

Minutes of the Community Development Agency meeting held by the Town Board of the Town of Riverhead at the Wading River Congregational Church, North Country Road, Wading River, New York on Thesday, October 16, 2007, at 7:00 p.m.

Present:

Philip Cardinale,	Chairman
Edward Densieski,	Member
George Bartunek,	Member
Barbara Blass,	Member
John Dunleavy,	Member

Also Present:

Andrea Lohneiss,	CDA Director
Barbara Grattan,	Town Clerk
Dawn Thomas, Esq.,	Town Attorney

Chairman Cardinale: "Open the Community Development Agency meeting. Our counsel, Frank Isler, is here for this hearing scheduled for 7:40 and it is scheduled to determine whether REPCAL LLC should be designated qualified and eligible sponsor for the development of approximately 300 acres at the EPCAL site which is located light industrial.

Most of you, those of you who don't, October 4th a unanimous, thank the Lord and thank you, Ed, town board authorized me to sign the contract and I did with REPCAL or- the principals of which are Craig and Mitch Reckler who are here with their counsel. We have a signed contract subject to this hearing and we are going to conduct a hearing.

So, Frank Isler is here for us; Guy Germano, counsel for REPCAL and the Reckler interests and I want to let you get started Guy. And where is- Frank, did you want to say anything before Guy begins? As to I guess the purpose of the hearing, if you could summarize that."

Frank Isler: "Well, the purpose of this hearing is to fulfill a requirement of the General Municipal Law that requires the town in urban renewal projects to- where it involves the sale of town

property- to determine that the applicant is a qualified and eligible entity that is capable based on its experience, its resources, its development team and its finding team to complete the proposed project and that's the purpose of the hearing is for the applicant to show that to the town board as the governing body of the Community Development Agency."

Chairman Cardinale: "Thank you for that summary. For the first time in seven years, we have signed a contract. This hearing is subject to that contract. The contract calls for 35 million dollars plus some profit sharing if the eventualities described work out. Fire away, Guy, as to what you have to show us."

Guy Germano: "Guy Germano, for the applicant. Good evening, Mr. Supervisor, Members of the Town Board. We are here as Mr. Isler said to consider the application of REPCAL, LLC as a qualified and eligible sponsor for the 300 acres at Calverton Enterprise Park Industrial development, a project which will provide many jobs for the Riverhead community and which has designated by this town board.

I am please to be here representing Reckler Equity Partners and the Recklers. My job as counsel is much easier in this case because I represent the oldest and largest successful industrial developer on Long Island with a current industrial portfolio comprised of more than six million square feet of industrial space.

Representing the applicant tonight are Craig Reckler and Mitchell Reckler, who managing partners of REPCAL who between them manage more than a billion dollar portfolio of commercial and industrial property on Long Island and the metropolitan area.

As the Supervisor has noted, you have approved the contract for the development of the 2.5 million square foot project which will commence immediately upon tonight's approval of the application.

At this time, I'm going to ask Craig Reckler to come forward. He will present the company's qualifications and financial (inaudible)."

Craig Reckler: "And thank you to the members of the Board. As Guy- can everyone hear me, first of all?"

Supervisor Cardinale: "Yes."

Craig Reckler: "As Guy said, REPCAL and Reckler Equities Partners is made up mostly of four partners, myself, Mitchell Reckler

and (inaudible) Roger Reckler who were the founders of (inaudible) Associates with their father William Reckler back in 1960.

But I guess the best way to really understand our family's long history here on Long Island and the impact we've had on economic development both in Nassau and Suffolk County kind of go back to the beginning. I hope everyone indulges me for a quick family story.

During World War II, my grandfather ran a small retail store in the Bronx for his family. While his brother and brother-in-law were serving their country in the war, he being 10 years older stayed back, ran the family business, and also did community service by running the scrap metal drives that were very popular during those war era years, which were really used to help the government and their contractors build the equipment and armor needed to win the war.

At the end of the war, all three men were reunited back at the family store with one slight difference. There was a yard full of scrap metal that the government no longer wanted. Finally months later, they came up with a brilliant plan. They decided being that all three men fancied themselves as artists, one a sculptor, one a painter, the other a— also a sculptor, decided to take the scrap metal, melt it down, make light weight aluminum (inaudible).

So they decided to go ahead and do this. Unfortunately there was one major flaw in their (inaudible). Artists back then, maybe even struggling artists today basically are poor and have no reason to buy a new (inaudible) no matter how heavy it is.

A few months later, my grandparents were at Coney Island, back then you could rent a chaise lounge chair for a day. My grandfather was lugging down this heavy wooden chairs lounge, my grandmother says, if you're so smart, why don't you take all the scrap metal in the back yard and melt it down and make aluminum beach chairs. The light bulb went off and my grandfather and his partners, his brother and brother-in-law, invented the aluminum beach chair.

From there on, built factories, you know, throughout the New York area and became the largest manufacturer and distributor of beach chairs.

In 1958, they sold the business but kept the real estate and hence they were in the real estate business.

They designed and built the first planned industrial park in New

York State in 1958 and in 1962 my grandfather split with his brother and brother-in-law and came out to Long Island and bought 1400 acre former (inaudible) site which is now called the John D. Klein Industrial park (phonetic) and today it's still the second largest industrial park in the country.

During the late '60's, Donald Reckler and Roger Reckler set their sights a little further east and acquired 200 acres across from McArthur Airport building Long Island's first high tech facility, Airport International Plaza where they built over 2,000,000 square feet. Some of the earlier tenants were (inaudible) Technology Company; it's like Symbol Technology, started with only a few thousand square feet and there are many others like that who got their start in that park.

As Airport International Plaza started to wrap up its development, (inaudible) started to migrate west to Melville where they acquired sod farms that we're all familiar with along Route 110 and the expressway where we developed over a million square feet of Class A office properties back in the late '70's and early '80's.

By the early '80's, Mitch and I had joined them and we continued our growth throughout Nassau and Suffolk Counties and by the late 1980's we were the largest owners and operators of Class A office and industrial property on Long Island.

During the recession in the late '80's, early '90's, real estate development was basically non-existent so we said, you know, should we focus our energies on maintaining our portfolio, keeping our tenants intact and looking for a better day. And by the early '90's we began to see that day.

There were huge opportunities, you know, here on Long Island to buy existing industrial buildings, office buildings, at what were incredible discounts to the replacement costs. For example, we could buy an industrial building for \$15.00 a square foot back then. You could buy an office building for \$45.00-\$50.00 a square foot.

The problem was there wasn't— you know, the traditional lending sources still hadn't come back to the real estate market in the early '90's. So by 1995 we decided to take our family business public and became a real estate investment (inaudible) and in June of 1995 we went public with five million square feet and a market capital of \$280 million dollars.

Within a five year period, we grew that company to what- 25 million square feet with a market capital of around three and a half billion dollars, not just here on Long Island, but in Westchester, Connecticut, New Jersey and Manhattan.

By the early 2000 or 2001, Mitch and I- you know, while we enjoy what we created, Reckson, I'm still president of Reckson, started to long for the private sector. In 2001 we started a small company called (inaudible), that wouldn't compete with Reckson but would start developing retail and residential properties.

The first project was the Source at White Plains which was a partnership with the Fortunoff family which was a 95 million dollar ground up retail project with Fortunoff as the anchor tenant, Cheesecake Factory, (inaudible) Steak House were also tenants in the project.

We then continued along that same route. We bought a 44 acre property in Commack across from the Home Depot. Actually many of you may be familiar with, we built a 400,000 square foot big box retail center with Home Depot, Wal-Mart and Kohls as a tenant.

We then acquired a 430,000 square foot loft building in the Bronx which we are currently redeveloping as an office building and several other sites in and around Manhattan.

In 2003, the four of us had the opportunity to acquire the industrial portfolio that each of us has spent our whole professional life building and within just a few months we acquired assets worth about 325 million dollars and (inaudible).

That was one of the most important things we did together, the four of us. It really cemented our roots in what we believed in which is the Long Island industrial market.

From there, we continue to grow. We're working on a workforce housing project in Selden and other projects in Hampton Bays and as Guy said, we (inaudible) real estate assets that we manage.

What's important to note and I think it's important to this hearing is that we maintain an extremely low debt level. Our debt level never exceed 50% of the loan (inaudible). I think that really (inaudible).

In addition we're currently managing a development pipeline

that's also in excessive of a billion dollars (inaudible).

I hope I answered some of your questions that relate to the issue of qualified and eligible. And I'm happy to answer any of your questions that you have for us."

Supervisor Cardinale: "Is there anybody else that you want to speak from your team or I could have Frank ask a few questions. Okay. Frank, I know you may need additional information in the file. I know you have some in the file already. Why don't you state any questions you need material on."

Frank Isler: (Inaudible)

Craig Reckler: "Yes. Sure. We own and operate over a billion dollars of real estate assets and what's important is we never, we know, we don't have more than 50% debt on a loan value basis in our portfolio."

Supervisor Cardinale: "He said pipeline."

Craig Reckler: "Oh, in addition, we're maintaining a development pipeline that at completion will be worth over a billion dollars."

Supervisor Cardinale: "If you have questions, Frank, why don't I let you take--"

Frank Isler: (Inaudible)

Supervisor Cardinale: "Okay. Then why don't we see if the public has any questions or make a comment. I'm going to suggest that we do with this hearing just as we did with the recent hearing on Vintage, that you check your file to determine if the presentation and the materials match the criteria in our resolution, you can then communicate back with Mr. Germano and get the material and then we'll have you speak to us once you know you have accumulated it.

Barbara, go ahead."

Councilwoman Blass: "I have one question. (Inaudible)-- that you submitted, the letter from the accountant. I understand that part of the performance of qualified and eligible sponsor is the ability to not only purchase the property but to develop it. And I was just curious as to the language why the accountant specifically says your

net worth exceeds the purchase price. I'm sure it certainly does, but I would have thought that there would have been a representation that it also provides for a reasonable assurance that you have the wherewithal, which I'm sure you do, to complete or develop the project not just the (inaudible)."

Craig Reckler: "I believe that (inaudible)."

Councilwoman Blass: "Mr. Isler, in addition to the acquisition of the property that we're supposed to ensure that there is the ability to follow through on the development as proposed?"

Frank Isler: (Inaudible)

Supervisor Cardinale: "Okay. Is there anybody that would like to come up? Mister, if you have a question on this hearing, please come up."

Dennis: (Inaudible) "I just want to see if I heard something correctly relative to the project. (Inaudible)."

Supervisor Cardinale: "No. Well, he may have something but we do not. Anybody else have a comment to make? I will leave this open also for written submission to the- well, I will leave it open- we want to consider this on Thursday. I'll probably be talking to you on Thursday. So say at least until Monday next week which is- what is it- the 22nd at 4:30. So written submissions. And if you need to extend it further Frank, let me know."

Hearing left open for written comments
to October 22, 2007.

Barbara Stratton
Town Clerk