman Sutton asked if there was any further business to come before the Board. Mr. Brobston stated he has one last thing. Mrs. Riley and he will be going down to Washington D.C. the last week of the month for a couple things with our Irish folks and we are also going to be meeting with our legislative folks and he wanted to alert the Board that we are going to take down the rail study that was done so we can actually have a conversation with them about that information and make sure what is available and showing them what has been done since the time we talked and see if we can generate an understanding of what will be needed for that. He just wanted to let the Board know that we were heading down there and were going to have that discussion. Chairman Sutton asked Mr. Brobston if the Town of Moreau know that you are doing this? Mr. Brobston stated he did talk to Supervisor Kusnierz on Friday. He wanted to talk to him before talking to the Board. He said that was fine. He totally agreed with it and just waiting to hear what came back from it. Chairman Sutton stated ok, good luck with that.

Chairman Sutton then asked for a motion to adjourn the meeting. The meeting was adjourned on a motion made by Mr. Lewis, seconded by Mr. Tollisen, with all voting in favor.

Respectfully submitted,

Lori A. Eddy