

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 8:00 a.m. on the 19th day of September, 2007 and do consent to the holding of such meeting for the purpose of:

COMMUNITY DEVELOPMENT AGENCY
TABLED RESOLUTIONS FROM TOWN BOARD MEETING OF
09/17/07

- #12 Authorizes Chairman to Commence Negotiations for the Development of a Contract of Sale for A 755+-Parcel of Property Within the Planned Recreational Park Portion of the Epcal Site.
- #13 Authorizes Chairman to Commence Negotiations for the Development of a Contract for A 755+/-Acre Parcel of Property Within the Planned Recreational Park Portion of the Epcal Site.

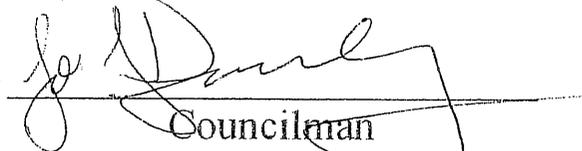
Dated: Sept. 19, 2007
Media Notified by
Supervisor

TOWN BOARD MEMBERS
of Riverhead, New York


Supervisor


Councilman


Councilwoman


Councilman


Councilman

Minutes of a Special Town Board Meeting of the Community Development Agency of the Town of Riverhead, held on September 19, 2007 at 8:00 a.m. at Riverhead Town Hall, 200 Howell Avenue, Riverhead, New York.

Present: Supervisor Philip Cardinale
Councilman John Dunleavy
Councilman George Bartunek
Councilwoman Barbara Blass
Councilman Edward Densieski

Also Present: Town Clerk, Barbara Grattan
Town Attorney, Daniel McCormick
Community Development Director, Andrea Lohneiss

Supervisor Cardinale: "This is the reclassification of a meeting that adjourned on Monday about 5:00 pm of the Community Development Agency, to consider two resolutions which we will consider this morning, so welcome everyone. I'd like to begin with the Pledge of Allegiance."

"On Monday, I've been handed and the board had been handed, it's indicated an increase of the cash offer price of each of the competing entities. The Rex Corp bid is \$152,484,043.99, for short we call it \$152,500,000.00, the bid of Riverhead Resorts was \$155,000,000.00 for the same property. Before we consider the alternate resolutions, Barbara, you should place where it had previously had read \$125,000,000, you should replace the respective numbers, and I'd like to take before we consider or call for a vote, any comment anyone wishes to make before we take a vote."

Councilman Densieski: "Phil, I just want to say something appropriate for the record, the numbers that you just recited are the amount at closing is also real property (inaudible) animal shelter and everything etc. that on top of that, so that the number you read again is at closing."

Supervisor Cardinale: "That's correct, the number at closing. That will be further negotiated, once we make a determination with whom we are negotiating."

"Is there anybody that would like to make a comment? If there is, fine, if there is not, I'll ask Andrea to come up and before we take a vote, I'd like to thank both Riverhead Resorts and Rex Corp, I think Riverhead is very fortunate and also the broker to have these (inaudible) interested in developing these. I also want to make clear quickly of what we are doing and as per the resolution for which we are about to consider, we're taking the time now eight months, almost eight months of deliberation to make a decision as to who will be our negotiating partner, until negotiations fails or succeeds. In other words, we're basically indicating, who we will be exclusively negotiating until it fails or succeeds. Any negotiation is subject to qualified and eligible sponsorship determination which will follow subject to contract terms where they will be

worked through if possible and subject to SEQUA which will be a year and a half at least after contract, and will change these projects both dramatically, and it is also a final subject to the input of planning, planning board, subject to our own input, subject to the health department and a host of other entities. So what we are doing here, is making a decision, and I'm sure I speak for the board, when I say this, as to whom we'll choose this, a negotiating partner at this time. I also should point out that in either case, there was some controversy about certain elements of the plan, both have indicated that they understand alternate alterations may be necessary to the plan; probably will be, almost certain that they will be, substitutes will be made if necessary, even to the most controversial aspects of the plan if necessary, so if you could call the vote?"

Resolution #12 AUTHORIZES CHAIRMAN TO COMMENCE
NEGOTIATIONS FOR THE DEVELOPMENT OF
A CONTRACT OF SALE FOR A 755+-PARCEL
OF PROPERTY WITHIN THE PLANNED RECREATIONAL
PARK PORTION OF THE EPCAL SITE

Resolution #13 AUHorizes CHAIRMAN TO COMMENCE
NEGOTIATIONS FOR THE DEVELOPMENT OF
A CONTRACT OF SALE FOR A 755+-PARCEL
OF PROPERTY WITHIN THE PLANNED RECREATIONAL
PARK PORTION OF THE EPCAL SITE

Councilman Densieski offered the resolutions be brought off the table, which was seconded by Councilman Bartunek.

All members in favor of untabling Resolution No. 12 and 13.

Resolution #12 AUTHORIZES CHAIRMAN TO COMMENCE
NEGOTIATIONS FOR THE DEVELOPMENT OF
A CONTRACT OF SALE FOR A 755+- PARCEL
OF PROPERTY WITHIN THE PLANNED RECREATIONAL
PARK PORTION OF THE EPCAL SITE.

Andrea Lohneiss: "For the public (inaudible) that is specific to the \$155,000.000.00 purchase offered being Riverhead Resort LLC."

Councilman Densieski offered the resolution, which was seconded by Councilman Bartunek.

The Vote:

Member Dunleavy: "This has been a long process with many valid concerns, pro and con, regarding these two offers. This vote should not be simplified to a "race track" versus a "ski slope"; and it should not be about what Long Island needs. It is about what is good for the entire Town of Riverhead.

I am elected to make decisions based on the greatest good for the greatest number of my constituents. In this case, economic benefit to our residents and taxpayers, job creation and quality of life considerations are the goals, first and foremost, of our

decisions for EPCAL redevelopment. While there are clearly merits to both projects, I do feel that the differences between the types of development proposed, the anticipated impacts of each, and the financial benefits to the town and its taxpayers are weighted in favor of the resort project.

I respect the concerns of the families with loved ones at the Calverton National Cemetery, the largest national cemetery in the country, and while the property was given to the town for economic redevelopment. I think it behooves us, the Riverhead Town Board, to achieve this goal while respecting the pre-existence of the national cemetery.”

Therefore, I am voting YES for Resolution #12, to authorize contract negotiations with Riverhead Resorts.

Member Bartunek: “I’d like to make a brief statement also. First, I want to thank both organizations for their responses to the RFP regarding the development of the recreationally zoned property at EPCAL. Both parties have invested a great deal of time and valuable resources during the presentation of their respective proposals. Both groups have been very patient and cooperative in answering specific questions asked by this board and the planning department.

The basic themes of both projects are discussed in general terms in the Comprehensive Reuse Plan that was prepared in 1996 for the Riverhead Town Board of the time. We are making a very significant decision today which is built on top of the foundation that was prepared for that town board more than ten years ago.

The reuse plan describes in general terms a facility with many of the passive recreation themes that the Riverhead Resorts group are proposing; (although there is no consideration of a 350 foot high skiing complex) and the plan is even a bit more specific with its outline of the pro and cons of a theme park based upon auto racing as envisioned in the EPCAL Center proposal.

As the Supervisor has mentioned numerous times, both projects also have many venues in common, both substantially comply with the zoning standards that were adopted for the site, and both organizations have practically offered to pay the Town the same amount of money for the property. As Phil has also often said, the choice comes down to one’s preference of the type of recreation activity that will eventually be constructed and will most certainly alter the nature of the western area of Riverhead forever. Not a decision to take lightly.

After much deliberation and attention to the concerns of many of my neighbors living in the Calverton/Baiting Hollow/Wading River area and also based upon my personal, admittedly conservative, preferences towards more passive recreation activities, I will vote for the Riverhead Resorts project. I am confident that the people who voted for me in 2003 would expect me to make such a selection. Although I do believe that the Riverhead Resorts project has significant obstacles to overcome that may prolong the complete development of the park as envisioned. I am of the opinion that this is the most sustainable of the two projects and will bring the Town of Riverhead the type of economic and social benefit that was envisioned in the Comprehensive Reuse Plan of a decade ago. Therefore, I vote YES.”

Member Blass: “Up until last yesterday afternoon, I was more or less certain of which project I would be supporting this morning. But by the end of the day, I wasn’t so sure that we should be voting at all. Having had a lengthy conversation with two members of Rexcorp’s development team, I was left pondering several issues.

Expressing concern about the noise in particular, I asked how the Board would be convinced that the noise would be sufficiently mitigated. I, like my colleagues, were very concerned about the impact of the noise in the surrounding community and on this site development itself. I was told that Rexcorp would need over 120 days to determine whether they could successfully mitigate noise to the board and the Community’s satisfaction; and if they couldn’t, they would eliminate the track and most of the housing associated therewith; and I very much appreciated their willingness to work with our town engineer in that regard, but then I asked myself, well how would their business model then be affected with the removal of the race track as the theme attraction? What will be substituted for the track and the houses? How will that affect the offering price?

Riverhead Resorts also has a wild card in their midst, the height variance. In the event the ZBA doesn’t grant relief, how does the height reduction impact their business model? What will they substitute? Will their offering price be reduced during negotiations?

Within a few short months, we could know whether Rexcorp’s proposal would include a racetrack or whether Riverhead Resorts proposal would include a 350’ mountain and the venues contained therein. If eliminated however; what venues will each be substituted, so as to maintain the revenue sharing projections for example? Will the revenue sharing projections have to be adjusted downward? Why should we select either one of those, now knowing that we may be dealing with a very different project within several months?

While I acknowledge that today’s decision is only to begin negotiations with an entity to develop the recreationally zoned property. I still would have preferred to have the concepts more fully developed prior to a decision; but if the vote is being taken today, there is enough data for me to determine which concept better fits the vision for our town, as is currently proposed, and although this decision is made with some reservation.

My vote is YES for Riverhead Resorts.”

Member Densieski: “I would like to thank the Riverhead Resorts team for their interest in investing in Riverhead Town. It’s very much appreciated and especially to the Weber Law Group, because 99% of the information about the project came from the Weber Group, especially Mitch Pally and Don Secunda who at every step of the way acted efficiently, timely and professional.

As for the project itself, with the main theme a “Mountain Ski Slope”, I just can’t imagine it. I personally don’t think it will ever happen. I can’t imagine a building with a height of 350’ or more in Riverhead with an estimated average attendance of 8-K people a day. Within a couple of hours from Riverhead, lay some of the best God Made natural mountains and ski slopes around that require no electricity or fuel to keep them cold.

This is a very ambitious plan and normally I like that, but this mountain is just over the top for me. Over the last couple of months, when it looked like these projects were actually getting closer to a vote, I started talking to a lot of local people and

truthfully very very few favored this or even believed the ski mountain project and I'm afraid I agree.

When I brought up the question of which project would spin off more growth next door on the industrial property, I was given a letter from LEDO International and I'll just read you a short part of the paragraph, "These will range from warehousing to staging and production, including show production, to service providers such as laundry, janitorial, office services, exhibitor services, printing, mechanical repair, to name a few".

That falls really very short of my thoughts on Industrial spin-off. I had more high-tech hopes like research and development, assembly, testing facilities, high paying industrial jobs, a lot more than laundry and janitorial.

In closing, I would like to once again thank the Riverhead Resort's people for there very generous offer to the citizens of Riverhead, but I'm forced to vote NO in favor of a project that I believe to be far superior. I Vote NO."

Member Cardinale: "I'll be brief; and I agree with everybody with what was said by my colleagues, including Ed. I think I would like to emphasize that as important as this is (inaudible) and a very long process by which these, that this project if it goes forward again, we have actually congratulated ourselves for having conducted a successful request for proposals, a successful discussion of two very good proposals and a determination in a timely fashion, but now (inaudible) we have to move to negotiation, a contract and even if we get through that negotiation for contract, we have to move to a Q and E, qualified and eligible sponsorship hearing, we have to move through the SEQUA process and we will have the input of the planning board, health department, DEC, ZBA in this instance, all of which will help to shape this project and both proponents have indicated that the Corp aspect of their project (inaudible) scheme out and speculate will pay the alternatives. There will be substitutes if necessary in the case of Riverhead Resorts and an ice dome would be substituted if a mountain is not successful. So what are we doing, we're doing, second step is (inaudible) that's all we're doing. What drives my decision in moving forward with the majority of this board is that, I want to move forward, together, that's our theme (inaudible) and I think it's critical, now and afterwards in January, if I'm lucky enough to be still here, if we have any shot of making this project work, it has to be with the unanimous board, and I would hope that happens as we move forward to January. There's a lot of pitfalls in front of us, a lot of potential problems in front of us, this is in many ways both projects are (inaudible) unless we get access to the LIE through the south part of that property, that's what is necessary, so I'm going to focus on those problems, I'm going to try to move forward with the board together and I want to thank everybody on the board for deliberating (inaudible) and for being as helpful as they could. I am concerned of the ambitiousness of this project that we are moving forward on, very concerned, and I agree with Ed's concerns, but I was thinking last night about my decision here; and I was thinking about a call from William Blake (Inaudible) but what's ahead and for, so should a Towns. I believe that a destination resort is a better fit for Riverhead's future, if we can pull this off; and we can only pull it off as what Scott Rechler said and apparently him and me share, yesterday with Suozzi and Levy on building. If we have leadership, I hope you realize that and if we have partnership and I hope that Riverhead Resorts provides this and I hope we made the right decision and I'm not at all sure that we have,

but let's go forward together and try to make this a real (inaudible). So let's vote. I'm voting for Riverhead Resorts, I mentioned that in passing."

The resolution was thereupon declared to be duly adopted.

Resolution #13

AUTHORIZES CHAIRMAN TO COMMENCE
NEGOTIATIONS FOR THE DEVELOPMENT OF
A CONTRACT FOR A 755+/--ACRE PARCEL OF
PROPERTY WITHIN THE PLANNED RECREATIONAL
PARK PORTION OF THE EPCAL SITE.

Councilman Densieski offered the resolution, which was seconded by Councilman Dunleavy.

The Vote: 'Dunleavy, with my statement before, I vote NO. Bartunek, NO, Blass, NO, but I would like to thank (inaudible) on both sides, it was a pleasure working with them. I learned an awful lot and I appreciate your wanting to invest in the Town of Riverhead."

Densieski: "This is not only the best project to come to Riverhead ever; this is the best project to come to Long Island in a very long time. Not only will this offer the very best in recreation, but legitimately reduce property taxes. That's right, I said, "Legitimately Reduce Property Taxes" by reducing or completely paying off town debt, and collecting a perpetual revenue stream for the taxpayers of Riverhead forever. Also spinning off high paying high tech jobs to the Industrial Park next door, the job creation possibilities are endless. The potential revenue streams to the taxpayer of Riverhead will be ever increasing.

Two of the main components of the plan are Motorsports and Equestrian, while I admit I know very little about equestrian uses. I do know it's over a billion dollar industry on Long Island alone every year.

As far as motor sports, I would consider myself somewhat of an expert, competing in stock car races for twenty-five years, and traveling all over the country side competing and watching motor sports and as far as noises are concerned, which is a valid concern, that to can properly be mitigated insuring that Epcal Center "will and must" be a good neighbor and conform to all town noise ordinances. This will be an excellent recreational auxiliary for competitors and fans alike but true family multi- venued family entertainment destination.

Epcal Center will use green construction. They meet the spirit of the HRA Reuses Study, which was prepared with a lot of community members. They meet the zoning. They will make the necessary traffic improvements. They will give as a new animal shelter and a new community center. They also meet the Navy's Demand of "Regional Economic Development" before giving us the property; and just think of what the tax payers could do with 170+million dollars. I tried to calculate on my desk top calculator and the numbers didn't even go that high so I thank the guys for that. But what could the taxpayers do with 170+ million dollars. Things like pay off all town debts and have extra money. They could preserve every piece of farmland in the pipe line right now. Plus open space purchases. How's that for an environmental statement? Plus have money left over.

That's quite a feat considering the old "Grumman Giveaway Days". You remember 500 acres with a million square feet of industrial buildings, all for 17 million dollars.

Please let's not let these guys get away. These are the best of the best.

In closing, let me say, I could go on and on with the benefits of this project to Riverhead; but I'll sum it up by saying what Supervisor Cardinale said when we were voting on the right team to develop the industrial side of the property. Let's go with the team we know. The guy who will get it done. The guys with the right reputation and that's Scott Rechler, Jim Petrocelli and Pete Scalessy and the Epcal Center Team.

I'm extremely proud to vote YES for Epcal Center."

Supervisor Cardinale: "I spent a lot of time with the Rechler family. We are very close to a conclusion on the industrial side contracts; and Scott Rechler has as with many others (inaudible) and beyond ordinarily impressive with the presentation of this project. I point out that the Grumman parcel is sold, 500 acres, the incubator sold fifty acres, Island Water Park approximately 50 acres. Three hundred acres is going to (Inaudible) for industrial development and three hundred acres is in the pine barren core and can't be developed. That twelve hundred acres (inaudible) seven hundred fifty acres (inaudible) they need to be developed if we're going to (Inaudible) that site suppose to be and so we met with the Office of Economic Development of the State of New York to ask for some help in order at the same level to get us moving forward with a greater (inaudible) and with greater balance in regard to the environmental and economic issues. I have asked Scott to stay interested in a piece, I know he's got a lot on his plate. I know he's got a lot of exciting projects; because this project on this 750 acres doesn't mean that there isn't another project that is possible. I always had the feeling that this was not really, at least for Mr. Rechler, a motor sports project necessarily, or he makes that point in his last letter, He says that if the town cannot, he'll come forward with a track; we have prepared to move and proceed. So I think that it's a lot more than a track, and I hope we've made the right decision, I thank Mr. Rechler and I hope he stays interested in the piece and as I voted earlier, NO, to this particular project and yes to the (inaudible) moving forward together and because I think it means a good thing for Riverhead Resorts.

The resolution was not thereupon declared to be duly ADOPTED.

The Meeting was adjourned at 8:19 a.m.

Barbara Swetten
Town Clerk