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Minutes of an informational meeting of the Community Development Agency, held at Riverhead Town Hall, Howell Avenue, Riverhead, New York, on Monday, August 18, 1997, at 7:15 p.m.

Present:

James R. Stark,	Chairman
James B. Lull,	Member
Mark A. Kwasna,	Member
Otto Wittmeier,	Member

Also Present:

Barbara Grattan,	Town Clerk
Andrea Lohneiss,	CDA Director

Andrea Lohneiss: "When Sen. LaValle funded legislation in 1996 which authorized the addition of seven economic development zones in New York State, those being former military bases or facilities, the Town of Riverhead Development Corporation immediately began planning for the submission of an application to New York State.

I would like to introduce Steve Jones, Suffolk County Planning Director, and Caroline Feahy, Economic Development for Suffolk County. They are assisting us in preparing this application as it formally will be submitted on behalf of the Town by Suffolk County.

The RDC Chairman, Bobby Goodale, is here this evening. The RDC has recommended the pursuit of the economic development zone designation, and also Board member, Mark Miller, is here. We were expecting a few others; if they come, we'll recognize them.

As this process is highly competitive and complex and the time frame for submission of applications is very short, we have retained the expertise of Windward LLC and Ferrandino Associates, firms experienced with the laws and the process governing the designation of economic development zones.

Frank Cardinale is the principal of Windward LLC and Vince Ferrandino, principal of Ferrandino & Associates. Frank will describe the benefits of economic development zones generally and Vince will run through the specifics of our application and then we will be

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happy to answer whatever questions you may have."

Frank Cardinale: "Good evening everyone. What I want to do first is explain-- just give a brief history of the economic development zone, how it started and how it got here-- got to this point, and then just briefly explain the incentives that each area receives if they are designated a zone. The program was originally created back in 1986 and originally designed to create 40 zones throughout the State of New York. The purpose of the program was to identify areas of the State that for one reason or another, even in good times -- good economic times, never seemed to benefit. They were distressed areas, remained distressed areas regardless of what happened with the rest of the State.

The criteria then was based primarily on distress factors, unemployment and poverty and so the first 40 zones or a large portion of the first 40 zones were designated primarily on that basis. During the years, the program changed slightly to reflect other economic changes that took place throughout the State, large businesses that have closed and made a tremendous impact on local economies, hospital closures, base closures, defense facilities, any business that closed and created a great deal of unemployment in any given area.

So there were approximately-- there were 18 zones that were designated in the first two rounds and the last round brought it up to the 40 zones that we now have throughout the State. The closest to Riverhead is Brookhaven, of course, and Islip. Islip was designated in the first round, Brookhaven was designated in the third round. But, which brings us to this round.

As Andrea mentioned, a new amendment was passed to increase the number of zones to 47. This round would designate seven new zones with a very specific criteria. And that is those areas in order to be eligible for designation, had to have had a defense related or defense facility closure, which Calverton qualified for as did a number of other communities throughout the State. At last count, it appeared as though maybe roughly anywhere from 16 to 20 applications that the State expects to receive veying for seven zones that would be available to be designated.

So what do you actually get when you receive a designation?

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Well, in order to assist areas that the State believed needed special assistance for a number of reasons, they created a number of incentives, both at the State level and legislation that would allow local communities to adopt additional incentives at their option.

Nothing that a business receives is received unless that business does something to earn it. In order to get a tax credit as an example, the business has to make an investment or has to hire additional employees. So nothing is really free. And that's important to note that it isn't corporate welfare per se, although there are varying opinions on that. It is merely assistance to companies that are willing to invest and hire additional employees in these economic development zones.

The incentives that the State provides is an investment tax credit, which many of you may be familiar with. But essentially a business invests; if they invest and I'll use this charge if you can hear me just to illustrate it. Let's assume a business invests a million dollars in a facility, either a new facility, machinery, or perhaps even an addition or an expansion. What the State provides to that business in an economic development zone if it's a corporation, a ten percent investment tax credit, or if it's a partnership or an individual-- or sole proprietorship, an eight percent investment tax credit. So the assumption is then that a business invests one million dollars, the State provides ten percent investment tax credit that allows that business to take a \$100,000 credit against that investment. That credit comes off of their taxes, directly, and if there's an addition to this-- if that company hires at least one more employee for the next three years, they are eligible to receive an additional three percent of that credit. So over the next three years, they can take an additional three percent of the \$100,000. And, again, that's an incentive for a company to locate, build a new facility, hire additional employees or expand an existing facility.

In addition to that, what the State provides is another tax credit for each employee that a company hires, each new employee. And they provide a two tier system, one of which is for each new employee, there is a \$1,500 credit per employee, each year for five years. So essentially for every what they call targeted employee that this company hires, they will receive an additional \$1,500 tax credit each year for five years.

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The obvious question is what is a targeted employee? A targeted employee generally is someone that is chronically unemployed or can be a displaced worker, someone that has held a job for a period of time, is skilled in a particular trade, and that trade is no longer available for them. And they may need to be retrained to take on a new job in a new situation. They would be eligible for a \$1,500 tax credit. For all non-target individuals that are hired, there is a \$750 tax credit, and that is mostly anyone, anyone from practically anywhere in the State. So the combination of the two, and I'll give you an example of this as well. If a company hires 10 targeted employees they are eligible for a \$1,500 credit, 10 more non-targeted, \$750, so we are talking, again, about a \$15,000-- I'm sorry, I can't write on this-- \$15,000 and a \$7,500 credit for \$22,500 for hiring these 20 employees.

If you have any questions on this, you can-- any further clarification, you can ask a little bit later.

In addition to the wage tax credit, the State will also exempt the sales tax, its portion of the sales tax for the purchase of building materials, for construction, or for rehabilitation or expansion of a facility which is in the zone. The State also provides for the locality to pass local legislation that would waive their portion as well. The State has a four percent-- and I'm really not sure what the local sales tax is-- the State's portion is four percent of the sales tax, so essentially they'll save, the company that's purchasing the building materials, you do not have to pay or you can pay the four percent and you can get it back in a refund on your sales tax or you can get it back in a check if you haven't paid a sufficient amount to claim the credit.

Okay, what we think is very important to this area, is the State also requires the public utilities to provide a what is known as an economic development zone rate which varies from utility to utility throughout the State. But in this area it could mean anywhere from we think roughly ten to forty percent of the going rate for a company that locates and operates in the economic development zone.

In order to be competitive, not just with other states, but with other parts in this State, we think that this probably is one of the most important incentives this area particularly can have. We think particularly in the site that the zone might be located in, in

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Calverton, we are looking primarily at manufacturing and some office, but particularly the manufacturing side makes this site probably as competitive as any in the State. And it's an extremely important incentive for this area to have.

The fourth incentive is another local option. It provides that a business that locates-- either constructs a new facility or expands an existing facility at local option, gets what is known as a 485E tax exemption. This is a 10 year program that, again, is offered at the local option, the county particularly, and the school districts particularly in the Town can offer a business zero taxes from one through seven years after construction and 75% the eighth year, 50% the ninth year and then they are at full tax on the tenth year.

The last program offered is what is known as a zone capital credit. This was the last one that was offered in a bill change back in 1994 in the program. And it was devised primarily to encourage private investment in the zone. The State provided incentives, local government provided incentives for businesses to locate but there really was a lack of private investment outside of those businesses themselves, private investment in the zones. So the State provides that each zone is given ten million dollars in credits to offer investors and this can be corporations, individuals, it can be in the form of equity investments, it can be in the form of contributions or donations, and it comes in three ways. You can make investments in three ways.

One is a qualified investment in a revolving loan fund where corporations or individuals can contribute or take an investment in a loan fund that will be used to provide low cost financing to businesses and individuals interested in operating in the zone and for each investment that's made, the investor will receive a 25% credit on that investment, up to \$100,000, so, again, if you make a contribution or investment in the zone capital corporation, you will receive for every \$100,000 you invest, you will receive a 25% credit on that investment or contribution.

The second way is a direct investment in a zone business and that's a business that may be looking for capital, for an expansion as an example. You can invest directly into the business, up to \$100,000 and receive a 25% credit on that investment. And the third is a contribution to a community development project. Again, it's

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limited to \$100,000 and a 25% credit.

The community development projects could be something that the locality has identified as a need. It could be affordable day care; it could be a community center; it could be a number of projects that have been identified as a need and where the community feels that they can do a capital fund drive to help fund. This can also be in the form of a double-- what they call a double dip. Not only do you get a federal credit for making a contribution to a program of this type, but for the first time ever I think, you can get a tax-- state tax credit as well.

At this time, Andrea, do you want to introduce Vince? Okay. If there are any questions, again, there's time that will be provided later to ask questions about incentives, but Vince Ferrandino is my partner in this venture. Vince is going to cover primarily the application process, where we are, as well as some bench marks where we hope to be in time to get the application completed and to Albany by September 30th. Vince."

Vince Ferrandino: "Thank you, Frank. Good evening. Essentially Frank indicated that there will be somewhere between 16 and 20 applications filed this round. There will only be six applications approved. So, it's a one in three opportunity for the Town of Riverhead. However, given the situation with the reuse plan for the Calverton Enterprise Park, we feel that the chances are excellent for the Town of Riverhead in partnership with the County of Suffolk getting this application approved.

Having said that, we still have to document need for the project; we still have to document the fact that when and if Riverhead/Suffolk County are approved, that the Town and the County will be able to successfully administer the project and, hopefully, get the base reoccupied with tax producing and job producing industry and employees.

The application itself is a very labor intensive undertaking. Steve Jones, sitting in the audience, I know can vouch for that having prepared the Town of Brookhaven, or assisting preparing the Town of Brookhaven application which was successful last round. My firm was involved in three applications during the last round, I brought one this evening which was the city of Poughkeepsie/County

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County of Dutchess which was adversely impacted by the IBM closures. And on average the application will be somewhere between 300 and 350 pages of documentation.

For the Town of Riverhead, the task is somewhat simplified in that there is a very specific reuse plan for the Calverton Park. The Town, about a year and a half ago, engaged in a planning process probably many of you who are here this evening were involved in that process and attended several of the meetings that were held and a reuse plan was adopted for the Calverton Enterprise Park. While the facility itself occupies approximately 2900 acres, the plan for the economic development zone application must be limited to less than two square miles or no more than 1,180 acres. So approximately two-thirds if you will, or close to two-thirds of the entire Calverton naval facility will be allocated to specific reuse under the plan. Obviously the Pine Barrens core area, the public golf course, the other green areas, the lake areas and the park areas, will be excluded and will probably come in with an application for approximately 1100 acres, less than the maximum. We always like to provide for some expansion because the economic development zone program does provide for expansions in the future.

We've been working very closely with the Town of Riverhead over the last several weeks, with Andrea and Joe Mayoroto (phonetic) who have been very, very helpful in the Town Supervisor's office in gathering a lot of the data that will be put into the application itself.

Essentially the application-- I'll go through this very quickly because this is mostly technical. But the application is divided into six areas or six chapters. First, the basis for selection of the zone. In this particular chapter, we have to make the case that there are problems, if you will, in the Town of Riverhead, socio-economic problems, not only in Riverhead but in the surrounding area that redeployment of this facility will address. These are problems of unemployment; these are problems of tax effort, things of that nature. We think that we can certainly make a case if there is need in this particular area. And in this regard, the Town of Riverhead would be compared with the 16 or 20 other applications-- 16 or 20 other areas around the State in terms of impact. We think that the distress criteria here will certainly be met.

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The second chapter deals with the existing resources and efforts of the area. The Town has to prove to the State of New York that there are existing resources within the Town to address these particular problems. If they are already in place, certain financial incentive programs. That they are already in place, certain human services and social services programs. That there are already in place, certain training programs. This chapter really is documenting what already exists in terms of the efforts that have taken place by the Town and the County over the last several years.

The third chapter really is a series of goals and objectives that at the end of an eight to ten year period they will be able to look back to see whether or not the Town has achieved these goals and objectives. And the goals and objectives are really divided into two parts: one, business development; and, two, human resource development. Business development basically is evaluating the number of businesses that will be attracted to the park; the number of jobs that will be attracted to the park; the taxes that would be provided to the town and the county as a result of the park being re-occupied, both real estate and sales, things of that nature.

The human resource component in terms of goals and objectives really deals with bench marks for reemployment, looking at the unemployment rate as it is today and then projecting over the next four to six to eight to ten years, how that unemployment rate will be impacted by, hopefully, the 3,500 to 4,000 to 5,000 jobs and perhaps more that ultimately will be attracted to the facility.

The meat and potatoes if you will of the application are chapters four and five and chapter four is the actual economic development zone plan. One of the implementation mechanisms that will be employed by the Town and the County to attract industry to the area. What is the marketing strategy that will be employed? What type of staff capabilities will be brought to the table by the Town and the County to actually move the application and move the project ahead?

Again, the meat and potatoes basically of the economic development plan is a very carefully laid out blueprint that, again, will be monitored by the State of New York, year to year, and Frank can tell you having run the program for a number of years in the New York State Department of Economic Development, that staff does very carefully monitor the activities of the zone. The State of New York

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basically is sacrificing tax dollars up front for, hopefully, a very substantial return down the road. The tax abatement programs that Frank mentioned to you, the sales tax exemption, all of these are lost opportunities initially for the State of New York. So they have an interest and the State legislature has an interest because they evaluate the program annually. They have an interest in seeing that this program succeeds.

So the plan that is devised over the next six to eight weeks in terms of the economic development plan itself, the business development plan, the human resources plan, will have to be very carefully crafted but more importantly will be very carefully monitored by the State once, hopefully, the application is approved.

The fifth chapter, again, ties into the economic development plan and that's the human resources plan. One of the job training programs that we put into place by the applicant, one of the job training programs that we've made available to companies that will be lured into the park, we will detail this in very great detail to make the case to the State of behalf of the Town.

And then, finally, there are a series of (inaudible) to the report which really are a series of resolutions of the Town and the County and the school district and all of the governing agencies and bodies that will be participating in this program. There must be formal resolutions by these groups endorsing the various aspects of the plan.

Basically we have about six weeks, if you will, to really pull all of this together. I know the Town has been working very hard to obtain letters of support from various constituent agencies. Those are very important to the folks at the State looking at the application. They want to be assured that this is a grass roots effort. This is not necessarily a government driven effort, but a grass roots effort so letters of support from day care facilities and anti-poverty agencies and job training programs and civic associations are extremely important as parts of this application.

We want to present sort of an outline to you this evening, not only the process, but the incentives, and we need to get comments and input from you as a general public as to, you know, what you think of the program, whether you think it will be helpful to the

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Town, what concerns you have, what questions, with issues, everything will be recorded and actually made a part of this application. So I would at this point suggest, Andrea, unless you have some specific questions from me on the application, that we open it to general comment and questions, and I guess we would ask that you identify yourselves, name, affiliation, if any, you are being recorded, I guess, by tape. And we certainly will record this in the application. So I would like to turn it back over to Andrea at this point."

Andrea Lohneiss: "Because it's being recorded, if you would upon coming to the microphone, and stating your name and your question."

Frank Cardinale: "Just want a clarification. Vince said it may become a part of the application is what you mean, I hope. Because there may be some questions that people have that might negatively impact the application so we want to be sure to encourage positive and negative comments, and the negative ones we will be very careful to leave out."

John Leslie: "I'm John Leslie, from North American Aviation from Brookhaven Airport, and a couple of questions as you were talking. First of all, has your firm won any of the EDZ applications that you put in?"

Vince Ferrandino: "Yes."

John Leslie: "In particular?"

Vince Ferrandino: "Yes. Dutchess/Poughkeepsie which Frank can attest to this, we ranked number one in the last competition."

John Leslie: "Really."

Vince Ferrandino: "And the Village of Ellenville, which just recently become a subzone to the City of Kingston. So there are two that we have been successful."

John Leslie: "Okay. Then on the-- with respect of the funds available for building buildings and so forth, with a million square foot of buildings at the airport, what incentive is someone like myself to come in and build a building there? Are those buildings going to be available for sale or do we have to lease them from

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would be one of the seven available-- which is going to be decided in the next year, economic development zone. So these are not in (inaudible). They are not doing a study. I agree with you about studies. We're-- these guys are-- we believe, I believe, the Town Board believes, are experts in the field to help us make the best case we can, that Riverhead can, to the State of New York, to be designated as one of these economic development zones. If we can do that, if we are successful with their help in doing that, then we are in a position where we can offer the guys you want to see and I want to see on the site, certain advantages in order to come here as compared to come somewhere else. And that's what we're about here. You know, there's no free lunch. We have to make the case for Calverton, which I think is a good case we made, that this is a place given what's happened there, that we need economic help in terms of incentives to attract the kinds of businesses that we want to attract and we've come to the conclusion in this competitive process -- it's going to be, I don't know how many it's going to be. God, I don't know how many places around the State are going to put in something for this, more than seven. There's only seven available. And we are going to make the case that Calverton is one of those seven that needs and deserves to be given this designation which, in turn, would give us the marketers and ability to go out into the marketplace and say, if you come here besides whatever else we can do for you, now that we have an economic development zone, we can offer you these extra incentives to establish your business here to provide the jobs that you are right we all need. And we've lost over the past-- you know, that's the goal."

Steve Haizlip: "Well, I just want to conclude then so many has left the State due to high operating costs, taxes and other financial burdens on them. So with these incentives of this EDZ, then we hope to maybe attract some of them back or new ones."

Bobby Goodale: "I sure hope so."

Steve Haizlip: "Okay. Thank you."

Sid Bail: "Sid Bail, Wading River Civic Association. Looking at the description of the program, based upon your experience of past applications-- previous applications, how important is the local tax incentive component? Is it occasionally put in? Or is it almost like always or is it a key and crucial thing?"

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quote, there would be a study fee."

Andrea Lohneiss: "Well-- "

Steve Haizlip: "A feasibility study."

Andrea Lohneiss: "These gentlemen are compensated for their efforts towards the economic development zone designation, or maybe you're thinking of the incubator study that is funded by the state."

Steve Haizlip: "I only know what I read in the paper on this."

Bobby Goodale: "Yes. There is. We believe-- the RDC believed and the Town (inaudible) agree, that in order to make the best efforts, this is a competitive process, with substantial advantages if we win the process, that we need the assistance of experts in the field in order to prepare our bid to the State, our proposals to the State. And these gentlemen have been hired by the Town to help us prepare a proposal to the State in a competitive process which would, we hope, lead to the site being designated as one of the economic development zones that the State has available.

Yes, there is-- these guys are getting paid for what they do."

Steve Haizlip: "Okay, Bob. Then you come across just exactly more or less what I have read and heard there.

With all due respect, Bob, and the rest of the members here, and Andrea, you know, we have laid out so much money in studies. We give Lee Koppelman \$486,000 and all the words that we got back was it's feasible. That's the only thing we got back as a conclusive statement. We haven't got nothing out of it. Now, if we are going to give these people money here to do this study, I certainly hope that you can round up somebody to bring in here because there is so many people unemployed and desperate and needing jobs here that I would like to see the money spent. But don't go away and say, well, it was feasible but we couldn't track nobody and we couldn't drag no one in."

Bobby Goodale: "These guys are not studying. What these guys are doing is helping the Town of Riverhead prepare a proposal to give to the State of New York in a competitive process so that we

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someone?

Frank Cardinale: "Well, the determination has to be made of whether the buildings would be leased or sold and how would you benefit through the program, hiring additional employees, in further investing in those buildings."

Andrea Lohneiss: "Your example included renovations to buildings (inaudible)."

John Leslie: "But, again, renovation of the buildings. Would the Town own the buildings or would the company be able to own the buildings?"

Andrea Lohneiss: "There is nothing in the federal law that precludes a sale of any portion of this property. The Town Board probably wouldn't see the sale of one individual building to make too much sense. But the property is quite large and could be parcelized. There's nothing that precludes that."

John Leslie: "Okay. Thank you."

Steve Haizlip: "Steve Haizlip. I live in Calverton. Retired from the Grumman Corporation. From what I get from your summation here, you are making the former Navy Grumman ground available with this here EDZ in event that you can drum up some manufacturers and say come on down, boys. I've got a beautiful piece of ground in this EDZ; I'm going to give you \$100,000, 10%, so much for each target employee that you hire and if you can track people in manufacturing and industry and banking and so forth and get them to bite on this, then you've got somebody. In other words, this is the way you are going to try to get them here."

Now, my second question, at one point, I heard that there was going to be a fee for a study. Is-- did I hear right on that? Is there a fee for a study for the grounds and the area to see if it's feasible?"

Andrea Lohneiss: "For?"

Steve Haizlip: "To see if you bring in manufacturing from upstate, out of state, from the west or what have you. The area, from what I read in the paper, could have been a misprint or a mis-

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Frank Cardinale: "Yes, it's crucial in the sense that most other communities included. And it is one of the stronger incentives as well. Anything that you can do to not just to attract a company, to make them understand that it's more efficient, cheaper for them to operate here than somewhere else, and better for them to operate here than somewhere else, then it's important to have it in there. The zones and the incentives that they provide in and of themselves, even those that the State provides, really isn't-- they're not enough to bring a company-- to cause a company to uproot from someplace and come to Riverhead. What you are out there trying to attract, are those that are looking and doing comparative shopping, you know. I want to locate somewhere. I can locate anywhere-- five or six locations. Where's the best place for me to go? Where is the most effective market? Where can I operate most efficiently? And you want to just be able to present that and you are competing with not just 40 other zones or 46 other zones in the State. You are competing with New Jersey. You're competing with Connecticut.

And what the zone incentives provide is a more competitive basis for Riverhead and other zones to operate and provides a more level playing field, particularly when you're attracting and competing for the same businesses that other states are competing for."

Sid Bail: "Thank you."

Barry Barth: "My name is Barry Barth. I'm president of the Riverhead Business Improvement District Management Association. And we have sort of a little encompassing park ourselves and it's primarily our business district. We have learned through studies that the Business Improvement District has paid for that our area is going to be tourist oriented and our economy, I think, in the future is going to be geared towards the tourists.

One of the things that you mention is manufacturing and development of manufacturing companies. In this enterprise park and the economic development zone, do you take into consideration the fact that this all may become or a portion of this may become a tourist orientated proposal and, if so, do the same incentives hold true or are there other additional incentives that might be available for the tourist economy?"

Andrea Lohneiss: "I think you can answer that best, whether the

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incentives that apply specifically to manufacturing are the same incentives that apply to the uses that we propose in our reuse plan?"

Frank Cardinale: "Not really to be honest. When the program was created, the State, the legislature particularly, kind of skewed it toward manufacture and they did it because they felt-- and I might add it was discussed and disputed time and time again with no success, that manufacturers provided what they felt was meaningful employment, higher paying jobs with benefits, and that that's what the State needed to target and particularly because at the time and even now we continue to lose manufacturing jobs.

While there are some incentives for non-manufacturing, some for retail, there are a lot less available for retail, tourist related, than there are for manufacturing. So most definitely the program is heavily weighed toward manufacturing."

Barry Barth: "Okay. Thank you. You know, this is going to have a tremendous impact on the rest of Riverhead, the surrounding community, and speaking for the members of the Business Improvement District, we look very, very favorably upon the development of this area because it will provide opportunities for our residents to, you know, have employment and second jobs and all this does is add to the efforts that we're trying to do to revitalize our-- basically our Main Street and the rest of our community. So, I certainly hope that this is one of the proposals that wins the prize.

What are the criteria by which they look at one particular project more favorably than others?"

Frank Cardinale: "Well, first of all, they look for something that is practical and that is doable, that's not pie in the sky. This is probably one of the finest facilities that you will find throughout the State. Many of the buildings are in move in condition. It's a campus setting; it has some open space associated with it; it's probably going to be a part of a mixed use development project which makes it even more attractive. But also they look for a ready work force; they look for programs in support of the development of this site, and generally look for support from the community.

They like to know-- the State likes to know that everyone is in favor of an area becoming an economic development zone. And that

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they're willing to work as hard as they can to make to effective and make it successful."

Barry Barth: "Does the fact that the Long Island Power Authority takeover of the Lilco facility potentially have a positive impact on this? Because, you know, as various groups came and visited the facility or visited eastern Long Island, the cost of energy in this area is very, very high and that seems to be one of the prohibitive things that deter various companies from doing business here."

Frank Cardinale: "Well, that's why regardless of who takes it, we're sure that whether it's Lilco, Brooklyn Union Gas, or LIPA, we think the program will bring along with it-- we know it will, reduced utility rates. And we think that's very, very important particularly in Long Island, helping make this site more competitive with other places in New York State as well as Connecticut and New Jersey."

Barry Barth: "Thank you."

Vince Ferrandino: "The two elements of reduced taxes and reduced utility rates tied into the excellent condition of the facility, we think will be a winning application. Now, again, there's no guarantee but, you know, you're talking about cutting into the two major detriments, if you will, to relocation to Long Island - high taxes, high utility rates. If the incentives are adopted as part of this application, at least in the short term, those two elements will be decreased substantially. In cases of taxes, they could be eliminated over a seven year period to provide sufficient incentive to get the companies to move in and then over time the taxes would accrue again, but this is what's needed to get the companies to seriously consider this facility."

The Town, I might add, has retained or is about to retain (inaudible) an internationally noted brokerage firm out of New York City, basically to be the marketing agent for this facility. So they will tie in with their own marketing strategy, with our marketing strategy to make this a very, very visible facility in the tri-state area certainly, and perhaps throughout the country.

So we think it's critical that in addition to that very positive marketing that these other incentives be coupled as part of this application. And in the next several weeks, various municipalities

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if you will, school districts, hopefully, county, will be coming on board to buy into the tax incentives that are necessary to make it a competitive application."

Bobby Goodale: "If I might just add to that to kind of underscore what's going on here. Our charge to the Town on this piece of property-- in terms of redevelopment, not just to provide the lost income to the Town of Riverhead that was lost from the previous user, but also to replace as best we could jobs that Riverhead residents and also the residents of the surrounding communities lost because of Grumman. I personally believe that we would be able to use this property-- reuse this property, sufficiently so that we could get the money back for the Town and more in terms of what they had lost, in terms of payments. Our biggest problem which this particular application is aimed at, is the job that we're talking about. Our most difficult problem is replacing the types of jobs that were lost by Grumman and unless, particularly given the facilities already there, in particular, we need to find ways in which we can attract the kinds of companies that pay the kinds of wages that Grumman paid in order for people who want to raise their families, to raise them thanks to Grumman employment. That's the hardest thing to do. And we're not going to be able to do it in my estimation and in the RDC's estimation on a straight-- we've got to be able to find a way in which we can bring these guys in here who are, as I say, manufacturing, industrial kinds of companies with wonderful facilities.

But unless we are able to offer them the additional incentives, these jobs are not going to be there for us. And I am sure that unless we-- there's no convincing that we can do all this and they won't show up anyway-- but unless we do something like this, we are going to fail in that other major thing that we wanted to do, namely, to provide a way in which we could use this facility to somewhat at least replace the quality of jobs that Grumman had provided us for so many decades. And that's the key thing that we're talking about here and I'm hopeful that we will be able to make an application that will allow us to give those incentives to these manufacturing companies to come here and provide those kinds of economic opportunities."

John Leslie: "John Leslie, North American Aviation. To redress the incentives that you described, what if you had a large or several large organizations that was not only manufacturing, but a

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lot of service orientated products and repairs and things that they completed, would they qualify for the incentives?"

Frank Cardinale: "They could. Some may and I can't, you know, I'd have to know what they are and what they do. How much of it is service? How much may be repair or rebuilding, assembly, whatever? But there are benefits for service companies as well. But it depends on what they do, quite honestly."

John Leslie: "In a particular industry or-- "

Frank Cardinale: "Yes."

John Leslie: "Or-- what about air and freight?"

Frank Cardinale: "Definitely. That's not-- aircraft repair is not really considered service necessarily. While it's not manufacturing-- . It depends on-- everything is built around what's known as SIC codes. And depending upon what SIC code you operate under will determine whether or not they-- you are classified as retail, non-retail or manufacturing. Some commercial operations are eligible for benefits, particularly wage tax credit, utility reduction in some case. Not necessarily the investment tax credit. That is the one that is very specific to production of goods, pollution control, and that's it. But the other incentives are available to commercial operations."

John Leslie: "Excuse me. Do the SIC codes qualify for these types of programs that you know of? The SIC codes that you discussed, would these things qualify, do you know? Aircraft repair and things. Okay, thank you."

Sherry Johnson: "Sherry Johnson. Resident of Manorville. I just have a couple of questions, since I'm not really familiar with, you know, this other than the fact that the State does need to approve it. You've mentioned that the county is going to be in partnership with the Town in this process. What role will the county have if the application is approved?"

Andrea Lohneiss: "The county is the applicant in this case because of the category under which military installations and

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facilities qualify. The county has delegated or the legislature has delegated the preparation of the applications in the Town. There will be an economic development zone board created which has specific categories of types of people including labor, education, that need to be incorporated into the board. Steve, do you want to address any more specifically than that? There's a zone certifying officer that will probably be (inaudible) within Town Hall."

Sherry Johnson: "Okay. The part about the board leads into one of my other questions. The administrative board. Does that mean that the county would have control of appointing the members that it describes in the sheets we got? Is that how that would work? Or would the Town have more control over that?"

Vince Ferrandino: "It's really up to the Town and the county to determine. There are different models around the State. Normally the county government and the town government would get together and decide. You can have 11 members or whatever. It can be 15. There's no magic number. What the reasonable sharing of the membership will be and then more importantly, the operating characteristics of the board, who will be the chairperson, vice-chairperson. That's something that's being discussed now between the town and the county."

Sherry Johnson: "And I suppose or I'm going to assume that that will be part of the application?"

Vince Ferrandino: "Yes."

Sherry Johnson: "Okay."

Andrea Lohneiss: "(inaudible)-- say a person from education could be from a local community college. So it's not just Riverhead residents per se as opposed to county appointments per se."

Sherry Johnson: "Right. No. I just wanted to have an understanding of how it's going to work if it's approved. The other thing. Is there a mechanism in it that suppose an undesirable entity of some kind wanted to come in, is there some kind of mechanism that you can chose who comes in or once this happens, is it like, you know, you have to take in whoever applies or whoever meets the criteria?"

Andrea Lohneiss: "Well the zone approval process doesn't

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supersede the land use approval process in any way. It's auxiliary to that. But to benefit from the zone benefits is something totally separate from-- "

Sherry Johnson: "Okay, I see. Okay."

Bobby Goodale: "To clarify, this may entice some people to come but when they come they have to go through the same procedures that anyone else would have to meet in terms of whatever criteria that the Town has put on this piece of property. This would entice them to come, but it does not excuse them from going through, as far as I understand, any of the procedures, zoning and otherwise, that would -- they would have to meet."

Frank Cardinale: "In addition, each company that has to complete an application to be certified as an economic development zone business in order to receive any of the benefits that they would be entitled to and in that process it's a really a three part process that the application is accepted by the community, reviewed by the community, and then forwarded-- if they approve it-- forwarded to the Department of Economic Development-- Economic State Development Corporation-- Empire State Development Corporation and the Department of Labor, and that company undergoes a little bit of a check to make sure that they don't have any outstanding workers comp files; that they are a desirable company, etc. And only after that happens, the does the company become certified and eligible to receive any benefits."

But it starts at the local level and doesn't preclude a company from having to comply with all other local requirements that may be in place."

Sherry Johnson: "Okay. That was my fourth question-- was whether it did affect compliance in any way. What you just said, it doesn't. I would also think that on the other hand then, that if someone did not choose to participate, they would still be allowed-- they would still be able to come if they met the criteria that Bobby's group has-- "

Bobby Goodale: "I would say that's true. We are open for business. At some point we are going to be open for business and that's right. If you've got a business that for whatever reason did

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not fit into this program but it was good for the Town, come on in. You've got it."

Sherry Johnson: "Okay. Thank you."

Steve Haizlip: "Steve Haizlip again. What I would like to find out or inquire about, we have had companies that wanted to locate right here in this very Town and right now they're in North Carolina and South Carolina and other places. Due to the reason that we have all these alphabet agencies that says, no, you can't do this, and no, you can't do that, and this isn't allowed, are we going to have to put up with that when we do try to attract people into this government facilities? You know, these other states, they can get them because they don't have all these DEC's and all these alphabet outfits that tells them they can't and they've got to do this and put up so much money. If we keep that up, we're not going to get anybody into Grumman there."

And so you're talking about giving incentives to bring them in monetary wise, but are we going to give them incentives in certain (inaudible) and not bear down too hard. You know."

Bobby Goodale: "Steve, you've asked a tough question, Steve. There's only so much that this economic development zone can do."

Steve Haizlip: "Okay."

Bobby Goodale: "We have rules in this State that require probably in my point of view, probably for the good, they're rules that companies and businesses of any kind have to meet when they want to come in and develop a piece of property. The best that we can do with Calverton, Grumman, is say that okay, we know what the rules are and, frankly, I think it's fair enough to say that over the last few years, some of those rules and regulations have been a bit more flexible than they were before, but they're still there and there's nothing that's going to happen on this zone that is going to allow, for example, for these guys whatever they want to do, for us who support them, to tell the DEC to go to the devil. It's not going to happen, you know. We cannot go beyond a certain degree. We are faced with the process in zoning and in environmental conditions and so forth and we may be tougher than they are in North Carolina and that's probably true and there's probably good reasons for it,

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what we are hoping is there are other things, leaving those things aside, there are other things that have been dis-incentives to get people to come here in terms of utility costs and taxes, that this should help in that regard.

But this is not-- these guys are not coming here-- the EDZ is not coming here and say we put this zone in here and then come on, whatever you want. That's not the way it's going to be. They are still going to have to meet most of-- all of the regulatory requirements that are for everybody in the State. We get some money advantages-- tax advantages here and other advantages, utility advantages, but that does not stop them from having to meet these other requirements that every guy who wants to develop a piece of property in this State has to meet. They're still going to have to meet them."

Steve Haizlip: "One of the ridiculous things that I'm referring to is Shelter Island, when the DEC says, no, you can't build here because we've got the wiggly worm plant. I mean that's what I'm talking about."

Bobby Goodale: "The wiggly worm if it's-- which I don't believe is there, if it's there, we're in trouble. I can't argue about that."

Andrea Lohneiss: "(inaudible) but one of the reasons why businesses have moved to North Carolina is because of the utility rates, electric rates, and within an economic development zone there is a special rate and that's one of the greatest advantages to the zone."

Steve Haizlip: "How you polish things, Andrea. I would like to add another comment. You know, Long Island started out as the aviation place of practically the whole United States-- of the country. It's the cream of aviation. All the pioneers, top pilots, manufacturers and builders, seems like we're getting away from the aircraft industry. You have so much talented people in this State, I mean on this island, so many talented people that can work in the aircraft industry and aircraft related parts, manufacturing overhaul, and there's so many of them that has been out that they're going up in age and they're not going to be available any longer but the new ones, the new people that could be employed, could very well be trained by the ones that have left the industry for a little

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incentive so to speak.

You're talking about incentives. I know I for one would go in for a year to help someone out, get them trained, because I think I am pretty much a top quality control guided and pretty much up on the regulations. But I would hate to see what this area designed for and what it produced and what it's talented for cannot continue. Okay."

Bobby Goodale: "Thank you, Steve, and I want to reiterate that fact. We've had someone right here from (inaudible) who is very interested in attempting to continue at least in some way the history of aviation on this island and there's going to be a museum-- there is a museum. It's going to be an increased museum on this island about the history of aviation on this island and one of the saddest things unless we can do something about it, that's what's going to be left of aviation on this island, is the museum. And if we can do something about it and there's no guarantees that we can do something about it, but, again, I think unless we can give these guys some incentives to come here, that's what we are going to be left with. We are going to be left with the memories of the aviation capital of the world, which was Long Island, and we will be left with the memories of it.

It's a sad business. And one of the ways to address that sad business, I'm thinking, is the incentives that are offered, you know, by this program. But it's going to be tough. They don't solve every problem. But they, I think, they help to solve some of the problems that are driving all these guys off the island."

Eileen Miller: "I'm Eileen Miller. I'm a resident of Calverton and I have a question. I think it was already asked, but I'd like to-- I don't understand the answer. Apparently the county is normally a co-applicant in these applications for the zoning. What is the role of the county if the zoning is granted? Does it have any authority over the determination of what business comes into this zone or does that authority lay with the Town?"

Frank Cardinale: "It really isn't any more or less than what currently exists."

Andrea Lohneiss: "The authority would lay with the Town."

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Eileen Miller: "Would be with the Town. Okay. Thank you."

Andrea Lohneiss: "Yes. For most of you who have participated in the public hearings through the (inaudible) process whereby HR&A was the firm that developed the reuse plan, you know that the navy is to transfer at some date in the next 30 to 120 days or so, the property to the Riverhead Community Development Agency. The Agency will own the property and will be able to sell or lease all or portions of the property so it will be entirely owned by the Town. It will be zoned by the Town as soon as we have ownership of it, and will go through the same special permit application site plan review process as does any other piece of property in the Town."

I guess I should also say that we will be having a formal public hearing on September the 16th on the adoption of the local law that's required to include the application which includes the tax abatement and other of the Town incentives that will become part of the zone. So you will have another opportunity to attend that evening and hear a brief presentation and make comment again if you wish. Jimmy? You want to say anything else?"

Supervisor Stark: "Only when you are ready to close."

Andrea Lohneiss: "I think so."

Supervisor Stark: "Certainly I will march forward. What is the name of the young lady? Supervisor of the Day in October is Dana Lopen (phonetic), young lady."

Certainly-- I'm sorry I could not be here for the entire-- for the record, I love doing this Steve. My name is James R. Stark. I live in Riverhead at 892 Pond View Drive. I'm the Supervisor of the Town of Riverhead. For the record.

Certainly this is a public informational meeting. I think most of the answers, I hope were answered tonight. Again, as Andrea says, that the public hearing is on September 16th. This is part of the process. I believe the EDZ zone is very crucial and very important to the redevelopment of the Calverton facility, not only for the Town of Riverhead but for the region which is Suffolk County. I certainly thank everybody for coming. Again, I will apologize that I had to leave for a few minutes to go up, but certainly, I think the youth

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of our community is as important as our economic development. And it was great gratitude to see hundreds of children who are in a reading program for the summer, because as you read you learn to travel the world. As I said to them tonight, don't leave home without your American Express card or don't leave home without your library card because you can accomplish the both.

And it's been a great evening for me, very fruitful. I thank Bobby as Chairman of the RDC. The one question I think that Eileen answered, we will be putting an overlay zone over Calverton. That overlay zone has been accepted in the findings of the Pine Barrens, the Pine Barrens Commission has to accept that overlay zone. They basically really have accepted that by accepting the findings statement.

But each entity that enters the property will have to come back to the Town for a special permit. And that gives us local control on a Town level. The RDC is charged with the duties for the redevelopment of Calverton not only for the Town of Riverhead, but for the region. It's been a catastrophic impact not only to the Town of Riverhead but all of Suffolk County because many of the employees of Calverton, and I think Steve will concur with this, not only came from Riverhead but came from all towns, all 10 towns. We need to return these high tech jobs; we need to develop the recreational facilities; we need to do a lot of the things that will allow us, in fact, to bring an economic viability back to at least 2400 acres-- 2500 acres, because 400 and some odd acres are in the core area. But the balance of the property is, in fact, developable. We have-- we met some agreement with the National Transportation Safety Board; we are in a very bureaucratic struggle with the Department of Navy. Bobby is on top of it; Andrea is on top of it; staff is on top of it. It continues to be kind of a roadblock in a way, but we will be traveling to Washington very soon as they come back from summer vacation to iron out some of those problems.

It is not easy to iron out those problems as Bobby is finding out. It's much easier to iron out private industry problems as Bobby finds out in his new construction over on Pulaski Street. But I hope this meeting has moved us forward and, again, I commend you, Bobby and Andrea and let us move the process forward. It is very, very important that we receive this designation and the Town Board and myself are fully behind it. We will use every resource we can

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use politically, otherwise, to make sure that the designation comes to Riverhead. Thank you."

Andrea Lohneiss: "Speaking of resources, Assemblywoman Acampora has been very supportive in general, supportive of the legislation passing through the State legislature and I'm sure will be supportive in helping us get our application approved. Do you want to say anything, Pat, tonight?"

Assemblywoman Pat Acampora: "Absolutely. I'll just follow the Supervisor in saying that this is something that Senator LaValle and I both will do all that we can. We'll put our efforts behind this to make sure that Riverhead is one of those few that will be chosen. I think these gentlemen have done an outstanding job this evening and I'm sure that the application will be one that will just-- we will prove the point that Riverhead is certainly-- should be the number one pick. We all know, we've talked about Grumman tonight, but economic development in Suffolk County has been something that has been sorely missed. We have the high tech people to do the jobs; we just need the jobs and the manufacturers to come here.

So we're ready to go and we will do whatever we can do to assist the Town in the process and, hopefully, we can also help with what's happening in Washington also if you need us for that, too, Bobby."

Bobby Goodale: "Thank you."

Andrea Lohneiss: "Unless anyone else has any further questions, I guess we will close the meeting for this evening. And you're welcome to come back on the 16th of September."

* * *

Attendance List at the EDZ
Public Informational Meeting

Presenters: Andrea Lohneiss, CDA Director
Frank Cardinale, Windward LLC
Vince Ferrandino, Ferrandino & Associates
Bobby Goodale, RDC Chairman
Supervisor James R. Stark

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Audience:

Patricia Acampora, New York State Assemblywoman
Steven Jones, Suffolk County Planning Director
Aida Kuehn, New York State Empire State Development
Corporation
Caroline Feahy, Suffolk County Economic Development
Mark Miller, RDC Director
Barbara Blass, Town of Riverhead Planning Board Chair
James Lull, Riverhead Town Board
Otto Wittmeier, Riverhead Town Board
Monique Gablenz, Town of Riverhead IDA Director
Lori Talmage, Executive Assistant to the Supervisor
John Leslie, North American Aviation Supply
Curtis Highsmith, Project Calverton
Robert Reilly, Project Calverton
Dennis Macchio, Project Calverton
Thomas, Project Calverton
Steve Haizlip, Calverton resident
Sherry Johnson, Manorville resident
Sid Bail, Wading River Civic Association
Barry Barth, Riverhead Business Improvement District
President
Gary Jacquemin, Riverhead Business Improvement
District Architect
Amber Tucker, Riverhead resident
Stuart Lowrie, Nature Conservancy
Eileen Miller, North Fork Environmental Council
Fred Avril, LILCO
Vanny Tuthill, Calverton resident

Press:

Carolyn Thorenz, Traveler-Watchman
Tim Gannon, News-Review
Dennis Sheahan, Business Journal

Meeting adjourned: 8:30 p.m.

Respectfully Submitted

Town Clerk