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Minutes of a Community Development Agency meeting held by the Town Board of the Town of Riverhead, at Town Hall, 200 Howell Avenue, Riverhead, New York, on Tuesday, April 3, 2001, at 7:00 P.M.

Present:

Robert Kozakiewicz,	Chairman
James Lull,	Member
Edward Densieski,	Member
Christopher Kent,	Member

Also Present:

Barbara Grattan,	Town Clerk
Sean Walter, Esq.	Town Attorney

Absent:

Philip Cardinale,	Member
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Chairman Kozakiewicz called the meeting to order at 7:10 p.m.

Public Hearing opened: 7:10 p.m.

Chairman Kozakiewicz: "Barbara, if you would please read the publishing and posting regarding that public hearing."

Barbara Grattan: "I have affidavits of publishing and posting for a public hearing to be held at Riverhead Town Hall, 200 Howell Avenue, Riverhead, New York on April 3, 2001, at 7:05 p.m. regarding whether Altitude Express d/b/a Skydive Long Island should be designated the qualified and eligible sponsor for the non-exclusive leasing of the so-called eastern runway and the aircraft tie down area adjacent thereto at the Agency owned Calverton site, and whether the property should be leased, on a non-exclusive basis, to Skydive Long Island for a period of approximately five and one-half years for an initial monthly rental of \$2,000 per month for use by the Skydive Long Island in providing skydiving services to the public."

Chairman Kozakiewicz: "Thank you, Barbara. Is there anybody who would like to address the Board- oh, I see the attorney- this is on Skydive? This is for a qualified and eligible sponsorship. Yes. So, Mr. Maynard if you would like to approach the dais and- I mean the podium, I'm sorry."

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Ray Maynard: "Good evening, Mr. Supervisor, and Councilmen. My name is Ray Maynard, a member of the Calverton Civic Association and resident of Riverhead. I've been operating my business at Calverton since September and I'm seeking a five year extension on the lease. I have a display here to show you how we've been operating so that you can understand how our operation has been going so far, and we are very happy out there and hopefully that we are keeping all our friendly neighbors happy also.

Can I show this so that you can see this and also the audience?"

Chairman Kozakiewicz: "Is there a podium- "

Member Kent: "Oh, no. They took it out for painting."

Chairman Kozakiewicz: "Thank you, Ed."

Ray Maynard: (Inaudible)

Chairman Kozakiewicz: "I am more concerned that the people out in the audience can see. Can you guys- can you see out there? Does that help? Okay, thank you. Take the mike with you."

Ray Maynard: "Presently, just to show everyone how our operations do work at Calverton, because there's been many concerns of flying over your houses and making a lot of noise and disturbing your picnics and your pool parties. But the buffer zone at Calverton was built to the effect that it should be no impact at all.

The first weekend we were there, yes, we were close to some of the houses. We got calls from the FAA and the Town. They asked us to change our procedures. We are dictated on what direction we take off and land by the wind. If the wind is coming out of the south, we take off to the south and we fly directly through the buffer zone, out to the pine barrens, where there are no houses located whatsoever. We do our complete climb to altitude out there. When we reach the jump altitude, then we fly over the airport and 90% of our skydives are made over the middle of the airport because the prevailing winds out here come out of the northeast.

As the aircraft drops the jumpers, that aircraft then goes back to the area that there's no one out there but the woods and the wolves, and they descend and it comes in to land. If the wind's coming out of the north, the airplane takes off to the north, makes its turn before it leaves the property of Calverton, does its climb,

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turns around here, and comes out to the same area, well south of the airport, and does the same thing. Climbs to altitude, comes in, drops the jumpers, goes back out to the south of the field, does its descent, then it comes in to land.

Ninety-nine percent of our operations happen right over this field here, okay? This keeps the FAA very happy also because just off the map here is what's called a VOR, which is navigational aid, that's used by air traffic controllers to bring in jets through Kennedy, Islip and all of that. We are in communication with them at all times. We time our jumps; we stay out of their way and as long as there's communication between ourselves and the FAA and any other aircraft in the area, it makes for a very safe operation.

The town filed paperwork with the FAA's Department of Airports and in May, Calverton Airport along with our Skydiver symbol, will be put on the sectional map that's published by the FAA and that in turn will stop a lot of overflying traffic that happens now with this airport. When they see that Skydiver symbol, there are many pilots that don't want to be anywhere near us which makes a lot of sense, so they will vector away from this area. So a lot of traffic that's been going on over Calverton for all the years, is going to disappear. It will be replaced by us but it's not going to be nearly as much as what has been going on out there.

Any questions about this?"

Chairman Kozakiewicz: "Ray, make your presentation rather than a question and answer and if anybody has questions, I'll have that person come up, announce who they are, so that we can have it on the record rather than a give and take from the audience. Thank you."

Ray Maynard: "Okay. Well, that was for that part of the map.

The purpose and importance of a five year lease is to build and establish a top notch world class facility. I need the security of knowing that I'll be able to operate at the same location on a year to year basis. Building a future for my business requires at least a five year plan. Along with that to acquire financing for the purpose of purchasing a larger aircraft and other support equipment as well as general business expansion is another reason of needing the expansion of the lease.

I'll be able to attract new employees to come to this area but for them to come here just to- one year to work, would not really do

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it. I want to be able to offer them long term employment.

Building a business at a new location will take time. To realize a profit from my investment will take much more than one year. To attract skydivers not only from other states but other countries, we need to have larger aircraft and experienced who want that aircraft and they will travel here to the town of Riverhead to come skydive and then will also bring an economic benefit to all the businesses that are in the area.

One of my goals when I first came to the town was asked of me if I could bring the X Games here. One thing that I know I can bring here if I am given the lease is to bring the United States National Skydiving Championships to Riverhead. This will attract several thousand people to this area over a two week period that will eat in your restaurants, shop in your stores, and spend their money in your area.

My long term goal is to become an established in the Town of Riverhead. I want to be able to purchase several acres of land in the Calverton Enterprise Park to construct an indoor wind tunnel so we can indoor skydiving 12 months a year. And what that is, it's a cylinder type of building that has fans in it that blows an airflow of about 120 miles an hour straight up and you wear these jumpsuits and you can safely get to experience free fall. That's why I need to be here, guys. Thank you."

Chairman Kozakiewicz: "All right. I have some questions. Because I know one of the questions I think I heard is what are your hours of operation presently and what do you anticipate them to be?"

Ray Maynard: "On a normal day that we start jumping, on the weekends, we normally start jumping probably between 9:00- between 8:00 and 9:00. It's closer to 9:00 than 8:00, to a half hour before sunset. During the week when we're operating, we probably start jumping a little bit later than that and if we had a business which is a lot less during the week than it is on weekends, again, we stop at a half hour before sunset."

Chairman Kozakiewicz: "And that's going to be the same in the future if- "

Ray Maynard: "That's correct."

Chairman Kozakiewicz: "Okay. How many employees do you

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presently have?"

Ray Maynard: "Right now I have about 10 that are part-timers but I have, you know, I've been advertising in the national magazines anticipating large aircraft and that, and we anticipate probably hiring about 12 to 15 more people this year."

Chairman Kozakiewicz: "And how many years have you been involved in this type of an operation?"

Ray Maynard: "I've been in the skydiving business for 15 years."

Chairman Kozakiewicz: "All right. Any other questions? Hand in the back, Joan Griffin."

Joan Griffin: "Good evening. Joan Griffin, Greater Calverton Civic Association. The gentleman mentioned- I forgot your name, sir."

Chairman Kozakiewicz: "Maynard."

Joan Griffin: "That there's a free fall cylinder to experience skydiving 12 months a year. How tall would that building be?"

Ray Maynard: "Twenty-two feet."

Joan Griffin: "Twenty-two feet? Okay, that's it."

Chairman Kozakiewicz: "That was your only question?"

Joan Griffin: "Yup."

Chairman Kozakiewicz: "Okay. Anybody else? Mr. Tria."

Vince Tria: "I'm only curious about the jump zone. Is it that purple area, that's the landing?"

Ray Maynard: "The landing zone is right here in between the runway and the taxiway. There's 450 feet in between those two areas and we land 250 feet to the west of the runway."

Chairman Kozakiewicz: "Did Mr. Tria say his name and address for the record?"

Barbara Grattan: "No, he didn't."

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Chairman Kozakiewicz: "Before- before you proceed, I was remiss last meeting, could you please state your name for the record and your address."

Vince Tria: "Vince Tria."

Chairman Kozakiewicz: "All right. Thanks."

Vince Tria: "It's the pink- it's that pink rectangle below the runway, that's the jump zone? That's where they land, that's what I'm saying."

Ray Maynard: "Yes, yes."

Vince Tria: "But whose- whose property is that?"

Ray Maynard: "That's the Town of Riverhead."

Chairman Kozakiewicz: "Presently that's the Town of Riverhead Community Development Agency property."

Vince Tria: "Oh, so that's always going to be available for jumping?"

Member Densieski: "I believe in Ray's lease agreement it says that that can be moved to other zones if it has to be."

Chairman Kozakiewicz: "That's correct."

Vince Tria: "Thanks."

Chairman Kozakiewicz: "Okay. Anybody else who would like to address the Board? Hand in the back, right side- okay."

Member Kent: "Mr. DiPierro?"

Chairman Kozakiewicz: "Yes, Mr. DiPierro."

Nick DiPierro: "Excuse me, Nick DiPierro from Wading River. I fully support what Ray Maynard is proposing over at Calverton. I would like to see more businesses like that, small businesses, and that's one of the reasons why I would support keeping both runways open."

I have to ask a question though about- a prudent business

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question- as far as what the monthly or annual lease would be."

Chairman Kozakiewicz: "Its present monthly lease?"

Nick DiPierro: "What would it be during this five year contract?"

Chairman Kozakiewicz: "I think that's something that's still being subjected to negotiation."

Nick DiPierro: "Okay, all right. You don't have to answer that question."

Chairman Kozakiewicz: "What happened was the following. We started to look at this process and it came to light that under the CDA, the state laws, because this was more permanent in duration, we're going beyond a yearly- "

Nick DiPierro: "Okay."

Chairman Kozakiewicz: "-- arrangement or a six month arrangement, we needed to conduct this hearing pursuant to the state law to determine whether Skydive Inc. was a qualified and eligible sponsor. Once we hear all the testimony and discuss it amongst ourselves as the Community Development Agency Board, then I think we'll proceed with the negotiation of the amounts. Because at this point, it doesn't make sense to go forward with that until we deal with this issue of qualified and eligible sponsorship."

Nick DiPierro: "Okay."

Chairman Kozakiewicz: "All right."

Nick DiPierro: "This is not meant as a dig for the \$17 million dollar contract that was signed without an escalation clause in it because that was signed several years ago with no escalation clause as far as the sale of that core property, but I would hope that this lease would have an escalation clause in it as the business improves. If it, you know, it's something like Tosco (phonetic) did. When their business went down, they got a reassessment or a decline in their valuation. I think it should be based on that.

And I'd like to see, you know, the business improve greatly. So it is going to be a money making proposition for the company Skydive and it should also be a money making proposition for Riverhead. And--"

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Member Densieski: "We're going to get as much as we can out of him."

Nick DiPierro: "Okay. And the liability would fall upon- "

Chairman Kozakiewicz: "Skydive."

Nick DiPierro: "Long Island Skydive."

Chairman Kozakiewicz: "That's correct."

Nick DiPierro: "Okay. And I think that's about it. I don't want to get into anything else about the runways. Thank you."

Chairman Kozakiewicz: "All right. Harvey, do you want to there's a hand behind you. Do you want to wait for that? Sandra Mott."

Sandra Mott: "Yes. Sandra Mott, Calverton. Thank you. Thanks. May I ask where you were located before you came to Calverton?"

Ray Maynard: "We were located in East Moriches."

Chairman Kozakiewicz: "Wait, Sandra, do you have other questions as well?"

Sandra Mott: "Yes."

Chairman Kozakiewicz: "Why don't you indicate your questions and then I'll have Mr. Maynard come up and address them."

Sandra Mott: "Okay. That's good."

Chairman Kozakiewicz: "Because rather than this give and take and the record- "

Sandra Mott: "Sure."

Chairman Kozakiewicz: "-- gets all convoluted."

Sandra Mott: "Fine. Well, someone asked about the future rent. May I ask what the current rent it?"

Member Densieski: "I think it's \$25,000 for the year. I think

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that's pretty close."

Chairman Kozakiewicz: "It's approximately- if my memory serves me right, about \$1,800 for the runway use agreement, a total of \$2,500 a month- more?"

Member Kent: "I think it's about \$825 for the building- "

Chairman Kozakiewicz: "Right."

Member Kent: "And about \$2,100 for the runway use."

Chairman Kozakiewicz: "Okay."

Sandra Mott: "A total of \$25,000 per year- "

Member Densieski: "It's about that."

Sandra Mott: "Approximately. And then we won't discuss the future. How many days of operation would the business be running?"

Chairman Kozakiewicz: "Okay, what we'll do is have Mr. Maynard address these questions."

Sandra Mott: "And also what is the cost per person to learn to skydive or do they- are they charged per dive or- "

Member Densieski: "We'll let him answer- "

Chairman Kozakiewicz: "Okay, the cost of skydiving, okay."

Sandra Mott: "And the number of skydivers that he has per year. I'm just curious based on how much he's paying for rent. I understand it's a business and he expects to make a profit and I think it's an interesting business. I'm not negating that. But I'm just curious to know how much he's taking in versus what we're getting out of the process. Okay."

Chairman Kozakiewicz: "Thank you. Ray, do you remember all the questions?"

Ray Maynard: "I think so."

Chairman Kozakiewicz: "Okay."

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Ray Maynard: "In the past, we've operated five days a week. We're hoping to operate seven days a week this year but, again, most of our business will happen on Saturday and Sunday. During the week, it's probably not going to be- I know it won't be nearly as much as the weekends.

What does it cost to make a skydive?"

Member Kent: "Well, how many months a year do you operate?"

Ray Maynard: "We operate April through end of November and then the months of December, January, February and March, I still pay even though I take no money in."

Member Densieski: "Thank you."

Ray Maynard: "You're welcome. The first skydive you come out to make is \$225. If you decide you like it and you want to keep doing it, it's \$80 for subsequent jumps while you are a student. Most of the skydiving that's going to happen this year will be experienced jumpers that pay between \$15 and \$20 per jump. Between \$15- because they have their own equipment, they've already been trained and they're paying for the ride in the aircraft."

Chairman Kozakiewicz: "Okay."

Ray Maynard: "Numbers? I'd be pulling them out of the air because this is a whole new area. I'm hoping there's thousands and thousands of them and I have to give you a lot more money."

Chairman Kozakiewicz: "All right."

Member Kent: "One other question you should put on the record, Ray. Where were you located prior to- "

Chairman Kozakiewicz: "Yes."

Ray Maynard: "Oh, we are located at Spadaro's Airport in East Moriches."

Chairman Kozakiewicz: "Okay, very good. Mr. Arnoff, I think you wanted to address the Board as well with regard to this application."

Harvey Arnoff: "I did."

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Chairman Kozakiewicz: "Would you please state your name and address?"

Harvey Arnoff: "Harvey Arnoff. I have an office here in Riverhead, 206 Roanoke Avenue. Good evening, Mr. Kozakiewicz, Members of the Board, Madam Clerk.

I've had the- I have to say pleasure, not with clenched teeth either, of representing Ray for about the entirety of his career, through good and bad. The people who jump, if the Board has any questions about liability, sign waivers which have been tested and upheld. They are waivers of liability. In this case they are expanded to include the Town of Riverhead just as a blanket and everything else. They are basically jumping solely and completely at their own risk. They are told throughout their training process that under no circumstances do they have to jump. They can drop out at any time.

Now, one of the questions- when Ray called me and said would I come here tonight, I said you mean I've got to try and explain to these people why everybody wants to jump out of perfectly good aircrafts and having not done it, and having recently broken my own ankle through no fault of Ray's I might add, I gave it a lot of thought and I said sure, I'd be glad to.

Because I believe, and I've been in this town- working in this town and in the eastern part of Long Island for more than 30 years, and this is a really good thing for this town. Its use is benign. There is minimal, if any, environmental impact on what Ray Maynard does. They're small aircraft that he uses, creating little, if any, noise. There's virtually no traffic that comes from the use. There are people that come; they stay and they leave, so you don't have a traffic problem. You don't have a parking problem because there are not hundreds of people on any given day who jump. There just are not enough aircraft to do that and it's not anticipated.

Just for your information and the information of those people who are here, Ray's had a lot of experience jumping, both nationally and internationally. If anyone wants to see a picture of him jumping off of Angel Falls, they can come to my office and it's quite an exciting photograph or series of photographs of him doing it.

He's competed with the US Para (inaudible) team and he's jumped internationally as recently as what- a month ago? Two weeks ago.

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The need is clear for a longer term than what he has now. Without that, financing can't be obtained and the necessary equipment obtained to do this, and do this with a credit to this community. He has been in the past a responsible tenant. His track record, or flight record I should say, has been good in that regard. I keep thinking he would be a credit to this town and would be a use consistent with whatever this town chooses to do with the remainder of the Grumman site. I think that's really one of the things.

In other words, Mr. Densieski, you're correct, and I remember that and I'd forgotten it and I'm glad you brought it up, that the landing zone is a movable zone. Because I think it gives the town some latitude that they would not have with another tenant. I mean, he's saying, well, we can land-- as long as we have a certain amount of area for clearance, we can land anywhere and we'll adapt to whatever the town wants.

Essentially- eventually he needs a building, he needs a building, he needs the use of the runways. That's it. And some land somewhere that doesn't interfere with any members of this community.

Now, I think for this town to receive an income for that use is good for the town and good for my client. If you have any questions or anyone else does, I'd be glad to answer them or have Ray answer them."

Member Kent: "Does anybody in the public?"

Chairman Kozakiewicz: "Sandra Mott. Sandra, yes."

Sandra Mott: "Hi. Sandra Mott, Calverton, Riverhead. Based on what I was just told, they're paying \$25,000 a year, even though as he said he pays about- even though he pays for the months that he can't utilize it because of weather, I presume. And based on the numbers that he indicated, it was \$225 for the first person in training to jump, he actually only needs 110, 112 people to pay off your rent for the year. And the rest is all profit. Based- after- "

Member Densieski: "God bless America."

Chairman Kozakiewicz: "You have to understand- "

Sandra Mott: "I'm not saying that he shouldn't but I'm saying that if it's a valuable commodity to him- "

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Member Densieski: "He's got to pay help, he's got to pay insurance, he's got to pay fuel."

Sandra Mott: "I'm not saying he shouldn't but I'm also being told constantly when I bring up projects that you don't have the money. It's a two way street. He's bringing you money; he's making money so let's have him bring a little bit more money and he can make some more money. You see what I'm saying?"

Chairman Kozakiewicz: "The question- "

Sandra Mott: "You're here to be protective of the rest of the citizens' projects as well. I think it's an interesting project. I'm not saying that, but what I'm saying, for \$25,000 a year in rent he only needs 100, 112 people to cover his rental costs which are major, then I think you should consider when you're negotiating, not only an escalator clause but also consideration that that's nothing. In a month or so- it's an interesting project. And it should be done. I'm not saying it shouldn't."

But I think you need to take into consideration the financial element that when I'm told we can't have "X", "Y", or "Z" because of money, this gentleman will be making some and you can make a little bit more for some of the other projects in the town. That's all I'm saying. I'm not saying he shouldn't have it. I think he should have it. I think that that facility should be used at the highest, the best use, and that's any kind of airport, airline, skydiving. I've never negated that; I've always been supportive of that, but I think the town, if this is a valuable thing, then we should be making a few more dollars. And that's all I'm saying.

I think it's a wonderful thing and I'm sure some people would like me to jump out of an airplane without a parachute but that's not the point. The point is I would like the money- "

Chairman Kozakiewicz: "You've made your point."

Sandra Mott: "-- that you save- thank you."

Chairman Kozakiewicz: "Thank you. Harvey, Mr. Arnoff, do you wish to address those comments?"

Harvey Arnoff: "Just briefly. We all know the difference between gross and net. The cost of an aircraft is staggering. We all know what employment costs are. To say it is kind of naive, and I'm

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not being critical but it is naive, to say that 112 jumps and everything is the glory from there and I think the Board knows that.

But I think what's really important is I kind of would agree with what Ms. Mott has to say if she can guarantee us seven days of jumping from April to November. Ray says I'm open seven days. Well, that's not really true. He'd like to be open seven days but God has something to say about it. Wind, rain, snow, sleet, hail, any number of things, and he can't jump. That's a simple fact of life and I wouldn't want to tell you the number of years he's had that have been very marginal years, merely because of weather. We live on Long Island where they can't tell you what is going to happen tomorrow and the number of people who train and then have to come back a month later to jump because they couldn't jump that day because it started to rain or it started to- or the wind was blowing too strongly. Because remember caution is the major thing here. It's a high risk thing to begin with but we don't make it any more risky for the people by jumping irresponsibly. And I think that's something that's very important that the Board should know. Thank you."

Chairman Kozakiewicz: "A hand in the middle, right up there. Please state your name and record- I mean name and address for the record, please."

Oren Perry: "Hello, my name is Oren Perry. I'm a new face. I am a skydiver and I've been in the sport for five years. I have about a thousand jumps. I've been in competitions and other drop zones all over the world. I've been in other states. And for the record, I just want to say that Ray Maynard does offer one of the safest programs and the safety record is outstanding. And to find that in a lot of other drop zones isn't easy.

I work for a parachute company called Icarus Canopies (phonetic) and we bring competitions and media events to places around the world. Ford just gave us \$40,000 for an event to hold in Venezuela and that was held on a beach and most of these competitions we're having now for Canopy, skills are on beaches and bring a lot of money to these towns that we go to and media coverage as well. And, thank you. That's all I have to say."

Chairman Kozakiewicz: "What was your first name? I didn't catch it."

Oren Perry: "First name is Oren."

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Chairman Kozakiewicz: "O- "

Oren Perry: "--R-E-N."

Chairman Kozakiewicz: "Okay."

Oren Perry: "And currently I am a carpenter- full time carpenter and a part time skydiver and I am trying my hardest trying to relocate to the Wading River to be working for Ray. So just another couple people that are going to be bringing revenue to the town."

Chairman Kozakiewicz: "Thank you. Anybody else? Yes. Hands to the left here- I mean to my right, your left."

John Barbella: "Hello. My name is John Barbella. I'm the co-publisher of Guidelines magazine and Hamptons (inaudible). I've known Ray for 12 years. He advertises with us. I've known him to be a professional throughout his career. As far as being a world class skydiver, safety is always of the utmost. And to answer some questions about maybe where some of his money goes. I know what he spends with us in a year just to advertise Skydive, okay."

And now- I know, just from knowing him as a person, he's been so excited about being in this location to expand his business and bring a lot of people to this area. We advertise to Riverhead and on the south fork and in the summer there's an untold amount of people that come from the south fork, the Hamptons, to Ray, to this end because it seems like in the last five years Riverhead has become the place to go-- when you become more of a vacation destination than the south fork. And Ray is just another jewel in that crown of something to do that's unique and unable to find anywhere else on Long Island.

And I can show you his ads and I know that he spends literally last year over \$15,000 with us just to advertise Skydive Long Island as far as T-shirts, ads, business cards, flyers, and all types of ads. So I feel that he'll be an asset to any town that he goes to because he is a professional and his ability to make things happen and to be more or less kind of a famous character on the east end of Long Island, he's someone that will be an asset to your town.

I'd like to turn the microphone to my partner, Lisa Oakland, who has actually jumped with Ray."

Lisa Oakland: "Hi, how are you doing? When I first met Ray- "

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Chairman Kozakiewicz: "Just again, I didn't catch your name."

Lisa Oakland: "Lisa Oakland."

Chairman Kozakiewicz: "Oakland?"

Lisa Oakland: "Yes."

Chairman Kozakiewicz: "Okay."

Lisa Oakland: "When I first met Ray and learned about the type of business he was in, I was kind of curious and I actually did the jump and did a write up in the newspaper and this write up that went in the paper brought a lot of people to his business. And I'm trying to do another jump again but I also use this article and the videotape that was given to me when I did the jump and I'm a 40 year old woman that has two children.

I do junior achievement programs in the local school district and the children are very interested, 8 and 10 year olds, that want to come and watch me jump and they want to, you know, do class trips where they can spend time watching me actually do a dive and then spend a few hours in a local restaurant where I would have to set up some type of joint business where the children could pay a couple dollars and have lunch and, you know, draw more people to Riverhead.

Because I never really spent any time in Riverhead until I met Ray and had to start coming this way and then we added the Riverhead map in our local magazine. It's called Guidelines and it has the local maps so it kind of brought a lot more people than just, you know, I'm a simple housewife. And it's definitely something that I'll be doing over and over again."

Chairman Kozakiewicz: "Okay, thank you. Any further comments from anybody? The gentleman right here."

Member Densieski: "Joan, I know your business and your work and when you're ready to expand, I hope you think about Riverhead."

Wayne Burrell: "How are you doing? I'm Wayne Burrell."

Chairman Kozakiewicz: "Spell that last name for us."

Wayne Burrell: "It's B-U-R-R-E-L-L."

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Chairman Kozakiewicz: "Thank you."

Wayne Burrell: "I'm an employee of Ray Maynard, part time employee. I also have a full time carpentry business. I just want to say a few things about, you know, Ray has always been a contributor to help needy and many other important organizations. Just to name a few, the American Heart Association, the Make-A-Wish Foundation, East End Hospice, the American Cancer Society, Meals for the Elderly, several of the PBA Associations, Central Suffolk Hospital, Riverhead Ag Fest and the Riley Avenue School.

So let's give him a chance, you know, to become established in your community so he can continue to help others."

Chairman Kozakiewicz: "Thank you. I saw a hand over to the- Joan Griffin."

Joan Griffin: "I'm sorry. Just another question about it. The buildings he's renting right now are part of the Burman deal?"

Chairman Kozakiewicz: "The buildings are within the area that was to be conveyed to Burman, yes."

Joan Griffin: "So he'll be renting from Burman then if the deal goes through?"

Chairman Kozakiewicz: "I think what he's indicating is he's hoping to open up this other building and I assume he'll want to maybe come to us? Okay."

Joan Griffin: "Okay. And another question. He mentioned that- I can't think of the word- competition I think was the phrase. If there's a competition here, will he be paying extra for permits and whatever it takes to get this competition, you know, to function?"

Member Densieski: Parking, etc., things like that?"

Joan Griffin: "Yes, parking, etc., is there extra rental fees involved because he'll be using more property?"

Member Densieski: "Sure."

Chairman Kozakiewicz: "I would think he would have to because he's currently allowed a certain area with a building and an area set aside for the- where the plane or planes can remain, and then he's got

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a right to use the runway. But if he's going outside of that area, he would need permission from the town."

Joan Griffin: "And if the competition was to come over, it would be how many planes involved to get the divers up in the air so they can come down?"

Member Densieski: "From what I gather, that's at a conceptual stage now. Do you have any numbers or- "

Ray Maynard: (Inaudible from the audience).

Chairman Kozakiewicz: "Ray, why don't you come up- you've got to come up to the mike."

Ray Maynard: "Yes, to bring a national type competition, I would actually want to be like partners with the Town of Riverhead and definitely it would be to generate money not just for my business. I mean that goes outside the scope of the business of Skydive Long Island, so I would definitely negotiate with the town that everybody gets their fair share.

The number of aircraft, I would also- we're just doing numbers right now. It would be more than we have. I would, you know, it would depend on how many- "

Joan Griffin: "It wouldn't be a fleet of 50?"

Ray Maynad: "Oh, no, no, no. It would be like maybe five or six aircraft would come in from the outside. But we would definitely, you know, be doing it to make money for the town."

Joan Griffin: "Thank you."

Chairman Kozakiewicz: "Okay. Yes, Sherry."

Sherry Johnson: "Sherry Johnson, Manorville. So let me get this straight here now. We have 12 hour days all summer. You're talking about multiple aircraft, Saturdays and Sundays, seven days a week if weather permits. The same weather that's going to keep me inside my house when they're not flying. April to November. I'm a little bit concerned about the project- the proposal and I'm a little bit curious as to how the blue green line was chosen on this map that we have here.

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I'm also wondering if anybody has asked Eastport residents about this proposal and how good a neighbor they were when they were over there.

I'd also like to state that where I am in Manorville, we have no (inaudible) background noise so any aircraft, even one taking off on the runway a mile away, we hear.

In that vein, I'm here tonight because I oppose granting a lease at Calverton for Skydive Long Island and for any other type of activity involving general aviation. This type of use is not in keeping with the redevelopment plan that we all agreed on when the facility was rezoned. I feel that bringing this company onto the site is nothing more than a back door attempt to introduce and establish general aviation use on the premises. I think that granting this lease especially for as long a period as five years is a bad faith move.

The people of Riverhead agreed that aviation use at Calverton would be acceptable only as an accessory use for aviation related industry when we went through the redevelopment planning process several years ago. So not only are you letting the camel stick his nose under the tent in allowing aviation uses to get a foothold here with Long Island- with Skydive Long Island, you are failing the community by not giving the necessary hard look at the impacts that will occur in the short and long term, or considering any mitigative measures that might lessen those impacts by not requiring full review of all the impacts that will occur.

The SEQR determination of no significant impact for this action is wrong. You need to stop now and step back and take a real, true hard look at all the impacts aviation will have on Calverton and the surrounding area.

This proposal needs to be a Type I action under SEQR. It meets the criteria under section 616.4(b)(2) which states that the following actions are Type I if they are to be directly undertaken, funded or approved by an agency: (2) the adoption of changes in the allowable uses within any zoning district, affecting 25 or more acres of the district. The eastern runway alone is 25 acres and the skydiving activity constitutes a change in allowable uses. Further, it meets Type I criteria under subparagraph (b)(10) in that the site occurs substantially contiguous to publicly owned and operated parkland, a recreation area, and designated open space. The entire southern boundary borders a county nature preserve and state and county

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parkland set aside for recreational purposes. On recreation in the pine barrens, I don't think they envisioned skydiving.

On the issue of no significant impact, Calverton is located in one of the most environmentally significant areas of all of Long Island. Part 617.7(c)(1) states that even as an unlisted action, this proposal may have a significant adverse impact on the environment, and the impacts that may be expected to result must be considered. Neither the impact statement done by the Navy nor the generic EIS done by the town did that. In determining significance, this proposal will result in a substantial adverse change in noise levels, will impact wildlife habitat, will impact threatened and endangered species, will impair the environmental characteristics of a Critical Environmental Area, and will impair existing community and neighborhood character.

This area was designated as a Critical Environmental Area in 1988 by the Suffolk County Legislature. I have some documents that I can hand to you. I've attached a notice of publishing in the ENB of the Critical Environmental Area which also, by the way, states that any unlisted action proposed for this area must be designated as a Type I action.

Additionally, numerous other federal, state and county designations have been placed on this site that include designation as a sole source aquifer, a special groundwater protection area, and inclusion in the Peconic Estuary Study Area. There is no way that you can introduce a totally new activity here and not have some type of impact. This is an aviation use and aviation uses have been documented to cause noise impacts, impacts to ground and surface water (which we already have that legacy from Grumman), and impacts to community character. I don't see how any reasonable person can determine that there will be no impact from this proposal.

We were also promised while we were going through the planning process for Calverton that individual proposals would receive additional review as they were submitted. In fact, the DEC said that subsequent development proposals would need more detailed review in a 1997 letter. To date, there has been no review of any of the projects that have been proposed, and enough is enough.

You're not staying behind the fence, in existing buildings with this proposal. The noise impacts are going to be far-reaching, and you're setting a course for future development of this site as an airport. Introducing aviation at this facility is a serious threat to the communities surrounding Calverton. The very least that you owe us

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is a supplemental EIS under Part 616.10(d)(4) that will address the specific significant adverse impacts and mitigate them.

I think that the communities around this facility deserve more than to have their quality of life destroyed for \$2,000 a month. I think that you need to take a good hard look at the course of action you'll be setting if you approve this type of aviation use here and take the time to make sure what you're approving is in the best interest of the community members and the future of the east end. Thank you."

Chairman Kozakiewicz: "Anybody else? Not seeing any other hands- "

Member Kent: "I'd like to make some comments. Actually, I have some questions for Ray. There are some other hands though."

Chairman Kozakiewicz: "Okay."

Member Kent: "There's three."

Chairman Kozakiewicz: "Yes."

Member Kent: "I'll wait until the end and then I want to ask some questions."

William Kasperovich: "William Kasperovich from Wading River. I had the privilege of being an occupant in a small plane that flew over this area by people interested in bringing investment or businesses into the area. We flew over the Grumman site in a crisscross pattern. We went north/south first and east/west, most times about- I think one time went up four times- about six times and people asking questions what's that, where's this and what have you.

And after we did that, we just flew around the general area in ever widening concentric circles. Now, if you do this, you get a different image of what this land is what we have involved with this Grumman site. Right now from the air it looks like there's a lot of space that you could bring skydivers down like the 101st Airborne. But the same thought gnaws away at us. What direction are we going to grow? And we think in terms of several decades, we are going to definitely grow. And these open spaces that are visible from the air are not going to no longer exist.

Consequently this type of project requires you people, the Town

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Board, to think strongly on the future. People of my age are not going to be around to see this change but this change will come and should be taken into account in a serious manner. So this skydiving thing at the moment looks good and looks feasible. For the future and for potential growth for whatever manner we will grow, we don't have the accommodations for these skydivers. Now, somebody is interested in a short term period proportion to the amount of investment is one thing. But to come in and establish themselves as a business and an established activity giving preference to first come, first served, we shouldn't allow.

So in that sense I say a yes and I say a no. Yes in a short period of time and I'm talking about one or two decades or further and no that if we are thinking in the future, it's- we don't have this to offer. Thank you."

Chairman Kozakiewicz: "Saw some hands in the middle. I saw some hands in the middle, people want to speak."

Bill Islee: "Hi, my name is Bill Islee and I live in Ridge. Just as a personal observation. I'm a skydiver and my home is Skydive Long Island and my favorite place to jump is there. But a couple times a year we do go out to other drop zones, you know, the whole bunch of us from the crew and we have a pretty significant economic impact on the areas. We spend a lot of money on hotels, rental cars, restaurants. You know, I think that's, you know, something that could really benefit the town that, you know, other visiting skydivers from the area are going to be coming in and spending a good chunk of change around town.

And just to say a little bit about Ray and his safety record. I was probably one of the worst students at Skydive Long Island that they've ever had and Ray personally saw to it that he runs a very safe operation and whenever I was jumping there I never felt like I was in any bit of danger at all. He's a safety and training advisor for the area, commercial pilot, senior rigger. He's involved in the business in a big way and he doesn't just sit in an office and watch the operation. He's out there making sure that everything's running good and running a safe operation. That's about it."

Chairman Kozakiewicz: "Thank you. Why don't you come up? I saw that one, too."

Antonio Gilligan: "Thank you. My name is Antonio Gilligan and I'm from of all places Jersey City, New Jersey. I spend my summers

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out in the Hamptons and I come here to jump. I'm also the president of (inaudible) Environmental and I'd like to address some of the questions that were raised regarding environmental impacts of Skydive Long Island's operation at Calverton.

As a Board, you've already addressed this when you issued the first year's lease. You had to examine the question of impact. So I think it's a moot issue.

The second point, let's look at it in a little bit more detail. The physical plant for the operation of Skydive Long Island is largely completed, it's constructed, it's there. There is no impact then in bringing it up on line. There's only the impact of operations. Ray has already briefed you on the operations of the facility and that they're largely contained within the space of Calverton. Therefore, I submit that most of the noise issues are relegated to inside the facility where there isn't any resident. I think that's a significant point for the Board to consider.

I think also it needs to be made clear that the type of aircraft that are used in skydiving operations, and I jump literally all over the world because I have the opportunity to travel in my job as an environmentalist, are not commercial aircraft. We're not talking about making this thing into Idewilde as it used to be known or JFK or some other major airport. We're talking about using a facility on a seasonable basis to allow recreational use that will economically benefit your community.

As someone who travels a lot to California and I can assure you that the towns of Elsinor and (inaudible) have seen these operations flourish and have profited by them. And I just think you ought to take that as good counsel. Thank you very much for this opportunity to comment."

Chairman Kozakiewicz: "Thank you. I think I saw a hand up in the left. Yes, thank you."

Mary Asmanson: "Hi. My name is Mary Asmanson and I own property just south of Grumman airport. I bought property up there to live in the pine barrens. It took me a couple years to even get all, I guess, the property through the Boards and I'm very happy there. And I have to say that I don't see that this is going to be a problem at all because every weekend there are planes flying over anyway. They're going to Brookhaven or they're going to Kennedy airport. If they're going to move away because the Skydive operation is going

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there at Calverton, there's going to be even less traffic is what I think.

And I really- I encourage it because I think that we need something exciting going on here at the east end. Thank you."

Chairman Kozakiewicz: "Thank you. Yes, all the way in the back. Yes."

Jacqueline Junttonen: "Good evening. My name is Jacqueline Junttonen, a resident of Staten Island."

Chairman Kozakiewicz: "I think you're going to have to spell both names for the Clerk so we have it on the record."

Member Kent: "And pull the microphone a little closer so everybody can hear you."

Jackie Junttonen: "Jackie."

Barbara Grattan: "Okay, good."

Jackie Junttonen: "The last name is Junttonen. J-U-N-T-T-O-N-E-N. I'm a resident of Staten Island but I was invited here with my friends. I've never been to Riverhead or Long Island but I'm a skydiver and I'm a part of your community because I'm interested in coming here for skydiving. It looks like a beautiful location just from driving here. I would like to see what it looks like from above.

I have nothing else to offer but say that most other people like me we are intrigued by the beauty of the locations that we dive. Thank you."

Chairman Kozakiewicz: "Thank you. Chris, you had some questions?"

Member Kent: "Yes."

Chairman Kozakiewicz: "Unless- is there anybody else who would like to address us? Yes. The hand in the middle. Then I'll have Chris ask questions of Ray so we can close the hearing."

Chris Davis: "Hi. My name is Chris Davis. I'm from Miller Place. I'm a skydiver. I haven't been jumping at Skydive Long Island too long. I did grow up on Long Island. One problem I see not with

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Skydive Long Island but is that the fact that it's been a small operation and for jumpers to really get their experience, especially the guys like Oren who spoke earlier, he's a professional skydiver. He does it for a living.

With Skydive Long Island being small, it's been tough for people to get a lot of jumps in for the day. I mean, a guy like Oren needs to jump 10 to 15 times a day to maintain his status as a professional. If Skydive Long Island does grow, it will help out the skydivers from Long Island. For example, Oren, I believe, grew up on Long Island and moved upstate to the nearest drop zone which is about 150 miles away which is where I've jumped for the last year or so. And it costs me \$40 every time going there, gas and tolls to get there and back just to get a decent amount of jumps in for the day.

If Skydive Long Island does get their five year lease and we can get some big planes, people can really get their experience that they need and the professional skydivers can maintain their status as professionals. There you go."

Chairman Kozakiewicz: "I just want to make a little bit of a note. We're kind of getting far afield from what the purpose of the hearing is. The hearing is to determine whether Skydive or Altitude Express should be determined to be a qualified and eligible sponsor under the applicable laws. So the question is really the status and qualifications of Skydive. Just, you know, I don't know if you're going to be the last speaker but, you know, I've heard a lot of comments and I think we've gone a little bit outside of the scope of what we're here for tonight. Thank you. Anybody else? If not, Chris, you have some questions?"

Member Kent: "Yes, I would be remiss not to make mention of and put on the record that today, just this afternoon, and I wish it had come sooner so I could actually contact this person, but we received correspondence by fax from a town resident who is also a union representative for the National Air Traffic Control Association here on Long Island. I guess that's Tracon (phonetic). His name is Peter Wincoop. I don't know if he's here tonight. But he did fax a letter to us regarding the parachute jumping at the Calverton airport and I really just have some questions for Ray. I don't know if you can address these or not.

He says he represents- first of all, and this is something I'll bring up at the end, it's not on any kind of letterhead. It is signed by him and he does provide New York Tracon and the telephone number of

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New York Tracon and he attaches to his letter two letters from supposedly from flight instructors for American Flyers, New York. So let me just go through the major issues and I'll ask Bob at the end if he would maybe keep the record open to allow us to verify whether this is an actual letter and maybe he could forward us a letter with letterhead if it is and see if anybody else wants to submit written documentation."

Member Densieski: "Yeah, I want to make a point about that, too, Chris. I did receive that letter also and I did call there today to get verification from the supervisor and I want to point out like Chris did also that it did come with no letterhead and it did state that he represented the Union and I'm going to have that confirmed for the record."

Member Kent: "Okay."

Member Densieski: "I just wanted to point that out."

Member Kent: "That's why I want to maybe keep the record open for written comment only. But, maybe we can put on the record tonight some of the issues he raised and maybe Ray can respond or Harvey or maybe you can even have time to submit written response."

Chairman Kozakiewicz: "Well, rather than do that, I think you said you had some questions of Ray?"

Member Kent: "Right. Let me just ask- "

Chairman Kozakiewicz: "The letter can be submitted and made part of the record rather than- "

Member Kent: "Well, I wouldn't want to submit this letter as part of the record because it's on no letterhead and I don't really, without some type of verification as to his representation of the people he claims to represent on some legal or legitimate letterhead, I don't think the letter should be put into the record."

Chairman Kozakiewicz: "So then I think the questions and the concerns would be similar- "

Member Kent: "No. I think the questions- "

Chairman Kozakiewicz: "So I think we should follow up- "

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Member Kent: "I think Ray should have the opportunity to at least hear the questions because he may raise- "

Chairman Kozakiewicz: "Well, that's what I suggested. What are the questions?"

Member Kent: "Okay."

Chairman Kozakiewicz: "Right."

Member Kent: "First of all, Ray. He states in here, contrary to what you testified earlier, he claims that the air space- that this is a busy VOR, I mean it's a two page letter so I'm not going to read it. But it's a busy VOR with a lot of traffic going over it to JFK, Islip, LaGuardia, and other regional airports. And that the air space system today is one that is complex and- he represents Air Traffic Controllers- is complex and that these airway routes are close and that the suggestion that we can simply move traffic away from the Calverton VOR is out of the question.

And he claims that the parachute jumping over Calverton is a serious safety concern to Air Traffic Controllers and air traffic in the area, and that he- it can't be rerouted. The traffic cannot be rerouted from the site."

Ray Maynard: "Can I answer that?"

Member Kent: "Yes, answer that one, and then I'll give you what else he says in here."

Ray Maynard: "I'd like to meet with that gentleman personally, face to face, and have him tell me that because that's not true. I met with FAA people during the winter. FAA- one of the FAA gentlemen was supposed to be here tonight. I'm not sure why he's not. FAA controllers can take a fix 80 miles away and put an aircraft two or three miles or five or ten miles either side of the VOR. That is totally, totally false.

If the controllers that work the traffic at the Ranch which is the skydiving center upstate, Cross Keys (phonetic) which is near New Jersey, the land all the time move air traffic. We are always willing to get out of the way for any air traffic. When we first came here, the first two weeks, the air traffic controllers were up in arms because no one told them that we were going to start operating.

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After the first two weeks, I went down and met with the Supervisors there. As long as we are in communication and they are dealing with us there is no problem."

Member Kent: "Okay. Then let's go right to that. Because he then has a paragraph that he devotes to the communications you have with the Air Traffic Controllers where he claims that the parachute plane announces one minute to jump and that the controller would advise, I suggest you do not jump, and then your reply would go, jumpers away, we're descending. And he says that this is chaos for the controllers and he has to scramble planes away from the Calverton VOR."

Ray Maynard: "That happened one time this summer and the pilot was fired."

Member Kent: "Okay."

Ray Maynard: "I had a pilot that had a very heavy French accent. He had a big problem with communication. The day that happened, he was fired."

Member Kent: "Okay. And he attaches to this letter, two letters from pilots about two different incidents, one- they're both in October- one's the 27th of October, I don't know if these are going to stand out to you at all, and one's the 21st of October, both planes that had to divert their course or travel off their course as a result of visual parachuters in the air- in the airspace."

Ray Maynard: "I have a hard time believing that."

Member Kent: "Well, like I said. I can't verify these letters. They're not on letterhead. I just received them this afternoon by fax. I guess everybody did. They're addressed- they're not addressed to any of us individually. It came to the Supervisor and the Town Board from this Tracon."

Ray Maynard: "I won't deny that's a very heavy traffic area. As long as the Air Traffic Controllers are doing their job and our pilots are in communication with them. Like I said, anytime that there's going to be any kind of conflict, we back off. I told my pilots to back off. When I'm flying, we'll give anybody the right of way. If there's any chance of any conflict at all, we do not let the jumpers go and the day that that guy let the jumpers go, it was because he, like I said, did not understand the language so much, is

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not doing correct procedure. I still let him go. That day."

Member Kent: "Okay. So maybe we could- we'll try to get a- "

Ray Maynard: "I'd like to meet with that gentleman that wrote that letter."

Member Kent: "Right. Maybe we can work this out."

Ray Maynard: "Sure."

Member Kent: "We'll try to get official letters from them if they want to submit them as part of the record. I ask that we keep the record open for 10 days- 10 business days. Give Raymond also an opportunity to get copies of these letters- "

Chairman Kozakiewicz: "I was thinking a week because, you know, I don't know why we need to- "

Member Kent: "Well, I don't know if that will give you- these guys the opportunity to review the letters and submit. So- "

Harvey Arnoff: "(from the audience) - "I think if we (inaudible) anything further than Mr. Maynard has already stated, one week is ample time. We can, I guess, get a copy tomorrow from Mrs. Grattan and- "

Member Kent: "Well, these letters, I don't know, did you get these, Barbara?"

Barbara Grattan: "No."

Member Kent: "Okay. These were- "

Harvey Arnoff: "I assume- "

Member Kent: "Okay, again, they're not on letterhead. I would not- I would not accept these as part of the record right now."

Harvey Arnoff: "If you want us to respond to them, then we have to have copies of them to respond."

Member Kent: "Right."

Chairman Kozakiewicz: "Right."

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Member Kent: "Okay."

Chairman Kozakiewicz: "Okay. Hold on. No comments from the audience. If you wish to come up- this is I think going on enough. We will- will keep the written comment open period for a week and that I think will give adequate time. If this person does respond with letterhead, then it's concluded and the applicant can choose to respond or not respond."

Harvey Arnoff: "Thank you."

Chairman Kozakiewicz: "Anybody else? Not seeing hands, I declare the public hearing closed at the time of 8:10."

Member Kent: "Except open for- "

Chairman Kozakiewicz: "Right, except that it will remain open for written comment for one week. Close of business on-- that would be the close of business on April 10th."

Okay, at this point in time, the time still being 8:10 we will adjourn the Community Development Agency portion."

Meeting adjourned: 8:10 p.m.

Barbara Stanton
Town Clerk

Adopted

Authorizes Chairman to Execute License Agreement with South Bay Apparel

Member ~~COUNCILMAN~~ DENSIESKI offered the following resolution.

which was seconded by COUNCILMAN KENT

WHEREAS, South Bay Apparel has requested a license agreement for 23,477 square feet in Buildings 06-52, 53, 54 for up to six months; and

WHEREAS, the Town Board desires to encourage additional jobs and revenue to the Town pending closing on the property by the Buyer; and

WHEREAS, this Town Board has balanced such interests and hereby makes the following findings:

1. The proposed license agreements are of short duration;
2. That proposed uses under the license agreements are consistent with the objectives of the Town's Zoning Ordinance;
3. There is a clear mutuality of purpose and goals in this action being that the same elected representatives serve as members of the CDA and the Town Board; and

WHEREAS, the CDA will realize net income of at \$5.50 per square foot of \$10,760.29 per month for 23,477 square feet in Buildings 06-52, 53, 54 during the license period.

THEREFORE, BE IT RESOLVED, that the CDA hereby authorizes the Chairman to execute the license agreement substantially in the form attached hereto.

AND BE IT FURTHER RESOLVED, that the Town Clerk shall provide a certified copy of this resolution to Community Development Agency Director Andrea Lohneiss.

The Vote:

Member Densieski	<u>yes</u>
Member Cardinale	<u>yes</u>
Member Kent	<u>yes</u>
Member Lull	<u>yes</u>
Chairman Kozakiewicz	<u>yes</u>

LICENSE

License ("License"), made as of the ___ day of March 2001, by and between the Town of Riverhead Community Development Agency, having an address at 200 Howell Avenue, Riverhead, NY 11901, Attention: Andrea Lohneiss ("Licensor") and South Bay Apparel, a corporation having an address at: P0 Box 153, Southold, NY 11971, Attention: Douglas Dey ("Licensee").

W I T N E S S E T H

WHEREAS, Licensor desires to license to Licensee, and Licensee desires to license to Licensor, the right to use approximately 23,477 square feet in Buildings 06-52, 53, 54 and the land upon which said buildings are erected as depicted on Exhibit A (the "License Premises") located at the property formerly known as the Naval Weapons Industrial Reserve Plant, Department of Defense Number 466, Calverton, New York (the "Calverton Site"), and as more particularly shown and described on the annexed Site Plan upon all of the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual agreements herein contained, Licensor and Licensee, for themselves, their successors and assigns, hereby agree as follows:

1. LICENSING. Upon the terms and conditions hereafter set forth, Licensor hereby licenses to Licensee, and Licensee hereby licenses from Licensor, the right to use the License Premises.

2. TERM OF LICENSE. The term of this License (the "Term") shall commence on April 1, 2001 (the "License Commencement Date") and shall end on the earlier of (a) September 30, 2001 and (b) the date on which the closing shall occur under that certain Agreement of Sale dated as of June 15, 1999 between Licensor and Calverton Camelot LLC. (in either case, the "Expiration Date") or such earlier date upon which this License shall expire or be canceled or terminated pursuant to any of the conditions or covenants of this License or pursuant to law. Notwithstanding anything to the contrary contained in this License, Licensor shall have the right, exercisable in its sole discretion, to terminate this License effective immediately upon written notice from Licensor to Licensee, if (i) Licensee shall default under or be in breach, of in any of its obligations, representations or warranties hereunder and (ii) such default continues for (x) five business days after written notice from Licensor with respect to monetary defaults or (y) thirty days after written notice from Licensor with respect to nonmonetary defaults. If Licensor shall so terminate this License, from and after the termination date neither party hereto shall have any rights or obligations hereunder other than those that, pursuant to the express terms hereof, survive termination of this License; provided that Licensee shall remain liable to Licensor for any default or breach by Licensee that occurred prior to such termination. Furthermore, this License is not, and shall not be construed to be, a lease or a sublease and nothing contained in this License shall be construed as granting to Licensee any interest or right as tenant

or subtenant or any other interest or right other than the interest of a Licensee in accordance with the terms and provisions hereof.

3. CONDITIONS OF LICENSE PREMISES. Licensee agrees to accept the License Premises "as is," and Licensor shall have no obligation to perform any work or repairs on behalf of Licensee. Licensee acknowledges that no representations with respect to the condition of the License Premises, or with respect to any improvement or fixtures thereon or attached thereto, have been made to it. Licensee shall be responsible for all start-up costs and expenses and for all costs and expenses associated with the operation of the License Premises, including without limitation, utility usage costs. Invoices will be provided to Licensee monthly and are to be paid within 10 days. Specifically, Licensee must install electric and steam meters and incur other start-up costs, including but not limited to reactivation of sprinklers, including quarterly testing as required by the Riverhead Fire Marshall, and reactivation of bathrooms. Licensee is responsible for connection of building to municipal water including design, inspection and key money.
4. SECURITY DEPOSIT. Licensee shall deposit with Licensor on the date hereof an amount equal to \$10,760.29 as security for the faithful performance and observation by Licensee of the terms, conditions and provisions of this License. If a default shall occur and be continuing hereunder, Licensor may apply or retain the whole or any part of the security so deposited to the extent necessary to cure such default. Upon termination of this License, Licensor shall return to Licensee such deposit, less any amounts to which Licensor is entitled pursuant to the terms hereof.
5. LICENSE FEE. Licensee shall pay to Licensor, in accordance with Section 6 hereof (a) on the date hereof an amount equal to \$32,280.87 and (b) on the first business day of each month commencing with July 1, 2001, an amount equal to \$10,760.29 (all of the amounts to be paid by Licensee hereunder, collectively, the "Fee"). In the event that the Term shall terminate on a day other than the last day of a calendar month or in the event that the Term shall terminate prior to June 30, 2001, Licensor and Licensee shall equitably prorate the amount of the Fee actually paid to Licensor for such period.

Licensee covenants and agrees that in no event shall Licensee permit any motor Vehicle to (1) enter the Calverton Site other than through the Access Point (as defined below) or (2) park anywhere other than in the parking area depicted on Exhibit A attached here (the "Parking Area"). Licensee shall be solely responsible for keeping the Parking Area free and clear of debris and snow.

6. PAYMENT. The Fee and all other charges, costs and expenses payable by Licensee under this License shall be paid by certified check payable to the order of the Town of Riverhead Community Development Agency and delivered to Andrea Lohneiss at the address provided for Licensor in the preamble to this License, without notice or demand therefor (except to the extent otherwise expressly provided herein) and without any deduction, credit, set-off, counterclaim or abatement whatsoever in

every case in which Licensee is required to pay Licensor a sum of money and said sum (or any portion thereof) is not Paid when due, interest at an annual rate of 12% shall be payable on such sum (or so much thereof as shall be unpaid) from the date said sum becomes due until the date the unpaid amount is paid.

7. USE: COVENANTS. (a) Licensee shall use the License Premises only for the finishing, storage and shipping of clothing (the "Uses") to prepare the License Premises for the same and to clean and restore the License Premises, in each case, in accordance with, and subject to, the terms and provisions of this License. Licensee shall be responsible for compliance with local zoning and for obtaining all permits necessary to conduct its business. Specifically, Licensee shall apply for and obtain a use permit from the Town of Riverhead and site plan approval from the Town Board prior to execution of this agreement. Licensee covenants that no treated lumber is to be stored outside the building, prior to the completion of the improvements shown on the filed site plan.

(b) Licensee, at its own cost and expense, shall protect, maintain, and keep in good order, the License Premises.

(c) No additions to, or alterations of, the License Premises shall be made without the prior consent of Licensor or in violation of any applicable building codes, except in accordance with the Site Plan as filed. Upon revocation or surrender of this License, to the extent directed by Licensor, Licensee shall remove all alterations, additions, betterments and improvements made, or installed, and restore the License Premises to the same, or as good condition as existed on the date of entry under this License, reasonable wear and tear excepted.

(d) Licensee shall be liable for any loss of, or damage to, the Calverton Site incurred in connection with the Uses and shall make restoration or repair, or monetary compensation as may be directed by Licensor. Licensee shall maintain, at a minimum, the types and amounts of insurance evidenced by the certificates attached hereto as Exhibit B. Licensee agrees that not less than thirty (30) days prior to the expiration of any insurance required by this License, it will deliver to Licensor's local representative a certificate of insurance or a certified copy of each renewal policy to cover the same risks. Each policy of insurance required hereunder shall name Licensor "Town of Riverhead Community Development Agency" and "Grubb & Ellis Management Services, Inc." as additional insureds. In the event that any items or part of the Calverton Site shall require repair, rebuilding or replacement resulting from loss or damage, the risk of which is assumed under this Section 7, Licensee shall promptly give notice thereof to Licensor and shall, upon demand, either compensate Licensor for such loss or damage, or rebuild, replace or repair the item or items of the Calverton Site so lost or damaged, as Licensor may elect. In the event Licensee shall not have been required to effect such repair, rebuilding, or replacement, and the insurance proceeds allocable to the loss or damage that has created the need for such repair, rebuilding or replacement have been paid to Licensee, Licensee shall promptly refund to Licensor the amount of such proceeds.

(e) Without limiting the generality of any other provision of this Agreement, Licensee hereby covenants and agrees that Licensee shall provide ample vehicles, personnel, equipment and containers to clean the License Premises and insure that the same is restored to as good condition, subject to reasonable wear and tear, on the Expiration Date as it was in on the License Commencement Date.

(f) In connection with the performance of work under this License, Licensee agrees not to discriminate against any employee or applicant for employment because race, religion, color or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training including apprenticeship. Licensee agrees to post hereafter in conspicuous places available for employees and applicants for employment, notices to be provided by Licensor setting forth the provisions of the nondiscrimination clause. Licensee further agrees to insert the foregoing in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

(g) Licensor shall have the sole authority to determine what entity or entities shall provide the following services to the Calverton Site: any and all telecommunications products and services including but not limited to telephone, intellipath, ISDN, data circuits, satellite communications services, fiber, cable, electric and water. Licensee shall not install or contract for the installation of any of the foregoing services without the express written consent of the Licensor.

8. **ASSIGNMENT AND LICENSING.** Notwithstanding anything to the contrary contained in this License, Licensee shall not assign this License, License the License Premises in whole or in part or permit Licensee's interest in this License to be vested in any party other than Licensee by operation of law or otherwise. A transfer of more than fifty (50%) at any one time or, in the aggregate from time to time, of the stock, partnership or other ownership interests in Licensee, direct or indirectly shall be deemed to be an assignment of this License.
9. **LICENSOR'S REMEDIES.** (a) If Licensee fails to perform any of its obligations hereunder in accordance with the terms hereof, then, after reasonable notice to Licensee not to exceed thirty (30) days, and an opportunity for Licensee to cure such failure, (except in case of emergency) Licensor may (but shall not be obligated to) cure such failure at the expense of Licensee, and the amount incurred by Licensor in connection with such cure shall be payable by Licensee to Licensor on demand.
- (b) Except as provided in Section 2 and in the immediately following sentence, in the event of a breach by Licensee hereunder, Licensor shall be limited to an action at law for damages. Notwithstanding the foregoing, in the event that Licensee holds over after the expiration of the Term, (i) Licensee shall be obligated to pay Licensor an amount equal to \$1,000 per diem for each day of the holdover term and (ii) Licensor

shall have all of the rights and remedies available to it at law or in equity, including, without limitation, the right to exercise self help and to dispossess Licensee of the License Premises, change the locks on the License Premises, deny Licensee access to the License Premises and take possession of or dispose of any property at the License Premises, all at the cost and expense of Licensee. Except as provided in Section 2, in no event shall Licensor have the right to enjoin Licensee's performance of the Uses.

10. INDEMNITY. (a) Licensee shall indemnify and hold Licensor harmless from and against any and all claims, actions, liabilities, losses, damages (including, without limitation, consequential and special damages), costs and expenses (including, without limitation, court costs and reasonable attorneys' fees and expenses) arising from or in connection with (i) the use or occupancy by Licensee of the License Premises during the term hereof, or (ii) any work or thing done or any condition created by or any other act or omission of Licensee or its employees, agents, contractors, visitors or licensees, in the License Premises or any other part of the Calverton Site in connection with Licensee's use of the License Premises, or (iii) Licensee's failure to perform any of the obligations imposed on it hereunder, which have not been waived within the applicable notice period.

(b) The foregoing indemnity does not include any claims, actions, liabilities, losses, damages, costs and expenses resulting from Licensor's gross negligence or willful misconduct.
11. Brokers. Licensee represents that it has not dealt with any broker or finder other than Grubb & Ellis with respect to this License. Licensee agrees to indemnify and hold Licensor harmless from and against any and all loss, liability, damage, cost and expense (including, but not limited to, court costs and reasonable attorneys' fees and expenses) which Licensor may incur or sustain in connection with any claim or action by any broker or finder that may be asserted against Licensor as a result of any conversations, correspondence or other dealings between Licensee and such broker or finder.
12. NOTICES. Any notices to be given under this License shall be in writing and shall be sent by registered or certified mail, return receipt requested. If such notice is directed to Licensee, it shall be addressed to Licensee at: PO Box 153, Southold, NY 11971, Attention: Douglas Dey, and if such notice is directed to Licensor, it shall be addressed to Licensor at 200 Howell Avenue, Riverhead, New York 11901, Attention: Andrea Lohneiss. Either party may, by notice in writing, direct that future notices be sent to a different address and to the attention of such other people as either Licensor or Licensee shall designate.
13. HAZARDOUS SUBSTANCES. (a) Generally. Licensee shall not generate, store, manufacture, refine, transport, treat, dispose of, or otherwise permit to be present on or about the License Premises, any Hazardous Substances (other than Hazardous Substances (x) customarily used in events such as the Event and (y) used, stored, transported, and disposed of in strict compliance with applicable law). As used herein, the term "Hazardous Substances" shall mean any flammables, explosives,

radioactive materials, hazardous wastes, hazardous and toxic substances or related materials, asbestos or any materials containing asbestos, or any other hazardous or toxic substance or material as defined by any Federal, State or local environmental law, rule or regulation, including, without limitation, the Resource Conservation and Recovery Act of 1976, as amended from time to time, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended from time to time, the Toxic Substances Control Act, as amended from time to time, the Hazardous Materials Transportation Act, as amended from time to time, and the regulations adopted and the publications promulgated pursuant to each of the foregoing.

- b. In addition to the foregoing, (A) Licensee hereby agrees to comply at all times with and to cause the License Premises to be in compliance at all times with the Suffolk County Health Department Regulations and (B) Licensee shall file for a fire prevention permit and hazardous material permit from the Town of Riverhead.
- c. Indemnification. Licensee shall indemnify and hold harmless Licensor from and against any and all liabilities, damages, claims, losses, penalties, judgments, causes of action, costs and expenses (including, without limitation, court costs and the reasonable fees and expenses of counsel) which may be incurred by Licensor directly arising out of any breach by Licensee of the obligations imposed upon it under this Section 13. The foregoing indemnity shall survive the expiration or sooner termination of this License.
14. CROSS-DEFAULT. To the extent that the Licensor and the Licensee are parties to any other similar agreements, any default under such similar agreements shall be deemed to be a default under this License, and any default under such similar agreements.
15. MISCELLANEOUS. (a) Merger. All prior understandings and agreements between the parties with respect to the subject matter hereof are merged within this License, which alone fully and completely sets forth the understanding of the parties with respect to the subject matter hereof. This License may not be changed or terminated orally or in any manner other than by a writing signed by the party against whom enforcement of the change or termination is sought.
- (b) Successors and Assigns. This License shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. The term "Licensor," as used in this License, shall mean only the owner from time to time of the License Premises, so that in the event of any transfer or assignment of the License Premises, the transferor or assignor shall be and hereby is entirely freed and relieved of all covenants, obligations and liability of Licensor under this License, and it shall be deemed, without further agreement, that the transferee or assignee has assumed and agreed to perform and observe all obligations of Licensor under this License during the period that such transferee or assignee is the owner of the interest of License Premises.

(c) Licensee represents that this License has been duly authorized, executed and delivered by Licensee and is enforceable against Licensee in accordance with its terms.

(d) Neither Licensor nor any tenant, nor other party now or hereafter having an interest in the Calverton Site, shall have any right of action based upon invasion of privacy, publicity, defamation, or other civil rights, in connection with the exercise of the permission and/or rights herein granted. Notwithstanding the foregoing, Licensee shall not use the name "Calverton" or "Riverhead", or any signage containing such names, and shall not use the names, pictures, or likenesses of any officials or employees of the Town of Riverhead in connection with or production of the "use" hereunder without the prior consent of Licensor, which consent shall not be unreasonably withheld or delayed.

LICENSOR:

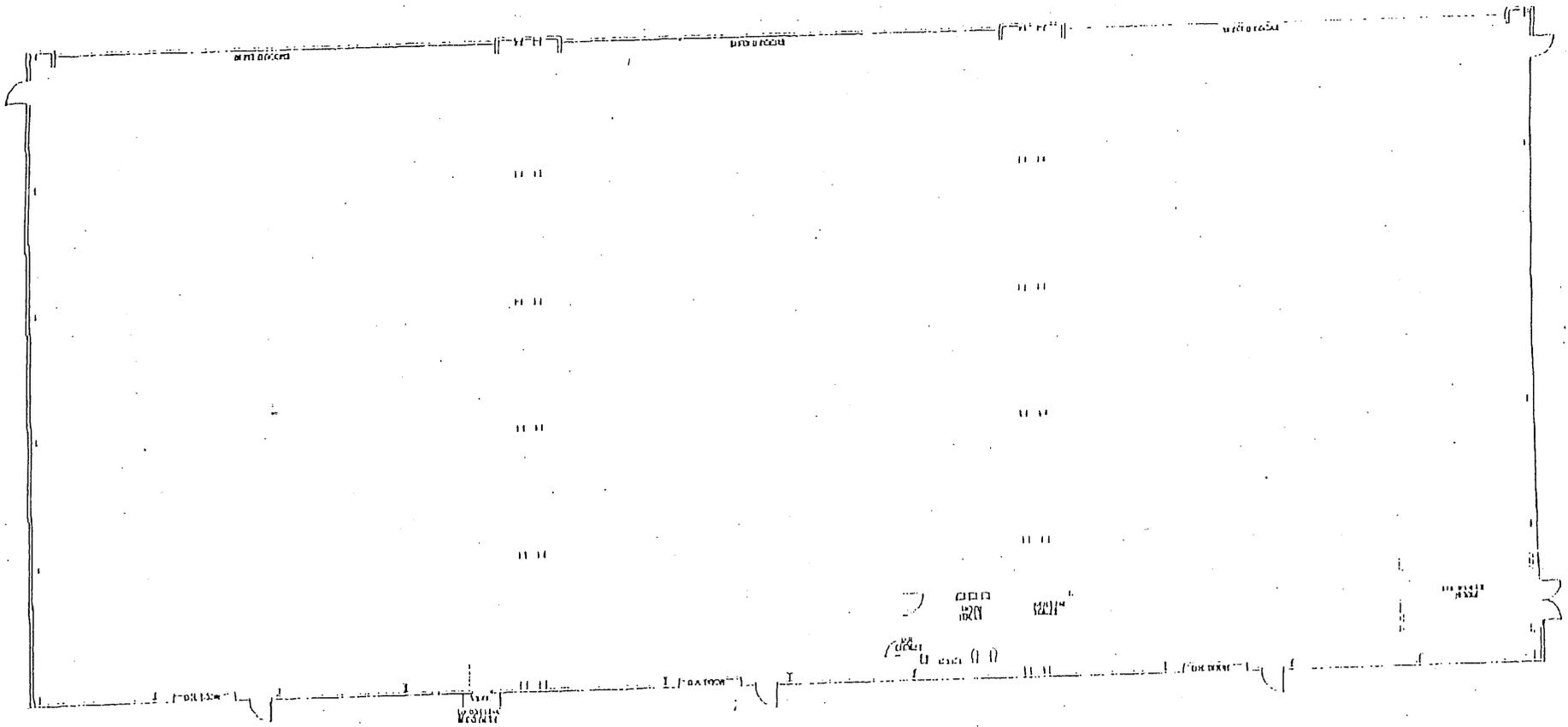
THE TOWN OF RIVERHEAD COMMUNITY
DEVELOPMENT AGENCY

By: _____
Name:
Title:

LICENSEE:

SOUTH BAY APPAREL

By: _____
Name:
Title:



BLDG 006-52,53,54

EXHIBIT B

Insurance Certificates:

Liability - minimum \$1 million per occurrence

Fire Damage legal - \$100,000 minimum

Auto liability - minimum \$1 million per occurrence

Building contents - as desired

Worker's compensation - as required by law

Note: The conditions of Paragraph 7 (d) regarding additional insureds, 30 day notification etc... must be complied with and reflected in the Certificate of Insurance provided by the Licensee prior to execution of the License.