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Minutes of a Community Development Agency Meeting held by the Town Board of the Town of Riverhead, at Town Hall, 200 Howell Avenue, Riverhead, New York, on Tuesday, April 18, 2000, at 7:00 P.M.

**Present:**

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

**Also Present:**

Andrea Lohneiss,	Director
Melissa White,	Deputy Town Clerk
Dawn Thomas, Esq.,	Town Attorney

**Absent:**

Barbara Grattan,	Town Clerk
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Chairman Kozakiewicz called the meeting to order at 9:35 p.m.

Chairman Kozakiewicz: "The time of 9:35 has arrived. And I'd like to convene the CDA meeting and take up the resolution."

Resolution #9

Andrea Lohneiss: "Just one resolution. CDA Resolution #9 authorizing the Chairman to execute a license agreement with Dreamworks and Warner Bros. regarding the temporary use of the Calverton Enterprise Park, a portion thereof."

Chairman Kozakiewicz: "Do I have a motion?"

Member Densieski: "CDA Resolution 9 authorizes Chairman to execute a license agreement with Dreamworks SKG and Warner Bros. regarding the Calverton Enterprise Park. So moved."

Member Kent: "Seconded."

Chairman Kozakiewicz: "Moved and seconded."

The Vote: "Densieski."

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Member Densieski: "This is going to take a minute. I wrote down a couple notes while people were mentioning Dreamworks. I didn't think we could have possibly beat our previous Grumman giveaways but this is the grandfather of them all. One dollar per square foot. But having said that, we have to look at the big picture. There is a possibility of a major motion picture studio, possibly we should take the chance.

We have a letter from the Governor's office that I want to just read one line. We are not suggesting you give it away, but rather for this first film, we urge you to accept the offer being proffered by Warner Bros. Once the facility is established, exceptions like this would not have to be made. With that in mind, I feel that we should give it careful consideration if we can help people like Allen Ryan and Wading River who has got a motel and the other local economy.

I still think the Board should have considered leasing the property. This deal was put together like I said before in two weeks. We've spent four years and we still don't have a closing, so there are other tenants, too, and others that still want to come. I still think we should have considered that more carefully.

With this deal, we're going to still have major attorney's fees and major management fees. I think we could have eliminated a lot of that if we did a lease or possibly looked at a lease or did something different- a different kind of subdivision that the town did. But saying all that, I hope this works out. I pray that this works out. I vote yes."

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

Member Cardinale: "I don't think this is a very close balancing to vote yes on this. I do want to point out that as the economic- the probable economic benefits are enormous and I also want to echo Bob in saying that today it's empty, tomorrow it's going to be empty and I venture to guess that if we don't take this deal it's going to be empty right through October, so I consider this \$200,000 found money.

I also want to indicate that the reality is that all expenses are contemplated to be paid by the tenant so that this would be a- the gross is in effect the net rent.

I also want to allude to the same letter that Ed did. It is written by the Deputy Commissioner and Director of the New York State Governor's Office of Motion Picture and Television Development and in

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pertinent at least to my vote it states the following: Establishing a production studio in Riverhead would have a substantial economic impact on the community. Millions of dollars will be spent for the producers of this initial project. In the long run, there will be tremendous potential for future job creation. There is no question that this particular project represents the single best opportunity Riverhead could ever hope for to establish itself as a viable location for film production. Steven Spielberg is the most successful, highly visible, highly respect film maker in the industry or any other industry for that matter. This highly anticipated production would showcase Riverhead and (inaudible) to a world audience of studio executives, film and television producers and directors and the general public in a way no other production could.

And then it goes on for two pages to state the specific production offers some very valuable and immediate long term benefits of particular interest. And I will just cite one. Due to the scale and duration there will be a very significant economic impact to the local community from production spending in Riverhead, businesses, large and small, from dry cleaners to drug stores, gas stations to gift shops. A wide variety of individuals and companies who never thought of themselves as having anything to do with the movie business will thrive.

I think it would be irresponsible not to vote yes. I am, of course, voting yes.

I have just one caveat and I think Bob has done this before and I would agree to it this time. I have a note from Andrea that the license agreement which is not appended to the papers that you have in the audience, we have seen a copy, but there's an indication, Bob, that there is- that you and Steve Kline, our attorney, have had a lengthy discussion about the issues in the license agreement- some are not yet fully resolved. The draft agreement is attached, however. That you'll let us take a look at it before you sign it."

Chairman Kozakiewicz: "Before I sign it-- absolutely."

Member Cardinale: "With that caution, I would vote yes."

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

Member Kent: "I believe there's been enough discussion about this. The impacts on our town are going to be great. The risk to us is very little. We are going to receive rent for the building, a

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building that's vacant now and they're going to pay the utilities. They're going to maintain it, a property that we have been maintaining and paying to maintain. They're going to provide utilities to a building that we have provided electric and heat to. And it will be at their expense rather than at our expense. The ripple effect to the surrounding community will be great and I think this is the type of industry we had hoped for and dreamed for when we started looking at re-letting this property.

I don't believe it's the proper forum to discuss this but I do believe Ed is mistaken that we should retain this property and lease it out. The costs of being a landlord are just too great. The potential liability is just too uncertain and the impact of selling the property which I will gladly go over with Ed, the financial impact to the town if we could sell this property and close on this deal in the short term would be much better than waiting years for potential return on leases. So I think that's a discussion for another night but I think the only vote that we can make up here on this tonight is yes. And I vote yes."

The Vote (Cont'd.): "Mr. Lull?"

Member Lull: "Ever since we started talking about Grumman five years ago, the plans for the property, we've said basically there are three things we wanted out of that. The first was jobs, the second was jobs, and the third was jobs. Well, this isn't the answer to that obviously. This is something totally different. But this has both primary, (inaudible) and- primary, (inaudible) and secondary benefits. Certainly the primary benefits have already been mentioned. The amount of money that's being paid plus expenses. Secondary, everybody has gone through the various aspects of our community that will gain from this and the- a third possibility is the fact that we will be able to have the kind of publicity for this site that we really want. It's not hype. This is reality based. And that's great to see. Because we can put out all the hype that we want about our site, but if it's reality based, if somebody comes out there with a camera to cover what's going on, that's real. And that's what people will see. And I don't believe that we can turn down something like that at all. Yes."

The Vote (Cont'd.): "Chairman Kozakiewicz."

Chairman Kozakiewicz: "In responding to Mr. DiPero earlier, I made it clear what we're earning presently today and what we'd be earning if we don't enter into this transaction. This license

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agreement as pointed out by other Board members, involves a base of \$200,000 and from there was have the cost of utilities, maintenance, service, start up costs, and additional security if required being picked up by the licensee, by Dreamworks- Warner Bros.

This is something that is, I think, an opportunity that we've been looking for. The ability to attract movie industry or that type of use to the property has been discussed many, many times and was something that we've as a town embraced. It's a non-polluting type of industry, promotes tourism, will put the site on the map.

In addition to the letter from the New York State Governor's Office for Motion Picture and Television Development, I also had a conversation to speak to an individual at the presence of allowing movies to come to a site out in (inaudible) California. In that case, he pointed to the fact that hotel rooms were rented in excess of a million dollars for the period of time that the movie was in place. That was Jack. He also pointed out that over a million dollars in building materials was spent to the community. There were other also incidental costs, rental cars, food, so the reciprocal- I mean the trickle down effects were there.

For all those reasons, I vote yes."

Director Lohneiss: "The resolution is adopted."

Chairman Kozakiewicz: "Thank you. And I call the CDA meeting to a close. Close the meeting at 9:45 p.m."

Meeting closed: 9:45 p.m.

# Adopted

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CDA Resolution #9

Authorizes Chairman to Execute a License Agreement with Dreamworks SKG and Warner Bros. Regarding the Calverton Enterprise Park

**COUNCILMAN DENSIESKI**

\_\_\_\_\_ offered the following resolution which was seconded by

**COUNCILMAN KENT**

Whereas, Dreamworks SKG and Warner Bros. have requested use of Plant 6 at the Calverton site for a period of approximately 6 months beginning on or after April 26, 2000 for the production of a movie; and

Whereas, The Town of Riverhead will receive income in the amount of \$200,000 plus the cost of utilities, maintenance services, start up costs and additional security if necessary for use of the subject space; and

Whereas, the Town of Riverhead recognizes the significant economic impact that the prospective film is expected to have on the local business community as well as the positive exposure that the production of a Spielberg/Dreamworks film will provide to the entire facility and Town of Riverhead.

Therefore, Be it Resolved, that the CDA authorizes the Chairman to execute a License Agreement with Dreamworks SKG and Warner Bros. for Plant 6.

Be it Further Resolved that the Town Clerk is authorized to provide a certified copy of this resolution to Andrea Lohneiss, CDA Director, and Steven D. Klein, Esq., Willkie Farr & Gallagher.

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

**THE VOTE**

Donaldson  Yes \_\_\_ No \_\_\_ Cardinale  Yes \_\_\_ No \_\_\_

Kent  Yes \_\_\_ No \_\_\_ Lull  Yes \_\_\_ No \_\_\_

Kozakiewicz  Yes \_\_\_ No \_\_\_

**THE RESOLUTION WAS  WAS NOT \_\_\_**

**THEREUPON DULY ADOPTED**