

Adopted

7/7/98

Town of Riverhead Community Development Agency
Resolution #14
Adopted July 7th, 1998

RATIFIES AUTHORIZATION OF CHAIRMAN TO EXECUTE LICENSE AGREEMENT

MEMBER KENT offered the following
resolution which was seconded by MEMBER LULL.

WHEREAS, OneSuch films has requested use of the Calverton site for filming of a commercial on July 5th through July 9th; and

WHEREAS, the United States Navy has provided a license agreement with the Community Development Agency and the Community Development Agency a sublicense agreement with OneSuch films to address all insurance requirements and liability issues.

THEREFORE, BE IT RESOLVED, that the Community Development Agency hereby ratifies authorization of the Chairman execute a license agreement with the United States Navy and a sublicense agreement with OneSuch films for a filming to occur on July 5th through July 9th or alternative date in the event of rain.

BE IT FURTHER RESOLVED, that the Town Clerk Shall forward a certified copy of this resolution to Andrea Lohneiss, Community Development Director and Adam Grossman, Town Attorney.

THE VOTE:

Member Kwasna
Member Kent
Member Cardinale
Member Lull
Member Villella

✓
✓
✓
✓
✓

7/7/98

Adopted

Town of Riverhead
Resolution #15
Adopted July 7, 1998

AUTHORIZES CHANGE ORDER FOR CALVERTON ENTERPRISE PARK SURVEY

Member Kent _____ offered the following

resolution which was seconded by _____ Member Kwasna _____.

WHEREAS, by Resolution #4 the Community Development Agency authorized John C. Ehlers, Land Surveyor, to undertake a perimeter survey of the Calverton Enterprise Park as required by Public Law 103-c337; and

WHEREAS, upon completion of said survey it is necessary to conduct additional control, mapping and description work pertaining to the areas known as the 'Retained Areas' and "Connecticut Avenue Parcel" in order to complete the transfer.

THEREFORE, BE IT RESOLVED, that the Community Development Agency hereby authorizes Change Order No. 1 in the amount of \$10,275.00.

BE IT FURTHER RESOLVED, that the Town Clerk Shall forward a certified copy of this resolution to John C. Ehlers, 6 East Main Street, Riverhead, New York 11901 and to Andrea Lohneiss, Community Development Director.

THE VOTE:

Member Kwasna

✓

Member Kent

✓

Member Cardinale

✓

Member Lull

✓

Member Villella

✓

7/7/98

TOWN OF RIVERHEAD
RIVERHEAD COMMUNITY DEVELOPMENT AGENCY

Resolution # 16

GRANTING THE PETITION OF SWEZEY-RIVERHEAD HOLDING LLC, DATED
MAY 21, 1998, TO BE DESIGNATED A QUALIFIED AND ELIGIBLE
SPONSOR PURSUANT TO ARTICLE 15 OF THE GENERAL MUNICIPAL LAW
FOR THE PROPOSED URBAN RENEWAL PROJECT LOCATED AT ROANOKE
AVENUE AND MAIN STREET
(THE SWEZEY'S PROJECT)

Member Kwasna offered the following resolution, was seconded
by Member Lull :

WHEREAS, a petition has been filed by Swezey-Riverhead Holding LLC., dated May 21, 1998 to be designated as a qualified and eligible sponsor with respect to the urban renewal project on Main Street and Roanoke Avenue, commonly referred to as the "Swezey Project"; and

WHEREAS, pursuant to Article 15 of the New York State General Municipal Law a public hearing was duly held on said petition on June 16, 1998 by the Town Board of the Town of Riverhead, as the governing body of the Town of Riverhead Community Development Agency;

Now, therefore,

BE IT RESOLVED that the petition filed with the Town Board by Swezey-Riverhead Holding LLC., dated May 21, 1998, to be designated as a qualified and eligible sponsor with respect to the urban renewal project on Main Street and Roanoke Avenue, commonly referred to as the "Swezey Project" is granted; and be it further

RESOLVED, that the Supervisor is hereby authorized to negotiate and execute on behalf of the Community Development Agency such documents, agreements and other writings as may be necessary to effectuate the urban renewal project set forth in the aforesaid petition.

This urban renewal project (the Swezey's project) has been determined by the Town Board of the Town of Riverhead, as lead agency, to be an unlisted action without a significant impact on the environment, as more fully set forth in the resolution of the Town Board adopted on June 2, 1998; and be it further

RESOLVED, that the Town Clerk is hereby directed to forward a certified copy of this resolution and the attached notice to Smith, Finkelstein, Lundberg, Isler & Yakaboski, LLP., P.O. Box 389, 456 Griffing Avenue, Riverhead, New York, 11901; the Town Attorney, Monique Gablenz, Industrial Development and Andrea Lohneiss, Director of the Community Development Agency; Shepard M. Scheinberg, Esq. One Union Square, Aquebogue, New York 11931, attorney for petitioner.

July 7, 1998

Adopted

TOWN OF RIVERHEAD

Resolution # 17

COMMUNITY DEVELOPMENT AGENCY

BUDGET ADJUSTMENT

COUNCILMAN CARDINALE offered the following resolution,
which was seconded by COUNCILMAN LULL

BE IT RESOLVED, that the Supervisor be and is hereby authorized to establish the following budget adjustments:

915.092705.471000	TANGER MITIGATION FEES	FROM: \$235,000.
915.069890.547521	RAILROAD MUSEUM PROJECT	TO: \$ 5,000.
915.069890.547520	RIVERHEAD FOUNDATION FOR MARINE RESEARCH AND PRESERVATION	80,000.
915.069890.541162	VAIL LEVITT HISTORIC RESTORATION	150,000.

THE VOTE

Cardinale Yes No Kent Yes No
 Kwasna Yes No Lull Yes No
 Villella Yes No

THE RESOLUTION WAS WAS NOT

THEREUPON DULY DECLARED ADOPTED

Adopted

7/7/98

TOWN OF RIVERHEAD COMMUNITY DEVELOPMENT AGENCY

RESOLUTION # 18

SETS ASIDE AND DESIGNATES 10 ACRES OF LAND TO ESTABLISH AN AVIATION MUSEUM ON THE CALVERTON PROPERTY

Member Kent offered the following resolution, which was seconded by Member Kwasna.

WHEREAS, the Grumman Corporation has played an integral part in the history of Long Island, and particularly the Town of Riverhead; and

WHEREAS, the East End Aircraft Corporation, a local not-for-profit-organization, has succeeded in obtaining a Grumman-built F-14 from the U.S. Navy to be erected at the former Naval Weapons Industrial Reserve Plant; and

WHEREAS, the East End Aircraft has applied for status as a Naval Museum Institute and has plans to obtain additional Grumman-built aircraft.

THEREFORE, BE IT RESOLVED, pursuant to recommendations of the Riverhead Development Corporation, that there be set aside and designated a one acre site, expandable to 10 acres, from land that will be publicly-owned and reserved for community purposes on the Calverton site for the expressed intent of establishing the F-14 monument and a future East End Aircraft Aviation Museum.

The Vote:

Member Cardinale
Member Kent
Member Kwasna
Member Lull
Chairman Villella

7/7/98

TOWN OF RIVERHEAD
RIVERHEAD COMMUNITY DEVELOPMENT AGENCY

Resolution # 19

RESOLUTION ADOPTING FINDINGS AND DETERMINATION PURSUANT TO
ARTICLE 2 OF THE EMINENT DOMAIN PROCEDURE LAW REGARDING
ACQUISITION OF 14 EAST MAIN STREET,
RIVERHEAD, NEW YORK

COUNCILMAN KENT

by ~~COUNCILMAN KWASNA~~ offered the following resolution, was seconded

WHEREAS the Town Board of the Town of Riverhead as the governing body of the Town of Riverhead Community Development Agency held a public hearing pursuant to Article 2 of the Eminent Domain Procedure Law, regarding the acquisition of a parcel located at 14 East Main Street, Riverhead, reputed owner, United Realty Associates, LTD., Suffolk County Tax Map 0600-128-6-53, on June 16, 1998 to inform the public and to review the public use to be served by the acquisition and to review the impact of the acquisition on the community.

BE IT RESOLVED, that the Town Board of the Town of Riverhead, as the governing body of the Town of Riverhead Community Development Agency, makes the following Findings and Determination:

FINDINGS AND DETERMINATION

1. The acquisition will benefit the public.
2. The acquisition will be for the purpose of urban renewal pursuant to the Town of Riverhead East Main Street Urban Renewal Plan, adopted October 19, 1993.
3. The acquisition is part of an urban renewal project commonly referred to as the Swezey's Project more fully described in the petition of Swezey-Riverhead Holding LLC, dated May 21, 1998 on file with the Town of Riverhead, Town Board. The project calls for the construction of a new, downtown department store of approximately 60,000 square feet, to be located on Roanoke Avenue and Main Street in conformity with the East Main Street Urban Renewal Plan, adopted by this Board on October 19, 1993. This facility will be the new home of the Swezey's Department Store.
4. In accordance with the aforesaid petition, all awards, settlements, costs and/or expenses thereof will be borne by the said petitioner, Swezey-Riverhead Holding LLC.
5. By resolution dated this date, the Town Board of the Town of Riverhead as the governing body of the Community Development Agency, granted said petition thereby designating

Swezey-Riverhead Holding LLC as a qualified and eligible sponsor with respect to the urban renewal project on Main Street and Roanoke Avenue (the Swezey's project);

6. This urban renewal project (the Swezey's Project) has been determined by the Town Board of the Town of Riverhead, as lead agency, to be an unlisted action without a significant impact on the environment; and be it further

RESOLVED, that the Town Clerk is hereby directed to have the annexed synopsis of these Findings and Determination published in two (2) successive issues of the News Review, the official newspaper of the Town of Riverhead with general circulation within the Town, commencing on Thursday, July 9, 1998; and its is further

RESOLVED, that the Town Clerk is hereby directed to forward a certified copy of this resolution and the attached notice to Smith, Finkelstein, Lundberg, Isler & Yakaboski, LLP., P.O. Box 389, 456 Griffing Avenue, Riverhead, New York, 11901; the Town Attorney, Monique Gablenz, Industrial Development and Andrea Lohneiss, Director of the Community Development Agency; Shepard M. Scheinberg, Esq. One Union Square, Aquebogue, New York 11931, attorney for petitioner.

THE VOTE

Cardinale Yes ___ No ___ Kent Yes ___ No ___
Kwasna Yes ___ No ___ Lull Yes ___ No ___
Vilella Yes ___ No ___

THE RESOLUTION WAS WAS NOT ___
THEREUPON DULY DECLARED ADOPTED

PUBLIC NOTICE

Pursuant to Article 2 of the Eminent Domain Procedure Law, a public hearing regarding the acquisition of a parcel located at 14 East Main Street, Riverhead, reputed owner, United Realty Associates, LTD., Suffolk County Tax Map 0600-128-6-53, was held by the Town Board of the Town of Riverhead as the governing body of the Town of Riverhead Community Development Agency on June 16, 1998 to inform the public and to review the public use to be served by the acquisition and to review the impact of the acquisition on the community.

On the 7th day of July, 1998, the condemnor made its findings and determinations based on the hearing. A copy of the findings and determination will be forwarded to any interested person without cost upon written request to the Clerk of the Town of Riverhead, 200 Howell Avenue, Riverhead, New York, 11901.

A synopsis of the findings and determinations is as follows:

The Town Board of the Town of Riverhead as the governing body of the Town of Riverhead Community Development Agency has found and determined that the acquisition of the parcel listed below will benefit the public and will be for the public purpose of urban renewal pursuant to the Town of Riverhead, East Main Street Urban Renewal Plan, adopted October 19, 1993. The acquisition is part of an urban renewal project (the Swezey Project) more fully described in the petition of Swezey-Riverhead Holding LLC dated May 21, 1998 as filed with the Town of Riverhead Town Board. Said petition was granted on July 7, 1998. In accordance with the aforesaid petition, all awards, settlements, costs and/or expenses thereof will be borne by the said petitioner, Swezey-Riverhead Holding LLC.

The property to be acquired is commonly known as 14 East Main Street, Riverhead, New York (Suffolk County Tax Map 600-128-6-53).

This urban renewal project (the Swezey's project) has been determined by the Town Board of the Town of Riverhead, as lead agency, to be an unlisted action without a significant impact on the environment.

July 7, 1998

By Order of the Town Board of
the Riverhead, Town of Riverhead
Community Development Agency

Barbara Gratton
Town Clerk

Adopted

TOWN OF RIVERHEAD
COMMUNITY DEVELOPMENT AGENCY

RESOLUTION # 20

**AUTHORIZES CDA CHAIRMAN TO SIGN MEMORANDUM OF UNDERSTANDING
WITH ATLANTIS HOLDING COMPANY, LLC**

MEMBER CARDINALE OFFERED THE FOLLOWING RESOLUTION
WHICH WAS SECONDED BY MEMBER KENT

RESOLVED, that the Community Development Agency Board of Directors hereby authorizes Chairman Vincent G. Villella to sign a Memorandum of Understanding between the Town of Riverhead Community Development Agency and the Atlantis Holding Company, LLC, in substantially the same form as the attached document.

BE IT FURTHER, RESOLVED, that the CDA Director is directed to forward a certified copy of this resolution to Councilman Phil Cardinale, Councilman James B. Lull, Thomas M. Rothman, Esq. and Charles De Martin, Esq.

THE VOTE

Cardinale	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Kent	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Kwasna	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	Lull	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Villella	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No			

THE RESOLUTION WAS WAS NOT

THEREUPON DULY DECLARED ADOPTED

WILLKIE FARR
DRAFT ~ 7/6/98

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (hereinafter referred to as the "MOU") is made and entered into as of the _____ day of July, 1998, by and between the Town of Riverhead Community Development Agency, an urban renewal agency of the State of New York ("Riverhead"), the Town of Riverhead, a municipal corporation of the State of New York (the "Town"), each having its office at the Town of Riverhead Town Hall, 200 Howell Avenue, Riverhead, New York 11901 and Atlantis Holding Company, LLC, a New York limited liability company having its office at P.O. Box 386, Holtsville, New York 11742 (together with its predecessor in interest, "Atlantis").

BACKGROUND STATEMENT

Riverhead is the owner of a certain parcel of land of approximately 3.2 acres located on East Main Street, Riverhead, (SCTM #0600-129-4-18.5&19) including the buildings situated thereon (the "Property"); and

WHEREAS, on September 10, 1997, Riverhead prepared and sent to numerous parties, including Atlantis, a request for proposals for the acquisition of the Property and the redevelopment thereof (the "Request for Proposals"), the Property to be redeveloped in accordance with certain criteria set forth in the Request for Proposals and in the Town of Riverhead East Main Street Urban Renewal Plan, duly adopted October 19, 1993 (the "Plan"); and

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WHEREAS, the Property is specifically referred to in the Plan as being highly under utilized, property for which appropriate water-front related use is recommended and property upon which a tourist destination facility and an economic generator should be constructed; and

WHEREAS, in response to the Request for Proposals Atlantis, on December 5, 1997, submitted a proposal for the acquisition and redevelopment of the Property, which response was clarified by Atlantis by letter dated January 28, 1998 and clarified by Atlantis at a meeting held with Riverhead on April 16, 1998; and

WHEREAS, it is the intent of this MOU to set forth the intention of the parties hereto for the sale of the Property by Riverhead to Atlantis and the purchase and redevelopment of the Property by Atlantis; and

WHEREAS, in consideration of the premises and of the mutual covenants, agreements and representations contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

I. Sale of the Property.

1. (a) Riverhead shall sell, by quit claim deed without representations, warranties or indemnifications, except as provided in paragraph (b) hereof with respect to soil conditions, the Property "as is" to Atlantis for the price of \$1,750,000, such sum to be paid at transfer (the transfer date hereinafter being referred to as the "Closing"). Atlantis shall be permitted access to the Property to perform such due diligence concerning the Property as it may determine necessary or

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appropriate, upon reasonable notice to Riverhead and during normal business hours, for a period of thirty days commencing on the date of execution of this MOU.

(b) Atlantis and Riverhead acknowledge and agree that the Property has been subject to a kerosene spill and, possibly, a petroleum spill and may be environmentally contaminated. Furthermore, Atlantis and Riverhead have reviewed and are familiar with correspondence from the New York State Department of Environmental Conservation concerning such contamination and acknowledge that DEC has assigned spill numbers 86-4863 and 94-01716 to the Property. The Town shall report to Atlantis, not later than 30 days after the execution of this MOU any environmental contaminant it determines to be present on or in the Property, shall provide a plan of remediation and an estimated cost of such remediation. Riverhead and Atlantis shall provide in the Land Disposition Agreement specified in Section II (2) hereof for each party's responsibilities for remediation and payment of remediation.

2. The deed for the Property (the "Deed") will contain, among other things, a restrictive covenant (the "Restrictive Covenant") providing that the Property may only be used in accordance with applicable zoning, for uses appertaining to the Property set forth in the Plan and, without limitation, as a tourist destination facility and economic generator, as such terms shall be defined and determined, from time to time, by the Town Board of the Town. The parties agree that the Property is currently zoned for and the Plan currently permits the

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redevelopment of the Property for an aquarium and for those uses as set forth in the submittal of Atlantis dated December 10, 1997. The parties further agree that current zoning and the Plan currently also permits the redevelopment of the Property for

✓ any tourist generator,

and that, subject to amendments to zoning of the Property and to the Plan as may from to time be duly enacted and made, Atlantis may redevelop the Property for such purposes.

3. The Deed will contain a reverter, subject to the rights of mortgagees, revesting the property in Riverhead in the event that the Property shall be used in any manner in violation of the Restrictive Covenant.

4. Transfer of the Property by Riverhead to Atlantis will occur only if Atlantis is designated by Riverhead as a "qualified and eligible Sponsor" in accordance with the provisions and procedures specified in Section 507(a) and (d) of the General Municipal Law. Atlantis acknowledges that such designation is a discretionary act of Riverhead and no assurance can be given by Riverhead that Riverhead will designate Atlantis as "a designated and qualified Sponsor" for the disposition and redevelopment of the Property.

5. Prior to and as a condition of Closing Atlantis will provide a commitment, acceptable to Riverhead, of construction and permanent financing for the Phase I redevelopment of the Property as hereinafter provided.

6. Prior to and as a condition of Closing Atlantis shall provide to Riverhead evidence satisfactory to Riverhead

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that it has all permits and consents required for construction and operation of all facilities described in such Phase I redevelopment.

7. Prior to and as a condition of Closing Atlantis will enter into an agreement (the "Agreement"), satisfactory to Riverhead, with the Riverhead Foundation for Marine Research and Preservation (the "Foundation") to assure the continued presence on the Property of the Foundation for such a period as the Foundation shall determine appropriate, but in no event less than twenty years. The Agreement shall provide, at a minimum, free rental for the Foundation for the approximate area of the Property that it currently occupies; provision to the Foundation of utilities, including electric, gas, water and sewer, without charge; payment of costs of maintenance of all Foundation buildings, property and public exhibits located on the Property by Atlantis; payment by Atlantis of all food and medicine which the Foundation shall reasonably request for display mammals, vertebrates, birds and turtles; use by the Foundation of an Atlantis owned, maintained and insured four-wheel drive vehicle and a rescue boat throughout such minimum period for use by the Foundation in their stranding program and other activities; reconstruction of the Foundation's existing building area to provide adequate insulation and HVAC; a contribution for a period of at least twenty years of at least \$90,000 per calendar year by Atlantis to the Foundation, which amount shall be reduced by funds raised by Atlantis for the Foundation as follows: for the first \$50,000 raised and paid to the Foundation per calendar

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year, a dollar-for-dollar reduction; for the next \$10,000 raised and paid to the Foundation, no reduction; for each dollar raised and paid to the Foundation per calendar year thereafter a \$.50 reduction, so that if Atlantis raises and causes to be paid to the Foundation \$140,000 in any calendar year the obligation of Atlantis to make a payment to the Foundation in such calendar year shall be zero; all amounts raised by Atlantis and paid to the Foundation in a calendar year in excess of \$140,000 shall be retained by the Foundation without credit or offset to amounts paid or to be payable by Atlantis to the Foundation in any prior or future calendar year; use by the Foundation of the entire Property for fund raising and use of any part of the Property by the Foundation for necessary signage by the Foundation and access to Foundation facilities; immediate removal by Atlantis of all deceased mammals, vertebrates, birds and turtles from the Property, with all such mammals, vertebrates, birds and turtles to be completely frozen by Atlantis from the time of death of the same, after necessary autopsy or other study, until such removal is available; elimination by Atlantis of all odors resulting from such mortality storage; provision by Atlantis of adequate refuse removal to avoid odors from dumpsters or other refuse containers; creation and funding of an Education Committee to be directed by an equal number of representatives chosen by Atlantis and the Foundation; the Education Committee to advertise for and hire a person to provide professional services to the Foundation as Education Director, which person shall possess professional qualification and experience and be capable of meeting employment

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goals and specifications as shall be established for such position by the Foundation; which Education Director shall expend approximately seventh-five percent of his or her work related hours for the Foundation in the development, supervision and performance of public education programs for the Foundation and on-site programs for the Foundation at the Property and approximately twenty-five percent of his or her work related hours for Atlantis on work-related to the Project; Atlantis to fund all such public education and on-site programs of the Foundation with all profits, after deducting Atlantis' paid expenses (exclusive of Property costs, including depreciation, and salary and expenses of the Education Director) to be paid to the Foundation.

II. Redevelopment of the Property.

1. Atlantis agrees to redevelop the Property by the construction of an aquarium or similar entertainment facility consisting of at least 30,000 square feet displaying at least 80 exhibits, such redevelopment being substantially as described as Phase I in their December 10, 1997 submittal to Riverhead. Atlantis estimates the cost of such Phase I redevelopment is approximately \$6,000,000. Such Phase I redevelopment shall be commenced not later than 30 days after the Closing and completed not later than 365 days after the Closing. Atlantis covenants to Riverhead that it will diligently undertake such redevelopment through completion.

2. The redevelopment of the Property will be further provided for in a Land Disposition Agreement by and between

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Riverhead and Atlantis, containing such terms and conditions as required by the Plan and as the parties mutually agree to.

3. The parties to this Agreement acknowledge that the December 5, 1997 submittal by Atlantis provided for a second and third phase project to be constructed on the Property. The parties to this Agreement further acknowledge that the construction of such additional phases by Atlantis will increase visitorship to the Property and, most likely, require and increase in parking facilities for visitors to the Property. The Town acknowledges that it is the intent of the current Town Board to cause the Riverhead Parking District to undertake such procedures and proceedings as are necessary and appropriate to provide additional parking within the Riverhead Parking District commensurate with such increased visitorship to the Property.

III. 1. Atlantis may make application to the Town of Riverhead Industrial Development Agency (the "IDA") requesting from the IDA "financial assistance", as such term is defined in Article 18-A of the General Municipal Law. The parties hereto agree that the IDA is an independent agency and no representation is made by Riverhead that the IDA will provide any or all of such requested financial assistance.

2. As part of such financial assistance Atlantis may request that the IDA agree with it to provide tax abatement for the Property. Such request for tax abatement will provide that annual taxes attributable to the assessment on the Property (land and existing improvements) will be set at the annual taxes attributable to the assessment appertaining to the Property on

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the date 60 days after the date of Closing for a period of ten years. The Town Assessor shall determine such assessment and the Town shall calculate the annual taxes attributable to the Property based upon then current tax rates of all applicable taxing jurisdictions and notify Atlantis, the IDA and all applicable taxing jurisdiction of such annual taxes. In addition, such tax abatement will provide that Atlantis will pay all assessments for special or benefit improvements appertaining to the Property, as the same may be assessed from year to year. Annual taxes attributable to the assessment on the Project and assessments for special or benefit improvements appertaining to the Project as provided in this paragraph 2 are hereinafter referred to as "PILOT Payments".

3. Atlantis agrees, on behalf of themselves and any predecessor or successor in interest, not to make application for financial assistance to any industrial development agency or similar entity in the State of New York other than the IDA.

IV. Atlantis agrees to either obtain from the Regents of the State of New York a Charter or similar document permitting the construction of an aquarium or similar facility as described in its submittal of December 10, 1997, or to provide to Riverhead evidence satisfactory to it that such a charter or similar document is not required for its construction and operation of an aquarium or similar facility on the Property.

V. Atlantis acknowledges that the Property is within the Riverhead Sewer District and that the Riverhead Sewer

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District currently owns and maintains a 10" cast iron force main and a 10" cast iron gravity line running through the Property. Atlantis acknowledges and represent to Riverhead that it is fully familiar with such force main and gravity line and the condition thereof, that such force main and gravity line are approximately sixty years old and that any construction that they may undertake on the Property may result in damage to either or both of such force main or gravity line. Atlantis agrees that any repair to either of such force main or gravity line that the Town Board of the Town shall reasonably determine is necessary or required as a result of activity on the Property by Atlantis, its agents or contractees shall be promptly paid for by Atlantis and that it will be solely liable for any damage to either of such lines and for liability, direct or indirect, resulting from any such damage. Atlantis further agrees that neither it nor its agents or contractees will perform or permit any construction over either said force main or gravity line so as to prohibit or impede continued maintenance by the Town of Riverhead of the same. The Town agrees that within 15 days after the Closing, but contingent upon and after all legal preconditions having been satisfied, including, without limitation, SEQRA, Section 202-b of the Town Law and Article 5-A of the General Municipal Law, the Town, through the Riverhead Sewer District, will let construction contracts for the relocation of both such force main and gravity line. Completion by the Town of all such legal preconditions to the relocation of both such force main and gravity line shall be a condition to Closing. The Town further agrees that it shall

Issue obligations to pay the costs of such relocation, such obligations to be paid through the levy of special benefit assessments upon all properties within the Sewer District, including the Property. Notwithstanding such assessment, Atlantis agrees to pay as part of the purchase price the additional sum of two hundred fifty thousand dollars to Riverhead Town, such sum to be in addition to such assessment on the Property, in ten installments of twenty-five thousand dollars each, the first installment to be paid on the date one year after the Closing and the remaining nine installments to be paid on the nine succeeding annual anniversaries thereof. The sewer payments provided in this Section V are hereinafter referred to as "Sewer Payments". The Riverhead Sewer District currently recommend that such force main and gravity line be relocated by extending each 10" diameter line from manhole number 38 by the installation of a 10" diameter ductile iron force main and a 10" diameter PVC gravity line approximately 150 west along East Main Street to the entrance to the Town of Riverhead Parking Area, then turning south and connecting to the existing lines approximately 275 feet south of East Main Street. Existing manhole number 37 will be abandoned and two new manholes will be constructed. The cost of such relocation shall include construction, engineering, construction observation and supervision, dewatering, surveys, soil borings and incidental and necessary expenses in connection therewith, each determined by the Town Board of the Town.

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VI. As security for, and to insure payment in full of both the PILOT Payments and the Sewer Payments, Atlantis shall provide, for the benefit of the IDA with respect to the PILOT Payments, and for the benefit of the Town with respect to the Sewer Payments, either a letter of credit, surety bond, mortgage on the Property, or other security, satisfactory to, respectively, the IDA and the Town, as Atlantis and, respectively, the IDA and the Town, may agree.

VII. This MOU supersedes any prior written or oral communications between the parties relating to the subject matter hereof, except for the submittal of Atlantis dated December 10, 1997 and their letter of clarification to Riverhead dated January 5, 1998, and constitutes the entire agreement of the parties with respect hereto and may not be amended except in writing signed by both parties. Upon execution of this MOU, the parties agree to diligently proceed drafting necessary documents to effectuate the intent of this MOU, including the Land Disposition Agreement and Deed. Upon preparation of such Land Disposition Agreement and Deed Riverhead agrees to call a public hearing under Section §07(2)(d) of the General Municipal Law upon the question of designating Atlantis a "qualified and eligible Sponsor" and determining to sell the property to Atlantis.

VIII. This MOU shall be governed and construed in accordance with the laws of the State of New York.

IX. This MOU does not purport to include all the essential terms of the transaction contemplated thereby, which will only be

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contained in the Deed and Land Disposition Agreement and only after procedures required by SEQRA have been completed. Accordingly, notwithstanding any provision of this MOU to the contrary, the parties hereto expressly acknowledge that, as a result of the review of information gathered and developed under the SEQRA process, the contemplated sale of the Property and redevelopment thereof and the relocation of both the force main and gravity line may not occur or that conditions of such sale and redevelopment or relocation, including terms set forth in this MOU, may be added to, deleted or modified to address environmental issues. By accepting this MOU the parties do not intend to influence the SEQRA process or review of the contemplated transaction. However, subject to the SEQRA process, the parties acknowledge that the terms of this MOU are binding.

X. The parties hereto acknowledge and agree that in the event either the Deed or the Land Disposition Agreement are not executed within 60 days hereof or Riverhead does not designate Atlantis a "qualified and eligible Sponsor" within 45 days hereof, either party may terminate this MOU upon ten days written notice to the other party and neither party will have any liability thereafter to the other party by reason of this MOU.

IN WITNESS WHEREOF, each of the parties hereto have executed this MOU all as of the day and year first written above.

TOWN OF RIVERHEAD COMMUNITY
DEVELOPMENT AGENCY

By: _____

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Vincent Villela, Chair

TOWN OF RIVERHEAD

By: _____
Vincent Villela, Supervisor

ATLANTIS HOLDING COMPANY, LLC

By: _____

