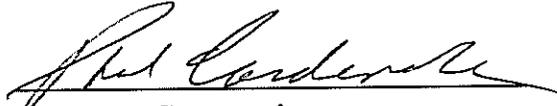


WAIVER OF NOTICE AND CONSENT
OF SPECIAL MEETING

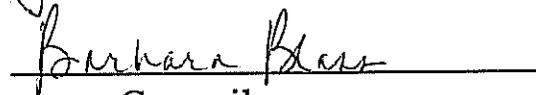
We, the Undersigned, being all members of the Riverhead Town Board of the Town of Riverhead, County of Suffolk, and State of New York, do hereby waive notice of the time, place, date and purpose of a meeting of the Town Board of the Town of Riverhead, to be held at the Town Hall, Riverhead, New York at 11:30 a.m. on the 31st day of March, 2009 and do consent to the holding of such meeting for the purpose of:

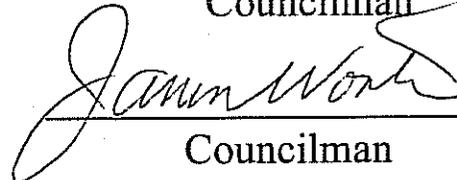
Dated: March 31, 2009
Media Notified by
Supervisor

TOWN BOARD MEMBERS
of Riverhead, New York


Supervisor


Councilman


Councilwoman

Councilman

Councilman

SPECIAL TOWN BOARD MEETING

MARCH 31, 2009

The Special Town Board Meeting was called by Supervisor Cardinale at 11:50 A.M.

Present: Supervisor Cardinale
Councilwoman Blass
Councilman Dunleavy
Councilman Wooten

Also Present: Town Clerk, Diane M. Wilhelm

Supervisor Cardinale: Special Town Board Meeting of March 31st. We have several time-sensitive resolutions that we need to pass and we appreciate your coming in to the special meeting. We have 277 through to 283 that the clerk will call having to do with bonding resolutions...No, 277 through 288, which she'll call. Many of them have to do with bonding resolutions which must be passed in order to make us eligible for some of the stimulus monies that are available. OK, carry on.

Diane Wilhelm: Ok, you ready?

Resolution #277

Barbara Blass: Authorizes the Resolution of a Disputed Account and Payment to the Long Island Power Authority for Certain Facility Upgrades at EPCAL. So moved.

John Dunleavy: And seconded.

Supervisor Cardinale: Moved and Seconded. Vote please

The Vote: Wooten, yes; Dunleavy, yes; Blass, yes; Cardinale, yes. Resolution Adopted.

Resolution #278

John Dunleavy: Authorizes the Supervisor to Execute a Professional Services Agreement with Milliman, Inc. for Actuarial Services. So moved.

Jim Wooten: And seconded.

Supervisor Cardinale: Moved and Seconded. Vote please

The Vote: Wooten, yes; Dunleavy, yes; Blass, yes; Cardinale, yes. Resolution Adopted.

Resolution #279

Jim Wooten: Bond Resolution Authorizing the Upgrade to the Telephone System in and for the Town of Riverhead, Suffolk County, New York, at a Maximum Estimated Cost of \$60,000, and Authorizing the Issuance of up to \$60,000 Bonds of Said Town to Pay the Cost Thereof. So Moved.

Barbara Blass: And seconded.

Supervisor Cardinale: Moved and Seconded. Vote please

The Vote: Wooten, yes; Dunleavy, yes; Blass, yes; Cardinale, yes. Resolution Adopted.

Resolution #280

Barbara Blass: The Resolution Authorizing the Purchase and Installation of a Keyless Entry System in Various Facilities of the Town of Riverhead, at a Maximum Estimated Cost of \$25,000, and Authorizing the Issuance of up to \$25,000 of Bonds of Said Town to Pay the Cost Thereof. So moved.

John Dunleavy: And seconded.

Supervisor Cardinale: Moved and Seconded. Vote please

The Vote: Wooten, yes; Dunleavy, yes; Blass, yes; Cardinale, yes. Resolution Adopted.

Resolution #281

(Inaudible Discussion)

John Dunleavy: In the Matter of the Increase and Improvement of Facilities of Calverton Sewer District in the Town of Riverhead, Suffolk County, New York. So moved.

Jim Wooten: And seconded.

Supervisor Cardinale: Moved and Seconded. Vote please

The Vote: Wooten, yes; Dunleavy, yes; Blass, yes; Cardinale, yes. Resolution Adopted.

Resolution #282

Jim Wooten: 282 is a Bond Resolution Authorizing the Issuance of \$6,500,000 Bonds of the Town of Riverhead, Suffolk County, New York, to Pay the Cost of the Increase and Improvement of the Calverton Sewer District, in the Town of Riverhead. So moved.

Barbara Blass: And seconded.

Supervisor Cardinale: Moved and Seconded. Vote please

The Vote: Wooten, yes; Dunleavy, yes; Blass, yes; Cardinale, yes. Resolution Adopted.

Resolution #283

Barbara Blass: Is a Public Interest Order In the Matter of the Increase and Improvement of Facilities of the Riverhead Sewer District in the Town of Riverhead, Suffolk County, New York. So moved.

John Dunleavy: And seconded.

Supervisor Cardinale: Moved and Seconded. Vote please

The Vote: Wooten, yes; Dunleavy, yes; Blass, yes; Cardinale, yes. Resolution Adopted.

Resolution #284

John Dunleavy: The Bond Resolution...The Resolution Authorizes the Issuance of \$17,800, 000 Bonds of the Town of Riverhead, Suffolk County, New York, to Pay the Cost of the Increase and Improvements of the Riverhead Sewer District, in the Town of Riverhead, Suffolk County, New York. So moved.

Jim Wooten: And seconded.

Supervisor Cardinale: Moved and Seconded. Vote please

The Vote: Wooten, yes; Dunleavy, yes; Blass, yes; Cardinale, yes. Resolution Adopted.

Resolution #285

Jim Wooten: Public Interest Order In the Matter of the Increase and Improvement of Facilities of the Riverhead Sewer District in the Town of Riverhead, Suffolk County, New York. So moved.

Barbara Blass: And seconded.

Supervisor Cardinale: Moved and Seconded. Vote please

The Vote: Wooten, yes; Dunleavy, yes; Blass, yes; Cardinale, yes. Resolution Adopted.

Resolution #286

Barbara Blass: Is a Bond Resolution Authorizing the Issuance of \$6,500,000 in Bonds of the Town of Riverhead, Suffolk County, New York, to Pay the Cost of the Increase and Improvement of the Riverhead Sewer District. So moved.

John Dunleavy: And seconded.

Supervisor Cardinale: Moved and Seconded. Could we have a question here. On 285 that is indicated is complete and so is 286. I think 285...

Barbara Blass: Wait a minute (inaudible discussion) One is the Interest or and one is the bond. (Inaudible discussion)

Supervisor Cardinale: (inaudible discussion) OK then it's OK. Moved and seconded on 286. Vote please.

The Vote: Wooten, yes; Dunleavy, yes; Blass, yes; Cardinale, yes. Resolution Adopted.

Resolution #287

John Dunleavy: We'll move from the Sewer District to Recreation. Authorizes Town Clerk to Post and Publish a Notice to Bidders for the Town of Riverhead Tennis Court Renovations Contract. So moved.

Jim Wooten: And seconded.

Supervisor Cardinale: Moved and Seconded. Vote please

The Vote: Wooten, yes; Dunleavy, yes; Blass, yes; Cardinale, yes. Resolution Adopted.

Resolution #288

Jim Wooten: Authorizes the Town Clerk, Wilhelm, to Post and Publish a Notice to Bidders for the Annual Construction Contract.

Barbara Blass: And seconded.

Supervisor Cardinale: Moved and Seconded. Vote please

The Vote: Jim, yes; Dunleavy, yes; Blass, yes; Cardinale, yes. Resolution Adopted.

Supervisor Cardinale: Alright, that's the conclusion of the 12 resolutions. If there's no other work we will end the meeting.

Meeting Adjourned 11:55 A.M.

SPECIAL TOWN BOARD MEETING Continued at 6:15 P.M.

Supervisor Cardinale: We are going to interrupt the hearing to resume a meeting we started today, a special meeting of the Town Board to pass some time sensitive resolutions. These three were not available at that time. They are two CDA resolutions, #9 & #10 CDA resolutions and resolution #289 of the Town Board. Mitch will be interested in this and I don't know if News Review is here. But, these have to do with the Rechler transaction at EPCAL. The due diligence period expires today and what these resolutions consider is the following; an expansion of that period of time through May 8th and the calling of a qualified and eligible sponsorship hearing to consider a possible modification to the contract to adjust it to market realities. At this time the developer can walk out of the contract without penalty and the proposal is to have a hearing to consider a modification and the proposal is to extend the due diligence period through that hearing date. Did you have a comment?

Jodi Giglio: Yes, Mr. Supervisor, Members of the Board, Jodi Giglio here, speaking as a tax payer. I'm just curious as to whether or not in the extension of the due diligence period if an agreement has been made to the million dollars that is currently refundable, if the million dollars would be non-refundable after the due diligence period by this extension?

Supervisor Cardinale: (Yes, it's very...) If you look at the resolution it makes clear that the proposed new contract would substantially reduce the price to \$18,000,000 and would make hard (\$250) a quarter million dollars immediately and then there are extension periods permitted each time another quarter million was produced that would become hard immediately so that if the contract was walked away to after the modification that there would be hard money on the table. It also reduces the price substantially to \$18,000,000, but it does give some hard money. Right now if you walked away there would be no hard money on the table. So those are the two essential changes.

Jodi Giglio: OK, has the Town Board done any recent appraisals, because you say due to the current values of the property you're reducing the sale price from \$35,000,000 to \$18,000,000 for 300 acres. I'm just curious as to where that, where you can buy an industrial acre anywhere for \$50,000 an acre.

Supervisor Cardinale: First of all we're not doing anything at this time except continuing the discussion by keeping the due diligence period open and having a hearing to take the kind of comment that you're beginning to make. But we, at that hearing expect that our real estate consultant is going to recite, as he has to us, his efforts to attract other offers for this property in this current economic state and he has advised us and will advise the public that there are simply no offers available because there is so much available industrial property to the west of us. He will testify at the hearing to that effect and then the public can make their comments and the board will have to make their comments. He will also say that the only real option is to land bank this property until this market recovers. That's an option. It has some negatives. It has some positives. One of the negatives is it will not that property will not be developed for extended period. It will not

go back on the tax rolls. It will not be built upon and. But it is an option the board will consider, has considered and has done asked them to do research in regard to because there is a possibility that land banking would be an (alt). It's the only other realistic alternative we've been advised. If fact if any body else wants to offer us more money or better terms, we're all ears. But so far nobody has.

Jodi Giglio: Right but has. So you will be reaching out to the other people that were bidding on the property initially, such as

Supervisor Cardinale: We've instructed,

Jodi Giglio: Soundview

Supervisor Cardinale: That's correct. We have instructed. We have instructed Jack O'Connor to do just that. I know he has reached out to a number of people and if anybody is interested. This is a great mechanism because the hearing will not be till April 21st and the due diligence period will be extended through May 8th for anyone who wished to put their money where their mouth is and start talking with Jack O'Connor. His cell phone is available. If I remembered it I'd give it to you right now. But I

Jodi Giglio: Jack is the one who brought Rechler over to Southampton to Gabreski Airport, Right?

Supervisor Cardinale: I believe he. I believe he is. I believe he did. Yes I think he was part of that as well.

Jodi Giglio: OK, so you're saying that no accommodation has been made for the extension of the due diligence period as to any benefit for the residents of the Town of Riverhead.

Supervisor Cardinale: I don't know what your.

Jodi Giglio: I'm talking about.

Supervisor Cardinale: I don't understand your question.

Jodi Giglio: The million dollars that's the down payment.

Supervisor Cardinale: First of all the down payment is a letter of credit for 2 million presently and it is refundable.

Jodi Giglio: Right

Supervisor Cardinale: Yes

Jodi Giglio: So, now you're extending the due diligence period to May.

Supervisor Cardinale: And if, and if he doesn't, and if. That's correct. And if, and if he wishes to request a refund he can request it today and in fact he has. He said unless we get together on a modification he's out of the deal.

Jodi Giglio: OK

Supervisor Cardinale: There's no question about that. We've received a letter pulling out of this deal and he has agreed to accept an extension to consider this alternative, alternative deal. So if you can get me a better deal the board is all ears. But we're looking for, we're looking for the best option for Riverhead at this moment. And the two options that we have available are giving back his money and go back to square one, land bank this property or two, try to make a modified deal that will insist that he move forward and leave money on the table if he doesn't complete the deal.

Jodi Giglio: OK, well I'll be back for that hearing of the 21st

Supervisor Cardinale: OK, Great.

Jodi Giglio: Thank you

Supervisor Cardinale: Thank you and I appreciate your comments, yes

Larry Oxman: Good evening, Larry Oxman. Let me see if I understand what you're saying. First do you acknowledge that Jack O'Connor, It's not really Jack I guess, it's, it's Newmark, Knight and Lewis. That's the brokerage firm?

Supervisor Cardinale: Yes, no I don't think it is as a matter of fact. What is his brokerage firm now?

Larry Oxman: He's changed again?

Supervisor Cardinale: He's associated with the largest firm.

John Dunleavy: Know what, I think he's right

(inaudible discussion)

Supervisor Cardinale: Newmark, Knight, Yes, It's the largest in the country I understand

Larry Oxman: Right, and they do represent Suffolk County in the marketing of their property, The Airport

Supervisor Cardinale: Say that again.

Larry Oxman: They do represent Suffolk County, representing the marketing of Gabreski?

Supervisor Cardinale: I believe, I believe he does represent, I don't know if he represents Suffolk County, but I do think his firm does.

Larry Oxman: They're the owners. They're the owners of the property.

Supervisor Cardinale: Ok, right, so go ahead.

Larry Oxman: So, does it seem like a conflict of interest? Something to think about

Supervisor Cardinale: Yeah.

Larry Oxman: Did anyone read the article in Newsday about Rechler?

Supervisor Cardinale: That was a different Rechler. That was his, that was Scott Rechler, not Greg Rechler. We're dealing with Greg and Mitchell Rechler. That was an article on Scott Rechler.

Larry Oxman: OK

Supervisor Cardinale: That was the gentleman who wanted to do the Riverhead Resorts side but did not get that contract.

Larry Oxman: Thank you for the clarification.

Supervisor Cardinale: OK, Thanks

Larry Oxman: I probably think that there are lots more alternatives than simply the black and white alternatives that you're suggesting.

Supervisor Cardinale: I hope you're right.

Larry Oxman: And there were other people that were interested in the property. So whether they are now or not that remains to be seen. Land banking may be one option, but I think there are probably dozens of other options

Supervisor Cardinale: I'm looking forward to hearing about them

Larry Oxman: Your portrayal that it's kind of an all or nothing situation is not quite fair to Riverhead.

Supervisor Cardinale: I would be very glad to hear any comment on other alternatives. But I will tell you this, that the board is looking for alternatives other than him walking away from this transaction or land banking and the only available alternative at this moment is reflected in the contract upon which this new hearing will be had. If you give me other alternatives that are realistic, I will be delighted. I'll buy you a bottle of Scotch.

Because, there just aren't any right now. We have been working on this for many months. So I'm looking for better alternatives. But, at this stage the alternatives are let em walk, modify a contract or land bank.

Larry Oxman: Isn't it just modify the contract or let him walk? I don't understand the land banking.

Supervisor Cardinale: Because, the land bank means that we understand that because there is so much available. Because the rentals have diminished dramatically, like by half, and because there is so much space coming available to the west of us, that it will years before another deal is possible at the EPCAL site, years before that property will go back on the tax role, years before that property will be built upon. It might, years from now bring a better price, but it wouldn't be quick. That's all the information we've been getting from anyone we have spoken to and we have tried to reach out to everyone. I'd be very happy to take opinions from anybody and I'll invite you back to the hearing, because the board is struggling with this honestly I think and trying to do what's best for Riverhead. But, this deal is not going forward at \$35,000,000. That's pretty clear. He's given us a letter saying he wants his money back unless we are prepared to come to some accommodation. We're showing the public what the accommodation that is being offered is. It's the best we could get. It may not be the best. It wasn't what we asked for. It was what we could get. The alternative is nothing other than taking it back and hoping we can sell it in this market to someone else. I'm listening to all comments at the hearing which is April 21st and I frankly, I'm keeping a very open mind and I think everybody on the board is.

Larry Oxman: So, is it fair to say that no amendment would be made to the contract other than extending the due diligence? In other words, you're not proposing...

Supervisor Cardinale: Yes,

Larry Oxman: proposing to modify it prior to the April 21st.

Supervisor Cardinale: that's absolutely accurate to say Larry. We are proposing only to keep talking through the hearing date and a few days there...through...April 21st. Allow the hearing to occur. Allow the comment to be made. Allow a 10 day period for written comment. Allow anybody to come forth and talk with us and then make a decision by May 8th as to whether there are three votes on this board for this, for the agreement. Now the agreement it self, the proposed agreement will be on file not later than April 8th Frank? April 9th. It will be on file April 9th. So you'll have it for 10 days before the, 12 days before the hearing on April 21st. But, I'm telling you in this resolution we're telling you the...we're summarizing the changes, which are a dramatic reduction in price and a million bucks of the money being made hard over the course of, from the date of modification through July of 2010, 2011. So between July 2010 and July 2011, that's 750 for the extensions would be hard and this 250. That's what, that's what the resolution says.

Larry Oxman: Thank you

Supervisor Cardinale: Thank you. Yeah and Barbara's reminding me, I'll take another comment and I'll take, but we're going to have a hearing on this and I don't want to interrupt this hearing to much longer. Go head

Patrick Fedun: Sorry, Phil, I just got one question here. If the resorts comes back next month or so and say hey look we got hard times, I'm gonna give you half.

Jim Wooten: Yes, we asked that very question.

Supervisor Cardinale: Thank you, Thank you for bringing that up. We asked that very question. We made it clear to Resorts that we are not adjusting the price or changing in any fashion that contract and the reason for that is this. That we, an industrial park has comparables of other industrial parks maybe closer to the west that, and industrial parks that are more empty now than they were two years ago. But, we believe that the Riverhead Resorts interest in that property is because it is the unique 750 acre piece. That is the only piece like it on Long Island and that therefore, and is the only one zoned recreation for their use. So, we do not believe that a comparable argument can legitimately and equitably be made that the market has collapsed on that kind of property. That's unique property. If they, if they can get the billion dollars to build that out it's going to be a unique project but, we're not adjusting the price. We've made that clear to them. They've also paid \$3,000,000 on the table and if they leave the table now, by December 9th they must tell us whether they want to leave or not. And, if they leave they have to leave the three million that is already in the Town's reserves and they have to leave another three million of the \$4,500,000 deposit. So, we know that if this deal fails in December we are \$6,000,000 richer.

Patrick Fedun: Right, but by saying that, since Resorts is valuable, that would make this industrial property just as valuable.

Supervisor Cardinale: And I would love to be shown that possibility at the hearing, but I haven't received those offers. That's my problem. I'm not getting anybody who will step up and say I'll pay you thirty five million, I'll pay you one hundred thousand an acre. So what I got is what I got.

Patrick Fedun: Thank you.

Supervisor Cardinale: Thank you. OK. I would like to continue the hearing. Would you please come up. Oh wait a minute. I don't want to continue the hearing. I've got to do the resolutions. I would like to address the resolutions now that we've addressed the public comment. OK, First I guess we should adjourn the Town Board Meeting for a moment to consider the 2 CDA resolutions #9 and #10 and that we open the Town Board Meeting in the middle of the hearing. Note that it's 6:30, we're opening the CDA meeting.

Diane Wilhelm: CDA resolution #9

Barbara Blass: Resolution #9 is a calling for a public hearing on the Community Development Agency's designation of REPCAL LLC as a qualified and eligible sponsor for the purchase and development of approximately 300 acres located within the light industrial zoning district of the premises known as the Enterprise Park (that's Park right not Part, right) at Calverton (EPCAL), consistent with the goals and objectives of the Calverton Enterprise Park Urban Renewal Plan (1998). So moved

John Dunleavy: And seconded.

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

The Vote: Wooten, this is only calling for a public hearing, yes; Dunleavy, yes, this is only calling for the public hearing, not for the purchase price, so for the public hearing I vote yes; Blass, yes; Cardinale, yes. Resolution adopted.

Diane Wilhelm: CDA Resolution #10

John Dunleavy: This is accepting request to extend the due diligence period pursuant to the agreement of sale dated October 2, 2007 with REPCAL LLC. So moved.

Jim Wooten: I'll second.

Supervisor Cardinale: Moved and seconded. Vote please.

The Vote: Wooten, yes; Dunleavy, yes accepting for the hearing; Blass, yes; Cardinale, yes. Resolution adopted.

Supervisor Cardinale: OK, that ends the CDA meeting and I'm going to close that meeting and return to the Town Board meeting and ask that you call resolution #289.

Diane Wilhelm: Resolution #289

Jim Wooten: Accepting request to Extend the due diligence period pursuant to the agreement of sale dated October 2, 2007 with REPCAL LLC. So moved.

Barbara Blass: And seconded.

Supervisor Cardinale: Moved and seconded. May we have a vote please?

The Vote: Wooten, yes, Dunleavy, yes; Blass, yes; Cardinale, yes. Resolution adopted.

Supervisor Cardinale: Thank you. We're going to resume the hearing, but I point out the obvious. Mitch of Newsday, Mitch Friedman of Newsday is here. News Review was on the phone with me earlier and has received copies of this. The very fact of calling the hearing is doing exactly what we want to do by the comments. We are bringing to the

public our present state and I think because everyone will now know that this is the deal as being proposed, that we're hoping that the phones ring off the hook tomorrow when Mitch prints something and News Review on Thursday prints something. And, we'll all be the happiest people in the world if it does and also quite surprised.

Meeting Adjourned 6:32 P.M.