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Minutes of a Town of Riverhead Community Development Agency Meeting, held at the Riverhead Town Hall, 200 Howell Avenue, Riverhead, New York on Wednesday, February 6, 2008 at 2:00 p.m.

PRESENT:

Philip Cardinale,	Chairman
Barbara Blass,	Member
James Wooten,	Member
Timothy Buckley,	Member
John Dunleavy,	Member

ALSO PRESENT:

Christina Kempner,	Director
Barbara Grattan,	Town Clerk
Dawn Thomas,	Town Attorney

Chairman Cardinale: "Open the meeting of the Community Development Agency which-- of which we are all members, I, the Chair.

We have the CDA director here, Christine Kempner who is successor to Andrea Lohneiss. So we have now opened the CDA meeting and do you want to call the hearing, Christine?"

Christina Kempner: "This commences the hearing-- "

Chairman Cardinale: "Yeah. Just indicate that you're opening the hearing, that's all. Because this hearing is under the CDA, not under the town board."

Christina Kempner: "Okay."

Chairman Cardinale: "And we have counsel here and we have the applicant's counsel."

Christina Kempner: "Okay. We're opening the hearing for whether Vintage Square Properties LLC will be considered a qualified and eligible sponsor."

Chairman Cardinale: "That's correct. Okay. And I don't-- thank you for that. And the applicant is here. We had discussed this matter with him in work session today. I was of the understanding that they would not be making a formal presentation today but we wanted to let the public speak if they had any comment to make about this proposed-- about the decision the board must make as to whether the Vintage Square Properties LLC is or is not a qualified sponsor under the urban renewal law.

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Anybody who wishes to comment, please come up."

Richard Luzzi: "Good afternoon, Supervisor Cardinale and Members of the Board of the Town of Riverhead. My name is Richard T. Luzzi. I reside at 37 Hubbard Avenue, Unit 86, Riverhead, New York.

The area that is known as Railroad Avenue by the Long Island Railroad station in Riverhead has required a complete redevelopment for many years. In my estimation as far as a blighted area, nothing in the downtown area of Riverhead compares to these conditions.

It is long overdue that this area should be cleaned up in order that the Town of Riverhead residents could be proud of this area. As a resident of Riverhead, to have to travel to Exit 62 on the Long Island Expressway to attend a quality movie theater is absurd. This project as I understand it will include such a movie theater.

Therefore, for the record, I am in favor of this project. I urge that you, Supervisor Cardinale and the Town Board, move forward and approve Vintage Square Properties LLC as a qualified and eligible sponsor.

However, I recommend that the developer or the Town of Riverhead if condemnation of the existing structures is required, honors or buys out at fair market value the leases of those tenants that will be affected by this project.

I want to take this time to thank you, Supervisor Cardinale and the Town Board, for giving me the opportunity to speak at this public hearing. If you would like, I can provide the town clerk with this copy of my statement.

Thank you and good afternoon."

Chairman Cardinale: "Thank you. Yes, please, next comment, please."

Marilyn Banks Winter: "Good afternoon. My name is Marilyn Banks Winter, a Riverhead resident for 43 years and President of A&M Electrical Contractors and A&W, a fire and security alarm installation company here in Riverhead.

The reason why I included my company's name is that I support any good standing citizen of Riverhead who wants to build, work and continue to live in Riverhead. This Riverhead based developer, who is a Riverhead-ian, Mr. John Burke and his company the Vintage Group, have been waiting one year and six months for approval from our town board to develop retail stores and entertainment venues in his own backyard that will benefit his fellow neighbors and visitors of Riverhead.

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For the past 20 years, these areas, especially Railroad Avenue, have been an eyesore. This urban renewal project is smart business for Riverhead. The Vintage Group have the financial backing from the Vinter Capital Group (phonetic) who financed Cherry Creek Golf Links and the Woods at Cherry Creek, two frequently used venues by all located on Reeves Avenue and Doctor's Path.

It does not take a Phd to understand that these urban renewal projects which is the definition of rehabilitation if impoverished urban neighborhoods by large scale renovation or reconstruction of housing and public works. However, not cited as such.

This construction brought up the property value of areas on Doctor's Path which is strictly an urban community. This projects loud and clear the ethics of the financial group who funded those projects and who indeed will finance Mr. Burke and the Vintage Group to beautify if you will and revitalize Railroad Avenue.

These people are in compliance with the law. They have provided all documentation to our attorney for approval. They want to build in good faith to our town, for our town. More importantly, the president and CEO is a resident so we'll hold him accountable and we'll go over and knock on his door and make sure that he does the right thing.

Our town board has prematurely (inaudible) Apollo the massive developer of a universe without projections or without current feasibility reports or commitment letters on the condition of them giving up, excuse me, not Apollo but the other project, without a current feasibility report or a commitment letter on the condition of them giving up two million dollars, I hope for Riverhead, if the contract falls through.

We gave incentives and discounts to those who build and are building hotels, but here you have a group that have no hidden agenda, are forward and direct of their intentions.

Rules, regulations and laws stand for some but not for others. This is the reason why I make a proposal that the town board adopt a resolution and pass it into law modeling the town of Southampton, that all developers, contractors and subs who want to build and work in our town be registered with the town of Riverhead.

This would level the playing field to allow local qualified non-union developers, contractors, subs, minority and women owned businesses the opportunity to bid on small and larger contracts that will shape our town without any bias. This will eliminate the riff raff we see trying to develop in our town.

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Riverhead, Mr. Burke is a resident. He has proved his experience and his financial backing from a legitimate source and should be able to see this project through, satisfying our urban renewal plan for the Railroad Street corridor adopted on April 4, 1997 by our town board.

This group is offering 500,000 a year through payments in lieu of taxes and usage fees; 160 construction jobs; 300 plus security jobs; retail and garage; movies, jobs, jobs, and more jobs.

I pray that the board votes yes. Thank you."

Chairman Cardinale: "Thank you."

Member Dunleavy: "Thank you."

Chairman Cardinale: "Yes. Please comment."

Ken Leboner: "Good afternoon, Mr. Supervisor and Members of the town board. I'm Ken Leboner from Aquebogue.

I'm here today on this proposal because it seems that anything that has come before the town board in recent years we drag our feet and drag our feet. The proposal for the theater town, nothing is happening. The proposal for the renovation in town, nothing is happening. And from what I read, this proposal for the parking garage and a theater has been on the boards for quite a few years.

I really believe that if we had something such as this proposal in the works, a lot of people would see it and it would be a great advantage to Riverhead and possibly moving along some of the other projects.

So I hope you will act expeditiously and let's get this project moving. Thank you very much."

Member Dunleavy: "Thank you."

John Guadagno: "To the Town Board, Supervisor. My name is John Guadagno, G-U-A-D-A-G-N-O. I represent the IBEW International Brotherhood of Electrical Workers 25, one of our offices is on 6 Main Street in Riverhead.

I spoke in support of this before. I think the Vintage Group has looked into this project. I think it makes beautiful bookends between the aquarium and this project. I think they have proven over time all financials are in place and we can use it in Riverhead. We do not have a movie theater in this area and it's a shame that our kids have to go such a long distance to see a movie.

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So I hope and urge the board to finally put this to bed and approve it. Thank you."

Chairman Cardinale: "Thank you. Yes, did you want to make a comment on behalf of the applicant?"

Vic Prusinowski: "Vic Prusinowski, Prudential Real Estate and consultant for the project.

I just wanted to clear up something that was said by the previous speaker. We're not-- we're paying real estate taxes on this project. We're not looking for a tax abatement. I think she probably misunderstood what she probably read in the paper. So for the record we're not-- I don't think we're even eligible for it but we're not seeking any tax-- real estate property tax abatement."

Member Dunleavy: "Thank you."

Chairman Cardinale: "Thank you. Any other comment? Counsel is here, do you have any comment, either on the applicant's side or on the town's? Feel free."

John Sullivan: "John M. Sullivan. I represent the Vintage Group. I'm the counsel to them. Mr. Supervisor and members of the Board, at the work session, there had been a question as to which exact entity from the Vintage family was being an applicant in this matter to be declared qualified and eligible.

And in conjunction with that, it was asked that we get from Highline Capital Vintage (phonetic) who was going to be the financier of the project, a letter that specified that the applicant which is Vintage Square Properties LLC is, in fact, the entity that is going to be financed. Okay. I have that letter dated January the 31st and I'd like to just submit it for the record. I have an original and copies so that each of the board members will have the same and counsel the same.

Thank you."

Chairman Cardinale: "Thank you. Okay. Any other comment from anyone? If not, I'm going to close the hearing for any further verbal testimony. I'd like to keep this open for 10 days until the 15th at 4:30 for any written comment and I'd like to vote on this immediately thereafter on the 20th at our next meeting."

Member Buckley: "Mr. Supervisor."

Chairman Cardinale: "Yes."

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Member Buckley: "I'd just like to make a motion- I concur with much of what was said here today. I concur with much of what was said here today. I think that- well, I definitely want to make a motion that we close the public hearing.

This has been dragging on since July and much like the project that we voted on last month, one of the reasons why we did vote on at that time and we didn't wait to table it was there was fear that the applicant was going to get skittish and has been delayed long enough and leave town.

I think the worst thing- the second worst thing we can tell an applicant or a businessman trying to do business in this town is no. The worst thing we can tell them is that we are going to delay our decision with discussion and more meetings and that just creates nothing but uncertainty.

I want to make a motion that we close this hearing. I want to make a- I believe I have a second for it. The applicant- the people of Riverhead really deserve to know whether or not this project is going to go forward. If it's going to go forward we can vote on it; if it's not going to go forward let's vote on it. But we deserve a decision here today.

I make a motion that we close the hearing."

Chairman Cardinale: "All right. We have- first of all I don't know that we have anything in front of us except we just did close the hearing for verbal testimony so it's closed.

We have counsel here. The question you're raising is typically in every instance today, we have- we do not vote until we have an opportunity to consider the record which is not yet reduced to type, to take counsel with Frank and Dawn, and that- and to consider what they want to tell us and to look at the record.

Now, Frank, you may have an opinion on this, do you, as to what we should- whether we should vote today and if we do so, then we would have to preclude the opportunity for written documents in the next nine days to be submitted."

Frank Isler: "As I understood Councilman Buckley's motion, he wanted to close the hearing without allowing there to be further submittals."

Chairman Cardinale: "That's correct."

Frank Isler: "Which is a motion in and of itself, I think."

Member Wooten: "And I'll second it."

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Frank Isler: "As to closing the meeting- the hearing complete. There's a separate issue of whether and I haven't heard anyone actually say I want to vote on the merits of the application today."

Chairman Cardinale: "Well, I think that that's- let's ask.

The question- I don't think- you're- two things would happen. You would not have an opportunity for the public to submit written materials for 10 days if we closed it totally."

Member Buckley: "They've had an opportunity since July and I checked- as of this morning, there was no further written correspondence."

Chairman Cardinale: "Fine. Yeah, but so you would preclude those 10 days of notice but then I presume you want to propose a resolution to be considered today that nobody's reviewed."

Member Buckley: "Well, I gave you an opportunity this morning and you refused to look at it. The other board members have the resolution."

Chairman Cardinale: "No. What I'm saying is that it wasn't considered at the Thursday session. I don't want to quibble about details here but everybody- you guys passed a rule yourselves that you're not supposed to consider anything that hasn't been at the work session."

Member Buckley: "But you violated that very rule in January 15th meeting, Mr. Supervisor."

Chairman Cardinale: "How did that happen?"

Member Buckley: "By- with the stipulation with the O'Neil (phonetic) agreement."

Chairman Cardinale: "That was- the stipulation with the O'Neil agreement is nothing to do with qualified and eligible so I'm not even going to get there.

But if- you're saying that you want to vote today which is you're going to have to make an offer of a resolution off the floor. I don't- you know, it really doesn't make a lot of difference honestly but at the same time it is a departure from our normal process.

And I will point out that Frank Isler who is our counsel, do you want us- what is your recommendation?"

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Frank Isler: "The one comment I would make if you were considering acting today- "

Chairman Cardinale: "Yes."

Frank Isler: "On the substance of resolution on the qualified and eligible issue, my recommendation would be to at some point during this meeting go into executive session. I normally provide the board with an opinion on the record that's been presented. I think that should be something that's done in an executive session before you vote. If you want to do it today, that's fine. If- but it should be done at some point.

And that would be my input."

Chairman Cardinale: "Most significant incidentally is I believe you also supply a written signed document advising us as to whether the record is complete and I've indicated that I'm very much in favor of this project but I'm not going to move forward until I see that letter signed by you and your firm. So that at a minimum we'd have to do so if you want to go into executive session perhaps just after- either- we've completed the hearings. We're now going to take comment on the resolutions. Perhaps I'll take the comment and then we'll go into executive session before we consider the resolutions for 10 or 15 minutes and you can tell me whether you're prepared to sign the letter.

Okay, so is it a consensus of the board that they do not want to leave it open for 10 days for written?"

Member Dunleavy: "I think that motion- "

Member Blass: "Yes."

Member Dunleavy: "And I'll second that motion."

Chairman Cardinale: "So you want to- you do not want to leave it open for 10 days for written data. Okay. Let's take a vote on that. Who would- the motion is to close the hearing both for verbal and for written testimony. Okay, you want to call it, please, Barbara. Oh, Christine, I'm sorry."

The Vote: "Wooten, yes; Buckley, yes; Dunleavy."

Member Dunleavy: "Yes. We've had more than enough time for written comments on this and I think it's about time that the hearing is closed so I vote yes."

The Vote (Cont'd.): "Blass, yes; Cardinale."

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Chairman Cardinale: "I don't really think it's particularly significant. I would prefer to keep the hearing open as we do in most instances for additional written. So I'll vote yes to join my colleagues but I think it's not a bad- a good practice."

Christina Kempner: "Okay. The resolution to close the hearing is adopted."

Member Blass: "Do we make a motion to go into executive session in the CDA portion even though we will reconvene after that?"

Chairman Cardinale: "Yeah. Why don't we- I would like- since I understand that the board would like to consider a vote today and since we need to take counsel, I'd like to adjourn this right now for 15 minutes or so that you'll need to discuss it with us so that we can determine whether we're going to consider the resolution."

Member Blass: "Mister- make a formal motion."

Chairman Cardinale: "So I'm going to ask for a 15 minute break and I'd like to go into my office with- yeah, who's going to move?"

Member Blass: "Mr. Supervisor, I'd like to make a motion to convene in executive session for purposes of discussing the q & e on Vintage Properties with counsel."

Member Wooten: "I'll second it."

Chairman Cardinale: "Moved and seconded. Vote please."

The Vote: "Wooten, yes; Buckley, yes; Dunleavy, yes; Blass, yes; Cardinale, yes."

Meeting adjourned: 3:00 p.m.

Meeting reconvened: 4:10 p.m.

Chairman Cardinale: "Open the CDA. We have three resolutions of the CDA, 6, 7 and 8 on. There was a suggestion earlier of adding 9 which is now available for consideration because the conclusion of the hearing has occurred.

Mr. Isler, our counsel on the Vintage matter, has two items that we need to see, one is the- and we need you to read to the public, which is the resolution that we're going to consider and your opinion letter. So you want to hand us the opinion letter if

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you have it, I'd like one signed as we discussed. And then maybe read the resolution in.

I don't want you to read the letter; I just want you to read the resolution. We are going to read the letter though because it's privileged."

Frank Isler: "Do you want it read now?"

Chairman Cardinale: "No. Give us a second to read this and then why don't you just go by the podium and read us the resolution before we consider it.

This will be designated Resolution #9 of the CDA."

Frank Isler: "The resolution before you for your review is marked CDA Resolution #9, a resolution designating Vintage Square Properties LLC as a qualified and eligible sponsor for the purchase and development of the parking lot owned by the town of Riverhead located on Court Street together with the acquisition and development of some or all of the properties located on the adjacent block bordered by Railroad Street, Griffing Avenue, Court Street and Cedar Avenue for redevelopment consistent with the town of Riverhead urban renewal plan Railroad Street Corridor adopted April 4, 1997.

The text of the resolution is:

Whereas, the town of Riverhead owns the parking lot bordered by Osborne Avenue on the west, by Railroad Street on the north, by Cedar Avenue on the east, and by Court Street on the south, referred to hereinafter as the parking lot parcel; and

Whereas, Vintage Square Properties LLC has submitted to the Community Development Agency, referred to hereafter as the Agency, a proposal for the construction of a project on the properties bordered on the west by Osborne Avenue, on the north by Railroad Street, on the east by Griffing Avenue, and on the south by Court Street that will include the expansion of the existing parking—public parking, the creation of additional retail opportunities as well as providing additional parking spaces to accommodate the court facility expansion project hereinafter the redevelopment project; and

Whereas, the Agency believes the redevelopment project is consistent with the goals and objectives of the town of Riverhead urban renewal plan Railroad Street Corridor adopted April 4, 1997; and

Whereas, Section 507-2d of the General Municipal Law requires that a person, firm or corporation which proposes to develop

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municipally owned property within an urban renewal area shall be designated as a qualified and eligible sponsor pursuant to the rules and procedures of the Agency prior to the transfer of property to said person, firm or corporation pursuant to Section 507-2d of the General Municipal Law; and

Whereas, after due public notice, the Agency conducted a hearing— conducted hearings pursuant to Section 507-2d of the General Municipal Law on July 17, October 2, 2007 and February 6, 2008 to hear testimony and review documents and related submittals on the question of designating Vintage Square Properties LLC as a qualified and eligible sponsor for the redevelopment project; and

Whereas, said hearing having been duly closed; and

Whereas, the sale of the property and the designation of Vintage Square Properties LLC as a qualified and eligible sponsor for this development is in conformance with the town of Riverhead urban renewal plan Railroad Street Corridor adopted April 4, 1997,

NOW, THEREFORE, BE IT RESOLVED, by the members of the Agency as follows:

1. Based upon the public hearings on July 17, 2007, October 2, 2007, and February 6, 2008, held by the Agency at the Riverhead Town Hall, 200 Howell Avenue, Riverhead, New York and upon all the documentation and information received by the Agency, the town board as the governing body of the Agency hereby designates Vintage Square Properties LLC as a qualified and eligible sponsor pursuant to the rules and procedure of the Agency and Section 507-2d of the General Municipal Law for the redevelopment of the property.

2. That the Supervisor is hereby authorized to negotiate and present to the board for its approval a final agreement of sale consistent with Resolution #686 adopted July 6, 2005 and the draft agreement of sale on file with the town clerk.

3. This resolution determining Vintage Square Properties LLC to be a qualified and eligible sponsor shall expire and shall be of no force and effect unless an agreement of sale is fully executed by June 15, 2008.

4. All prior resolutions related to this urban renewal project that refer to the applicant as a entity other than Vintage Square Properties LLC shall be deemed amended *nunc pro tunc* to refer to "Vintage Square Properties LLC".

5. The Supervisor is authorized to order appraisals of the parking lot parcel and Cedar Avenue between Court Street and

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Railroad Street, which appraisals shall be paid for by Vintage Square Properties LLC.

6. That the town clerk is hereby directed to forward a certified copy of this resolution and attached notice to Smith, Finkelstein, Lundberg, Isler and Yakaboski, their address, John M. Sullivan, Esq.; Chris Kempner director of Community Development Agency; Richard Hanley, Director of Planning; and Dawn C. Thomas, town attorney.

That's the text of the resolution."

Chairman Cardinale: "Thank you. I had Mr. Isler read that because we're now going to consider it and vote on 6, 7 and 8 which were before the public previously. Now you've had that 9th resolution of the CDA read to you.

If anybody has a comment on that resolution as read, I'd like to take it because it wasn't out here when you initially made your comments. If there is no comment, I'd like to consider the resolutions.

Frank, the counsel letter that you just handed up to us signed is the same that we saw in draft, right? Okay. So there's been no changes in that.

You want to call the resolutions of the CDA, please?"

Resolution #6

Christina Kempner: "Okay, Resolution #6, Community Development Agency Riverhead Resorts capital project budget adoption."

Member Blass: "I move Resolution #6. So moved."

Member Dunleavy: "And seconded."

Chairman Cardinale: "Moved and seconded. Vote please."

The Vote: "Wooten, yes; Buckley, yes; Dunleavy, yes; Blass, yes; Cardinale."

Chairman Cardinale: "Yeah, and I point out- I vote yes and I wanted to point out to the public that this sets up the budget for the fees. All of our fees for review and counsel are paid by Riverhead Resorts for that project as they are by Apollo for that proposed project so that whatever happens to these projects, we do not wind up having advanced monies. So I vote yes."

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Christina Kempner: "Okay. The resolution is adopted."

Resolution #7

Christina Kempner: "Authorizes Chairman of the CDA to execute contract with NYS Department of Economic Development for the 2007-2008 Empire Zone Administrative Grant."

Member Dunleavy: "So moved."

Member Buckley: "And seconded."

Chairman Cardinale: "Moved and seconded. Vote please."

The Vote: "Wooten, yes; Buckley, yes; Dunleavy, yes; Blass, yes; Cardinale, yes."

Christina Kempner: "The resolution is adopted."

Resolution #8

Christina Kempner: "Authorizes the town of Riverhead Community Development Agency to execute an agreement to coordinate employment and training services and economic development services through the Suffolk County One-Stop Employment Center."

Member Buckley: "So moved."

Member Wooten: "Seconded."

Chairman Cardinale: "Moved and seconded. Vote please."

The Vote: "Wooten, yes; Buckley, yes; Dunleavy, yes; Blass, yes; Cardinale, yes."

Christina Kempner: "The resolution is adopted."

Resolution #9

Christina Kempner: "A resolution designating Vintage Square Properties LLC as a qualified and eligible sponsor for the purchase and development of the parking lot owned by the town of Riverhead located on Court Street together with the acquisition and development of some or all of the properties located on the adjacent block bordered by Railroad Street, Griffing Avenue, Court Street and Cedar Avenue for redevelopment consistent with the town of Riverhead urban renewal plan Railroad Street Corridor adopted April 4, 1997."

Member Buckley: "So moved."

Member Wooten: "Seconded."

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Chairman Cardinale: "Moved and seconded. Vote please."

The Vote: "Wooten."

Member Wooten: "A resounding yes."

The Vote (Cont'd.): "Buckley."

Member Buckley: "I wish I could say that with 100% certainty as with anything that this project will definitely happen. But one thing is certain, that is we don't try, if we do nothing up there, it's going to continue to be a blight on the community. So I vote yes."

The Vote (Cont'd.): "Dunleavy."

Member Dunleavy: "Yes. I think that this has been going on for too long. I think that area has to be started to revitalize itself up there and I think the Vintage Group will do it, and this is putting it in their court where they have to start working and purchasing the properties so they can do that.

And I hope that they continue to the end and this is a great project. I vote yes."

The Vote (Cont'd.): "Blass."

Member Blass: "Yes. I've stated before that I wanted to give Vintage every opportunity to demonstrate the ability to perform and construct this project.

To some degree this is a leap of faith but sometimes you just have to take that leap. And I'm willing to do that. I believe there are sufficient safeguards in the contract so that I am comfortable supporting— designating them as a qualified and eligible sponsor. Yes."

The Vote (Cont'd.): "Cardinale."

Chairman Cardinale: "All of us are aware that that area around the railroad station requires revitalization and none of us wants to stand in the way of that.

We have received— we had a 45 minute conference with counsel. We also have received a letter for the file which establishes his recommendation which is that it is within our discretion to determine on the evidence within the file that the entity, Vintage Square Properties LLC, is a qualified and eligible sponsor.

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As you know, I said Thursday that I would not consider a vote of yes unless we had that. We do have that in the file.

And I have to agree with what was said by my colleagues that— and what I said when Riverhead Resorts vote was had, that it's really up to the developer to determine whether he can do this project successfully and profitably. It's up to us to determine whether he is qualified by experience and he does have an experienced team, and access to capital, and he has provided a letter indicating possible access to capital.

I have reservations and the letter that we received from counsel expressed certain reservations. The absence of certain discretionary items would have been helpful but I— if they were in the file.

On the other hand, I certainly think that— as I think I did quote when we did the Riverhead Resorts contract, as William Blake said, a man's reach should exceed his grasp (inaudible). If we don't allow this entity the opportunity to move forward pursuant to the safeguards within the draft contract, we will never know if they could have succeeded.

So I will vote yes in the hope that they will."

Christina Kempner: "Okay, the resolution is adopted. And that concludes the business of the CDA.

Thank you."

Chairman Cardinale: "Thank you."

Meeting adjourned: 4:25 p.m.