Minutes of a Public Hearing held by the Town Board of the Town of Riverhead, held at Town Hall, Howell Avenue, Riverhead, New York, on Wednesday, May 27, 1998, at 6:30 p.m.

Present:

Vincent Villella,	Supervisor
Mark A. Kwasna,	Councilman
James Lull,	Councilman
Philip Cardinale,	Councilman
Christopher Kent,	Councilman

Also Present:

Barbara Grattan,	Town Clerk
Adam Grossman, Esq.,	Town Attorney

Supervisor Villella called the meeting to order at 6:30 p.m. and the Pledge of Allegiance was recited, led by Bill Talmage.

Public Hearing opened: 6:30 p.m.

Barbara Grattan: "I have affidavits of publishing and posting of an informational public hearing to be held at Riverhead Town Hall, Riverhead, New York, at 6:30 p.m. on May 27, 1998, to hear all interested persons who wish to be heard regarding the proposal submitted by FR Acquisitions, Inc. (First Industrial REIT) to the CDA for the purchase of approximately 550 acres at the former naval weapons industrial reserve plant located on Route 25 in Calverton upon transfer of all or part of the 2900 acre property from the U.S. Navy.

This was published in the Suffolk County Life, Traveler-Watchman and the Times Review.

I have a letter from Lee Koppelman who wishes this to be put into the record.

The future of Calverton. The Town of Riverhead has a current proposal in the form of an execute Letter of Intent from the First Industrial REIT (Real Estate Investment Trust) of Chicago for the purchase of the 550 acre industrial core, including the 10,000

foot runway at the former U.S. Navy/Grumman property at Calverton. In addition to an all cash offer of $17 million, the Town would receive property tax payments of approximately $500,000 without any request for tax abatements. If an economic development zone is approved, only the new construction and/or building improvements would be eligible for some tax relief. Other aspects of this proposal provide that First Industrial would be responsible for infrastructure and building improvements, including asbestos removal, operations and maintenance costs.

Riverhed would conservatively generate at least $1 million in interest if the payment were invested very conservatively. This means that the loss of in lieu payments made in the past by Grumman would be more than offset. A further benefit is that the Town would retain approximately 2,200 acres for future use and development. If First Industrial is reasonably successful, then the Town's holdings would enjoy an increase in value, aside from the generation of jobs to replace those lost when Grumman left.

Although the Letter of Intent is for 120 days, (with less than three months remaining for consummation), the Town has already received a second proposal from the Mentmore Development Company. Mentmore is offering to purchase the entire 2,900 acres for $35 million, with an initial payment of $20 million. The balance would be paid as the property would be developed. Riverhead would also receive 25 percent of any net cash flow generated by development. However, no taxes would be paid. This second offer has created controversy as to which is the better deal.

Clearly, the First Industrial proposal is superior. They would be paying $31,000 per acre for 18 percent of the site. Mentmore would be paying $12,000 per acre for the entire property. if short term objectives were the Town's intent, they would receive $3 million more initially. However, that would be more than made up in the subsequent six years by the tax payments. A further consideration is that the Town would still control over 2,200 acres. If they sold only 500 acres at the current First Industrial price, they would receive a total return equal to Mentmore's offer and still have 1,800 acres left. A further concern is the suggested "profit sharing." This could well be very limited or even non-existent. Who will determine "net cash flow?" Therefore, if for any reason the First Industrial proposal is not closed, the

Town would be well advised to keep all options open and not rush into a less attractive deal. Lee E. Koppelman.

Supervisor Villella: "Thank you very much, Barbara. Adam, would you like to let the people know how this advisory hearing is going to be handled?"

Adam Grossman: "Yes. I just want to state for the members of the public who are here this evening and who are watching-- going to be watching when this is aired on television, that this is an advisory hearing that was scheduled by the Riverhead Town Board to receive public input on a proposed agreement of sale between the Town of Riverhead Community Development Agency and FR Acquisitions, Inc. It is an advisory hearing and it is not something that is mandated by law to take place. However, this Town Board wishes to have public input before making any determination as to what is to be done with the Calverton-- the Grumman site, prior to taking any action. And I just wanted to state that for the record."

Supervisor Villella: "Thanks a lot, Adam. The next person I'd like to recognize would be Harvey Hellering. He's the Riverhead Development Corporation director. Harvey."

Harvey Hellering: "I'm a resident of Riverhead as well as being a director of the RDC. And I asked to speak tonight because we're at a very critical and very important moment in what has been a very complex and very difficult four year effort. And, again, for the record, this is the effort to plan and accomplish the successful reuse and redevelopment of the Calverton site, what we now call the Enterprise Park at Calverton or EPAC. How's that?

Okay. It's hard to believe that it's been four years. But it really goes back to April, 1994; it's more than four years. And the RDC today is the successor, first to an economic development task force which was formed right in this room when-- even before the legislation was passed in Congress enabling this kind of conveyance of the property. And then we-- when that finally happened, we formed the joint planning and redevelopment commission which carried out the very, very difficult and long term planning and reuse of the property. And, finally, the RDC was formed and charged with handling the details of accepting this property from

the Navy and then returning it to productive use in a way that would give maximum benefits to the citizens of Riverhead and surrounding areas. And at the same time, maintaining the quality of life and the integrity of the environment.

And having said quality of life and environment which are magic words, I'll ask-- I'll mention-- I have a little note here for one unmagic word called airport. And just to clear the air, if you don't mind the pun, let me say something right now. This has been a series of persistent rumors, underground conversations, and worries. And if a rumor is really persistent, that's usually and indication of strong public concern, even if the rumors get to be a little bit funny sometimes. So, I would like to state for the record and maybe to just relieve some anxiety. The RDC is not interested or in favor of any kind of commercial airport or general aviation airport at the EPAC site. We do not know have, and I can't recall ever having had, any proposals, real proposals, for the use of this site as an airport. We don't expect to see any proposals. We have not heard about anyone wanting to propose an airport for this site, and those of you who carefully read our reuse plan, will know that it states, number one, that there is strong public opposition to such a thing, and it also states which is rather interesting, that even if somebody did try to put one there, they couldn't make a dime out of it and probably lose their shirts. So if we can possible at least get one undercurrent of-- and turn the other way, I'll use Bobby Goodale's words-- at a meeting he had a few years ago-- no airport.

A number of directors of RDC are here and many of them, including myself, served throughout these four years. And today we have a board, I won't try to go through resumes and names at this point, representing a wide range of in depth experience in business, in industry, in government, in utilities, in finance, in investment and community development. We have a lot of very experienced people, all of them dedicated to this one area.

Now, RDC as you will see in just a few moments, is actively advised by well known and highly regarded legal staff and real estate organizations. So that we have the means to deal with the very serious questions that we're working on. And since we're having this hearing, it could be helpful to bring out the details and review some of the guiding principals and procedures in the

work of the RDC. These really are the principals and the real influences on the recommendations we make to the Town Board of Riverhead so it's an area that should be talked about.

Along with overseeing the planning for EPCAL (phonetic) and frankly much of that has been accomplished, RDC handles the day to day, and I have to say it's become year to year, screening and evaluation of proposals for the use of EPCAL. These are proposals, many proposals, with many different concepts and scopes. They include many different arrangements and ideas for buying or leasing all or part of the property. The concepts for using EPCAL are often very, very imaginative and exciting as you can well understand. Unfortunately, when we get these proposals, before we can enjoy the big pictures and the wonderful ideas, we have to look at some less glamorous things like money. Because the financial structure of any proposal is often the deciding factor, I want to review with you our most basic approaches, you could say the guiding criteria and the qualifying standards are just the plain gateway that we use in evaluating all proposals. It's something pretty simple but I have a feeling that it's not always made clear in the public announcements.

Let's start by highlighting the fact that most of the proposals are business offers. These are ventures put together by individuals or groups in business, developers, investors, operators, managers, entrepreneurs and some others, all of them organizations, some of them have been created strictly for the EPCAL opportunity and some of them have been formed a long time ago and EPCAL may be one of many projects that they are proposing or that they have completed.

In short, in most cases these proposals come from people whose business is making investments, taking risks, managing risks, and looking for financial returns and profits. And just so you don't misunderstand me, let's be clear. This is exactly what you should expect. It's what we expect; it's what we look for, and generally, it's as it should be for commercial business interests. However, the RDC is not a commercial business. Riverhead is not a commercial business. And the RDC role in looking at these proposals is guided by somewhat different viewpoints, priorities and responsibilities.

First of all, we are acutely conscious of the fact that EPCAL in a unique, probably it's a once in a lifetime opportunity for this Town. This is a chance to make just a few major right decisions and these will be decisions that will influence the entire future of the town from this point on.

And, along with that, maybe the other side of the coin, is the need to exercise care and caution in these decisions along with hard headed professional thinking when we select who will re-use and develop EPCAL.

For openers, before we ever get into the pros and cons of the particular development concept or idea, we immediately look for financial assurance and financial capability. Again, money. We require that a proposer, someone giving us a proposal, be a reputable, financially strong, stable organization with existing committed identified secure financial resources. And that's kind of a mouthful, but maybe in short I can say what we want is to have the money on hand and available to cover the immediate financial obligations like paying for the property, and the equally important funding available to carry on the plans, the concepts and the ideas in the proposal. It's one thing to have an idea and even to get the land, but then you have to do something for it and with it and pay for it.

We look for the cash available to maintain the property, to improve the infrastructure, modernize and upgrade the facilities, do whatever marketing and advertising and promoting is needed to get business into the site and, in short, we're looking for the financial capability that will make reuse of this site a reality, that will give us an active business industrial center that will provide the high quality employment that existed in the Grumman era.

And it's kind of easy to overlook something, particularly if you've ever seen the site. We're dealing here with an enormous stretch of open land in EPCAL. It's probably one of the most rare things on Long Island and maybe even on the east coast today, and, frankly, this enormous stretch of open land leads to proposals that are going to make use of much of the space. And that's a natural thing. But we can't forget what our first priority really is. It's not only a priority that we accept, but frankly, it's

the thing stated in the basic legislation that started this whole thing. And that is economic revival. We-- our first charge is the replacement of the industrial activity and the thousands of jobs lost when Grumman moved out. And, frankly, these kinds of jobs require industrial investment that will most easily and naturally occur in the industrial core of the EPCAL property. And, frankly, this point, there's an important factor in RDC thinking and, of course, it's an important factor to consider in this hearing.

Finally, we look at assurances and risks. There is a vital question of how and when the citizens of Riverhead will be paid, the financial compensation, the payment structure of each proposal.

It's no secret that we favor up front, identified, defined and secured compensation and income to the Town. EPCAL developers will naturally take sound business risks. That's their business, and frankly, it isn't ours. We have reservations about any plans that tie Riverhead's compensation to future, projected, expected, hoped for revenues or profits or attendance or services or anything else.

In short, ours is a responsibility for careful, long range judgment. We are calling for a secure income stream, like the things you get from bond interest and property taxes, and we're looking for income that can be planned for and used long range, and used to take care of the long term needs of the town. Thank you."

Supervisor Villella: "Thank you, Harvey. Next, I would like-- Doug, could you just add a little bit to that? Just a little bit."

Doug Stark: "Good evening. I'm Doug Stark, a life-long resident of the Town of Riverhead, long enough that I've seen Grumman come and I've seen Grumman go. I've witnessed the devastation in some of the families, the job losses, etc., that came with Grumman's leaving. I've been a member of the RDC now for four years, ever since its inception, along with and if you bear a moment, Bob Ferguson (phonetic) of the IDA, Tom Coleman (phonetic) who comes with banking and finance background, Jean Tuttle (phonetic) you know as ex-County Treasurer, and, of course,

Harvey and Bobby.

Over the past four years, we've received many proposals for Grumman, some meriting a second look, others not. Along with our marketing (inaudible) and counsel, Wilkie Farr, we scrutinized the proposal by the First Industrial this past winter. Most of the other proposals that we saw did not merit a recommendation but with First Industrial, it was felt that here we have an opportunity to bring this property back onto the tax rolls, provide income, provide jobs for I heard this morning that our employment was down below 5%, so, but I'm sure that there will be jobs out there.

I guess my position here tonight is to reaffirm the actions of the RDC, that we recommend highly that the Town Board consider the proposal by First Industrial enabling the Town to put the property back on the tax roll, and get some income and jobs.

Mr. Supervisor, that's what we recommend."

Supervisor Villella: "Thank you very much. Our last speaker before we go into the hearing, Jack O'Connor, from Grubb & Ellis."

Jack O'Connor: "Let me explain to you who we are and what we've done. Grubb & Ellis is one of the largest brokerage companies in the United States. It has global resources that give it access to virtually every sector of the economy. For that reason, we were engaged by the Town of Riverhead in March of 1997 to advise and market the 2,900 acres of land known as Enterprise Park at Calverton. This decision was made after the Town determined it needed the resources of an international, well respected marketing and management firm.

During the past year, we have been responsible for reaching out to some 4,000 industrial, office and destination developers, along with equity funds, major corporations, real estate investors, and related companies. We have galvanized the effort of 105 of our field officers throughout the United States to review their own contacts for possible uses and we initiated discussions with sports and entertainment industry executives, corporations that specialize in family entertainment, and leaders in the aerospace and aviation industry. We have worked with New York State Economic Development Office to present our credentials to major

motion picture studios. We have abided by the Town's instructions not to market the property for housing or retail.

The result was that Calverton became the subject of several offers we characterize as serious, including the following: I will list them down. The Apollo Group, Camelot, Mentmore, Landmark National, the Breslin Group, and First Industrial Real Estate Trust. I am pleased to say that we are several years ahead of our marketing schedule outline in the reuse study, which was prepared by the consulting firm of Hamilton, Rabinowitz, and (inaudible) in March of 1996 who estimated from five to 10 years and beyond to achieve total occupancy of the site.

In closing, our firm is very pleased to represent the Town of Riverhead and we are optimistic that we shall continue to find users and investors and complete our marketing ahead of previously predicted schedules. Thank you."

Supervisor Villella: "Thanks a lot, Jack. Now we will start the public hearing, and the first speaker Jack Kennedy."

Jack Kennedy: "Good evening. Can you hear me? Okay. Good evening. Supervisor Villella, let me introduce myself. I represent 60,000 construction workers that reside in both Nassau and Suffolk County. I'm a life long resident of Suffolk County, I have a home in Orient Point so I'm not a-- like some people from Riverhead might think-- as a western-- I'm sort of both. The Grumman site that you see that's out there right now, I can tell you this from experience, that every building that was built on that site was built by the Nassau, Suffolk building trades. And it afforded us an awful lot of employment opportunity. At the same time, the same facility in Westbury offered us an awful lot of employment opportunity and I guess nobody has to be told what a devastation it was to Long Island to lose Grumman because a lot of those jobs were very, very high paying. Today we hear the statistics about the unemployment rate and it's probably one of the lowest times that it's been in a long time. But they are not necessarily well paying jobs. A lot of them-- of the service industry. I see people that work in the building that I have an office in and the majority of them make $7.00 an hour. You can't raise kids and you can't raise a family, even if you have three jobs, on seven bucks an hour.

So we're very, very interested in the future development that goes on on that site because we think, and I think, that it's a jewel. And if it's handled properly, I think it could and it might afford those same types of high paying jobs that we need to have in order to live and pay taxes and raise a family on Long Island.

I represent tens of thousands of men and women who are rebuilding Long Island. Our skills range from masons to electricians to carpenters, truck drivers, equipment operators. We might be your neighbor, we might be a friend, we might be a customer or even a constituent. The dollars spent on projects that employ our members are returned into our region threefold over in the way of paying the mortgage, the groceries, buying-- purchasing clothes and meeting a tax bill. We are a critical part of the Long Island economic cycle and we prove our worth every day on the job. We as an industry-- we don't ask for much, we do not ask for grants or set asides, yet what we really need is we need jobs. All of that (inaudible) is not worth much if you can't find a job.

The Long Island construction industry is still suffering, although, again, you know, we talk about the employment statistics. We're still suffering through in some of the crafts, drought, and we need more employment. As I said before, I represent 60,000 construction workers that are comprised of men and women that live in Nassau and Suffolk county. So we need jobs. We don't need them in New York City; we need them here on Long Island.

In any really major construction project such as this has the potential for being, stops that (inaudible) or that unemployment blight. I guess there's experts and I know there are that offer the insight into the contributions that the Grumman development can make to industry around the world with high-tech the way it's being driven and us being more globally competitive. I'm here to tell you on the local level that Grumman means jobs; it means to put our people back to work. I've heard as most of you, and I know you're a lot more informed than I am, but I've heard of different proposals. Some, I think, are very, very exciting. I heard somebody mention something about the moving picture industry in a report and I can tell you from firsthand knowledge that if such a proposal was to be put forth and that ever happened in the Grumman site, I can tell you that those are the types of jobs that

are very, very technical; they're very, very high paying; they are not seasonal, they last all year. That would, in our estimation, the building trades, we would love to embrace that type of a concept. And it's not news to anybody that's a resident from this east end. The Town of East Hampton and the Town of Southampton are just full of theatrical people that would probably like to be able to work in their back yard. So we embrace that.

Something that I might share with you. I received a phone call from Miramax, somebody that's interested in the site also. I got a call as late as this afternoon. I told them that I was coming out here to help support the whole concept (inaudible). First Industrial, I heard the letter that was written by Lee Koppelman. I know Lee probably longer than I care to admit and I tell you, I don't think there's ever been a person that's been more futuristic. I can remember just like it was yesterday, 30 years ago Lee Koppelman draw up the plan for the Long Island Expressway and all of the property that would be adjacent to it. And what he envisioned was a corridor going down the Long Island Expressway with just industrial commercial property. And nobody ever listened to the guy because all you see now is sound barriers and protection from noise from houses. So it tells me that we probably should have listened to Lee Koppelman at that time as I think when he makes his recommendation to the Board and you heard it and I've got to say this on behalf of the building trades, we embrace that same concept.

And I brought-- I've a lot of-- my brothers and sisters that took the time here tonight and I would, if I could, just as a request even with a show of hands, if some of you guys would raise your hand and share that same-- "

Supervisor Villella: "Very good. Thank you."

Jack Kennedy: "Thank you."

Supervisor Villella: "Jack, thank you very much."

Councilman Lull: "Jack, do you have that written down? Do you have that information you gave us in writing?"

Jack Kennedy: "Yes. I do. And so to paraphrase the-- I've

winged some of it."

Councilman Lull: "Anything that you can leave with us as part of the record."

Jack Kennedy: "Yes, sure."

Supervisor Villella: "And also, Jack, Miramax, set up an appointment with the RDC as soon as possible and get the negotiations going."

Jack Kennedy: "Listen, any way that I can be a conduit or a vehicle to make any of this happen-- in fact, quite a while ago, I think as long as a year ago, I offered my assistance and the people that I represent in any way that we can help make this happen. That commitment is still there."

Supervisor Villella: "I really appreciate that, Jack. Thanks a lot."

Jack Kennedy: "Thank you."

Supervisor Villella: "Okay. The next speaker, Nina Stewart."

Nina Stewart: "I'd like to thank you first for the opportunity to speak tonight. I am Nina Stewart and I am the tribal council for the Montaukett tribe of Long Island, New York. I've written a number of letters to the Supervisor. I'm glad to finally meet you."

Supervisor Villella: "Same here."

Nina Stewart: "And I in no way by my comments or the comments of the Montauketts, do we infer that the people who've worked all these years haven't worked diligently in the best interests of the town. However, we have grave concerns about some of the issues that have come up through the process. And some of these issues have just come to light recently. So we certainly don't expect everybody to have assumed that they had this information all along.

But the environmental concerns that we became aware of as we were becoming very attentive of that that there was archaeology

on the site that related to the Montauketts who as many of you may know and the chief will speak later, we're the earliest inhabitants of Long Island. That is involved in the environmental issues. And we felt so strongly that we sort of backed up on making any plans or proposals and want to address the issues that both the EPA have addressed and the Suffolk County Health Department have addressed and since the gentleman there has said you're way ahead of your marketing schedule, and the gentleman here has talked about the importance of the integrity of the environment, the concerns that we talk about are things like groundwater contamination. One of the areas that was added to the 350 acres that the Navy is not transferring because of the severe contamination is in the (inaudible) area and our concern is when our artifacts are located-- our prehistoric artifacts are located south-- east of that and so is the Peconic estuary system.

And in the transcripts I've read from the first restoration advisory board meeting the Navy still doesn't know the extent of the groundwater contamination either inside or outside the site. The EPA in its letter of February 12th has said, please don't transfer the site until we know the full extent of the remediation required. And it's my understanding the Navy will not have that information for the transfer.

It is the long range goals that we're concerned about and the gentleman who spoke quite rightly talks about the economic vitality and jobs and I think everybody can support that. We just want you to be aware that selling off part of the land or all of the land or making arrangements without understanding the full extent of some of the 55 gallon drums that are buried in various places on the site or the area that will be contaminated is a big mistake. The northeastern quadrant was a dump site. It's where you have your family recreation area. It is a dump site that is also of concern to us because it's one of the areas of highest prehistoric sensitivity.

Two questions-- just two comments relating to the First Industrial proposal. One is the option. Is there an option agreement included in that for the rest of the site? Because from the letter of Mr. Koppelman, it wasn't clear whether that option was, in fact, included. And certainly if you are talking about 550 acres and a commitment to that, it's quite different

than an option to develop the rest of the site. And the other thing that came up while we were sitting here is the use of the runways. Is the Town planning of covenanting the use of the runways? Because if it doesn't, then they're free to use those runways, lease, or however they want to use them no matter once you sell the property to them. So I would certainly look into that.

Again, our point is really that I understand the urgency to have the money and put it into the community; it's real, this is a wonderful community. The Montauketts have lived here many years as all of have you but our concern is not to act prematurely. You've done a lot of work. A little caution goes a long way and I urge you to exercise that caution. Thank you very much."

Supervisor Villella: "Nina, thank you very much. The next speaker will be James Heller."

James Heller: "Hello. My name is James Heller. I'd like to introduce myself as president of the East Hampton Power and Light Corporation. But before I get lost in words and before everybody heard everything already, I would certainly like to ask the township to wait a little bit longer before they make any sale for the property-- the whole property, because my understanding is there is very little publicity given to the actual sale of the property. It has been on the market for four years but there has not been too much public interest assigned to it and many people who would be interested and would be able to pay Riverhead a higher-- a much higher price, have never really been informed. I would say even conservatively if Riverhead doesn't get for themselves at least 50 or 75 or even possible 100 million dollars for the property, that they're being very foolish and very hasty.

I mean, if this company or one of the six companies you've mentioned are in earnest, they will be in earnest in six months from now as they are now. The Town of Riverhead might lose a little bit in lost property taxes but I'm sure they can make it up. In the long run, the town people should be much happier if they can get a proposal where more people can participate and get a much higher price.

Now, as president of East Hampton Power and Light, we're a new company and our proposal to the town hasn't been (inaudible)

out yet is to build a new power plant there to supply people on the east end with electricity where Lilco or Lipa has been supplying people before. We have found a way to circumvent the-- through the Federal Energy Regulatory Commission, a way where we can compete with the Lilco Lipa deal and we have just recently got our petition back from the Public Services Commission in New York giving us permission to construct 380 megawatt power station to supply electricity to the east end of Long Island. This we would do at a savings to east enders of 50% whereas I'm from East Hampton, we pay $.16 per kilowatt hour and Lipa has offered us 18% reduction which would bring our power sales to $.13 and a half per kilowatt, which would be the highest price paid in the United States today. Still the highest price on Long Island-- it's still in the United States today.

Our company is proposing and as I said we have permission from the Public Service Commission to operate a utility under the transportation laws of the State of New York and we've been registered with the Secretary of State and we're ready to reduce the power to $.08 a kilowatt. And we have chosen the site of Riverhead, the site at Calverton, to construct part of our operating plant. And at this particular time, we're negotiating with Long Island Power Authority to get the transmission distribution rights which we are negotiating with them right now, and it should not be within 90 days before we may have these rights to generate and transmit electricity.

It is part of the new federal system of the deregulation which people of Long Island are not fully familiar with yet because they have not been fully informed. I think the people at Lipa and Lilco have been offering a bond to people who want to make a fast buck on the ratepayors and have not (inaudible) themselves for any consequences. The consequences, of course, could be a recall of the bonds and allowing the people of Long Island to participate in the federal-- the energy regulatory commission ruling of deregulation where we can import power from another state, or from New Jersey or Connecticut, only $.08 a kilowatt.

To make matters short, our company has put a proposal to the township of Riverhead to develop a section of the property and we have received approval from our bonding company which is Lehman Bros. in New York and they have agreed but they will need a time

frame in order to bona fide an offer. And this time frame is 90 days at least and we're competing now with the closing which might be tomorrow. And I have asked Lehman Bros. for 80 million dollars and they have approved it in principle. So anything less than that would be foolish. And so I went a big step further because our company will only use 10 of the 2,900 hundred acres for a power plant. That would leave 2,890 acres to go and I contacted some people in Chrysler Motor Corporation who have also expressed a very sincere interest in developing the existing facilities as a private airport and a (inaudible) space operation through Pendastar (phonetic) it's called. Pendastar is a division of Chrysler Motors and they're very much interested in keeping Long Island a (inaudible) aviation. We're all sorry about Grumman leaving. Everybody is affected and everybody feels bad because of the loss and nobody likes to accept a loss, but we would like to reconstruct a certain area and keep the airport intact because it's very valuable. If you were to build an airport like that today, it would cost you upwards of 100 million dollars which would just be ground under now and be wasted. I would like to build a light aviation industrial airport and airpark and an aviation college where we would, you know, train and educate our citizens in the art of aviation and art of aviation in the 21st century.

It would also have light aircraft construction. I'm not saying anything like Grumman, but we would have several corporations in this country who are building smaller airplanes, light industrial-- light sports planes building plants. We also have a helicopter service and we would have several (inaudible) operators. Small planes. I'm not talking about transports and jet aircraft or 747's. I'm talking about something similar to what we have in East Hampton. It's small aircraft-- it's a small airport but it's a very nice airport. It attracts a lot of business people and a lot of people come, vacations, and a lot of people (inaudible) of community, and still leave Calverton with-- the Town of Riverhead, with 2,000 acres to develop which could be developed the way you might see-- you might like to.

I'm sorry to take up too much time, but I'm just saying I hope you will not be hasty in your decision to close the deal right now and you can wait at least 90 days and perhaps come up with a larger more profitable and more substantial (inaudible) for

the community of Riverhead and the people of Long Island. Thank you."

Supervisor Villella: "Mr. Heller, thank you. But we could find 10 acres for you very quickly if you-- "

James Heller: "Yes. I know I could find 10 acres, but you see, with this Lilco Lipa deal we're having second thoughts because we would like to incorporate-- our PSC approval is for the township of East Hampton and we would consider Southampton and this township also for a rate reduction should we get permission from the Public Service Commission."

Supervisor Villella: "I like the idea of the utility company because I've been looking into that myself. (inaudible) is interested with the natural gas through Brooklyn Union-- "

James Heller: "Well, Brooklyn Union would be supplying this because we talked with them and the (inaudible) for an extension of the existing pipeline-- all the way out to Calverton. It's easy because (inaudible). And this would, of course, give us a natural gas supply which would be sufficient for the east end or at least-- East Hampton we have a base of 14,000 people so I think 56,000 would cover the east end and it would relieve us of this Lipa Lilco problem (inaudible) 25 billion dollars in 20 years where we can save it (inaudible)."

Supervisor Villella: "Sounds good. Thank you very much, Mr. Heller. Steve-- I'd like Steve to answer a few questions that Nina brought up before."

Steven Kline: "Hello, excuse me. My name is Steven Kline. And I'm with the law firm of Wilkie Farr & Gallagher and we are counsel to the Town of Riverhead. And I've been asked to respond to the questions and concerns raised by Ms. Stewart which I'll summarize as follows.

The first was that perhaps we are-- that the town is taking title to land that may be environmentally sensitive. The second is that there are areas of archaeological sensitivity. The third was a question as to whether or not the First Industrial property -- the First Industrial contract contains an option in favor of

First Industrial for the balance of the site, and the fourth was was there going to be a covenant to maintain the runways. That's a fair summary. Okay.

With regard to the first question, is the Town going to be accepting title to areas that are environmentally sensitive? The -- there is a statute, the federal statute that governs the transfer of property by the-- a federal government. And it requires the federal government to do extensive studying of the property, which the Navy has done, and the Navy has published and made available all of their studies. Any area that the Navy determines to be environmentally contaminated, they are forbidden from transferring so as you can see on the map, I think, the town will actually be receiving title to 2,900 acres, all of which have been studied by the Navy, less four areas that the Navy has identified as being contaminated and will be remediated by the Navy.

In addition, the deed from the Navy to the town will contain a covenant by the Navy that in the event an environmental problem turns up in the future because the Navy did not anticipate it, the Navy will be responsible for remediating that property.

With regard to the second question, the areas of archaeological sensitivity, Ms. Stewart has been making the Navy aware of the concerns of her client, the Navy has been doing studies of the archaeological sensitivities of the site. They have been addressing and have told us recently that their finding of a suitability to transfer will further address the archaeological sensitive areas and the deed from the Navy to the town will contain covenants that will be binding on the town to address the archaeological sensitive areas.

The third point does the First Industrial contract contain an option in favor of First Industrial for the balance of the site. The answer is not really. What it does contain is what's called a right of first refusal which is that for a period of one year after closing, First Industrial in essence will have the ability to match any offer made by a third party for any portion of the site that First Industrial is not acquiring. However, the town will be able to carve out from that right of first refusal any deals that it is negotiating at the time of the closing.

The fourth question, will First Industrial be obligated to maintain the runway? The answer is yes and it will be at their cost and expense. And they will also be obligated to make it available on a reasonable basis for-- to tenants of the site."

Supervisor Villella: "Okay. Thank you very much, Steve. The next speaker, Natalie Rogers."

Natalie Rogers: "Good evening. I would like to-- first of all, I'm Natalie Rogers. I am representing the Breslin Group who came before you several weeks ago with a presentation. I think (inaudible) the gentleman from Grubb & Ellis. A new presentation or a new offer is being put on the table by them. It's a very short letter. It comes from Armand P. D'Amato, Esq. And it's addressed to Supervisor Vincent Villella. Dear Supervisor Villella-- don't hold it against me."

Supervisor Villella: "No. That's fine. I've been called worse. Don't worry."

Natalie Rogers: "On behalf of my client, Mr. Wilbur Breslin, I would like to revise our offer to purchase the Navy surplus property located in Calverton, New York. Our original offer was for a purchase price of $60,000,000 to be paid as follows: $30,000,000 at time of closing and an additional $3,000,000 per annum for 10 years.

In lieu of that, we would like to make an all cash counter offer in the amount of $50,000,000 subject to local zoning. I would appreciate if you could have this offer distributed to the town government agency responsible for making a decision on the disposal of the subject property. Very truly yours, Armand D'Amato and I will leave this for you.

In talking about the proposal and I was there at the time that Mr. Breslin presented it, he did not come in with a big slick idea on things he wanted to do. But he did have a very extensive proposal as to the kind of development that he wanted. He first of all has a consortium of persons of which I play a minor part, but I'm still involved in it. One of them is Ron Gelsiner (phonetic) who is a major promoter in the entertainment field. He now operates Jones Beach Theater, the Westbury Music

Fair and many other facilities. The financing will come from First Boston and the person who will be part of the group is Mr. Glen Miles (phonetic) who is a principal at First Boston. And I think everybody in Long Island is aware of the fact that over the past 30 years, perhaps the most significant realty developer in all of Long Island, whether it be Nassau or Suffolk county, has been Wilbur Breslin. So that this is not an unknown quantity, this is not a developer who has just come from left field, but is a person who has done a great deal for Long Island. Mr. Breslin really, really loves the Island, has put a great deal of himself his staff on Long Island, and he is-- he has put this proposal forward and as you can see the new one is significant.

It's funny that the number that he put in of 50 million dollars is the first number mentioned by Mr. James Heller of the Power and Light Company at East Hampton because that seems to be all feel that it's a very appropriate number. And along with the other component parts of what is to go into or what is planned and, again, this is in concept, nothing is written in stone, there is a great deal that still has to be researched out and worked with the powers that be in the town. But as part of what the development concept is, is planning for a conference center, a one or more hotels, a theme park, but nothing in competition to or in any way with the wonderful Splish Splash that has been such a jewel in the Riverhead area for such a long time. Industrial development, a sports complex, entertainment facilities, golf courses, and he does want to put some housing in. However, the number of housing units is questionable at this time. And, again, depends on how it would work with the people in the-- in Riverhead so that it is compatible with the Riverhead development.

He does not want to put housing if it's going to have any adverse impact or any financial impact on the school budget. In other words, it would either be senior or resort housing and not something where you're going to have a school situation.

This would certainly be very compatible with the presentation that Jack made for the building trades union because, hopefully, a great deal of construction will go on and it will be bulding trades, union people, who do the job and it is something that Willy Breslin has done and he knows very well. It is anticipated, his preliminary studies show that approximately 10,000 jobs or better

would ultimately be created as part of the new development. The property would go back on the tax rolls, money would be generated immediately from the initial payment of 50 million dollars up front, in cash, and I think this is very significant, and I feel that it is certainly compatible with the thinking of the people in Riverhead who have been on the committee. I know we have talked to Bobby Goodale as far as the concept and the kind of thing that Riverhead is looking to for long term development and to make a showcase of this property which as I said is certainly a unique one of a kind.

And I think that a great deal more consideration should be given to the Breslin proposal. It is economically sound; it is environmentally good, and incidentally one of the things that Mr. Breslin does want to do and that is to put in-- he was talking about the possibility either of (inaudible) plan for power and light or perhaps as Mr. Heller said building a power and light structure there. We have looked into that for other towns that I'm interested in and I know that this is a very real possibility.

But I would like to suggest that before the First Industrial proposal has been accepted, that this be given a real hard look because I think it is a superior offer and probably, I think, it's probably one of the best that's going to come down the pike here.

I'd like to leave this letter if I can since it is addressed to you."

Supervisor Villella: "Okay. Sure, Mrs. Rogers."

Natalie Rogers: "Thank you very much."

Supervisor Villella: "And thank you very much, Mrs. Rogers. Now the other half of the Roger team, Chuck. Where's Chuck? There he is."

Charles Rogers: "Thank you very much. I will not call you Mr. Vanilla. That's not the worst thing. Vinny, Natalie says it more succinct than I do and she said just about everything I think that needs to be said. One of the things that she did not say was that Mr. Delson (phonetic) is trying to bring movies and we're certain that he has several movie people interested in studios.

And we are pursuing that diligently as well as certain sports complexes. We have connections with a good many of the sports people and this is going to be a showplace for entertainment and we're going to try to make this truly part of the east end recreational and tourist area bringing lots of people, lots of money and no expense for kids in school. Thank you."

Supervisor Villella: "Thank you, Chuck. Jack, would you like to speak on that?"

Jack O'Connor: "Yes. On the Breslin proposal, we had listened to the proposal and one of the things that came to the forefront is that in the proposal, there were 117 holes of golf and 3500 residential housing units. And this is really not-- wasn't compatible with the reuse plan and would require I would say extensive zoning. So that's one of the reasons the RDC, I guess, did not pursue the proposal and wanted to go ahead with the First Industrial."

Charles Rogers: "Jack, exactly-- "

Supervisor Villella: "Excuse me, Chuck, would you come up to the front, please?"

Charles Rogers: "I'm very mindful, obviously, I did not agree with what Willy said at that meeting and we've had discussions. All the housing will be housing without children. It will be housing for seniors, there may be housing for tourists, it will not have children. No schools. Children perhaps but not school children in this area. We do not desire to have that as part of our proposal."

Jack O'Connor: "Okay. Understood. But, again, our charge was to, you know, there was no housing in the reuse plan so we just went with what we had, so. That's up to zoning; that's up to the town, you know, that's not our job."

Charles Rogers: "I hope we've corrected our misunderstanding."

Supervisor Villella: "I think the next step he has-- can he negotiate with RDC now or-- "

Jack O'Connor: "Yes. If you want to revise your proposal, we'd be happy to entertain."

Charles Rogers: "I'm probably glad to sit down-- will be glad to sit down at any time and give you whatever you would like. I'd be happy to have Andrea and Rick be involved in this because I think Mr. Breslin is more than willing to do whatever the town would like him to do in conformity with the original proposal that was put out. He is more than willing to do whatever the town would like him to do."

Jack O'Connor: "Thank you."

Charles Rogers: "We could set up a time; we will be available at your disposal."

Supervisor Villella: "Thanks a lot, Chuck."

Charles Rogers: "Thank you."

Supervisor Villella: "The next speaker is Pete Danowski."

Peter Danowski: "Thank you and perhaps we can get an answer for a few simple legal questions. I'm here tonight because recently I was asked to represent the Mentmore group at this particular hearing. I was somewhat concerned because I had to scramble around to find out some information as to what was happening and I'm not accusing anyone of anything other than a little difficult at the last moment to read through the documents that Mrs. Grattan was polite enough to let us copy rather recently at the Town Clerk's Office.

One of the documents I wasn't allowed or apparently no one is allowed to look at as far as the public was concerned was the announced letter of intent. And I would like some form of legal opinion to be announced tonight as to why the public wasn't allowed to look at that document, if it exists. And then I was a little bit concerned with the import of that document. Because I was led to believe that the town has not bound themselves to any particular agreement at this point and I thought at first that the town was free to negotiate with any perspective purchaser for the entire property.

What bothers me a little bit is when I read the Grubb & Ellis letter as part of the public document that's dated May 14 and is addressed to the Supervisor, Mr. Villella, it talks about continuing to market the property other than the property that apparently is the subject matter of the letter of intent. And I do have a great deal of respect for Mr. Koppelman, however, apparently he is aware of the content of the letter of intent and yet the public, including myself, are not allowed to find out the detail of it. So I would like that addressed-- ."

Supervisor Villella: "Pete, Pete, could I just interrupt one minute. We had 20 copies on the table. I guess they're all gone."

Peter Danowski: "I brought this up somewhat yesterday that, am I mistaken in saying that the copy of the letter of intent was not allowed to be distributed, was not a public document, up until a certain point?"

Supervisor Villella: "I'll have Steve Kline answer that."

Peter Danowski: "Fine."

Steve Kline: "Again, I think there's more than one question being asked. However, I'll try to summarize them just to make sure I'm being responsive to the question."

Peter Danowski: "I'm sure you will be."

Steve Kline: "The first question was, is there a letter of intent and why was it not distributed? And the second question is to what extent is it presently binding on the town? There is a letter of intent. When the letter of intent was signed, it contained a confidentiality provision which is customary in major real estate transactions, primarily because someone who is going to investigate-- I'm sorry, invest-- a significant amount of time and money in analyzing a purchase, doesn't want to be used as a stalking horse and have their deal marketed in the public so up until a certain point, Wilkie Farr was advising the town that the letter of intent could not be distributed publicly because the letter of intent contained the confidentiality provision that was binding on the town, with the understanding that at some point both the letter of intent and a contract of sale would be made

public and I think as everyone in this room knows, the town cannot sell this property or any other significant piece of property without holding a public hearing to designate the purchaser as a sponsor which the town still intends to do at a subsequent public hearing.

So to summarize the first answer, there is a letter of intent. It was not distributed up until a certain point of time because it was subject to confidentiality, then received First Industrial's permission to distribute it in advance of the public hearing; it's available now, it was available and we're happy to continue to provide copies to whoever asks for it."

Peter Danowski: "Can you tell us when it was first made available?"

Steve Kline: "From our standpoint, it was available at least a week ago. From our standpoint, it would have been available from the time of the announcement that there was going to be a public hearing with a form of contract in the Clerk's Office because the contract as I'm sure you know, would supercede the letter of intent. So there's a relatively short letter of intent which if the Town Board elects to sign the contract, the contract will supersede the letter of intent. So it could have been available, probably was available, from the time that the announcement of the public hearing with the contract on file. And if anyone wants to see-- I have a copy here. I'd be happy to give away my copy if anyone would like to-- if we're short copies, I'm sure I have copies back in our office."

Peter Danowski: "Well, I think the record at some point during this hearing should reflect the Town's position as to when it was made available because I think that is important. I don't think it was available at the Clerk's Office. Maybe it was rather recently. Mrs. Grattan, do you know?"

Barbara Grattan: "No. The letter of intent was not in my office."

Peter Danowski: "Now, the second question dealt with what may be further comments and that is has the town and the RDC been allowed to negotiate with others regarding the purchase of the

entire property including the subject matter of the letter of intent while the letter of intent was in place?"

Steve Kline: "I think that was the second question which is really the extent to which the letter of intent is binding. The letter of intent is not a binding agreement to sell the property, as I mentioned as, and I'm sure you know, the Town can only agree to sell the property once there is a public hearing. It could have a contract of a letter of intent that would be subject to a public hearing, but the letter of intent by its terms says it is not binding. However, there are a few provisions of the letter of intent that are binding, one of which is an obligation to negotiate in good faith for the purchase of these 550 acres plus a restriction on negotiating with other parties during the 120 day period of the letter of intent. And the town, the RDC, on the advice of Wilkie Farr, I hope, and I believe it's the case, was not negotiating for the 500 acres-- 550 acres that is the subject of the letter of intent and should not be until the expiration of the 120 day period. However, they certainly can, and I hope are negotiating for transactions with regard to the other 2,400 acres."

Peter Danowski: "So to paraphrase, the town has been made aware of the fact they cannot negotiate and have not been negotiating for the 500 acre plus parcel while this letter of intent is in effect and they're bound by that."

Steve Kline: "They're bound not to negotiate. At the conclusion of the 120 day period if First Industrial elects not to purchase the property or if the town and First Industrial cannot come to terms on a contract of sale, or if First Industrial is not designated as a sponsor, then the town would be free to negotiate with anyone for the entire parcel or specifically the 550 acres."

Peter Danowski: "And the right of first refusal you're clear on that the right of first refusal is only for a period of one year?"

Steve Kline: "Yes."

Peter Danowski: "Thank you."

Supervisor Villella: "Thank you, Pete. The next speaker is

Bob Mendelsohn. And after him I have Bill Talmage, so I would yield to whoever wants to go first."

Bob Mendelsohn: "Thank you, Supervisor Villella and members of the Town Board and the Riverhead Development Corporation. My name is Bob Mendelsohn and I'm the president and CEO of Mentmore Development Company, and I would like to make a few comments, Supervisor, and I would be happy if you or your colleagues had any questions, I'd be happy to try to answer them.

As you all know, or as you all know, we rendered a proposal to the town on March 20, this proposal, big proposal, and it includes a big project. A project that would be built over a seven year period and which would be valued at full build out of over a billion dollars and create 10,500 jobs. It is a-- an extraordinary piece of property and you hardly need me to tell you that because of the interest that has at least recently been engendered.

Now, you've heard a couple of comments tonight about various proposals. It's our view that there is an extraordinary opportunity by the town of Riverhead to properly plan for in a master plan way, substantial development that can be productive of taxes and jobs in a way that simply the purchase of existing built property cannot. We are extremely interested in purchasing the entire site and, indeed, as you know, we have rendered a proposal for the purchase of the entire site.

And what we really desire, Supervisor Villella, is the opportunity to negotiate with the town on the basis of our offer. Indeed, your Riverhead Development Corporation was good enough to invite us to attend one of their regularly scheduled meetings, which we did, and made a presentation of this proposal. At that time, and just to remind you and perhaps mention to some of the people here for the first time what it entailed, it was a part cash, part percentage proposal. It was our notion that the town might be interested in participating in 25% of the cash flow of a project that was this substantial. In addition to a 20 million dollar up front purchase price and then additional cash.

When we went before the Riverhead Development Corporation, however, they suggested that while it might be of some interest to propose that the town be a limited partner and participate to

25% of that, they were not at all sure they wanted to get into the kind of perhaps complicated situation that would be required when you try to figure out what the net was going to be. We understood that. And, indeed, Chairman Goodale wrote to us and suggested that we make an alternative, all cash, offer, which we have done and, indeed, I believe you have just gotten it in writing. Chairman Goodale and I discussed it over the telephone a week or so ago and we quickly decided we better get it in writing to you so you would have it for this hearing.

From our point of view, and we respectfully urge that you take this point of view in your consideration, it would be more sensible in terms of the long term economic benefit of the town to participate in a master plan development with a master developer who is capable and your real estate advisor has been good enough to indicate that he believes we're capable and that we have made a serious offer. Indeed, Mentmore Development-- the principals of Mentmore Development, as you know, Mr. Supervisor, because I know you've read this carefully and you've been good enough to meet with us, to listen to us before these offers were received-- the principals of Mentmore have been responsible for some 20 million square feet of development over the years at a value of over three billion dollars. In Washington, D.C., alone over 8 million square feet of public private (inaudible) because we strongly believe that's our strong suit-- public private ventures.

For this particular proposal, we've retained some of the best professionals not only in the country, but in the world, particularly the people who have specialized in analyzing base conversions, as bases are closed and converted to private use. (inaudible) is a good example of that, who are among the best in the world and our economic marketing and financial analyists, our economic research associate, who specialize in visitor serving projects.

Now, as you know, we have proposed two separate levels of resort. We have proposed a technology showcase. We proposed an employment and jobs and training center. We've proposed a commercial center and a senior citizen residential and health care facility, all of those to be developed as I indicated over that period of time. Just so that there's no mistake about it, and I'm afraid there may have been just a little bit of misinterpretation.

If we had had our proposal that included a partnership by the town accepted, then we would have explored with them long term tax abatement. When it became clear that the town or at least the Riverhead Development Corporation asked us to give an alternate (inaudible) proposal, I think you should be clear, Mr. Supervisor and members of the Town Board, we intend to pay all taxes, fully, all property taxes. We will seek no property tax abatement and if we were to earn the built portion of the site, we would not ask for an enterprise development zone for the built portion of the site in any event, because we don't think that that's what economic developments were set up to do.

To put apples with apples, to compare apples with apples, Mr. Supervisor, we are proposing 20 million dollars for the portion that we understand someone else is proposing 17 million dollars for. But in addition to that, we are proposing that we buy the entire site for a total of 45 million dollars and that we pay the 20 million when we take down the first chunk and-- I'm not talking about an option-- I'm talking about a purchase. Mr. Supervisor, I would be delighted to respond to questions now or in the future.

To be clear, we are asking for the right to negotiate with the town. We are hopeful that the town will not take that right from us and other people who are potentially interested in this extraordinary resource. Thank you very much for your attention."

Supervisor Villella: "Thank you very much, Mr. Mendelsohn. Bill?"

Bill Talmage: "I'm Bill Talmage. I'm a Riverhead resident but also I'm working with the Mentmore Group on this project. I've been a little frustrated as we went through the project because on March 17th we heard at the last minute that the town was contemplating signing a letter of intent that day. The book that Mr. Mendelsohn was holding before was literally on its way to the printers. We've been working on the deal since November, this was March 17th. An offer of 35 million plus 25% of the profits was faxed over to the Town Hall and it was in hand when the vote was made to do the letter of credit-- I mean the option or whatever we call it because we hadn't seen it.

The proposal arrived in Town Hall on March 23 as promised.

We did make a presentation to the RDC. We had been trying to negotiate with the RDC and we've been told it's impossible, they can't negotiate because of this mystery agreement that's out there, that still nobody has seen and I have asked everybody because it's very important to us. We didn't know, is the property sold, is it not sold? Is it there? Is it going to be available if at the end of the 120 days will the town still-- will the property still be there? Mentmore is spending a tremendous amount of money and a tremendous amount of time and we were unable to decide for ourselves whether this is even worth it. So we just had to go on the basis of what we were told.

You know, references to the Mentmore proposal being a pie in the sky appearing in the paper have led to Mentmore making a 45 million dollar all cash offer. We still don't know if we can negotiate. We don't know if we can continue. We don't know what to do. I believe the Mentmore offer is very serious. I believe that it's the best project for the town. I believe over 1 billion -- over 1.1 billion dollar investment in Riverhead, you know, what's the tax assessor going to do with that? I mean, and if they are going to pay full taxes-- full property taxes on that, we just voted down our school budget in this town last week. So it's very, very important.

Mr. Koppelman was wrong in that-- in his statement that the Mentmore deal wouldn't pay taxes. He just had that all wrong. 10,500 jobs is very, very (inaudible) and what I would like to see happen, if, in fact, the town is barred from negotiating and now I go in the Town Clerk's Office and I see a contract of sale with First Industrial all ready and signed while we've been barred from negotiating, this contract has been created. If the contract of sale-- if that contract is signed, it's over. In other words, when that 120 day agreement was signed, it was over. Because we never got a chance after that.

What I would like to suggest is if the town does have outs in this agreement as I was told they do, but, again, I've never seen the agreement so I don't know, if they do have outs, let's get out and start planning these offers against each other and see what the town can get. If the town doesn't have outs, okay. Let's let it go to the end and then see who's got the best deal. That's what I think would be the best thing for the town.

The other thing I'm concerned is this EDV (phonetic). Just on a personal note, there's a guy in the greenhouse business in Riverhead, what prevents a huge greenhouse operation from moving in at Grumman, getting all the breaks that are allowed (inaudible) and putting me right out of business. There's nothing in there that I've heard about that protects existing businesses in Riverhead from unfair competition. And that could be a devastating thing for some of the businesses in this town.

The other thing that I'm concerned about is I read the contract, I've read everything there is; I've read the full page ads in the newspaper about First Industrial, I have no idea what they're going to build there. Mentmore has come in with a site plan and has told you exactly what they're going to build. So I think that's very important to know, and I would like to see the whole thing extended out and opened up to everybody and let's have a real negotiation and see what the best deal is for the people of Riverhead. Thanks."

Supervisor Villella: "Thanks a lot, Bill. Chief Cooper, could you please come up?"

Chief Cooper: "Good evening, Mr. Supervisor, Town Board. Mr. Goodale, Chair RDC Board, thank you for inviting us in a public forum. I think this is a very important factor at this stage of your very arduous endeavor here. I'm a former Town Board member from the Town of East Hampton so I can appreciate what you're going through. But, moreover, I'm the Chief of the Montaukett tribe of Long Island, New York. I bring you 10,000 years of history and I bring you 5,000 years through the woodland period that the Montauketts here today can unequivocally date back to.

I say that to say this. We, long before the Europeans stepped foot on what is called the United States of America-- or North America, we were always the caretakers of mother earth. We believe solely that you come from the earth and you will go back to the earth and if you treat the earth good, the earth will treat you good and that has been proven time and time again only to see modern day people tend to think of themselves and what is a benefit to themselves rather than what the results of what they're doing and how much the impact will be. God bless my mom. She used to say to me, always remember this. For the love of money is

the root of all evil. I have a feeling we are going to have a repeat of the 1849 gold rush in this town by the way things are shaping up. And I'm concerned and my people are concerned that we are going to get caught up in the shuffle here, in the environmental sense we're concerned about Grumman. Nobody has told us to this date the process of how toxic waste was handled and taken from the Grumman site post World War II to present day. Nobody has told us definitively where our burial sites are. They are on the site, but nobody has told us-- just to answer Mr. Kline, the Navy did a very cursory study of the 2,900 hundred acres. We've met with the Navy, we have brought that to their attention and they didn't deny it. They understand what we're talking about.

I think you have to put yourself in our place. If all you have to hold onto is your history, then the question will be, who do you charge that will protect that history for you and that spirituality for you? And I know and I'm sure you know, once the Navy signs the property over to you, the Navy is history, the Navy isn't going to come back and do anything unless pressure is put on them to the extent that they're embarrassed into coming back. How do I know that? Montauk Air Force base out in East Hampton or out in Montauk. They're is still contaminants on the base. The base closed in 1972. And kids went out there and turned the valves on the tanks and leached number 2 oil into the water that leached almost down to Lake Montauk. So these things happen. So our question would be to you is, what kind of monitoring system are you going to have on the premises? What are you going to do to accommodate the law that says you must protect the environment in a way that will be conducive to what the public safety is all about.

Eastern Long Island is number one in the state and probably the country on breast cancer. We take a lot of pride in our women. Nobody is talking about this. Nobody is talking about what are the tests being performed and how we're going to look into this. Once you start breaking ground, what happens if you develop some kind of contaminant? How is it going to be removed? To what extent is the investigation going to be? These things have to be answered and these things are proactive and not reactive. What is happening is I think you are overlooking the most important part of this. Is to ensure even whichever one comes in with the proposal and is granted it, but you must ensure that individual

that that individual has a pristine piece of property. That all legal means are going to be taken and then we have a problem, but we, the Montaukets, I just want to let you know something. We are going to take a very aggressive posture on the environmental and the archaeological factors of the Grumman site. We feel if we don't, we don't think it's going to happen and too many time we have gotten pushed aside and consequently had desecration beyond one's belief.

It's not strange to you, the Town Board of Riverhead. East Hampton is doing it. You could contact Jay Sneiderman (phonetic) the Chairperson of the East Hampton ZBA. I work with him. He'd be glad to discuss what happens when you do things like this but we have to be sure that you are going to restore something-- some kind of covenant on those premises that protects our history, protects the history of Riverhead, and also protects the health and the welfare of the Riverhead community by the way of what is in the ground that we might not know about. That's very important.

My final message to you is the great native American have a saying. He who runs is more apt to stumble than he who walks. I would strongly recommend to you, you slow down on this. This is coming from a former Town Board member. You slow down on this. You give the people of Riverhead, this is your sworn obligation. You give the people of Riverhead the best opportunity, economically and otherwise, to achieve what this site-- this site wasn't put there just for to be whisked away. The only next great site to match that is Gardiner's Island. That's 3,000 acres. So you have a chance to work with some good people. We intend to work with you any way we can. I would like you to answer me a question. When is the deadline on proposals? Have you put a deadline, a definitive date on the proposals that no longer are going to be coming in?"

Bobby Goodale: "There is no deadline. No deadline at all."

Chief Cooper: "Okay. We can still put in a proposal. We have to look into that. We are for the little people, the 21st century should be the century for little people. I think they got the short end of the stick throughout time and I don't want to see grummans be generated into everything coming in and everything going out. I think everything comes in should stay in Riverhead

lumber purchased in Riverhead, the business done in Riverhead and-- "

Supervisor Villella: "Thank you very much, Chief. And thank you for your concerns, too. Appreciate that. Would anyone like to speak, say anything about what he said? Or is that okay? If not, we'll go on to the next one. Sherry Johnson. Excuse me, Steve, would you like to speak on that?"

Steve Kline: "I'd be happy to. I guess I would just try to reiterate a couple of the things that I said in response to Ms. Stewart's concern. Which is that-- one of the things you mentioned was the environmental concern. The Navy has done studies that could probably fill this room with paper and Wilkie Farr and the town together have been going through the volumes of material that the Navy has prepared to try to ensure the town that it will not be taking title to contaminated property. Coupled with the fact that identify contaminated property is being retained by the Navy plus the fact that the Navy will be legally obligated not through political pressure, but through a binding legal obligation to remediate environmental problems. I believe that both the town representatives feel comfortable and Wilkie Farr feels comfortable that a sufficient amount of study has been done with regard to the environment, plus the state and local health agencies that are charged with the responsibility of making sure that the town is not taking title to contaminated property, will not be objecting to the transfer of the property and feel that the town has adequately protected itself through study and through the covenant that the Navy will grant to the town.

With regard to the archaeological sensitivity. We are sensitive to it and as I mentioned earlier, the deed will contain a covenant to assure the archaeological sensitivity.

Just one overall comment. In terms of a deadline on proposals, I would say the only deadline on proposals would be when the last piece of property is sold, although as I mentioned earlier, we would-- it would make it easier for the town to deal with proposals that cover 2,400 acres as opposed to 2,900 until the 120 day period has expired."

Supervisor Villella: "Nina, you could come up here. But I'd like to also say something. I did write a letter to you, Nina,

advising-- no, step right up-- to have one of your members be on the board, the (inaudible) board for the Navy."

Nina Stewart: "Thank you. I don't want to take up other people's time. I just want to respond to you. Two things. There is a letter from James (inaudible) of Suffolk County Department of Health Services objecting to some of the Navy's work and questioning the extent of the groundwater contamination and it's on the record. And I don't think that's been resolved yet.

The other thing is that-- "

Supervisor Villella: "Excuse me, but, go ahead-- "

Nina Stewart: "The other thing is that there is-- for all the work that's been done, there still is no remediation plan in place. When the Navy spoke, they did say it would take five to seven years to clean up those 350 acres alone, plus another 10 years to monitor the remediation plan. Plus no work is done to see what happens to the Peconic Estuary system which starts on the southern part of the site and ends outside the site. They haven't even tested the water outside the site. Correct?"

Steve Kline: "With regard to the first point, the issue between the Navy and the local agencies has been resolved. They are now comfortable with the transfer and I would invite you to call them if you like to confirm that. But we're under the impression-- "

Nina Stewart: "Is there any letters on the record from them? Because the only one I had was the one written by Mr. Penn (phonetic) that was the-- "

Supervisor Villella: "How long ago was that letter written?"

Nina Stewart: "About eight months ago."

Supervisor Villella: "Oh, no. We just corrected that in the last few weeks."

Nina Stewart: "Okay. Could we get a copy of that? Is it in the public record?"

Steve Kline: "Andrea Lohneiss is saying that it will be contained in the finding and suitability of the transfer."

Nina Stewart: (inaudible)

Andrea Lohneiss: "No, Nina. The-- separate document from the-- "

Nina Stewart: "When will that be available? Do you know?"

Andrea Lohneiss: "Tomorrow. Yes. I think it's-- is finalizing the final finding of suitability to transfer. It should be available any day."

Nina Stewart: "Okay. Then we'll get a copy of that. Thank you."

Andrea Lohneiss: "I guess I'd like to-- more clarifying statement about the restoration advisory board. As the Supervisor referred to, it's a board that's been established by the Navy to monitor and participate in the restoration process over the next number of years as Nina stated. Sherry Johnson, who is present tonight, and I think is the next speaker, is the Chairperson of that committee which is a citizens committee. It's not a committee of the Town Board; it's co-chaired by the Navy and by a community person, Sherry Johnson. And I think that if the Montauketts or anybody else wish to participate in that process, all of those meetings are open to the public."

Supervisor Villella: "And you should be involved. Okay, great. Thanks a lot."

(Unidentified): "About the environment. Can I say something as a former Grumman employee?"

Supervisor Villella: "Yes. We've got two more and then you can speak after. Sherry. Sherry Johnson. I cut her off once; I can't do it twice."

Sherry Johnson: "First of all, I'd like to say everything I've heard tonight is mindboggling and you folks sitting up there deserve a lot of credit for sifting through all this stuff. But

I'm not here tonight to talk about the finances, investors, profit margins or profit sharing. I'm here tonight as a community member and because I'm concerned about the community that exists around this facility. Whatever you do with this facility is most likely going to drastically change the area and we really need it to be a change that we can live with.

I'm very concerned about the First Industrial proposal because it includes the sale of one of the runways. As you know, several years ago, east end residents made it very clear that they did not want to see commercial or general aviation at Calverton. And any deal that involves either of the runways, I'd like to be assured that restrictions will be put in place prior to signing any document that ensures the runway will never be opened to any type of commercial or general aviation.

I would also like there to be clearly defined limits on runway use as an accessory to any business or industrial use that might locate at the facility. The limits should include set hours of operation, and set dates when there will be no operation such as Sundays and holidays. After all, Grumman had a 10:00 p.m. curfew, they rarely flew on weekends or holidays and they closed down completely during the weeks of 4th of July and Christmas. I don't think we should expect any less from anyone else.

As for Mentmore, there are so few concrete details available about any of these proposals, it's really hard to comment intelligently on them individually. About all I've seen so far has been a listing of the proposed uses. I'm glad to say that I haven't seen aviation or a race track on any of those lists. Which is good because I really don't see how they are compatible with golf courses and senior housing uses which seem to be so popular.

I am concerned, however, about the number of jobs they claim they're going to create. Do we really need to replace the 2,600 jobs from Grumman with 10,000 new jobs? That's an incredible figure. And it will have an incredible impact on Calverton. The community, the environment and the existing infrastructure could handle the impacts from Grumman's 2,600 employees. Do we really have to go for and can we really afford the impacts of thousands more? After all, is quality better than quantity? I don't think bigger and more is better so the concept that it is necessary to

develop every acre inside the fence makes no sense to me. If you sell the industrial corridor, is it really necessary to develop the rest? I've seen that public water is to be extended to the facility. What impact will have have on development potential? It increases it even more, doesn't it?

This facility is situated in the middle of a very unique area and, no, I'm not talking about any environmental excavation. I'm talking about the Navy coop, and (inaudible) county park. In fact, this site is a public piece in a 30,000 acre band of land preserved for various usage of which the co-op is one. It's one of the few areas where you can still hunt on Long Island and people come from all over to do just that. Swan Pond and Murphy Park is one of the best freshwater angling spots around. Yet few of the proposed uses that I've seen compliment the sportsmen that so utilize the area.

The development proposals being discussed can't help but change the character of the area.

Another reason why I'm so concerned about over-development is that I don't think all the impacts that are going to occur have been considered as carefully and thoroughly as a project of this magnitude deserve. Apparently the DEC agrees in that their comments on the Navy DEIS concluded that it was not sufficient to satisfy SEQRA requirements. I urge you to think about the impacts development of the entire site will have on Calverton and North Manorville. As you deliberate and make choices that will set the future course of development for this region, don't over-develop the site just because you can. And perhaps you should consider initiating proper studies immediately so that you have more information available before you actually make the decision on the proposal.

Finally, the contamination issue concerns me especially the plumes migrating offsite and the possibility that not all the contamination has been found. The Navy used historic records, field inspections, interviews and aerial photographs to come up with their list of contaminated sites. But what about the spills that never got reported or the tanks and pipes that no one ever thought leaked, but they did. My experience working at Brookhaven National Laboratory have shown me that those things happen.

Suffolk County has asked the Navy to install a series of profile wells and for a comprehensive display of groundwater (inaudible) and data to make sure all contamination is found and fully characterized so that remediation steps can be taken. I think that you should support their request now because it worries me that the facility could be in private hands when additional contamination is found. And so it's hard to convince private parties to cooperate in these matters.

Thank you very much."

Supervisor Villella: "Sherry, thank you very much. Allen Smith."

Allen Smith: "Good evening. My name is Allen Smith. I'm an attorney in Riverhead and I practice on Roanoke Avenue. I've been retained as local counsel to First Industrial and I'm here on their behalf this evening.

First Industrial is a 2 billion dollar asset company. It specializes in industrial property. It has 60 million square feet of industrial properties in the United States and it has 18 million square feet of industrial properties in the metropolitan New York area.

The context in which you consider this evening's agenda is that sometime in the relatively new future you will be in receipt of the property. And you will have to do something with it. My client is prepared to execute a contract on the existing builtout portion of the property and close in fairly short order on a contract price of 17 million dollars and appended to that is the 10 to 12 million dollars spent by this recognized expert in industrial property to prepare it for the private sector and make sure that the thing is (inaudible) in short order.

The moment that you close with First Industrial, all the issues attendant to the existing facility become First Industrial's problem and not yours, such as maintenance of the building, security for the building, sewer plant, insurance, and the like. I submit to you, that after this hearing this evening, and any other due diligence that you do, you will find that the cash offer of 17 million dollars, and a commitment by a substantial

qualified industrial company to take this site over, make it theirs, and make it work, is the best offer that's before you. There are no bells and whistles here; there are no secrets. We're ready to close; ready to sign the contract; ready to go forward. Thank you."

Supervisor Villella: "Thank you, Allen. Jim, you are running out of tape there? Why don't we take a 10 minute break. We'll take a 10 minute break and then we'll come right back."

Adjourn: 8:25 p.m.

Meeting reconvened: 8:52 p.m.

Supervisor Villella: "The meeting is opened again. Jim, you've got enough tape there? Let it roll. The fellow from Grumman, please. Would you like to take the mike? Don't take it home with you."

Jim Golden: "My name is Jim Golden. I'm a life long resident of Riverhead and I worked for Grumman for 36 years. And I was an eyewitness to a lot of spills. In the last five or six years that I worked there, the government was in there very strong about spills. So they were cleaned up, the soil hauled away, and fresh soil brought in. And they put a lot of test pipes down into the ground throughout Grumman. And I think they have controlled most of the spills. But I did witness spills prior to those years and there was quite a bit of them. But nothing really drastic, thousands of gallons. It was a few hundred at a time, but over a steady period of time.

For what it's worth, I wanted the Chief to hear that."

Supervisor Villella: "I appreciate that. But there's still a lot of contamination there and they are going to have to take care of it because that's in the covenant now."

Jim Golden: "Oh, that's another point to make with the Town Board and the other committee here, the development committee. You should make sure the Navy does stay on that and don't scoff out, the government."

Supervisor Villella: "I don't think Sherry is going to allow them to do that. But could you please state your name for Barbara, again?"

Jim Golden: "Did I mention it-- I mentioned it once. Jim Golden."

Barbara Grattan: "Thank you very much."

Supervisor Villella: "Okay, Golden. Thanks a lot, Jim."

Jim Golden: "You're welcome."

Supervisor Villella: "Jim Flood."

Jim Flood: "Jim Flood from Aquebogue. I just-- I have a firm belief that I think we're just pulling the trigger just a little too quickly on this thing. I understand and I respect everybody on the Board. I look around and I think, what an incredible group of people that must have done many, many hours of fine work. And it must be driving them crazy that people are coming out of the woodwork at this time with some substantial offers for this property. But I can't really say that-- I just can't imagine that this piece of property, and I know that Bobby said that this is the hardest piece of property, this is the stone in the jewel of this land, but I can't imagine what it would cost to build a 1,600 feet of runway at this point and put in power supplies and steam plants and all of those other things that are going to make this thing work. But I just hope that the Board would take a step back. I know that we need the money, we need the money badly. However, I think that maybe they should give it a little bit more thought and see what else comes back and try to possibly do the one piece of property all at once.

Again, in the property I'm always thinking about the kids in this instance and we are out of park space right now. You know that, Vinny, you've been there, you've seen all the games going on, all the time. There's not one extra day-- "

Supervisor Villella: "We need two more fields. That's right."

Jim Flood: "We need a whole load of fields. And so I'm

hoping that someplace in this piece of property that we're going to dedicate some land, good land, nice and flat for hundreds of soccer fields and lots more baseball mounds because at the rate the town's growing, everything is growing, and we're going to need a lot more park space. So I was hoping that-- "

Supervisor Villella: "We really don't want the population to grow too much."

Jim Flood: "Well, I understand that. But I did-- I've done my share so-- . And what really concerned me about the deal, I know that you did a great job on it, you really worked hard on the deal, but what concerns me most about the deal is the fact that the First Industrial has the right of first refusal for the rest of the property. And I think that's a deal breaker for everyone else who is seriously looking into investing money in this property. I mean, why would somebody go out and do all sorts of research, planning and engineering studies and everything else that's necessary for it to do a deal? I mean, would you, as individuals, any of you men, you're all very astute businessmen, would you make that deal for property that you're going to try-- you are going to sell half now and then give somebody a first refusal for later on knowing that all they have to do is (inaudible) it and that's it and then they're gone? I don't think that you're going to get too many serious offers for the rest of the property if that right of first refusal stays in the deal. So I urge, I urge the Town Board not to go through with the deal if it has that right of first refusal in it because I think that's going to diminish the amount of people and entities that are looking to invest in that property and it's also going to diminish the amount of money that's going to be offered for the property. Knowing that it's-- I think it's just a tough deal.

And, last of all, you know, I appreciate Chief Cooper and his presence here today, however, my concern-- I have a tremendous concern that-- and correct me if I'm wrong-- Chief, you're here? If the Montauketts' claim to this property comes through, do the Montauketts have any wish to build a casino on that property?"

Chief Cooper: "We're not talking about a casino."

Jim Flood: "Well, are you willing to-- "

Chief Cooper: "It's been spoken about, but we're not talking about a casino."

Jim Flood: "Well, what are you talking about?"

Supervisor Villella: "Excuse me. If you'd like, we could have the Chief come up there and-- "

Councilman Kent: "This is not a question and answer."

Jim Flood: "No, you know what? This is a large part-- I mean if the Montauketts' claim comes through and we lost the property, I mean, that has a lot to do with it. Everybody talks about everything else here. I mean, you had a million people with, you know, you had unions here-- we had every-- I'm a resident here and I think that unless Riverhead, excuse me, unless the Riverhead people-- I think a casino for Riverhead would be absolutely horrendous. We would have to double or triple the size of our police department and I think if the Montauketts are interested in that property to preserve their burial grounds and their archaeological artifacts, I can certainly appreciate that. However, if we see that property turned into something other than the preservation of their heritage, I think that (inaudible) going to be in big trouble down the road. And that's a huge concern of mine.

When you look at all the statistics about the amount of gambling, college kids gambling in the casinos over in Connecticut right now and the amount of people that are entering Gambler's Anonymous that are local residents-- for all casinos, not just Indian based casinos but any casinos. And they are cropping up all over the country. It's becoming a huge problem. So I feel that if the Montauketts have, you know, some sort of claim on the property and yet they want to-- but they want to pursue a casino, I think that the town should vigorously oppose that. And that's my feeling on that. Thank you."

Supervisor Villella: "Thank you, Jim. Steve, would you like to speak on that?"

Steve Kline: "Sure. I guess I'll-- as has been my custom, I'll try to summarize the couple points that I believe the

Supervisor would like me to respond to. One is the right of first refusal and the second is the claim of the Montauketts and whether or not they intend to build a casino.

I think it's a fair point that a right of first refusal could have a chilling affect on the marketing of the property which is why if you look at the contract carefully, what you will see is it's not really a traditional right of first refusal. It doesn't start until the deal with First Industrial if it does go forward, until that deal closes, and it's limited to just 10 days as opposed to a traditional right of first refusal which would require negotiating and signing a contract with a third party and then presenting that contract to First Industrial for them to decide if they want to match it which I agree with you, most sophistacted investors would not want to spend that kind of time to go through that brain damage only to find out that First Industrial was deciding to match the deal. This requires just a general description of the proposal which the RDC receives all the time, which doesn't require a lot of effort or investment of time or money by an investor, and it's based on that that First Industrial has to make a decision to either match that offer or to allow the town to continue to negotiate with a third party. Plus, as I mentioned, that that right of first refusal as limited as it is, will expire within a year and will also carve out all the existing deals that are presently under discussion with third parties.

With regard to the Montauketts, Chief Cooper could probably speak to that point better than I but I'll tell you my understanding. Sometime ago, the Montauketts did make a claim that they, in fact, owned this particular piece of property as well as I think it was all or most of Long Island. We contested that claim and I thought Ms. Stewart started her remarks by saying that they were not pressing a development plan with or without a casino. We have been inviting and continue to invite the Montauketts to make a development proposal and I thought I understood Ms. Stewart who's the attorney for the Montauketts, to say that their primary concern was the environment and the archaeological sensitivity of the site."

Supervisor Villella: "Is that fair to say, Chief? Thank you. Rick, I'm sorry. I left you out. Would you like to speak on some zoning or something? You haven't said anything. Okay, good. I

thought he did. I thought he did."

Rick Hanley: "A number of speakers have identified or made comment on the nature of specific land uses on the property and the extent of aviation on the property as well as how the town expects to assess the environmental impacts of specific uses.

Firstly, you should be aware that the existing zoning use district on the real property is nomenclature is Naval Weapons Testing Facility. It essentially encourages a use which is unmarketable in 1998 and fully discourages any marketable uses such that the town is in a position where it must over the next 90 days, in my view, rezone the premises. That zoning will be a function of the work that the U.S. Navy has accomplished with respect to the environmental impact statement generic. I expect that once the record of decision is in place the town will then issue a findings statement relative to its zoning ordinance which will mirror and will implement the Hamilton study that was done in 1996.

The expectation is there will be a public hearing on that and we believe it will take the form of a planned development district. Again, probably within the next 90 days.

With regard to aviation, the work that was done in '96 clearly and completely analyzed the aviation industry on Long Island and made a number of findings. First, that there was a very weak market for general aviation and/or cargo aviation. However, they believed that-- the analyists and experts that were employed at the time-- believed that there was a very strong market for an accessory aviation use to support the industrial use. We maintain that today. We believe First Industrial believes that as well and the expectation is that that runway-- the easterly runway will, in fact, be used for support aviation only for the industrial use.

The third comment I'd like to make, I think Sherry asked some questions relative to specific measurement of environmental impacts on some of the land uses on the property. The work that's being done presently by the U.S. Navy is nothing more than a generic impact statement which will support the ultimate zoning ordinance on the premises. It's my view that there are uses which will be made part of that zoning which will require special permits

by the town of Riverhead and will probably require more extensive environmental impact studies than what's been done today by the Navy. That could take the form of a supplemental EIS or a brand new EIS process. That has to do with the level of impacts that's identified by the town.

So, to sum up, the aviation question or the uses that are expected in the zoning ordinance will be limited to industrial aviation and the process which will start within 90 days for a new zoning ordinance will require public hearings and I expect that there will be additional input by the public in that process. Thank you, Vinny."

Supervisor Villella: "Thank you, Rick. Steve-- no, we have three people that have cards here. Then you can speak later. Principal Jerry Martin."

Jerry Martin: "Good evening. It's my first time in front of this Board but I would like to just mention that I think it would be a good idea for you to form some liaison with the schools so that we could have an understanding of what the impact of whatever proposal gets approved might be, there might be some wonderful benefits that we could plan to take advantage of in any of the proposals. I would also after hearing this evening's comments say that there are a lot of questions now that I think are out there and I would like to encourage the board to have their questions answered and I am sure that all of you have questions in your mind about the proposals and what the future proposals might offer you.

It seems to me that the trade winds are up, that we were in some doldrums for a while and it's to your advantage I think to take a deep breath and see what the next couple of weeks might bring you and I wish you the best of luck. I really appreciate all the work that's been done by so many people here in the best interests of Riverhead and I think we all are a little worried about the crossroads we're at and I just wish you the best in the next several weeks."

Supervisor Villella: "Jerry, thank you very much. And good luck in your retirement, too, this year. Gordon Dooley-- is it Danby. I'm sorry, Mr. Danby. Oh yeah, I can see it now."

Gordon Danby: "Good evening, Board, and (inaudible) and other members of this group. I must say I'm not partisan but I've been very impressed with the behavior of this Board in the last five months. I've always been very impressed with Bobby and these other folks and I, myself, participated in the early days of this when we were concerned about these half-baked plans from higher intellectual levels of government to turn this into a (inaudible) airport. And basically the question was local control. And that's what still-- I have major concerns still about local control, not being inadvertently lost. I realize this is very hard and I'm honestly not being critical.

But with respect to the-- I gather the confidentiality and the letter of intent and the negotiating in good faith doesn't really commit either party to do anything other than to negotiate in good faith. That's a valid statement, I think. And Rick mentioned that zoning is still under a review and there's going to be hearings on that, but how could these guys-- maybe you don't plan to-- but how could these guys possibly from their point of view buy onto this until the zoning is in place? Is that-- I assume they (inaudible). I mean that's-- "

Steve Klein: "That's correct. They would not be obligated to close and pay the town any money until zoning was in place and the zoning that they have committed to in advance would be for industrial-- "

Gordon Danby: "Excellent. Because if they didn't care, I'd be really scared. My other concern is with the best intention in the world, can zoning really be rigidly enforced and I'm worred about (inaudible) competition as it's been mentioned with existing business. We need new business; we don't want competition with existing business. Now, the ideal world which is probably boring to you guys, the ideal world would be that we use real estate experts that (inaudible) and Riverhead controls the development of the long term leases and so forth. The next best would be to sell off individual (inaudible) to specific industries, you know what that means. I worry about giant real estate firms. It's an honorable profession, I guess, but they have a conflict of interest fundamentally with the community especially in a town that's on the razor's edge. I think during the next few years, we're going to see whether we're east end or west end. It's as simple as that.

And this property is not the only (inaudible). And the papers have been full of real estate people with very hungry eyes for development big scale operations, developments on the east end. I'm sure you've read those.

So it could even go beyond Calverton. So it's probably good to have-- seriously involved whether you ultimately sign with them or not because it brings things to a head, it brings other people out (inaudible) and it's certainly flattering to have all these people offer these big deals. It reminds you of the old joke about how do you sleep with 800 pound gorillas. And the answer is very careful. And that's, with all due respect, what-- I don't know how you-- you have to guarantee as best as humanly possible to avoid (inaudible) growth. Because there's been all sorts of (inaudible) growth on Long Island. We see it now in retail where by cannibalism I mean some guys comes in, (inaudible) takes away old business. Destroys community members. I mean I'm putting it in its worst light, but that characature is basically correct. And, in fact, it's not just some environmentalists. I mean I'm an inventor and I like to make things myself. So I'm not anti-business. But Earnest & Young (phonetic) had an article in the paper, you may have read it about three months ago, Long Island was-- and other places-- is overdeveloped with retail. And they mentioned specifically our little town, Brookhaven, and so this is a threat and, in fact, I consider threats and (inaudible). I consider them fundamentally very dangerous mechanism.

About 20 years ago when there was over-commercial development, the people in banks stopped lending money for these projects because they figured they weren't to investments. But once a week, well, they (inaudible) and it's a (inaudible) investment trust, so you send in your money the end of the month, last year they went up 12% and the year before 11% and you don't care whether they build in Riverhead or wherever. So where's the money? I mean, obviously, nobody deliberately failed. But there isn't the credibility. I don't want to get personal, but when a gentleman builds a business and he and his family put something behind it. This is what worries me about (inaudible). And I think most of these huge companies hire today (inaudible). In fact, a controversial one on 58 appears in the paper. I believe it's a (inaudible). And they're getting out of an obligation by saying they (inaudible). I'd get it from stockholders.

So I worry about all of this. So I really can't give you concrete advice between these various proposals. You've looked at them longer than me. I wouldn't rush into it and I agree with someone that I don't think you should-- that-- first refusal is a very dangerous thing because if these guys really want this, I don't think they'll stick on that. And even if you lost them on that, unless all these people are posturing, this is a very valuable property. It isn't going to go away. And I think we citizens have to share in supporting you and we have to-- we can't scream if you occasionally make a bad decision in the protection of the-- of our community. The Chief is certainly right about one thing, land is not a commodity. And anybody-- it's really sacrilegious to treat it purely as a commodity and-- where there is so much development that has been on Long Island, we've got to stop looking at it as a commodity and I'm not in any business as I said, but we have to use intelligence as we do this. So, I wouldn't rush into this and I would try and write the contract -- one final thing. When you do make a contract, I wouldn't just make a general contract and then have them sign it because remember, Vinny, you came and spoke for us. McDonald's was going to build a place on a green field in Wading River and what did they do before they even start the damn thing? They come for a so called zoning variance. Which is a (inaudible). They just didn't like the rules."

Supervisor Villella: "If it was a hardship, they shouldn't have built then, right?"

Gordon Danby: "Yeah. And now bear in mind you're taking on huge companies which have tentacles all through the town and I don't want to malign these people, I hope we have excellent relations with whatever comes in, but we can't do this with a blind eye.

So I would put down all these zoning conditions, item by item, and have them sign it. Not the end of 40 pages so they can come back (inaudible) and while what I say may not have a standing in law, it sure looks pretty bad if you come after signing we will not do such and such and then you ask to do it. Thanks very much."

Supervisor Villella: "Thanks a lot, Gordon. Would anyone like to speak? Okay, Spencer Waxman. Mr. Waxman."

Spencer Waxman: "Good evening. I'm Spencer Waxman. I'm with Landmark International. Our company develops golf oriented master plan communities. Some of our communities that are well known include (inaudible) Island, (inaudible), Palm Beach Polo, (inaudible) and (inaudible) Ranch. I would first like to thank the town and its representatives, Grubb & Ellis, and (inaudible) in marketing this property, we've been provided with an enormous amount of information, really an unusual amount of information about the property that was presented in a fashion that saved us a lot of time and effort in evaluating the property, and the citizens should really be thankful for the effort that you put forward in assisting developers and in attracting players who would have an interest in all of the property.

The issue I really want to speak on is that there's been some opinions expressed that selling part of the property would (inaudible) interest from other developers and might diminish the overall value that the town would receive. And I would just like to express the interests of Landmark in having an interest in part of the property, in a remaining part, for golf and associated development. It's an enormous parcel. There's certainly room for several developers.

Also, in speaking to the part that First Industrial would be purchasing or an entity like First Industrial, it's really a highly specialized group of buildings. It's industrial property. It really is going to require a lot of expertise to reposition those buildings for a use that will be good for the town and have an economic return for investor and having done some due diligence on our own, First Industrial certainly seems to have the expertise to do that and certainly it's well enough financed to have the staying power to achieve that. That would obviously be important to us because we would develop golf courses and other uses near them and we certainly wouldn't want to commit our capital to be next door to someone who we thought wouldn't do something at high quality and be successful.

So, overall our opinion is that certainly other uses would go well next to it and we hope to put forward a proposal that would be complimentary to what they want to do and visa versa."

Supervisor Villella: "Thanks a lot, Mr. Waxman. Steve, I

think you wanted to speak."

Steve Kirchenbaum: "Hi. My name is Steve Kirchenbaum, Chairman of East End Aircraft and the Grumman Memorial Park F-14 project. I'd like to state something for the record. In reference to what Jim Flood was talking about parkland in the town of Riverhead, well, one thing I would like to state also is 40,000 people worked for the Grumman corporation. It was Long Island's largest employer. It started in a garage in Baldwin and became the company that put people on the moon. It's an American success story from a person who put something together from nothing.

What I'm looking at when I look at the master plan that our RDC has put together, I pointed it out to them and I'd like to point it out at a public format, that Riverhead is lacking a good park. And the parkland that they allocated is 100 acres on the old (inaudible) on Grumman Blvd. and it's virtually undeveloped.

What I'm proposing to them is on the north end of the property, the former Grumman picnic area, is a 100 acre parcel of which half lies in the protected area of the Pine Barrens. The infrastructure is there, sewage, water, outbuildings, storage, carousel buildings, a tremendous amount of infrastructure for a town park with road frontage exists.

The property though is much more valuable than the property that they allocated for parkland on Grumman Blvd. maybe by about 2 million dollars in a perfect world.

What I'm proposing to the town if we're shortsided with the land and look for the best value and the best paying for the buck, of course, it's worth more to sell the frontage on Route 58-- on Route 25. But, to develop the area on Grumman Blvd. would cost the town approximately 2 to 3 million dollars to put what we have existing on the former Grumman picnic area which, I'm hoping to make a site for this tomcat monument and a memorial park. But I really think we should keep this in our zoning plans and ideas that we have a turnkey park sitting on Route 25. It was the home of the largest picnics in t he world and a lot of good things happened there for the town and a lot of the infrastructure of the park that was taken away, the rides and other things that are around the county, none of them have been used. Many people took

them because they were given away for free by Grumman and I think a lot of those assets could be recovered.

So that's a potential for a parkland bar none, and I really think we should keep that under consideration and it wouldn't be taking money out of anyone's pocket. It would be speeding up the town with a turnkey park versus 100 acres of useless swampland by the railroad tracks. Thank you."

Supervisor Villella: "Thank you, Steve. There's no other speakers-- Butch."

Butch Langhorne: "Good evening. I'm Butch Langhorne from Calverton, life long resident of Riverhead who pushed west about 25 years ago and moved into Calverton. I've just got a couple questions. One, when was the last time that property up there in Calverton was evaluated as far as worth? How long ago was that? Can anybody tell me?"

Jack O'Connor: "It's been about two months since the last evaluation was performed. An appraisal."

Butch Langhorne: "Two months. An appraisal."

Jack O'Connor: "Correct."

Butch Langhorne: "Okay. So these figures that we are getting now are based on the appraisal--"

Jack O'Connor: "That is correct."

Butch Langhorne: "Okay. Because there were rumors going around possibly two to three years. Okay, my next statement would be, being a resident of Calverton, I was glad to hear Sherry discuss the proposal that there would not be any air force up here in Calverton because I live there. I'm soon to be retiring from the Air Force after 30 years. I've lived with airplanes for the last 30 years. When I bought that property there in Calverton, I knew Grummans was there so I accepted it and they were great neighbors. Again, do I want another airport there? Definitely not. Do I want a race track up there? No. I do not want a race track up there either. And I don't think that the town of Riverhead

wants a race track up there. I do know there's a couple neighbors in my neighborhood that would argue to have a race track. I am willing to take the best thing for the town. So just because I don't want it, if that's what the town would like, then I have to bite the dust or move out. I don't plan on moving when I retire. I'm planning on staying here at least another 30 years. In Calverton. So I am interested in what goes on and what's going up there in Calverton.

You folks have a heck of a job to do. A heck of a decision to make. Again, you heard a lot of talk about going slow and I think that's the best advice I could be giving to you. Because if you sell off all of the property at one time, you are getting (inaudible) dollar. Whereas if you were to sell the parcels down the road, if that parcel that you sold last year is developed and developed properly the way it's being said it's going to be developed, then the rest of that property's worth has got to go up."

Jack O'Connor: "In concert with what you're talking about, sir, this is our contention from Grubb & Ellis that by parcelizing this property as evidence today from the offer that we have right now, it will put people to work immediately, take the maintenance responsibility away from the town. You've seen from Mr. Waxman from Landmark Golf that he has put in an offer today for I believe about 650 acres, Spencer? 750 acres. The proposal will be evaluated by the RDC and I'm expecting an offer tomorrow for 575 acres for a family recreational facility. So each time we get these proposals, the prices of the acreage is going up. So you know, you're right on target, I think. Thank you."

Supervisor Villella: "Mr. Grumman. Steve."

Steve Haizlip: "Steve Haizlip of Calverton. Unlike Jim, he was fortunate to get 36 years. Since I'm 10 years older than he is, I only got 34 years and lacking a few months of having 35. He can wear five (inaudible) and I can only wear four. But that doesn't matter. The point that I want to make. I don't understand all the complications of trying to bring people in in manufacturing, jobs, whatever type of industry you want to bring in. All I am interested in is that we get some kind of an operation up there that (inaudible) Jim and I and a few other people in this town the years that we could put in and retire with a pension and some

benefits. So many young fellow that was forced out of there due to economic reasons and some animosity between Washington and a big shot. Now the other fellows, they had to suffer for this. So I would like to see that something that those young fellows that are still out there struggling with those $5.00 an hour jobs and I know some of them, and that they get the opportunity that they could get back in and they could build up a bigger nest egg of their social security. And maybe get a pension-- a short pension or whatever due to their age.

When Grumman opened those doors in 1954 they name this site out here Peconic River and every vehicle they had had PR on it, PR 1 or whatever the numbers are. Now, what I would like to see come back would be Peconic River Development Park or Peconic River Industrial Park, Commerce Park, name it what you please. And be in Peconic County."

Supervisor Villella: "I knew he was coming out with that. Thanks a lot, Steve."

Steve Haizlip: "Thank you."

Supervisor Villella: "If there's no other speakers, Bobby."

Bobby Goodale: "Yes, presumably we are at the close of this hearing, I believe it would be important for me as Chairman of the Riverhead Development Corporation to reiterate our advice to the Town Board to move forward on the First Industrial proposal, of course, depending on your evaluation of the information that's been provided by the public. But I think it would be fair to say that Riverhead Development Corporation stands by its recommendation that we should move forward on the First Industrial proposal. Thank you."

Supervisor Villella: "Thank you, Bob. I just want to hold up everything for like a minute or two. I just want to do a little poll up here between us-- just turn off your mikes for a minute.

The Town Board would like to leave the public hearing open for six more days instead of closing it tonight to Tuesday-- the close of business, Tuesday, June 2nd at 5:00 p.m. for written comments. Thank you very much. Meeting adjourned."

Barbara Grattan
Town Clerk