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Minutes of a Community Development Hearing of the Town of Riverhead held by the town board of the Town of Riverhead at town hall, Howell Avenue, Riverhead, New York on Tuesday, April 21, 2009, at 7:00 p.m.

**PRESENT:**

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

**ALSO PRESENT:**

Christine Kempner,	Director
Diane Wilhelm,	Town Clerk
Dawn Thomas,	Town Attorney

Public hearing opened: 7:55 p.m.

Chairman Cardinale: "Open the meeting of the CDA at five of eight and open this— ask Frank for you to describe what we are about to get into and the CDA hearing."

Frank Isler: "Good evening, everyone. The purpose of this hearing and as it's been noticed is to determine whether or not the community development agency should find REPCAL LLC to be a qualified and eligible sponsor for an urban renewal project to develop 300 acres at the EPCAL site for industrial development.

This board has previously determined both as the CDA and also as the town board that REPCAL LLC is a qualified and eligible sponsor for this project back in 2007.

The reason we're back here today is due to the severe economic downturn that we all are totally aware of. The purchaser has indicated that it is not financially feasible for it to perform the contract under the financial terms that were negotiated and agreed to back in 2007.

Under the existing contract REPCAL has an absolute right to terminate the contract with the town without penalty at this point. Rather than do so, REPCAL has approached the town and there have been negotiations that have taken place with respect to the project going forward at a reduced purchase price.

A modification agreement has been drafted on record with the town clerk's office for anyone who wishes to examine it and that modification is really the project, the contract that you're going

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to be determining whether or not REPCAL is a qualified and eligible sponsor to perform that contract.

You've already found them to be qualified and eligible at a purchase price of \$35,000,000 on a project of about \$250,000,000 to construct. This project, the economics are less.

As part of this record, we're going to officially make the original hearing record and submittals that REPCAL presented to you back in 2007 part of your record tonight. So that record that's in the clerk's office is now officially part of your record.

In addition, we have been provided with updated financial statements from REPCAL from their accountant indicating and reconfirming what was presented by the accountant the last time, in 2007, about their financial wherewithal and ability to perform.

In addition, back in 2007, the town was provided with a resolution of the entity, REPCAL LLC, that guaranteed that the members would come forward and financially back the project if that ever were necessary. There would be a call provision that would make them ante up money if necessary.

That resolution has been reaffirmed and there's going to be a document in the record indicating that.

The one other thing that is relevant at this point is the actual project is totally unchanged. The development of this site is identical to the site plan and subdivision maps that have been filed by the applicant as part of the process that's been ongoing.

The only difference really in substance is the purchase price that's set forth in the modification for you to consider.

Just so that the public knows this and the board knows this, this is an urban renewal project under specific statutory provisions of the general municipal law. As a result and because of those provisions, the town can sell this property at market value, at less than market value or even for zero dollars because the goal is to get an urban renewal project developed under the statute. That's the purpose of the statute, to facilitate development of urban renewal projects consistent with the urban renewal plans in that particular area.

This project is consistent with that and so the issue of this price of the property while important certainly is one of the factors that the board can consider.

Technically all you're considering tonight is whether or not this applicant is a qualified and eligible sponsor to do and perform

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successfully this project and that being said I think it would be perhaps appropriate to hear from the applicant briefly on reintroducing himself and the company to you and reiterating a lot that was told to you back in 2007 about the company.

And I'm going to make part of the record the accountant's update and the ratification of the guarantees, the corporate guarantees and call provisions that have been presented."

Chairman Cardinale: "One other clarification of what you said, Frank. The price obviously is diminished but there is two other- there are no changes I believe other than in regard to the kickers that were in the first contract that would be able to enhance the price if it was done within a specified period or if there's greater development than anticipated except one adjustment which is minor.

And this contract although at a far less price has hard money, \$250,000 immediately, a quarter of a million dollars immediately, and three-quarters of a million between July of 2010 and July of 2011. Those are two other changes I think that are substantive and they are listed in the notice.

So you wanted to have Mr. Rechler speak or his attorney?"

Frank Isler: "I think Mr. Rechler was going to address the board."

Greg Rechler: "Good evening. Thanks for having me. My name is Greg Rechler. I'm managing partner of Rechler Equity Partner which is the owner of REPCAL LLC and I guess I just wanted to reiterate a little bit of history about our company.

I'm not going to get into the whole aluminum furniture story again- "

Chairman Cardinale: "Oh, good."

Greg Rechler: "-- I know you guys like it, but I think you heard it already.

But I will talk about our 50 years of history which I do think is important. Myself, my partners who are my uncle and my cousin, you know have been part of Long Island development as well as my grandfather and father for over 50 years and developed, you know, many of the largest industrial parks here on Long Island starting with the John B. Klein Industrial Park in Hauppauge which started out as a 1200 acre development, you know, back in 1962, you know, before the Long Island Expressway even came out that far and that was, you know, 10,000,000 square feet of development.

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In the '70's, my father and uncle developed Airport International Plaza which is out by MacArthur Airport. From the early '70's, you know, to the late '80's, that was a million and a half square feet.

We've continued to develop throughout Suffolk County and Nassau County, you know, through the '80's, '90's and currently.

The site is still- we still believe is buyable. As Mr. Isler said. The financial world has changed dramatically in the last two years to the point where almost everything has to be re-evaluated as it relates to the economics.

That being said, you know, we believe that this property will be the new economic engine for the east end providing 7,600 primary jobs on the property, and additional 9,000 jobs of secondary employment, you know, generating significant payroll, you know, out here on the east end.

So we feel strongly about it. It's- as Frank said it's going to be a 10 year project and it, you know, it could be longer depending upon when the economy and how the economy recovers. But it's something, you know, we've done, we're accustomed to doing and we have the, you know, the financial wherewithal and the experience to do."

Supervisor Cardinale: "Thank you. The letter you alluded to, Frank, April 21, 2009, Konigsberg Wolf & Co. and certificate of managing member, you have that in the file?"

Frank Isler: "Yes."

Chairman Cardinale: "Which establishes the net worth of the principals far exceeds the project of 225 million and allows that they will accept calls if necessary on their individual wealth."

Frank Isler: "Yes. These documents supplement the financial- similar financial records that were given to you initially when you found them qualified and eligible back in 2007.

We also have here tonight if you wish to hear from them at this point some testimony with respect to the marketability of the property and issues relating to that. If the board wants to hear that now or do you want to hear from the public first?"

Chairman Cardinale: "Yeah, I would like to- I know that the hearing technically involves qualified and eligible meaning experience and money. I think the board hasn't got much doubt that they have the experience and they have the money but implicit in any review is is this contract a good idea. So why don't we let the

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public comment and then we'll have the experts comment or maybe we'll inter- we could intersperse.

But if you want to come- why don't you come up, Frank- Jack, and then is anyone else going to testify on behalf of the market efforts? Okay, why don't we do that then and get you guys, and then you can listen and come back if you need to rebut anything that's said.

You and Marie. Tell us who you are and tell us what efforts you have to market the property on behalf of the town, what the results were, what your experience with the market is and how it's changed between 2007 and now."

Jack O'Connor: "My name is Jack O'Connor, the second time out here today, 250 mile round trip. That was a good meeting today. You could grow palm trees in this place tonight, Phil."

Chairman Cardinale: "Yeah, it is hot."

Jack O'Connor: "It is hot. Anyway, I have 40 years experience in the Long Island market and mostly in the industrial and office leasing arena.

Marie Zere is here tonight. She's a competitor but she also works in this particular area as well as in western Suffolk County.

And one of the things that Frank and Greg Rechler just to reiterate, in 2007 the world was totally different. We went out for an RFP in 2006 and it was a feeding frenzy from three particular bidders in 2007. The original bid by the Rechlers which was probably the most conscious bid and probably well thought out because they were really the only developer at that time that actually had the experience to do industrial development because they had already developed 6,000,000 square feet for the Rechlers.

The other two bidders had experience in investment and residential development. They never had really any industrial development. So the well thought out plan by Rechlers was \$17,000,000 at the time. But nobody likes that \$17,000,000 number. We all know that.

So it got into a bit of a bidding war, prices went up, testosterone was evident and 2007, the stock market was going up and up, capital markets were available and in 2008 they dried up.

As far as I'm concerned right now, in my experience, I have never seen anything like this. The industrial office retail market, retail is a total trash. Office market, there's sub-lease space, millions of square feet have come on the market in the last year.

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As far as industrial goes, in the end of 2007 the beginning of 2008, we had a four and a half percent vacancy rate. Currently we're seven and a half. Unemployment on Long Island, a year ago was four and a half percent. It's now seven point eight percent and rising.

So when somebody ask Jack O'Connor or Marie Zere, what' the price for land today, we have no idea. Why? Appraisers call me up every week, they say what have you got? What is the price? We don't know. We don't have any sales. Appraisers can't appraise property today.

So we can almost say that the value of land starts at zero and whatever anybody buys tomorrow is the new appraised price. So what was going on two years ago and one of the reasons we put out this RFP and I insisted that the town rezone the property probably four, five years ago for industrial was the frenzy going on in Brookhaven town because there is no industrial land available in Islip. It was absorbed in early 2000.

Brookhaven probably has another thousand acres, fifteen hundred acres available. It was on the market for 250, \$350,000 an acre a year and a half ago. Nothing has happened since then. It's dried up.

Nobody is coming out this far east to purchase land. Why? Because there are available buildings back in Hauppauge, Deer Park, Melville, existing buildings that are coming on the market for half of what they were two years ago.

So companies are thinking shipping costs, whatnot, I can get a better deal, even foreclosures, back further west.

Buildings two years ago were going for between 30 and 40,000 square feet for \$125 to \$150 a foot. Today they are being listed for \$85 a square foot and less and there are still no takers.

Leasing prices going back two years ago when this whole thing happened were approaching \$10 per square foot for industrial space. Today the norm is \$6 to \$7 a square foot, mostly near \$6.

Jan Burman who purchased this property 10 years ago was successful in selling most of his buildings up front. He has 95 acres of property alongside the 10,000 foot runway. He was listing the property three years ago at \$250,000 an acre, trying to compare it to whatever the prices in Brookhaven were. Right now if he had \$75,000 an acre, he would jump at it and we still have no takers.

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I've heard stories about possibly land banking this land. Well, the government gave this property to the town for zero. The intention of the government at the time was to induce the town to encourage an economic engine for the region, not have the town hold out for a windfall.

As Frank had mentioned before, this property doesn't have to be sold— this could probably be sold for zero but as long as you get a price that you can live with and create this economic engine and create jobs, create tax ratables, this is where the town should be.

Greg had mentioned that you're talking about six to 9,000 jobs. Right now, with unemployment at 7.8%, we could use all the jobs we can get.

If you land bank this property for five years, it will be another five years or ten years from now before you can put a shovel in the ground. Because after five years, you've got to go out with another RFP, you have to go through all the permitting process, and you have to go through all the machinations you're going through right now.

So if you continue at this price of permitting, we'd be able to put a shovel in the ground in probably two years with whatever the Rechlers are doing at this point in time.

I would like to read out a letter from in summary from Suffolk County Legislator Edward Romaine.

Supervisor Cardinale and Members of the Town Board:

It has come to my attention that the town board will be considering a resolution to move forward with the sale of the property at EPCAL to Rechler Equities.

Considering the current state of the economy, I support the town board's resolution which will enable the town to add tax ratables and add assessment rolls as well as create jobs for local residents.

Sincerely, Edward P. Romaine.

That concludes my testimony. Marie, would you please come and support?"

Marie Zere: "Good evening, everybody. Well, let me give you a little background for those who don't know who I am and my background.

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I've been a licensed real estate broker since 1977 and Zee Real Estate Services (phonetic) has a history going back to 1980. I'm in business 29 years. I've done all aspects of commercial real estate.

My specialty is land use and development. So I feel qualified to come before you today and tell you a little bit about what I think is really going on.

As more of a background, I sold approximately 255 acres in the Calverton area. My last sale other than that little 12 acre site where the go carts are and I know that's a thorn in your side, was with Northrup Grumman. I represented Northrup Grumman for five years and I sold that land back in 1998. That's over 10 years ago.

I tried to sell EPCAL, came before you at one time, not everybody that's here today was part of that and Jack and I worked vigilantly to get Palm Beach Polo and we worked for two and a half years on that project, to come in and purchase the land at EPCAL. At that time it was 855 useable acres and he offered \$33,000,000 for the property. This is a long time ago.

Now if you took the time value of money for that \$33,000,000, you would be way over I would say \$100,000,000 at this point. And they would be on their way to doing the project and the reason why that fell apart was because at that time the administration did not want to do a subject to deal and it would be subject to doing what he wanted to do. And they wanted an as is, whereas deal, buy the land, too bad for you and just roll with the dice. And that was something he wasn't willing to do.

So that's how far back I go.

I also represent some of the properties that are inside the gates at EPCAL. I have right now 208,000 square feet available and we're offering out a good portion of that space at \$3.99 a square foot gross, including taxes. Nowhere on Long Island is there a number like that.

What Jack didn't tell you about is there are some other issues here. The reason why I don't have any takers for the land in Calverton and no takers for the property inside the gate is because there is a perception out there that Riverhead is not business friendly. And that economic development is kind of the last thing that's going on. With the exception of the Route 58 corridor, there really isn't a tremendous effort made in economic development at least not as I see as compared with the other townships I do business in, and I do business in all the townships.

Now I'm not really here to slam the town. I'm hoping to be constructive. Your process is much too complicated, getting

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permits, to get a company in there when they want to lease the property, the word is out there that they don't want to go out to Calverton, they don't want to deal with the town of Riverhead.

And that is my biggest obstacle that I have to be confronted with.

As far as the value of the land, I don't have anybody that's interested in the land and there's nobody better qualified than the Rechler family.

As I see it, this project is the only hope for the taxpayers to get any kind of relief in the future. I don't see anything else out there. I don't know of anybody that would buy this land. I have been marketing properties as Jack has been right alongside of him and by the way he's a competitor but we're friendly competitors.

I don't know of anyone what would come in and even buy it at the price that they're offering. I don't have any takers and I know a lot of people with very, very deep pockets. I cannot get anybody out to Calverton.

Something has to be done on your end. If and when this project goes through, I would be happy to offer you some of my opinions and some of my expertise and some of my experiences with other townships that have simpler processes than the town of Riverhead.

And I want to thank you very much for having me today. And thank you for listening."

Member Dunleavy: "Thank you."

Member Wooten: "Thank you."

Chairman Cardinale: "Thank you. We would like to take comment from anybody else who would like to give it in regard to this hearing, so come right up, please. Rex, come on up."

Rex Farr: "Good evening. Rex Farr, Calverton farmer. I have a couple concerns about this deal here and I'm not quite sure where to begin after listening to Jack and the other lady.

But let me start off by saying that number one, what I'm about to say tonight is my opinion and not the opinions of the Calverton Civic Association. These, again, are strictly my opinions.

I am for land banking. Why? The bottom line is that we're in an economic situation here where certainly on Long Island, in New York State, across the country, we have been rather arrogant. I defy anybody in this room to look at their clothing and see if

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they're actually manufactured in America. Bottom line is there are no manufacturing jobs.

You also heard earlier from this lady here that said she has available space. Burman's property is still available, parts of his property. So that when you're trying to create jobs in a tight economy when credit is so tight, how are you going to get the money to start up these jobs? Where are these jobs going to come from in light industry or industry?

Second of all, how do you base an economic generator which is a phrase I am so sick and tired of hearing because everybody's under the assumption that the property given back to the town of Riverhead was to replace the 3,000 jobs lost at Grumman, to reduce property taxes.

If the town is serious about property taxes, okay, well then developing those 300 acres is not the answer. Take a look at your school budget which is 70% of your property taxes, just for example.

Also, I believe that Rechler is involved over in Westhampton. So when are they going to have the time or the money to come over here to Riverhead? It's going to be at least five years.

Now they're not making any more of this stuff called land. There are no good deals out there right now so don't look for the new silver bullet. And I just don't see how we can go wrong. I do remember sitting at Bernie's back in 1985 as actually Southampton, East Hampton, the south shore property values were going up, up, up and up and over my fifty cent beer, I was laughed off the stool when I mentioned \$100,000 per acre.

Ladies and gentlemen, thank you very much because you just gave me \$100,000 for my development rights. I still own the land.

We could put this land to so much better use than manufacturing jobs that don't exist. Let's think about feeding our kids, let's take some of that property out there and start to put a good food system in the town of Riverhead. We have to prepare 4,500 meals five days a week. Where are we growing this food?

I'm just trying to get to the point where you should not be fire selling this land. Didn't you learn anything from the Burman deal? But, again, there are no jobs out there in this economy and so it really just, you know, if I were Rechler I'd be doing the same thing. I'd be coming back to you guys and going, gee whiz, you know, economic times have changed. Well, yeah, they're changed and they're going to change forever. This isn't any kind of cyclical kind of situation and, hopefully, they'll change for the better where we're going to start living within our means.

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But, again, jobs are not going to give you the economic generator that you so desperately need in property taxes.

Think about it. Thank you."

Member Dunleavy: "Thank you."

Chairman Cardinale: "Thank you. Yes, anybody else, please come up. Come up, please."

Parviz Farahzad: "Supervisor Cardinale, Members of the Board, Parviz Farahzad, I'm a developer and I've owned land in this town for many years. I know Jack O'Connor real well. Marie Zere is a fine real estate person. The Rechlers are fine business.

But I believe if you do sell this property, short sell it today, you'll have a major problem (inaudible). For one, you're selling the future value of this property for \$18,000,000. It's basically if you try (inaudible) today, maybe you're selling it for \$15,000,000. It's basically selling it for \$50,000 an acre plus there's no tax collected on this thing for two or three years and you don't even know if at the end of the day they will even go through with the deal. Eighteen million bucks, big deal, that's not much money to carry this property three years.

Secondly, if you sell this thing for \$50,000 an acre at today's value, you're going to have a big problem on your hands. Everybody's going to come in and they're going to take that land value and they want to reassess their property and you're going to have a tax situation on your hands that you're not going to believe.

Secondly, the economy is bad. Even if you gave this property for free, they would not be able to create jobs for you because there's no money out there to develop this thing and there's no companies that will be coming here. Unless you take this piece of property and bring it to Queens, you're not going to be able to get people to come out to the site right now.

You have to wait your time. You've been through this before, you know. I've been through three recessions in this town and it's going to come back. You just have to wait, you know. Put it on hold and bring it back on again and so I think if you just give in and sell it for value thinking that you're going to create jobs, I think it's (inaudible).

That's all I have to say."

Chairman Cardinale: "Thank you."

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Member Dunleavy: "Thank you."

Chairman Cardinale: "Any other comments?"

Jodi Giglio: "Good evening, Mr. Supervisor and members of the Board. Jodi Giglio as a taxpayer."

This property has been taken off the market since 2007 without a down payment we could keep. Now at least with Riverhead Resorts, we got a down payment that we could keep so— and these contracts happened around the same time so I don't know why this contract was able to go through without a down payment. But it did."

Chairman Cardinale: "Actually there was a down payment of \$2,000,000. If you looked at the contract, you'd know that."

Jodi Giglio: "Okay. But it's refundable."

Chairman Cardinale: "As almost every contract is during— "

Jodi Giglio: "Okay. But Riverhead Resorts is not."

Chairman Cardinale: "At a certain point, it became non-refundable."

Jodi Giglio: "Okay. So this— "

Chairman Cardinale: "And that point has not been reached in this contract."

Jodi Giglio: "Okay. But because we have extended the due diligence period for them."

Chairman Cardinale: "Correct. Because they were walking away from the deal if we didn't."

Jodi Giglio: "Okay, which as far as my opinion is concerned, wouldn't be a terrible thing because— "

Chairman Cardinale: "Okay. But you have that opportunity now as you did then."

Jodi Giglio: "Okay. So now they want to give \$250,000 down at \$750,000 between July of 2010 and 2011 and reduce the price from \$35,000,000 to \$18,000,000 at approximately \$55,000,000 or \$55,000 an acre."

Chairman Cardinale: "That's accurate."

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Jodi Giglio: "Okay. Where are the comps to support \$55,000 an acre for industrial land? Mr. O'Connor said he couldn't provide them so did we just get this number out of the air? Because as far as I know, you can't even buy residential land or keep transfer of development right credit for less than \$90,000 an acre."

Chairman Cardinale: "Development right credits are significantly less than that but it's a valid point. This market fell off so quickly there's no action so there's no comps."

Jodi Giglio: "Okay. We spoke about the Jan Burman subdivision, how that subdivision sold for \$17,000,000 approximately 10 years ago and Mr. Burman in creating his own subdivision has prospered from that sale to the tune of around \$60,000,000. He paid \$17,000,000 and he's taken back around \$60,000,000 for the properties as I'm aware of in looking at the sale prices of the lots within that subdivision."

Chairman Cardinale: "Mr. Burman— Jack O'Connor who knows, I think, says no but you've got to also count his expenses which you don't know. But, yes, he's made money out there."

Jodi Giglio: "Right. Well his expenses, all I see when I drive into my office every day which is at Grumman, is that he has not invested any money per se into the roads or the improvements as he had promised to the people that he had sold the land to and as a matter of fact he wasn't supposed to sell half of those buildings within that subdivision as per covenants and restrictions and did and got fined \$10,000 per lot for not complying with the Suffolk County Department of Health Services covenants which cost him \$100,000 and he was more than happy to pay it because he got approximately one and a half million dollars for the sale of each of those lots."

But besides the point, Mr. Rechler was led to Gabreski Airport by our real estate agent, Mr. Jack O'Connor to develop that parcel at Gabreski Airport. As Mr. Rechler indicated in his testimony a short while ago, that this would be a 10 year project. Why sell out our future? Rechler is putting their money at Gabreski Airport and will not be putting any shovel in the ground here for at least two years once he gets through the studies and the subdivision has been finalized.

Why not— it's our land, it's our future, it's our children's future, it's their children's future.

We overspent on the landfill, we need to make that money back otherwise we'll be in debt and our children will be in debt and their children will be in debt.

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We need to land bank this property, we need to do our own subdivision and our own study and create smaller blocks of land, maybe seven or ten acres per lot, so that we can make it for entrepreneurs and business people that want to start up a business and can't afford to buy 300 acres or 350 acres. You create smaller blocks of land and they're easier to sell off and I don't think that Mr. O'Connor or Marie who is a friend of mine can argue that point.

Okay. Mr. O'Connor referred to in 2006 when the market was on an uprise. Well, where were we in 2006 in aggressively marketing this property as the HR&A study says that we are supposed to do? Where are the efforts?"

Chairman Cardinale: "I don't know what planet you were on but we had an RFP in which we raised the price offered from \$9,000,000 to \$35 on this and from \$75,000,000 to \$155 on Riverhead Resorts. I don't know where you live."

Jodi Giglio: "Mr. Supervisor, you're condescending remarks go well but they suit you just fine. Okay?"

Chairman Cardinale: "But the truth is you asked a question. You asked a question."

Jodi Giglio: "You know what? That's why productivity is a problem in the town of Riverhead. It's the way you speak to people."

Chairman Cardinale: "You asked a question and you made a statement that was inaccurate. You were— if you were here, you would know that there was an RFP process during that period in which Mr. O'Connor indicated we moved from an initial offer of \$15,000,000 to an offer of 35 on this property; from an initial offer of 75 to 155 on Riverhead Resorts and for which you have privately commended me and the board for having negotiated so well those deals.

So let's be real."

Jodi Giglio: "No that was the \$155,000,000 for Riverhead Resorts, for the \$235,000 per acre that you sold Riverhead resorts to that you were commending on not this deal. And, Mr. Supervisor, you said in the press conference earlier today that if the state wants to take this land, they should take it for \$235,000 an acre, not \$50,000 an acre which is what you're offering it to Mr. Rechler for."

Chairman Cardinale: "I am listening— I am listening to comments to make a decision like the rest of the board as to what to do but your only options that I've heard are to land bank or to sell

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to the one offerer of a deal. If you've got some other alternatives, please come forth with them."

Jodi Giglio: "Or create our own subdivision where we sell off smaller blocks of land because you know what, Mr. Supervisor? In two years from now the economy may come back around. And you know what? Just as Jan Burman bought the property, you know what?"

When you were selling this property when you're saying for \$9,000,000 and it was in a bidding war where it was up to \$35,000,000, where were the comps then because you know what? I handle a lot of industrial properties and have a lot of industrial clients and I know that two years ago, three years ago, industrial land was selling for \$200,000 an acre. So why you started at \$9,000,000 I'm confused."

Chairman Cardinale: "Because that was the offer."

Jodi Giglio: "Because that was the offer."

Chairman Cardinale: "Because that was the offer. That's where you start when you're selling property at what they offer."

Jodi Giglio: "Okay, like I said. This is our future and it's our children's future and it's a mistake to sell it short. We don't have a mortgage on the property, we don't pay taxes on the property and you know what, Mr. Supervisor? When I was in your office the other day and I asked you if this was your property that you owned and you didn't owe a mortgage and you didn't owe taxes on it, would you sell it from \$35,000,000 to \$18,000,000 if it was your property."

Chairman Cardinale: "And the question was asked and I didn't answer it because I was coming to this hearing. You are presuming that this board isn't doing anything but listening. You have two options, no option or this option and we would like to hear whether the public would prefer this option or simply to land bank. But you have— but what we really would like to have is a creative alternative to two not particularly attractive alternatives."

If you can— if there's a better alternative, I want to hear it. If there isn't, we have to make a decision between two unattractive alternatives, land banking or selling at less than we'd like to get."

Jody Giglio: "Okay. And as I said, with all due respect to Marie who is a friend of mine and Mr. O'Connor, you sell this property for \$50,000,000 an acre and you're setting the comps and you're ruining all the industrial property in Suffolk County."

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Chairman Cardinale: "And I guess Mr. Burman who is offering his property at 75 is doing likewise. Does anybody want to comment, come up please."

Jack O'Connor: "Yes. I would like to— I guess Marie is a friend of hers. I don't— I have never met this lady before."

Let me give you a little history about Long Island. Long Island started out in the '40's and '50's in New Hyde Park, Hicksville, Westbury. In the '60's they moved to Plainview and Melville. Property back then was 20,000, 30,000 an acre. In the '70's they moved from Melville to Hauppauge, property was \$50,000 an acre. In the late '70's and '80's, they moved to Islip Mac Arthur Airport. The properties were \$50,000 an acre. We had a recession in '81, the properties dropped down to \$20,000 an acre.

Then we moved out a little bit further east to Yaphank in the late '80's, property was going for \$50,000 an acre. Then we had a recession and depression on Long Island in the early '90's. Properties dropped down to 20,000 an acre.

It got heated up again in the '90's in Yaphank and Brookhaven, went to 90, 100,000 an acre. Had a recession again in 2001, dropped back to 100,000 an acre. Went back to maybe 150, \$250,000 an acre in 2005, 2006 until things started to crash again.

What I'm trying to say is Long Island is like a railroad train. It went from station to station to station. Riverhead was not ready in 2000 to command 200,000 an acre. It just wasn't ready because there was still property available. Shipping costs, driving costs, employment availability, it just was not there.

I mean I just don't understand how you can say that in 2006, because this property in 2006 was still zoned for family entertainment. There is no value for family entertainment in 2006. I recommended-- aggressively I recommended that because I wasn't marketing the property aggressively like you were saying, but I was, that this property should be zoned for industrial because the train was moving east.

The train stopped, okay. It stopped in 2008 and first of all, your math is wrong. They're paying actually 60,000 an acre not 50,000 an acre and Mr. Farahzad is a friend of mine. I don't know— I guess he's opposed to the project because he has 32 acres that he can't develop himself down the road so he's waiting to get his project into the ground before this goes in. It's a little self-serving on his part.

As far as the Burman deal goes, Burman didn't make \$60,000,000. He didn't sell it for \$60,000,000. My math shows me he sold it for

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\$28,000,000 after he paid \$17,000,000 and probably paid \$4,000,000 or \$5,000,000 in interest and infrastructure and whatever he has to do and he still has to pay another \$4,000,000 or \$5,000,000 to finish off what he hasn't finished off.

So, Marie, I think you had something else to say."

Marie Zere: "I just had (inaudible). I won't make this long. I was the bearer of bad news back in the 1980's when we had our last recession. This is my fifth recession and there's never been anything like what I'm experiencing right now.

This is not turning around in two years. I say that this isn't going to turn around, you're not going to see anything until about 2012 or 2013 if we're lucky and then we're going to get hit with inflation.

This is very serious what's going on. This is a huge change in the way we do business. This is a huge change in devaluing our homes, everything is going down. It is not going up. We have a little resurgence in the residential market.

I just want you to know just for the record, my office is very, very busy west of here. Very busy. I can't keep up with the business. I put in 60 hours a week, I should be retired by now. We are all buzzing and humming west of here. And I think that's an important point that you should know.

But I don't see this turning around for many years. Thank you."

Chairman Cardinale: "Thank you. Next comment, please."

Patrick Fedun: "Good evening. My name is Patrick Fedun. I just want to make a statement that I have— this property that we have in Southold, east of Riverhead, farmland, contract signed, \$100,000 an acre, farmland. So there's a comp right there from farmland. Here's industrial."

Chairman Cardinale: "Thank you. Next comment."

Steve Romano: "Good evening. Steve Romano (phonetic), Riverhead. My first question is, does the town have any exposure based on what Mr. Isler said if they do not develop the land and they land bank it?"

Chairman Cardinale: "Under this contract?"

Steve Romano: "No. With the federal government."

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Chairman Cardinale: "Fortunately we- there was a reversion clause but not after we got- we got it without a reversion clause, but no, we- I think there is vulnerability, but it's complicated.

Because the county and the region is expecting development asap at that site so if it doesn't happen, there could be consequences but not legal. This would be political."

Steve Romano: "Then maybe you could educate me as a newcomer to the town of Riverhead. When everybody is talking about the Burman property or the sale of this property, the sales that seem to defy common sense. We're asking 18,000,000. We're going to get 250. When do we get the other money? Because to me a sale is when you get the money in your pocket.

If we're offering let's say that 18,000,000 is a good deal at this time or even 10,000,000, why don't we get the 10,000,000?"

Chairman Cardinale: "Because no deal and the brokers will confirm this. There are no deals that are not made except conditioned upon permits because it is the permits that bring you to the value that it has in the contract. In other words, they are all subject to permits, all of the development deals that are going down today.

And we have not gotten any offers in which a person is simply going to pay the money, leave it on the table and walk away. And furthermore, we couldn't take it. Because the- this is an urban renewal area up there and we are buying not just the payment, we are also supposed to get the project there which will develop construction jobs, permanent jobs, and a tax base for the region.

So Mr. Rechler is going to have to promise us more than \$18,000,000 in this contract. He (inaudible) 35 or 50. He has to promise us the money plus the development and that's why it's done under the urban renewal law.

Believe me. I wish it were done under the straight bid. Come on in, bid, high bid takes it, give me the cash, it's yours. That could then result in a person sitting on the property for 50 years and none of the benefits the federal government insisted happen by getting it would happen, which is the tax base and jobs and the construction jobs.

So it's a little more complicated. But you're right. The simple way is sell the property, get your money and then it's the other guy's problem. Can't do it here."

Steve Romano: "Duly educated. Now, this question might have to wait until the end but somehow I think it might be appro po and you can tell me to wait.

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I was going to ask later on for the clarification of the town dispatchers and what I read in the paper if you could elaborate on what I was reading right, that the board— I don't know if they did already make the decision or they're considering that it would come up for vote for the public. If that's the case, it sounds like you might be going down a slippery slope because I would argue then why not have something like this and let the public vote in November.

Again, I'm all for an initiative referendum. That didn't sound like a bad idea but you guys are elected the town leaders and if you're going down that road, I can see a lot of people and myself coming back, why aren't we going to vote on this, why aren't we going to vote on that?

So, thank you."

Chairman Cardinale: "That is an issue but you're right. What do you put on referendum. Yeah. Yes, Mr. Farahzad."

Parviz Farahzad: "To clarify what Jack said. The project that I have, it's seven buildings, 30,000 square feet each, 210,000 square feet. It doesn't size up to what the EPCAL project is going to be and it's just basically, it's not comparable. So, you know, the comparison that he brought, the point that he made, is not really valid. That's one.

One other point that I forgot to mention is that you have this huge and sweet deal with Riverhead Resorts. Riverhead Resorts are—they put up some money and they're going through but even they are not really sold. I'd be shocked if their project would go through and get built right away because they're dependent on foreign money, European money, that's all dried up.

If you sell this thing for 50 or 60,000 an acre, just be sure that Riverhead Resorts will be here wanting to offer the 70,000 an acre. And that's going to happen.

Thank you."

Chairman Cardinale: "Thank you. Yes, sir."

Jimmy Rogers: "How are you doing, Mr. Supervisor, Members of the Board?"

Chairman Cardinale: "Good."

Jimmy Rogers: "My name is Jimmy Rogers. I'm going to speak on behalf of Jimmy Castelain (phonetic) who's the president of the

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Nassau/Suffolk Building Trades. He's up in Albany on other business right now.

But having dealt with the Rechler family in one capacity or another, whether today or in the past, we've had good experiences. Just going back to the '70's, put thousands of our guys to work at well paying jobs.

What I would hate to see is them not get the property and then we don't know who's going to get it, where they're going to bring their labor force. Are they going to bring it from down south somewhere, cheap labor.

He's got a good track record and we look forward to working on that project on that piece of property.

Right now, just like the rest of the country, I wish we had 7% or 8% unemployment. In the building trades, we have anywhere from 25 to 30% unemployment right now. Our members, they live out here, live in western Suffolk, are losing their homes. They have to go into their savings, into their annuities to try and bail themselves out right now. It's a real bad time. We need all the jobs we can get at this point, so we'd like nothing better than to see Mr. Rechler get this property and develop it.

Thank you."

Chairman Cardinale: "Thank you."

Chris Calderon: "How are you doing? My name is Chris Calderon. I live in Baiting Hollow and I was listening to what everyone was saying tonight and one of the question I have for you is that, and I know I'm not an attorney. There's quite a few of them in the room. If we're going to renegotiate the price of this property because it was put out for RFP and bid and there were four bidders I believe. Jan Burman was additionally a bidder as was Soundview Properties as was let's see, excuse me, Beachwood Organization, Soundview Properties, Jan Burman and the winning bidder. Correct?"

Chairman Cardinale: "Correct."

Chris Calderon: "Okay. So as it stands right now, there's a \$35,000,000 contract that's in possession of the town."

Chairman Cardinale: "Yes."

Chris Calderon: "Okay. And we can't close at \$35,000,000

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because the winning bidder in the economic conditions that we're in doesn't want to do that and feels that offering less money makes sense at this point.

So one of the options the town needs to consider is to put this out for re-bid in addition to the two options that you stated, which is to land bank it and/or continue on the path that we're on. Would you agree with that?"

Chairman Cardinale: "Yes."

Chris Calderon: "Okay. So in saying that, I think we have a well respected developer here sitting in this room that has every intention of doing the right thing here. These are people from Long Island. I respect them. A lot of developers and builders and people in the trades respect them. You just heard from the building trades directly.

This property was received by the town to create this economic engine everyone's tired of hearing about. And we really haven't gotten the job done. Okay?

Jan Burman's proved that real estate ventures in Calverton have been very profitable despite every number that's being thrown around here. The reality is that the man made money and I'm happy for him and I'm glad and we're starting to see some of the results in the returns through the town of Riverhead from EPCAL. Okay?

I want to see this property sold. I want to see it developed as soon as possible. This is probably a 10 year project as it's been reiterated by other people as well. I want to see jobs created. I'd like to see a stronger tax base. I want to improve the quality of life here in Riverhead as some of those young people were doing earlier and Barbara and some of the other folks got together and cleaned up some of the graffiti.

There's a lot of other problems here in this town we need to address. One of the other things that this may helpfully or positively affect is the school district because the school district really needs to be improved. And the people of Riverhead's property values are tied to real estate values. Okay?

The better the school district is and all the real estate experts here will tell you the same thing that the more the property is worth because people want to live in better school districts, they're willing to pay for it. It's been proven all across Long Island because it's very segmented by school districts.

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So I didn't come here to give anybody a lecture. I did take a look at some of the comps, okay, and there are comps. There are transactions that have happened throughout this 50 year history.

We've heard all about the history of Long Island and the train that came out and now here we are. So, now here we are and there are comps, okay. There are comps that are on the market of pieces of property that probably nobody is interested in buying right now because we are in a very bad economy especially for developers.

Developers have been put under a tremendous amount of pressure. Home prices went up way too fast. There's a lot of other things that transpired, watch the news, read the papers, you'll see what's going on. This is no big secret to anybody.

So what's the question before us tonight? Do we renegotiate? Are you going to take the boiler plate contract that I've been told is already set in stone and the qualifications of the developer which is unquestionable and then just chop the price in half and decide let's go forward from here? Why? Because we do have a willing developer. Maybe that's an option that needs to be considered.

But it might be considered after, maybe a current fair market value appraisal is done. I don't know if the town has a current fair market value appraisal. The last time I asked Miss Lohneiss who is no longer with us here, has moved on as you said to greater and bigger things in the state level, I was told that the appraisal was many years old.

So because of all the time that it's taken and Marie Zere's point about the fact that the word is out that we're no cooperative here in Riverhead, we're not business friendly, we haven't pushed the growth and development that was mandated by the feds when they first gave us this property, so now here we are. We're going to rehash the past? I don't need a history lesson. Okay?

Let's talk about what we've got on the table right now and let's talk about what's the right direction for the town of Riverhead and that's the question in front of us.

We have options beyond just the two options that you mentioned. There's probably four or five options and I've listed some other things and we can talk about. We can wait two years. We can wait five years. We can wait until the market gets stronger.

Is the developer going to go in the ground and build 2.7 million square feet of office space in the next five years? Everyone knows that's not going to happen. Is developers willing to

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stick their neck out, put a lot of money in the ground here, yes, they are and I think that's a pretty damn good thing.

So where do we go? Okay. The subdivision. Do we do it in-house as Jodi's suggesting. Maybe doing it in-house makes some sense to me. We'd give an opportunity for small and mid-sized developers to participate in this as opposed to giving it to one developer. Then, again, maybe that's the wrong approach.

If we rebid the property and the \$18,000,000 offer stands because nobody else steps to the plate because they can't find anybody in the world, with all the people that these folks know with deep pockets to come to the table and offer more money than that, then so be it, then we can make a decision as a town with the public's input as well and decide that, yes, this makes sense and let's go forward.

Could we sell the property for zero? Yeah, we got it for a dollar. I can give you two dollars for it and we can double our money right now. It's just that what's reality here? What makes sense. And the reality is that if on one hand I'm being told by Jack that there aren't jobs to be created here, maybe this will create jobs. I'm a little confused.

One of the other things I'm confused about is the fact that—and this is no personal attack towards anybody. I know the man's worked really hard, probably got a lot of mixed signals over the years from the town, brought lots of different developers with different ideas to the table.

So, you know, he represents the town of Riverhead, he's a real estate consultant for the town. He's the town's real estate broker. He represents the town of Southampton at this point. He also represented Mr. Burman in the sale transactions of properties on site. None of this creates a conflict of interest for the town of Riverhead, for the people of the town of Riverhead?

I'm a little confused if all of that put in one sentence is not a conflict of interest. I'm not an attorney so maybe I'm completely wrong. It just looks that way to me.

At minimum, maybe there's a sense of you know the general public looking forward, looking at it, reading it in the newspapers that maybe it does look a little improper in that respect. At minimum.

I happen to think there's a conflict of interest there but so be it. Here we are today. The town's offered up this property, four bidders came to the table. This developer decided to put in an

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offer. This developer has been in contract for 18 months now. How many months?"

Chairman Cardinale: "Since October I believe of '07."

Chris Calderon: "Okay. October of '07 brings us to how many months because I'm really bad at the math end."

Chairman Cardinale: "A little more than 18 months."

Chris Calderon: "Okay. A little more than 18 months we've been in contract and during that period of time, luckily for the developer, in a sense they saw that the market took a nosedive along with the rest of the economy. So does it make sense for us to continue to go forward at this point? Maybe it does. Okay?"

I just pose these questions to everybody in this town including the developer, including our real estate broker and advisor, okay, who also wears a few other hats. And you folks are wearing two hats tonight here as well because you're the industrial development board as well as the town board. I'm sorry, community development, right.

In other towns they call it the industrial development agency and so on. So, you know, and Marie stated it herself. There are other towns in this island that, you know, the town of Babylon advertises 90 day approvals. The town of Islip fast tracks projects through for people because they want the jobs, they want the tax base, they want to see development.

We want to see the same thing. As the people, I don't speak for all the people, I'm only speaking for myself here tonight, but I would like to see the stabilization of the tax base. I'd love to see us get the opportunity to consider even maybe something really radical, like maybe even lowering our taxes.

So, yeah, we have a big opportunity here to do the right thing with this blank canvas that we have. You know, we've done moratoriums, we've had a moratorium for twenty some odd months. We did a master plan, cost us a lot of money. We spent almost three years in a moratorium. Here we are again.

Do we let the real estate market pass us by? It's water under the bridge. So I hope that you're able to take in some of what I'm trying to say and really I don't have a whole lot more to say other than the fact that we are going to talk about comps. Maybe nobody is buying at these prices.

This is a piece of property that's on the market right now, it's 100 acres, it's in Manorville. It's a green industrial development site. It doesn't have final approval for subdivision

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yet but it's on the market. It's on the market right now for the ridiculous price of \$25,000,000 for 100 acres with the ability to build 750,000 square feet.

Now if we chop the price of that in half, okay, because the market crashed, so we're going to chop the price in half. We'll take 50% off the price and now that's 12.5 million dollars, that's \$33 a buildable square foot, not at \$18,000,000 for this particular project at six dollars and some odd cents a square foot for buildable square footage of office space.

So comps are out there and we can maybe make a judgment. Of course, we have an expert that works for us that's also our broker, that also represents another town, as I said, you know. So maybe he can shed a little more light on this than I can but I'm just looking at what's on the computer, what's for sale on Long Island today.

There's another piece of property which is in Shirley, it's 10 acres, okay. I don't know exactly the buildable square footage of it but it's 265,000 an acre, so if they knocked 150 grand off the price which is two-thirds of the price, we're still at 85, 90 grand an acre.

You know, we paid as Rex said, \$100,000 for some of his development rights. You know, I understand the master plan's intentions in a lot of cases when it came to the residential end of it. I was a little confused at some of the commercial aspect of it all so I started doing some research because my background is more in residential.

I started looking at these numbers and, you know, Jack said Islip's built out. There's no land available there and he's right. But there happens to be a 14 acre piece for sale in Islip township right now in Holbrook which is a far cry from being in Calverton, I understand that. It's on the market at \$850,000 an acre. Now 850 grand an acre obviously in this market nobody is buying. So even if they chop this price down to 25% of the current asking price, it's still double what we're talking about here at these numbers.

So there are comps there and a fair market value appraisal that's paid for by the developer and a fair market value appraisal that's paid for by the town of Riverhead which is a small investment to make in a big piece of property, might give us a better understanding of the current market value prices.

It's whatever anybody is willing to pay is what I'm being told. But until we put it back out for RFP, put it back out for bid, I don't know that we legally, and we have an attorney that represents us, correct, this gentleman is our attorney?"

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Chairman Cardinale: "Correct."

Chris Calderon: "Okay. Maybe he can tell me that we are allowed to sell a public asset, okay, to a buyer that's in contract for 50% off the original contract price without putting it back out on the market. Maybe I'm wrong, okay, because I'm not an attorney, so we can post that question to our attorney that we're paying to represent us."

Chairman Cardinale: "Yeah, we have actually and yes we can."

Chris Calderon: "I find that surprising."

Chairman Cardinale: "But whether— well he's a very good attorney, but— "

Chris Calderon: "I'm not suggesting he isn't, sir."

Chairman Cardinale: "Well, we asked the question, he gave us the answer already so we're ahead of you there.

But what I wanted to also point out— "

Chris Calderon: "I wasn't hoping that you were going to get ahead of me. I was hoping you were with me. Okay?"

Chairman Cardinale: "We had already asked the same question. Would you like to make comment?"

Chris Calderon: "Go right ahead, Marie. Please."

Marie Zere: "Chris, I am so happy you talked about, you cited those particular examples because I could blow holes through all of them.

Let me tell you, please."

Chris Calderon: "Excuse me, just one second. Okay? I did not come here to get into a debate with anybody nor did I come here to give anybody a lecture, nor am I interested in getting into a back and forth in open forum in the open community.

You can take whatever advice you want from anybody that steps to this microphone that lives here on this island but I'm not here to get into a big debate. I thank you very much for your time."

Chairman Cardinale: "Thank you for your comment."

Marie Zere: "I do want to make a comment, please."

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Chairman Cardinale: "Yes."

Marie Zere: "I represented that 100 acres that is on the market for that crazy price. It's in the middle of a residential neighborhood. It is all the way on Middle Island Yaphank Road, going toward the high school if you're familiar with that area.

It is a horrible piece of land with no access at all and you have to cut through the people's property in order to get to it. The people that own it are absolutely so totally out of line. It's a very, very poor comp as well as that \$850,000 an acre because the broker doesn't know how to list the property.

And I just had to get that in because I know the properties he spoke about intimately because land use is my expertise."

Chairman Cardinale: "Would you— Jack, would you come up and with Marie, you may want to address this issue.

A couple of good questions have been asked and I'd like to get your opinions on them.

One is if the Burman— there is property left at the Burman site. To the extent that the property is built out and built up and to the extent— that gets us what we're trying to get here, jobs and tax base. Do you know how much square footage is left at the Burman site available at this time— vacant land that can be built?"

Jack O'Connor: "Ninety-five acres."

Chairman Cardinale: "And that— how much of the 3,000,000 square feet of the Burman subdivision does that constitute, Jack? Half?"

Jack O'Connor: "One million square feet."

Chairman Cardinale: "All right. So there is a— is there more than 1,000,000 square feet of buildability there?"

Jack O'Connor: "On the 95 acres?"

Chairman Cardinale: "Yeah. Yeah."

Jack O'Connor: "One point one million."

Chairman Cardinale: "So why would it not be in the best interests of the town of Riverhead to simply land bank this property for a short— for some period, some necessary period, and allow that base of tax, jobs and construction to take place? Is there a good response to that that I'm missing?"

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Jack O'Connor: "Well, first of all, Burman's property is subdividable into five acre parcels. Burman himself is not a developer as the Rechlers are. Burman doesn't have a plan for the property. He's looking to sell the property in its entirety.

There are no takers for his property in its entirety at \$75,000,000 an acre. Not at \$850,000 an acre."

Chairman Cardinale: "But to the extent that we have another- "

Jack O'Connor: "Excuse me, Phil. Marie's got a good point. There is no bank that is going to finance even 50% of vacant land today."

Chairman Cardinale: "To the extent that we have 2.5 million available or 2.6 from the Rechler project and a million or more over here, my question is really they're going to be in competition with each other, aren't they?"

Marie Zere: "No."

Chairman Cardinale: "Why not? Am I missing that? I mean they're both industrial property."

Jack O'Connor: "First of all, Burman's not developing. He's looking to sell his parcel off, okay, to individuals. The Rechlers are looking to develop their property as they do all of their industrial parks and they're six million square feet in a workmanlike fashion with great architecture that the town would be proud of."

Chairman Cardinale: "Two point six million square feet."

Marie Zere: "And I think it's, excuse me, I think it's about (inaudible)."

Chairman Cardinale: "Six million would be nice but it's not going to happen."

Jack O'Connor: "I'm sorry."

Chairman Cardinale: "Two point six. Yes."

Marie Zere: "I think the access to the 300 acres is just a little better for what they do. They do, yeah, they do high tech development. They do R&D space and that location is more conducive to it. Whereas the parcel, the 95 acres, is in a very undesirable

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area because it just borders along the 10,000 foot runway on the south side."

Chairman Cardinale: "I see. Let me give you more a concrete question, the last one.

The- obviously you can land bank, you can make a new deal because he's walking away. There's no question. Unless we can either make a new deal or we land bank. But you can also re-bid it, if only for- why not re-bid it and what efforts have you made?

When we started to see this deal fail in the end of last year, I had instructed with the board that you seek out other offers."

Jack O'Connor: "And we have."

Chairman Cardinale: "Did you offer to everyone of the entities that bid previously- "

Jack O'Connor: "I have gone back to the original bidders and because of the market the way it is, they have absolutely no interest at this point in time. Nor- I also went out to a lot of the other developers in the area, even out of state, nobody is interested. There was no developer that wants to put a dime into a project today because simply you can't finance it."

Chairman Cardinale: "One of the functions and I know Mr. Rechler is here but he's a good businessman, he knows that this was one of my purposes and the board's. Is the publicity generated and associated with the hearing we're having tonight from Newsday and other major outlets, Channel 12, Channel 2, we had hoped would ferret out if there was any other offers. Do you think it would be helpful, it might well be helpful politically frankly, to do a formal re-bid."

Jack O'Connor: "Total waste of time. You have marketed this property through the newspapers over the last two months and nobody has come to the table. And I have made calls myself."

Chairman Cardinale: "So our request for proposals as we did in '06, you feel for those reasons would not be well advised?"

Jack O'Connor: "No. Not at this time. I think you should go forward with what you have because to go out and start all over again- these people have already spent probably almost a million dollars in what their due diligence is at this point.

They have come up against owls, they have come up against tiger salamanders, grasslands, they're still not done. This is probably three or four years down the road before they can even put a shovel

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in the ground, never mind some other poor unfortunate person that comes along."

Marie Zere: "And I would just like to add that if you do that, then you're going to support what people are saying, that Riverhead is impossible to do business with because you're changing your mind again, and you're changing the rules again and I'm sorry it's half the price, but that's the world right now. That is the world right now and it's going to be for a long time.

And I think, I have to tell you, I spoke to Greg Rechler at the beginning of the week and I told him he was crazy to go forward and even offered that \$60,000 an acre and that's a fact. Am I right? I said you're crazy to go forward with this deal. That's just my opinion."

Chairman Cardinale: "And I think the truth is that- I've negotiated with Mr. Rechler, that he's not going to cry real deeply if we tell him walk because- but that's all a little to the point.

The gentleman has a point. Unless you re-bid it or re-request for proposal it, it's informal and I'm a public servant and I'm not getting any of this money whether it's 17 or 35, the point being that the public has to be assured that this is as good as it gets and I can use a little help here, guys, what- how do we do that?

You can't go through with a deal unless it's as good as it gets. How do I know that this is as good as it gets."

Jim O'Connor: "This is as good as it gets because I'm telling you right now there is nobody buying land any place on Long Island, not in Riverhead for industrial development. There are- there is no market for land right now.

There is no- as I told you before- as I certified, the prices of existing buildings to the west have dropped from \$150 a foot to 80, \$85 a square foot and nobody is going to come out here and build a building when they can get a product for half the price back west and save half the fuel costs.

I just want to clarify a couple of other things that just based upon my, you know, character being besmirched here.

I do not represent the town of Southampton, never have. Westhampton, the Rechlers came to Westhampton as a result of a RFP put out by the county of Suffolk, nothing to do with Jack O'Connor. Jack O'Connor had some input in consulting with the town of Suffolk but there was six or seven different bidders at the time and I had nothing to do with choosing the Rechlers.

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As far as the Burman conflict of interest goes, Burman's property was zoned industrial. I was retained by Burman to sell it. The town-- the property that the town had was zoned for family entertainment at the time. We went through all of the hearings, there was no conflict of interest, everything was above board. So I just wanted to clean that up."

Chairman Cardinale: "Okay. Can we take any other comment that anybody would like to make? And I thank you for some very insightful comments."

Chris Calderon: "I just wanted to say that if Jack's corrected me, then I would apologize to him. I was not here to besmirch anybody's character. I think this is much bigger than that. Okay? This is not a personal thing like I stated before. Okay? I'm not here to start playing power broker with anybody."

I just think that you guys have to seriously consider putting this back out to bid and give it a 30 day time frame. If Jack's already spoken to Michael (inaudible) from the Beachwood organization and Jan Burman and the Elliots from Soundview Properties, and one of those folks are interested in bringing a bid back to the table, then so be it.

If Mr. Rechler, okay, with the massive resources that his family wields and the incredible job they have done across Long Island, at \$18,000,000 we go forward, then that may be the answer.

But until such time as we look at fair market appraisals as well as taking a look at whether there are other people, whether they're in the state, out of the state, you know, I'm a little confused as to how quickly we were able to go back and talk to anybody that had any interest in doing this, again, while we're in the midst of chopping the price in half.

So, you know--"

Chairman Cardinale: "Let me ask you something. You're a broker, right?"

Chris Calderon: "I'm a real estate agent but I'm here tonight just representing myself as a resident of the town of Riverhead and a taxpayer."

Chairman Cardinale: "Then maybe I'll ask Jack or you or anybody who wants to answer."

The issue of an appraisal is also a valid issue. But appraisals as I understand them are based upon comps in the past.

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So interestingly enough, since the action just collapsed, you know, in the last 18 months, there are virtually no comps except- "

Chris Calderon: "That's your opinion."

Chairman Cardinale: "-- I'm asking them. Okay- "

Chris Calderon: "Let's hold off on all the facts- all right, go ahead."

Chairman Cardinale: "-- if there's been very little activity in the last 18 months, comps would be from the last activity and will establish a market considerably higher than- because this lagging 18 months. So would that be particularly helpful?"

Chris Calderon: "Well I think a current market value appraisal done by a legitimate appraisal company because I've done them when I sold some property to the county through the Greenways program, so I see how the county actually handled that when they're taking taxpayer money and buying private land. So this is the sale of public lands to the private sector.

So can we value the property in this market or any other market? We absolutely can. The appraisal company if they're worth anything at all, appraises lots of things. Some of them appraise nuclear power plants. I mean there is a way of coming to a current market value appraisal.

And we may come to find out that it's less than \$18,000,000. We may come to find out that that fair market value appraisal is at \$18,000,000. It may be below that. It may be above that. But at least we can get from an expert in the field that's a licensed appraisal company, a legitimate appraisal company.

Because what the county does when they buy something through the Greenways program or some of their open space programs which I know you guys have participated in, the town has participated in, is they normally will get two appraisals, one from the seller, one from the purchaser, and then they'll take the two, average them together, and they're legally allowed to pay 10% above that price in the event that there's a flux in the market, in the pricing.

So your point is not completely, you know, cast aside that it's difficult maybe in this economy to appraise this property but it also may be a long stretch for us to be selling this property short.

You know, Mr. Parviz is also a developer, is here in the room, he owns quite a bit of property in the town of Riverhead. He's no, you know, he's no school kid when it comes to making deals. I

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believe he was in the midst of making a deal at the Grumman property in Nassau County if I'm not mistaken.

So, you know, it's— there are people here that can maybe substantiate the fact that I'm not completely off base with some of what I'm saying. And I'm not here, again, to argue with Marie Zere who's well respected in the real estate industry and has been for just about 30 years and Jack's background. I'm not questioning the man's character.

But I am questioning how we are operating and that's— "

Chairman Cardinale: "If I were to say let's do a market value appraisal, would I get an appraisal within 10 or 20% of value or would I get— I have gotten appraisals from different appraisers on, for example, the Riverhead— the Shelly Gordon Riverhead Park property, that were 100% off. I don't need to spend my money on 100% off appraisal."

Chris Calderon: "I'm not asking you to go high— somebody that could put a number to it that you'd like."

Chairman Cardinale: "No. I'm not asking for a number I like but two separate— "

Chris Calderon: "I'm saying an independent appraisal company that has no interest in this except to give a true and honest evaluation of the property as it stands today with the right and the ability to build, I believe it's 2.7 million square feet of office and industrial and commercial space.

They can calculate that. They can calculate it in a good market, a bad market, a non-existent market. They can calculate that. There is a value to it. It's not just coming out of thin air."

Chairman Cardinale: "But you— the value that they will give will be an accurate value within 10 to 20%?"

Chris Calderon: "Well, I don't know that based on the fact that I haven't seen any of these appraisals done. But what I do know is that an appraisal if it's done by a legitimate company, will give us current market value.

Will it be within 10%? It should be if they know what they're doing. Twenty percent out of whack, anybody could guess 20% off. I'd be fired from my job if I was 20% off every day."

Chairman Cardinale: "Well, I see appraisals on the condemnations that are 100% off routinely and that gives me no

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confidence in appraisals but, Jack, did you want to say something else?"

Chris Calderon: "Okay."

Jack O'Connor: "I just want to say that the gentleman lives in the town of Riverhead. He's trying the best for the town of Riverhead. However, there is no 300 acre parcel that is sold in Suffolk County in the last 10 years, never mind in the last year.

You're not talking one acre; you're not talking two acres; you're talking 300 acres with millions and millions of dollars of infrastructure to be added to it. So there are no comps for this property. Okay. Simply zero."

Chairman Cardinale: "Okay. Anybody else want to comment? Maybe some of the public. I know the experts are here. Anybody from the public want to comment? Okay, please, tell us what you'd like to tell us and then we'll wrap this up. And we will appreciate your comment."

Parviz Farahzad: "You don't have to sell the property, 300 acres. You have enough frontage on Route 25. You could chop it up into three pieces, you know, 75,000 square feet. It's more manageable. You're going to get a whole lot more money for it. Okay?"

When you have the farmland value to Suffolk County, that 60, \$70,000, you can't go industrial property with empire zone and all the stuff that comes— the gravy that comes with it, for \$55,000. It just doesn't make any sense. You are going to ruin, you know, the value of the rest of the property in the surroundings.

So you know Jack is a friend of mine. I've done dealings with him, he's a very honorable man. I know he's trying to do the best for the town. But his hands are tied simply because the market is stagnant. There is no market. If there's no market, it doesn't mean that you have to give the property away, you just have to wait."

Chairman Cardinale: "I'm waiting on the stock market, too. You, too? I waited right through 100, 90, 80, 70 to 60% of my (inaudible) with a lot of other people."

Parviz Farahzad: "But you gambled with other— you gambled with your money, you want to gamble with other people's money, too?"

Chairman Cardinale: "The point is that you don't know where the low point is when you sell something."

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Parviz Farahzad: "No. But I'm saying to you is that you waited this long, okay, and this market will come back, you know. I know for a fact doing this 30 years that I've done business with this buying property, building things. You know. The— there's been ups and downs many times, okay. There are times that nothing sells, okay? And gradually things get better and, you know, if you are in the real estate market you just have to wait and you know just for the price to pick up."

Chairman Cardinale: "You know, one of the interesting things that was said tonight is that it's— when we sell this property for 18 or 35, we get it— there's some very good positives. Getting it back on the tax rolls is one; building a tax base is two; and jobs is three."

However, if the market is dead as it may well be, Mr. Rechler once he gets the property isn't going to be able to build and sell because there's not going to be a market to build and sell to, so one wonders whether that's a justification— that that would militate against selling it until there's a market out there to market to which means you've just got to sit and wait and in that instance it may be that this property goes to \$12,000,000 before it starts going up which is a risk that we have to take if we do that."

Parviz Farahzad: "It's possible. But you know 20 years from now it's definitely going to be worth more than 17,000,000."

Chairman Cardinale: "Yeah. And a lot of people in this room are going to be dead 20 years from now, too."

Parviz Farahzad: "But you have children that are going to be living, you know."

Chairman Cardinale: "Yes. But— she was just muttering, Barbara, and the rules keep changing, too, for the development of this piece and they become more and more difficult as the years pass by. You know as a developer how much more readily one could develop 20 years ago in Suffolk County without the overwhelming regulation."

And it is incidentally not the town of Riverhead. It is the town of Riverhead being compelled to administer regulations that are imposed by the state and the county and unfunded. And it is also the town of Riverhead being pretty inept at times but the whole other levels, state and county, that really— you know how hard the health department is. I mean we're easy compared to them and the DEC."

Parviz Farahzad: "In all fairness to the town, it's you people and the people on the planning, you know. Riverhead is not the toughest town to do business. In Nassau County, California, you know, in Brookhaven, Southold, East Hampton and you're not the

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toughest guys. Look what you did on Route 58. I have to commend you for it, okay. I mean it's not that easy to accomplish what you accomplished in the past 10, 15 years.

When I came out here, there was nothing on 58, okay. You could basically have bought on Route 58 for 10,000 an acre. Okay? Now it's in the millions. So, you know, I mean this town has done something right. Okay? And you can do things right also in EPCAL.

One other suggestion that I have for you is that, you know, talking to Camron Engineering, (phonetic) John Camron a while ago, he said that these Riverhead Resort people were actually in Pulaski Street because they wanted to expand it.

Maybe you want to reconsider rezoning the property back into recreation and going to these people (inaudible). That's another possible thing for you to consider. I mean it was resort before, maybe you could go back. I mean, there are other things you can consider than just slashing the price and just selling it. You know, I mean this is not Macy's that they have to get rid of the property because a new season is coming. I mean the season is there forever. You know."

Chairman Cardinale: "Thank you."

Member Wooten: "That's why we're having this meeting."

Chairman Cardinale: "Okay. Anybody else want to make a comment. I sincerely do thank everyone for the comments. I think they were well thought out and helpful and we'll think this through and try to make an intelligent decision. Jack, did you want to—"

Jack O'Connor: "Yeah. I just— one, just so that everybody thinks that this is not an \$18,000,000 project. There's, you know, it's \$18,000,000 for the purchase. The infrastructure improvements alone between sewer, water, roads, electric is another 18,000,000 and the carry, interest alone even in today's low interest rates, are 10,000,000. You're talking about a \$46,000,000 investment here so that's all I have to say."

Chairman Cardinale: "Before you start building. Thank you.

I'm going to leave this open, of course, for written comment for 10 days and I would appreciate it if anybody wants to send it into the clerk before 4:30 on the 1<sup>st</sup> of May, Friday.

And I thank you sincerely for your comments. We have— we are going to close the CDA meeting. Is there anything else you want to place on the record before I do that? Okay, then I'm going to do

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that, thank everyone for attending, let you take your leave if you'd like."

Meeting adjourned: 9:17 p.m.  
Left open for 10 days for written  
comment to Friday, May 1, 2009, at  
4:30 p.m.