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Minutes of a Community Development Agency Meeting held by the Town Board of the Town of Riverhead, at Town Hall, 200 Howell Avenue, Riverhead, New York, on Tuesday, February 6, 2001, at 7:00 P.M.

**Present:**

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

**Also Present:**

|                     |               |
|---------------------|---------------|
| Andrea Lohneiss,    | Director      |
| Barbara Grattan,    | Town Clerk    |
| Dawn Thomas, Esq.,  | Town Attorney |
| Sean Walters, Esq., | Town Attorney |

Chairman Kozakiewicz called the meeting to order at 12:30 a.m.

Chairman Kozakiewicz: "We're going to open up the Community Development Agency portion of the meeting. Motion to reopen with the CDA."

Dawn Thomas: "Are there any amendments to this resolution?"

Member Densieski: "How would we know? We just got handed it a couple minutes ago."

Chairman Kozakiewicz: "Are we talking about Resolution #3 which is the contract with AES?"

Barbara Grattan: "Do I have one?"

Chairman Kozakiewicz: "No. It's not in there. What this is, we'll get you a copy Mr. (inaudible). It's a resolution to authorize entering into a contract with AES for that particular piece of property as I mentioned, the 50 acres."

Unidentified (from the audience): "That's the power plant?"

Chairman Kozakiewicz: "That's correct."

Member Lull: "American Energy System."

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Chairman Kozakiewicz: "All right? Okay."

Member Kent: "Are you going to introduce this resolution or are you going to call it or- "

Andrea Lohneiss: "CDA Resolution #3 authorizes the Chairman to execute a contract with AES Long Island, LLC."

Member Kent: "I'll move this resolution. What AES is a proposal to purchase 51.9 acres of property at the Calverton site at \$100,000 per acres, which would be \$51- excuse me- \$5,190,000 and an option for the future purchase if another 22 acres at \$100,000 per acre to construct a 500 megawatt natural gas public utility facility. Their proposal projects an estimated \$250,000,000 in capital investment at the site that will increase the assessed value of the town property by approximately \$75,000,000 and generate an annual tax revenue of approximately \$6.75 million dollars.

I think it's a worthwhile project. We've been looking at this for approximately one year. We've been working with their counsel over the last couple of months and our counsel to reach an accord on a contract. The contract is not completed to the extent that it has a couple of provisions still left to be finalized having to do with connection to the sewer district and the water district. I think those can be accomplished in the next few days and I would move this resolution authorizing the Chairman of the CDA who is the Supervisor to execute the contract once it's completed."

Member Lull: "I'll second it."

The Vote: "Densieski."

Member Densieski: "Well, considering I just got handed this resolution, I don't know how long we've been here? A couple of hours ago, I guess or an hour ago, and after going through what we went through with the Burman contract, I am going to abstain. And I agree with what Chris said and I think this is a great project. But not giving the public the chance to see this on an agenda and voting on it with things like between 50 and 75 acres, we're just setting ourselves up again possibly. Think AES is great, I support it, but I cannot vote yes. I'm going to abstain."

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

Member Cardinale: "The troubling aspect of not voting tonight

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is that we committed at the work session to have it on the agenda this evening and to vote it this evening. And although I share the concern that Ed indicated, my greater concern is that we appear to our negotiating partner to be inconsistent and unbusinesslike. We had indicated we would, in fact, vote this.

This late issue of the sewer and water has been discussed with the other attorney. I have discussed it personally and he has indicated that he is willing to conditionalize this contract which the Supervisor is being authorized to sign, upon satisfactory resolution of that issue to the town's satisfaction. And if we weren't satisfied, we wouldn't have to proceed.

Balancing those two factors, the desire to keep the pledge we made to the negotiating partner and the concern that this issue still-did arise late, I'm inclined to vote yes understanding that the Supervisor is only authorized to sign the agreement which is in its sixth draft and we have seen this lengthy agreement- seventh draft. That he's only authorized to sign it and not directed to sign it. And I have enough confidence in Bob that he will satisfy this issue or he won't sign it. So I vote yes."

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

Member Kent: "For the reasons I stated when I first introduced the resolution and in addition to that, I know that we can iron out these provisions to the contract having to do with the connection to the sewer district and the water district. I'm certain of that. And if we don't, well then the deal will be dead because it's got to be done to our satisfaction.

We have a few months to do that. This proposal still has to come before the Board for declaration as an eligible sponsor and there are several other provisions which- that are have to be met by the sponsor having to do with an Article 10 proceeding which is having to be recognized and being granted the right to operate a public utility by the State of New York.

So I'd like to get the ball moving on this. I think it's a great opportunity. I've been listening to people telling me the great opportunities that a race track is going to provide. This is going to provide guaranteed once this is opened, it's going to provide \$6.75 million dollars in tax money to the Town of Riverhead. And our total taxes collected with fire districts, water districts, school district, town government, and every special district in the town is about \$93

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million dollars and if you throw 6.75 that's a tremendous increase to the amount of taxes that can be collected.

And this is a natural gas facility. It's heavily regulated by the EPA and by the DEC and I think it will be done completely compatible with what we're proposing to do at the Calverton site as far as industrial development.

I can't say- this is a home run for the town. If you've looked at every other town that has a utility located in their- within their jurisdiction, their schools have a greater source of revenues to fund the education and the towns have a greater source of funds to fund recreation, senior projects.

You know, we talked about this all night tonight about costing too much. Well this is a way to generate some money so that we can pay for these things. So I'm in favor of finding revenues where we can find them as long as they are compatible with the type of growth we want in our town and this is it. So I vote yes."

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

Member Lull: "Obviously the contract is not, excuse me, the draft number seven of the contract does not have the requirements that we need. Three other people have talked about it already, the water and sewer and it's not necessary to go through it again. I had a chance to talk to counsel for AES this afternoon and he reassured me the same as he reassured Phil, exactly the same type of thing.

I also have a- agree with Phil that we did make a commitment to bring this up at tonight's meeting, we did make a commitment to do that.

There's another issue here as far as time is concerned and that is part of the Article 10 siting procedure that these people are going to have to go through is a winter siting procedure. It's a procedure dealing with the site without leaves on the trees, believe it or not. And part of that is if it is not accomplished in the quite near future, it's going to go by the boards and would have to wait again until next fall.

So I do think it's an important step to move forward at this particular time. I understand both the reticence of Councilman Densieski and I'm sure the reticence of the Supervisor in stepping into another agreement which has unspecified language but I believe, I

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have the same kind of confidence in Bob as Phil does and that statement alone- Phil's confidence in Bob, gives me a great deal of confidence because that doesn't happen very often.

So I believe we really need to move forward on this. It's a significant issue and so I vote yes."

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

Chairman Kozakiewicz: "A lot has been said already certainly about this deal. It's been pointed out that on Thursday we had indicated to the representative from AES that we would have a resolution on. It would seem to be very easy to say then why the problem with voting on this tonight and why the hand wringing.

Certainly the project can provide a great deal of tax benefits to the town not to mention a very good price per acre, \$100,000 an acre. As mentioned it will be subject to the Article 10 siting process which the Board in the six, seven drafts of the agreement was fully cognizant of and prepared to do. I think the Board is also committed to conducting a qualified and eligible sponsorship hearing rapidly so that this can be brought to the public and not hidden away.

Unfortunately after we had mentioned to the principal that we were ready to go forward, issues with regard to the water and sewer were brought to our attention via water and sewer district counsel. And with those concerns, I have some reluctance to go forward at this stage. I think Phil has said- maybe I'm paraphrasing it- a deal today is as good as a deal in two weeks or something to that effect, which I question why we have to do it today other than obviously we did indicate to the gentleman involved that we would take action.

I, for one, appreciate the optimism or vote of confidence from my Board members on this issue that I will fight to see that the provisions are as beneficial to the town and looking out for the interests as they will. I am, however, still concerned that if we can't get a resolution on these issues, what does that do. Yeah, I know, and that unfortunately kind of puts the cart before the horse.

For those reasons, I don't want to vote no because I think it is a good project. But I can't vote yes at this time because of the unresolved issues. Therefore, I need to abstain at this point."

Andrea Lohneiss: "Okay, 2 abstentions; 3 yes. The resolution is adopted."

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Chairman Kozakiewicz: "Okay. Anything further?"

Andrea Lohneiss: "No."

Chairman Kozakiewicz: "Okay. At this point in time, I would-  
the time- let the record reflect that the time is 12:40. I will  
close- "

Member Kent: "12:40 a.m."

Chairman Kozakiewicz: "Yes, 12:40 a.m. Correct. 12:40 a.m."

Meeting closed: 12:40 a.m.

*Barbara Gatten  
Town Clerk*

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Town of Riverhead Community Development Agency

Resolution # 2

Authorizes Chairman to Execute Contract with AES Long Island, L.L.C.

Member Kent offered the following resolution,

which was seconded by Member Lull :

**WHEREAS**, the Town of Riverhead, through the Community Development Agency (CDA), the Riverhead Development Corporation (RDC) and Grubb & Ellis, has marketed the former Naval Weapons Industrial Reserve Plant / Calverton Enterprise Park for several years while developing a Comprehensive Reuse Plan, and Environmental Impact Statement and achieving transfer of title from the U.S. Navy; and

**WHEREAS**, the RDC, with the representation of New York State and Suffolk County, and CDA, over several years and four Town Boards, have apolitically focused on the achievement of the following goals as set forth in the Comprehensive Reuse Plan:

1. Job creation;
2. Increase in tax base and property tax revenues to the Town of Riverhead, Riverhead Central School District and Suffolk County; and
3. Quality of life preservation; and

**WHEREAS**, the Town of Riverhead has equally respected the sensitive environmental issues presented by the site and its surroundings in its reuse planning, SEQRA compliance and evaluation of purchase and lease proposals; and

**WHEREAS**, in balancing the economic development objectives stipulated by the U.S. Congress in Public Law 103-c337 and the goals and priorities identified by the community in the Reuse planning process, the RDC and CDA have determined that the proposal made by AES Long Island, L.L.C. will generate a positive, balanced impact to the Town of Riverhead and the region; and

**WHEREAS**, the acquisition of between 50 to 75 acres of real property, as depicted on Schedule A, for \$100,000 per acre cash at closing and the subsequent tax payments, as well as the potential for energy costs savings, will provide a benefit to the Town of Riverhead and its residents; and

**THEREFORE, BE IT RESOLVED**, that the CDA hereby authorizes the chairman to execute a contract, substantially in the form on file with the Town Clerk dated February 5, 2001 with AES Long Island, L.L.C.

**AND BE IT FURTHER RESOLVED**, that the Town Clerk shall provide a certified copy of this resolution to Harry Davitian, AES Long Island, L.L.C. and Community Development Agency Director Andrea Lohneiss.

**The Vote:**

|                      |                |
|----------------------|----------------|
| Member Densieski     | <u>ABSTAIN</u> |
| Member Cardinale     | <u>YES</u>     |
| Member Kent          | <u>YES</u>     |
| Member Lull          | <u>YES</u>     |
| Chairman Kozakiewicz | <u>ABSTAIN</u> |

**The Resolution is ADOPTED.**