

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

PRESENT:

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

ALSO PRESENT:

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

Chairman Cardinale: "Open the meeting of the Community Development Agency and call forth the director and ask that you call Resolutions 1, 2 and 3."

Resolution #1

Christina Kempner: "Okay, CDA Resolution #1, ratifies members and officers of the Riverhead Community Development Agency."

Member Blass: "So moved."

Member Dunleavy: "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 was therefore duly adopted."

Resolution #2

Christina Kempner: "CDA Resolution #2 authorizes Chairman to

execute contract of sale for a 755 plus or minus parcel of property within the planned recreational park portion of the EPCAL site with Riverhead Resorts, LLC."

Member Dunleavy: "So moved."

Member Buckley: "Seconded."

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

The Vote: "Wooten, no; Buckley."

Member Buckley: "I have a comment, first. There's no doubt that if successful the proposal of the Riverhead Resorts will create well over 2,000 jobs. But I have serious doubts that there is even a demand for so many low level, entry level jobs as I look at the many help wanted signs at Calverton and Tanger and Riverhead Center.

I don't feel the various resorts- I honestly don't feel the various resorts proposed will be able to staff themselves. I am concerned that one of the greatest assets of the EPCAL property and Riverhead is destined to be destroyed forever with this proposal.

The 7,000 foot runway in my mind is an irreplaceable asset for the entire region. After construction is started or even completed and should the development not become viable, we've wasted forever this irreplaceable asset.

And, finally, there's the issue of a snow dome. I can't support voting on a contract in which we really have no idea what the final product is supposed to look like.

I question the viability of the project should the ZBA refuse to grant a variance with regard to the height. Studies have indicated that the snow dome in particular is a key attraction required for the development of the proposed resort.

I realize that Riverhead is due a certain amount of monies, possibly even if this proposal does not happen. But I would prefer development of the EPCAL property be done in such a manner which ensures a slow constant stream of nickels rather than the possibility of the one time quick buck.

And I vote no."

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

Member Dunleavy: "This decision hasn't come lightly. We had eight months to talk to these two entities, find out which one would be the best thing for the taxpayers of the town of Riverhead.

Grumman has been sitting almost empty since we got it from the federal government. The federal government says they gave it to us for economic development. What we did last year, we sold 300 acres of light industrial for 35 million dollars to get that side bringing in economic jobs to the town of Riverhead.

This is 755 acres which we are selling for 155 million dollars coming to the town of Riverhead plus jobs. Seasonal, no; year round, yes. It's going to be open all year long. It's going to be a destination.

They have nine venues, not just skiing, not just ice skating. They're going to have horses there. They're going to have an indoor water park. Like Splish Splash is an outdoor water park. They're going to have an indoor water park. So everybody can come there during the winter. They's going to be ice skating. There's going to be a hockey rink. There may not be a snow mountain but that's not vital to this resort.

This is not an emotional decision. This is a decision that I have made for the taxpayers of Riverhead town so we can enjoy living here and not worry about increasing taxes every single year.

I vote yes."

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

Member Blass: "That was very well stated, John. As I had mentioned in the very beginning, this is a very ambitious project. But I am confident that on balance we are proceeding in the right direction and I'm excited about moving to the next phase of what I believe will be meaningful development of this property.

My vote is an enthusiastic yes."

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

Chairman Cardinale: "This is certainly no rush to judgment. The process began not only eight months ago, 18 months ago with the

RFP process. This process was delayed four days and I think appropriately in a gesture of inclusiveness and respect for our new colleagues on the board who I believe once they understand more fully this project will support it.

And, also, I remind as a minority Supervisor I've been in this position, that once the board makes a policy decision, we're all in it together to implement it successfully and I'll expect that cooperation from Tim and Jim.

The- it's time to embrace our opportunities. I said that yesterday in my remarks at the swearing in and to achieve what we can for Riverhead.

It is a year round destination resort but that is important but what is most important to me and what makes it hard for me to understand why anyone would vote against this contract, is that this contract is unlike every other contract we have entered into over the years.

It is in effect a win-win for the town of Riverhead. I am not a predictor of the future. I do not know whether in 23 months we will- I do not know whether in six months we will proceed out of the due diligence period. I do not know whether in 23 months we will close as is called for in this contract. I do not know whether we will have it extended at two million dollars for every three months after 23 months.

I do know, however, the moment this contract is signed, Riverhead will receive a non-refundable two million dollars. The moment they go into their 183rd day, Riverhead will receive four million dollars- an entitlement to four million dollars more.

I do know that if this contract goes beyond 23 months, Riverhead will receive two million dollars every three months for five extensions if it goes that long. And I do know that if they walk away at any time, Riverhead will be richer for it.

So what concerns- what drives my vote is that whether it closes or whether it does not, this is a win-win for Riverhead. And that was because of diligent negotiation over a 90 day period and I thank Mr. Isler and Mr. Siegel who assisted the town with that.

I believe that in light of what I have said and in what my colleagues have said, that I hope we can go forward together setting

the tone we did by allowing the new members to address the issue, trying to build bridges not walls, go forward together and understand that these people are real estate investors. They're not in love with Riverhead. They are trying to make a buck and we have a contract here which says if you make it, it's extraordinary, 155 million dollars, eight million dollars additionally to the town for projects which we'll see in a moment; three million of which will be before closing.

The other things in this contract that are extraordinary, making it a win on the side of a greater win if we close, are that there is pilot payments and taxes from the day we close, we don't wait until the next taxable year. There are no— there is a waiver of all abatement of taxes. Try getting in that in any other urban renewal contract or purchase. And there is a 15 acre give back to the town and a million dollar contribution to the sewer district.

For all these reasons, I don't think we can lose by voting yes. I am voting yes."

Christina Kempner: "The resolution is adopted."

Chairman Cardinale: "Thank you. Would you call the next, please."

Resolution #3

Christina Kempner: "CDA Resolution #3, a resolution designating Riverhead Resorts LLC as a qualified and eligible sponsor for the redevelopment of approximately 755 acres of property within the planned recreational park zone district of the EPCAL site."

Member Buckley: "So moved."

Member Wooten: "Seconded."

Chairman Cardinale: "Moved and seconded. May we have a vote please."

The Vote: "Wooten."

Member Wooten: "I have some serious reservations about the financial wherewithal. So I'm going to vote no."

Can' hear me? Oh. I said I haven't studied all of the financials but the financials I've seen, I have some doubts about so I'm going to vote no."

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

Member Buckley: "I'm going to abstain because like Jim, I don't feel confident. I don't want to say that Riverhead Resorts- I think they'd be getting short changed if I voted either yes or no on it.

I don't feel I have enough information. I talked to the Supervisor today and I said I feel like I'm studying for a final exam in college with all of this information.

In fairness, I'm going to abstain."

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

Chairman Cardinale: "Yes. I vote yes."

Christina Kempner: "The resolution was duly adopted.

That concludes the business of the CDA. Thank you."

Meeting adjourned: 3:12 p.m.

*Barbara Featherson
Town Clerk*