

Minutes of a Community Development Agency meeting held by the Town Board of the Town of Riverhead at Riverhead Town Hall, Howell Avenue, Riverhead, New York on Tuesday, March 7, 2006 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,	Director
Barbara Grattan,	Town Clerk
Dawn Thomas, Esq.,	Town Attorney

Chairman Cardinale: "And open the Community Development Agency meeting, of which this is a resolution, ask that the resolution be read. It's the only resolution that we're going to consider in the CDA and then ask the board members to vote and comment.

Barbara, if you could read that."

Barbara Grattan: "Sure, hold on just a moment.

Community Development Agency resolution #2 authorizes the Supervisor or his designee to negotiate terms or agreement with Apollo Real Estate Advisors LP.

WHEREAS, the town of Riverhead Community Development Agency CDA authorize the issuance of a request for expressions of interest RFIQ in June, 2005 for redevelopment projects in the downtown Riverhead business district, specifically the area designated as the East Main Street Urban Renewal Area; and

WHEREAS, the town did receive responses in July, 2005 and upon review and presentation did authorize the issuance of requests for proposals RFP in October 2005 to the Parr Organization, Riverhead Revitalization LLC, Kulka (phonetic), and Apollo Real Estate Advisors LP for return on January 10, 2006; and

WHEREAS, the town and the public heard presentations on February 6, 2006 from each of the development groups and the town board has evaluated the proposals made based upon the following criteria: financial and development capabilities, adaptability, private investment control over key properties, specificity, and phasing, greatest potential for initial economic impact and support within community; and

WHEREAS, the intent of the town of Riverhead CDA in issuing the RFIQ and RFP was to identify and develop a team which best met the criteria established by the board which included development and financial capability, experience and the ability to undertake and complete the project successfully.

THEREFORE, BE IT RESOLVED that the Community Development Agency board has determined that while the proposals submitted by each team offer certain attributes to the town, the board has ascertained that the commencement of formal discussions with Apollo Real Estate Advisors LP provides the best opportunity for the town to achieve the desired redevelopment of the downtown area and

BE IT FURTHER RESOLVED that the CDA board hereby authorizes the Chairman or his designee to commence negotiations with Apollo Estate Advisors LP on a proposal for a planned development to revitalize downtown Riverhead and to report to the CDA board within 60 days and

BE IT FURTHER RESOLVED that the town clerk shall provide a certified copy of this resolution to Mr. Ron Parr, the Parr Organization, 2150 Smithtown Avenue, Suite 1, Ronkonkoma, New York; Mr. Jack Kulka, Kulka Construction Corp., 175F Commerce Drive, Hauppauge, New York; Mr. Kevin Davis, Apollo Real Estate Advisors LP, 60 Columbus Circle, 20th Floor, New York; Dawn Thomas, Town Attorney; and Andrea Lohneiss, CDA Director."

Chairman Cardinale: "Thank you. Andrea, if you can come up and call for the vote on this resolution, our CDA Director, Andrea Lohneiss."

Andrea Lohneiss: "Okay, is there a motion?"

Chairman Cardinale: "Yeah, could- do you want to go ahead, Ed?"

Member Densieski: "Yeah, I wanted to have a little discussion first if we could. I don't want us to repeat any mistakes we've made in the past. I think with the Wilpon contract the town board was

notified of everything that was going on after the fact. Wouldn't it be better off to have the town board authorize negotiations or their designee?

I just want to make sure that the board, the entire board, is included in the negotiations, that we don't want to hear about it afterwards. I just don't want to repeat the mistakes we made with Wilpon. I don't care how you want to address it, but I do want to address it."

Chairman Cardinale: "Well, certainly it's in the best interests of whoever is negotiating this contract which will probably be a designee of the board, will be a designee of the board, will be an attorney, keeps in touch with the board. Because at the end of the road we need three votes for this. So certainly I agree with you.

We have some practical difficulties. The board cannot sit in on all the negotiations as you know because you can only have two members or you have a public meeting. So I certainly think that the attorney we use will have to keep in touch and report periodically with the board and I will certainly see to that."

Member Densieski: "Okay, I appreciate that. With that said authorize the Supervisor or his designee to negotiate terms of agreement with Apollo Real Estate Advisors LP. So moved."

Member Bartunek: "And seconde."

Chairman Cardinale: "Moved and seconded. May we have a vote, please."

The Vote: "Member Dunleavy."

Member Dunleavy: "We've been talking about this for as long as I've been here revitalize downtown and I think this is the first step and it's going to happen and the way these buildings are going to be presented and put up that it will bring people downtown to shop in Riverhead. So I vote yes."

The Vote (Cont'd.): "Bartunek, yes; Member Blass."

Member Blass: "I have a brief statement, Mr. Supervisor."

Chairman Cardinale: "Sure."

Member Blass: "Thank you. I would like to thank all of the respondents to the town's requests for proposal for their thoughtful presentations. In my opinion there were positive and negative elements in each of the proposals but we're not deciding on a plan this evening.

I admit to having concerns about whether we're ready to proceed at this time as we have as a board acknowledged that we should revisit some of our policies as they relate to downtown. Should we extend the 500 dwelling unit cap to include townhouses as well as apartments? Should we provide for apartment and townhouse in the DC-3 and DC-4 districts as well? And if we do, should we count them towards that cap?

Should we have our downtown historic district with its associated design guidelines in place before we proceed?

I believe that acting on this resolution before us this evening will actually serve as a catalyst for resolving those issues. It is imperative that the development team that ultimately undertakes the yet to be defined project understand that it must be a project that emanates from the bottom up and not dictated from the top down.

Our community's needs and vision must be considered and balanced against any investment plan presented by high powered blue suits. We should also be mindful of the redevelopment plan that is underway across the river, a stone's throw from our downtown. There is an opportunity to create an interface between these two areas that makes tremendous sense from a land use standpoint in that some of the members of the Spector team are also involved in that project across the river, they are a team that is best position to advance this synergistic approach.

Having said that, I support commencing a dialog with Apollo Spector to develop a plan that best fulfills the needs of the stakeholders. My vote is yes."

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

Member Densieski: "I thought you said it was going to be brief."

Member Blass: "Well, that's not bad."

Member Densieski: "Mine is not so brief. I'm a passionate

advocate for downtown, maybe more than anybody in this town. I believe we have a tremendous amount of potential in the historic district, quaint buildings and an inviting riverfront.

I believe the very best way to start revitalizing would be to completely renovate the sidewalks, make them tourist and pedestrian friendly, put the utilities under ground, plant flowering trees that will not break up the sidewalks, add green space on the riverfront with small commercial buildings like ice cream shops, t-shirt shops, crab shacks, etc., kayak and bicycle rentals, and most importantly make it safe. Add police, install confidence and safety to our tourists, provide an atmosphere that's safe and business friendly.

Add attractions on the riverfront such as an ice skating rink, an amphitheater, etc. Basically give people a reason to come downtown and trust me, the businesses will follow.

As far as the three conceptual plans presented by the Kulka, Parr and Apollo organizations, I say thank you. Thank you very much for taking interest in our downtown. All three proposals are a credit to these respective firms. Riverhead would do well to have any of these firms do business downtown.

But tonight we are being asked to vote on one. I for one don't know the criteria for picking one over the other or if we have to pick anybody for that matter. Anybody can buy property or a building and renovate it with our heartfelt thanks. The real reason we have to choose one is because they're going to need some of our property and that's okay for a garage, residential units, and commercial uses. Still okay.

The red flag for me is the riverfront. I am opposed to the construction of large commercial residential buildings such as the one Apollo Phase I plan has. This is not a dress rehearsal. We are only going to get one shot at doing the right thing on the riverfront. Questions must be asked. Where will the Blues Festival, the Country Fair and other events take place? Will the view and access from the existing buildings and Main Street be hampered? Will the riverfront be a desirable boaters' destination with a large residential structure right in the river, right in the riverbank?

How much money is our waterfront worth? Is it better developed commercial/residential or open green space for tourists and pedestrians?

With that said, the criteria I used to choose one plan over the other plan was simple, which one made the most sense to me. For me, it was the Parr Organization. They used the river as an asset, a focal point for people to gather with small commercial uses mixed in, With almost all the residential units north of Main Street. They also put the most undesirable property near the railroad tracks as parking. Makes all the sense in the world to me.

All of the plans are very ambitious including Parr's but obviously there is little or no support for Mr. Parr's plan. So the best we can hope for is that the Apollo Group will alter and compromise their plan to meet the goals of the entire town board and the entire downtown community.

Keep the small town feel, keep the rural historic downtown that we know. Hopefully fair and honest negotiations will bear fruit for downtown. With guarded optimism I vote yes."

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

Chairman Cardinale: "Thank you. Okay, I want to thank the applicants. We started this in June of '05, it's almost nine months. So I want to thank them, I want to thank the town board for thinking about this very carefully and for saying some thoughtful, wise things about the course we're embarking upon now which as Marty Sendlewski mentioned and curiously enough the first line of my remarks was this is the first step on a long journey.

This is the first step and I'm pleased to have a united board and I appreciate the reservations because I share them that have been expressed but we have to move forward because that is the only way to get where we want to go.

I think that Ed and others have correctly indicated, Marty, John, particularly Barbara over the discussions of the last week, that we are determining the entity with which we feel negotiation will be most likely successful tonight. We are not endorsing or rubber stamping a plan.

There was a criteria, I was hoping George would have mentioned on the radio this morning when he was talking about conversations, but actually- "

Member Bartunek: "7:30 this morning- "

Chairman Cardinale: "-- there was-- George sent us all a memo and I sent all the board a memo indicating probably as succinctly as I can be, what led me to favor Apollo and there were some great ideas in those other three plans, or the two plans.

I started the memo by saying having reached this point, I propose that we follow this plan to conclusion. One, select the entity with which the majority of the board elects to commence negotiation. At the time I wrote this I didn't know who that entity was going to be. Immediately retain a competent negotiator for the town, that excludes me. Negotiate within no more than 60 days those issues required to be negotiated regarding the plan, the public space utilization and the compensation therefor.

Conduct the necessary public hearings regarding the parking district property and to add to the public hearing issue. There will be plenty of public hearings. We need a public hearing for the sale of the parking district property, first and foremost we will probably need a public hearing for sponsorship of the developer who will be purchasing the public property. So there will be those.

And process the necessary permits in a streamlined fashion and allow the selected entity to commence the construction. In regard to the selection of the entity, it should be noted that each of the three in contention I added to my-- the board on February 24th, has indicated a desire to be flexible. They want to propose, not impose. Should the negotiation falter with the-- and this I said to the board and I'm saying to the presence of Richard Mack who I hope to have some good hard negotiations with, I said in this memo what I meant and that is after some reflection I have concluded that the following factors most pertinent to consider in regard to the selection of an entity (inaudible) commence negotiations and by this criteria, I recommend Apollo.

But before I said that, I said should negotiations falter with the initial entity selected the town should reserve the right to consider opening negotiations with one or both of the other two not initially selected. So there will be a good hard negotiation and Richard is right, we do have to incentivize. I would prefer and I'll would state that right now, I would prefer that there be green banks to the river as Eddie would but that might not get this done, this deal done and, therefore, we have to be realistic.

The criteria I asked the board and apparently they did use is capacity, their track record of experience and their capitalization.

Adaptability, as evidence by their statements that we will get— quote we will get the project built the way Riverhead wants. We will reinvigorate, not reinvent downtown Riverhead, and by their actions, particularly their actions in reaction to our reservations concerning the broadness of their initial proposal by which— in which they submitted a downscaled proposal on February 6th.

The third criteria was control over all necessary private property which they produced this evening, thus obviating the necessity for any use of eminent domain powers by the town and simplifying the proposed task and project.

The fourth was specificity and phasing. It's 120 million Phase I project is something that both the board and the public can get their arms around and embrace because it is clear and specific.

The fifth criteria was greatest potential for initial impact. The Phase I project includes five elements, all of which have previously been acknowledged by the public and this board as critical catalyst for downtown Riverhead's renaissance.

One - major grocery store bringing a steady flow of people. We haven't had one since the '70's.

Two - a movie multiplex on Main Street.

Three - a mixed use riverfront structure housing restaurants, specialty, retail, and residential units.

Four - enhanced green space at the riverfront. Seven acres of public space and a 12 acre project including an attractive pond and ice skating rink.

And five - tiered atrium parking north of Main Street which is incidentally within one-quarter mile of the court.

And, finally, I needed a project that was easily understandable and readily acceptable to the public. I appreciate my board considering those criteria, I appreciate their remarks and vote tonight. I wish I could join them in voting tonight but let me tell you this and then shut up.

As I first disclosed nearly a year ago upon the town's receipt of the first responses to its requests for proposals process, a cousin of mine, Michael Menetta (phonetic) who is here tonight, sitting right

there, say hello, Mike, is an architect employed by the Spector Group, a Long Island architectural firm currently serving as architect to Apollo Real Estate Advisors, at least for the moment, in regard to the proposed project.

The Riverhead town ethics code enacted during my first term as Supervisor indicates that a town elected official should disclose when any action he takes may result in a benefit to a relative. Neither recusal nor abstention is required of the elected town official under our code once the relationship is disclosed as part of the public record as has taken place in this matter.

Further the definition of benefit is defined as any gain or advantage to the beneficiary, namely Michael. It should be noted that Apollo as I pointed out earlier, not Spector, is the entity with which the town contemplates commencing negotiation. Accordingly, any benefit, gain or advantage as defined resulting from the negotiation would run to Apollo not Spector and certainly not Michael.

It seems clear that the town ethics code requires at most only the disclosures I've already made starting nine months ago. Nevertheless, I am electing to abstain from this vote tonight pending formal confirmation of the correctness of this analysis as set forth herein by our town ethics board whose advisory opinion I have requested.

So that- I am going to abstain officially but I am very thankful for the board's consideration."

Yes, we'd like to take two minutes to allow those who wish to leave, to leave. We're going to come back, take comment on the resolutions, pass the resolutions, take general comment."

Andrea Lohneiss: "The resolution is adopted."

Meeting adjourned

Barbara Lutton
Town Clerk

3/7/06

Town of Riverhead
Community Development Agency
Resolution # 2

Adopted

AUTHORIZES SUPERVISOR (OR HIS DESIGNEE) TO NEGOTIATE TERMS
OF AGREEMENT WITH APOLLO REAL ESTATE ADVISORS, L.P.

COUNCILMAN DENSIESKI offered the following resolution, which was
seconded by COUNCILMAN BARTUNEK.

WHEREAS, the Town of Riverhead Community Development Agency (CDA) authorized the issuance of a Request for Expressions of Interest (RFIQ) in June, 2005 for redevelopment projects in the downtown Riverhead business district, specifically the area designated as the East Main Street Urban Renewal Area; and

WHEREAS, the Town did receive responses in July, 2005 and upon review and presentation did authorize the issuance of a Request for Proposals (RFP) in October, 2005 to the Parr Organization, Riverhead Revitalization, LLC (Kulka), and Apollo Real Estate Advisors, L.P. for return on January 10, 2006; and

WHEREAS, the Town and public heard presentations on February 6, 2006 from each of the development groups and the Town Board has evaluated the proposals made based upon the following criteria: financial and development capabilities, adaptability, private investment control over key properties, specificity and phasing, greatest potential for initial economic impact, and support within the community; and

WHEREAS, the intent of the Town of Riverhead CDA in issuing the RFIQ and RFP was to identify a developer/team which best met the criteria established by the Board which included development and financial capability, experience, and the ability to undertake and complete the project successfully.

THEREFORE, BE IT RESOLVED, that the Community Development Agency Board has determined that while the proposals submitted by each team offer certain attributes to the Town, the Board has ascertained that the commencement of formal discussions with Apollo Real Estate Advisors, L.P. provides the best opportunity for the Town to achieve the desired redevelopment of the downtown area; and

BE IT FURTHER RESOLVED, that the CDA Board hereby authorizes the Chairman (or his designee) to commence negotiations with Apollo Estate Advisors, L.P. on a proposal for a planned development to revitalize downtown Riverhead and to report to the CDA Board within 60 days; and

BE IT FURTHER RESOLVED, that the Town Clerk shall provide a certified copy of this resolution to Mr. Ron Parr (The Parr Organization, 2150 Smithtown Ave., Suite One, Ronkonkoma, NY 11779-7366), Mr. Jack Kulka (Kulka Construction Corporation, 175F Commerce Dr., Hauppauge, NY 11788), Mr. Kevin Davis (Apollo Real Estate Advisors, L.P. 60 Columbus Circle, 20th Floor, New York, NY 10023), Dawn Thomas, Town Attorney and Andrea Lohneiss, CDA Director.

Dunbar - yes
Bartunek - yes
Bliss - yes
Demski - yes
Candiale - Abstain