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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 Thursday, October 11, 2001, at 2:55 P.M.

**Present:**

Robert Kozakiewicz,	Chairman
James Lull,	Member
Christopher Kent,	Member
Philip Cardinale,	Member

**Also Present:**

Barbara Grattan,	Town Clerk
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**Absent:**

Edward Densieski,	Member
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Chairman Kozakiewicz called the meeting to order at 2:55 p.m.

Chairman Kozakiewicz: "Open up the CDA portion. This is the big one. Calverton Camelot LLC. Dawn is here to explain what she's done. Dawn, would you please tell the Board what has taken place in the last two days as far as (inaudible)."

Dawn Thomas: "We had a discussion at the last work session concerning the resolution which would authorize the Chairman of the CDA- "

Chairman Kozakiewicz: "Keep your voice up so everyone can hear you."

Dawn Thomas: "The Chairman of the CDA Board to execute a general release in connection with the closing of the Calverton Camelot sale and there were some concerns about the resolution raised by certain Board members which we brought back to outside counsel, Willke Farr & Gallagher.

We had several discussions with them about what would be appropriate or not appropriate to place in the resolution which would authorize- but which would also address those concerns. I have given each of you a copy of the resolution as revised, prepared with my input and also Willke Farr and Gallagher's input and I believe this

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addresses most reasonably and- those issues that were raised and also protects the interest of the town in connection with those matters. And that's it."

Member Cardinale: "Well, okay. Chris, have you seen the original?"

Member Kent: "Resolution?"

Member Cardinale: "Yes."

Member Kent: "Yes."

Member Cardinale: "You have both? I want to give Chris--"

Dawn Thomas: "That's not the original."

Member Cardinale: "There is an original resolution which was offered on 10/9 which in pertinent part has been changed virtually not at all and is not- does not in any way address the concerns that I raised at the meeting of the 9<sup>th</sup>. And I believe it unlikely that you could have thought that it would."

Subsequent to the meeting of the 9<sup>th</sup>, we spoke with counsel. Counsel indicated that this particular modification of contract which we're talking about here, pursuant to the contract, a modification or a waiver is required to be in writing. That's what the contract says. This is a modification. He indicated that the way I proposed doing it was legal and proper.

The way that it was originally proposed and still proposed is simply to violate the contract by not putting the specific modifications in writing and to cover that violation by exchanging general releases after the closing. That would also work as long as both parties signed the general releases after the closing.

The problem with that is the specific modification to this contract which we're agreeing to or being asked to agree to, would not be set forth for the public. And I believe that is the real problem.

For example. If you read the original and the revised resolution you see nowhere the fact that instead of walking out of that closing with \$17,342,000 as required by the contract as it presently exists, we will be walking out with \$17,000,000; \$342,000 less. We see nothing in either resolution about that important fact to the public.

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We also see nothing in the resolution about the justifications which I acknowledge are substantial for taking that action so that we can disclose all of that to the public properly. They maintain- the opposition or the other side of this transaction, that they're entitled to an adjustment because in the last two years, the property was not properly maintained despite the millions of dollars spent out there.

They maintained that they're entitled to an adjustment because of a sewer - several of the buildings were not connected to the sewer plant as they understood them to be. They maintain that they're entitled to an adjustment because at the request of the Supervisor at a work session discussion where two other members of the Board joined him, the boundary lines off of the runway were shoved west several hundreds of feet to accommodate a buffer for an airport desired by three members of this Board.

They maintain that they have waived collection of tie down fees within those areas and are entitled to compensation for that. They maintain that they will maintain the utility transmission line coming into the property. They maintain that they have not received from the Assessor of our Town a letter as required by contract specifying the assessment.

They maintain that there's be no Assessor's certificate as required by the contract. And they maintain that they are being shorted. Instead of getting three million foot of industrial property, a million or so there and two million to come, that they're only able to build up to 2.6 or 7.

All of this is what they maintain. In consideration of all their maintaining and their statements and in order to accommodate the policy change of this administration to accommodate an airport, something I called a foolish obsession on Tuesday, we are going to walk away from this deal with \$342,000 less. That is not in here.

And unless it is set forth clearly as I have just stated it- in fact, you can take this and make it the resolution, I do not think we are doing the right thing because we would then have to authorize- we'd have to authorize after stating those Whereas, this Supervisor to sign modifications of those provisions as indicated and waive the \$342,000. We would have to do that legally.

Instead of doing that, what he's asking us to do is simply let him do what he wants to do and then they will exchange releases

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agreeing not to sue each other because they did something improper, illegal, and not according to contract.

I will not- I will not do that even though I'm very anxious and if we would do this in a manner that is proper and provided in the contract, I'm very anxious to authorize the Supervisor to sign and have this matter closed on October 15<sup>th</sup>.

If Ed Densieski were here and if Ed Densieski were staying with the administration on this vote, we would not be having this discussion. They would simply do it the way they want to do it because they have the three votes to do it which is the way they've operated. If they don't, they are either going to do it the way that Chris and I believe it should be properly and legally done or they're not going to do it."

Member Kent: "I have a question on this."

Chairman Kozakiewicz: "Well, if I may. The last time we met which was October 9<sup>th</sup> and Chris was not here, Councilman Densieski was. We offered and did go into an executive session and extensive discussion with Thomas Rothman from Willke Farr and Gallagher as well as Tom Henry and contrary to the comments from Councilman Cardinale, the procedure that's being employed in this case was, in fact, lawful and proper and stated as stated by Tom Rothman."

Member Cardinale: "As is the procedure I offered- "

Chairman Kozakiewicz: "Right."

Member Cardinale: "(inaudible) by Tom Rothman."

Chairman Kozakiewicz: "Correct. So, therefore, this was a proper way to do it. In the last few days, the Town Attorney has been exchanging various resolutions with Willke Farr & Gallagher and with Tom Henry. All of the issues that you have pointed out are, in fact, the points of disagreement between the parties. The fact that there was a representation in the contract that set forth Section 822 which is described in the second Whereas, representation from the agency, namely the Community Development Agency, that the property would yield approximately three million square feet of industrial space if developed in accordance with (inaudible) industrial park zoning.

In addition, as pointed out in the resolution, pursuant to Section 7B(2) there has been an issue of disagreement between the

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parties as to the condition of the property.

Further as pointed out in Section 7B(5) of the agreement the condition precedent regarding the initial assessed valuation of the property, another point of disagreement. Also is describing that any amount beyond the purchase price, beyond \$17 million, are being waived and that's on the second page, and that is because of these other issues which the buyer has raised and which Councilman Cardinale has pointed out his reasons that have been negotiated and discussed and wrangled back and forth between the parties.

In addition to the question regarding the use of the electric transmission on the site, in addition to the use or the question of who is required to hook up the three additional buildings to sewer upon the site, in addition to the fact that under the agreement it required as a condition precedent to both parties that a subdivision be approved under the zoning that was adopted, Planned Industrial Park Zoning. In order to have a subdivision it required 400 feet or more of road frontage. The original depiction in the contract did not do that and as a result an additional 7.5 acres below the Wild Scenic Rivers line was included in order to provide the necessary frontage on public road in order to have a subdivision achieved which is not only a condition precedent for the buyer but a condition precedent for the seller. That 7.5 acres as pointed out is south of the Wild Scenic Rivers line and in addition there was an area that was envisioned to be a buffer area based upon prior approvals from other agencies cannot be utilized for any additional improvements by Burman.

In addition to that, the Town determined that the wells and the water supply on the property could be of utility to the Riverhead Water District and there is an easement area that's being set aside for that purpose with the future conveyance to the Riverhead Water District which is an additional three acres of land.

In addition to that, there's approximately one acre which is the Calverton Sewer District property which will also be conveyed back to the Sewer District- the Calverton Sewer District. So, the point is that there are part and parcels within that additional acreage which will not be utilized by Burman which will come back to the respective Districts, the Water District as well as the Sewer District and- "

Member Cardinale: "Where is the agreement on that?"

Chairman Kozakiewicz: "That's part and parcel of the agreement that will be- that's already been described. It's in the contract."

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Member Cardinale: "Why are we conveying the property only to be receiving it back?"

Chairman Kozakiewicz: "Because under the original contract it was unclear whether this was a minor subdivision or a major subdivision. We went through the question of whether we need more than a minor subdivision- no, whether we needed a major subdivision. We thought as you recall in the discussions on whether it should be a major subdivision with six lots or whether it should be four lots and in order to move the process along we required or mandated that the developer file a four lot subdivision which is a minor subdivision in order to comply with what the town Community Development Agency felt was the condition of the contract as it was originally envisioned by the parties in light of the fact that the original contract envisioned a joint venture between Burman and a movie production company on the site as a single user. Based upon that, the Town Board had a discussion last year or in July- actually it was subsequent to the letters being exchanged (inaudible) the Town Board describing the property on the type of map which would be authorized to be submitted.

As the owner of the property we- the developer, the buyer, Calverton Camelot LLC, required our permission as far as making the submission to the Planning Board, i.e., allow a minor or allow a major and we felt because of the time period, because of the fact that a major would have involved further time, further delay, that the minor subdivision was proper. Therefore, the Board had chosen to go in that direction. And that's the reason why that was done."

Member Cardinale: "All I asked was why do you want to- I don't know what you just said. Obviously, I have no idea nor- but I'm asking this question. Why would you convey to them four acres, one acre for the sewer and three for the well deal, only to receive them back and when are- and the second question is when are we getting them back and what assurance do we have that we're getting them back?"

Dawn Thomas: (Inaudible)

Member Cardinale: "Oh, I see. So that if- that's good- I get it. You would have had six instead of four lots if you took them off now. But when he conveys them back to us, what's he going to do- "

Dawn Thomas: "He's not conveying them back. We have a permanent easement."

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Member Cardinale: "Oh, so we're not getting the acreage back?"

Member Lull: (Inaudible)

Chairman Kozakiewicz: "That's correct."

Dawn Thomas: "Dedication- "

Chairman Kozakiewicz: "Right."

Member Cardinale: "And where is that?"

Dawn Thomas: "The major subdivision?"

Member Cardinale: "No. Where is the agreement that we are getting not just an easement over the well (inaudible) and the Sewer District, but the actual land back? Doesn't that require a modification of the contract?"

Dawn Thomas: "No."

Member Cardinale: "Well, where is the assurance when you leave the closing table that you will be receiving back fee title, the deed for those four acres?"

Dawn Thomas: "I believe (inaudible) the easement agreement that Willke Farr and Gallagher have drafted- "

Chairman Kozakiewicz: "Contained within the easement agreement- "

Dawn Thomas: (Inaudible)

Member Cardinale: "The easement agreement is an easement agreement. I'm asking where the fee title is going to come from and I want to move from that issue. It's just one of several that I'm unsatisfied with.

The- all of the issues that we've discussed, Bob and I, are listed as factors here are really of various degrees of significance. Most of the changes here, for example, we're giving away this 342,000 because they maintain that the present administration didn't maintain the site adequately. I do not believe that that case has been adequately made but that is what they are maintaining. As a homeowner, for example, would maintain that the rug is stained at the

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closing date which wasn't stated at the contract date. They always say that and most times you don't throw money at them for that.

In regard to the roadway use that he indicates, and this is the key to this, that he is negatively impacted by the required movement of the western boundary to provide an airport. He is, therefore, not able to accommodate road systems and other systems but he is pushed to accommodate this airport. That is what has caused most of the problems here and most of the delay and I believe that that is confirmed by much of what Bob has said and all of what I have said.

I have one other question. On the utility lines, there was some discussion as to whether the utility system- transmission system, is incorporated, included in the contract. Are we conveying this to Mister- "

Chairman Kozakiewicz: "No."

Member Cardinale: "Are we conveying the entire system within the property he's purchasing, are we retaining all rights to all transmission lines within his property?"

Chairman Kozakiewicz: "Within his property- we have gone through this numerous times, we have discussed this numerous times- "

Member Cardinale: "Not this."

Chairman Kozakiewicz: "This is not a new issue."

Member Cardinale: "It is a new issue because I have never heard an answer to that question."

Chairman Kozakiewicz: "Oh. I beg to differ. We've gone through that scenario on a number of times. The answer is yes and you knew that."

Member Cardinale: "Yes what?"

Chairman Kozakiewicz: "That it is being conveyed to Mr. Burman."

Member Cardinale: "All right. That is exactly the point."

Dawn Thomas: (Inaudible)

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Member Cardinale: "If it's being- "

Chairman Kozakiewicz: "Or the distribution system."

Dawn Thomas: "We don't own it (inaudible)."

Member Cardinale: "There is an issue as to whether we intended to retain that."

Chairman Kozakiewicz: "Within the property, not the (inaudible)."

Member Cardinale: "There is an issue as to whether we intended to retain the transmission system which is valued at \$1 million dollars by our own experts."

Dawn Thomas: "We are retaining- "

Member Cardinale: "We are not retaining, you just told me we're conveying it to Burman."

Chairman Kozakiewicz: "We're retaining the transmission system on Connecticut Avenue."

Dawn Thomas: (Inaudible)

Member Cardinale: "I'm talking about the transmission system within the property. There was a large dispute about that within the last couple of years as to whether it was or was not included. Yes, whether we were going to retain rights to those lines within the easement language of that contract."

(Inaudible)

Member Cardinale: "To maintain the transmission system."

Dawn Thomas: (Inaudible)

Member Cardinale: "Can we run a utility there?"

Chairman Kozakiewicz: "Jim, why don't- the question is what utility easements are being retained by the Calverton- by the CDA concerning utilities. Do we tie in or do we have a right to link up to the distribution system within the property?"

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Member Cardinale: "That's not the question. The question is do we retain- "

Chairman Kozakiewicz: "We do not retain- I- "

Member Cardinale: "-- the transmission system or are we selling it to Burman? Which is worth by everyone's estimate \$1 million dollars and which issue was left on the table and never resolved."

Chairman Kozakiewicz: "And which the contract never discussed."

Member Cardinale: "Correct."

Chairman Kozakiewicz: "The contract was silent on- the contract did not disclose which was vague, unclear- "

Member Cardinale: "That's exactly right."

Chairman Kozakiewicz: "Again another term within the contract that was unclear and it was left open from the prior administration."

Member Cardinale: "Well, incidentally, let me point to everyone here that the same attorneys who negotiated the Villella contract are serving the town yet. The same exact attorneys- "

Chairman Kozakiewicz: "Same attorneys that you threatened with legal malpractice."

Member Cardinale: "That's the same attorneys that I would have threatened with legal malpractice, he's using to complete the transaction. That shows great judgment. The question I have is as to the transmission system."

Councilman Lull: "Wait a second, Phil. You just can't drop something like that."

Chairman Kozakiewicz: "This is your deal, this is the deal you guys negotiated."

Member Cardinale: "Oh, it's our deal now."

Chairman Kozakiewicz: "Well, let's forget that. Is there any other amendments that you'd like to make?"

Member Cardinale: "My question is that's on the floor is are we

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conveying the transmission system within the property which we've had estimated at \$1 million dollars in value to- "

Chairman Kozakiewicz: "Not true."

Member Cardinale: "-- yes."

Chairman Kozakiewicz: "That is not true. It was a million for the entire system, Phil. So stop fudging in front of the cameras. It was a million for the transmission- "

Member Cardinale: "It's a million- "

Chairman Kozakiewicz: "-- distribution system, the switching station- "

Member Cardinale: "Bob- "

Chairman Kozakiewicz: "-- and other things. Not just what was inside the Burman property. So stop lying to the camera."

Member Cardinale: "I believe it was for the system as it existed there. And incidentally- "

Chairman Kozakiewicz: "Well- "

Member Cardinale: "There are no cameras."

Chairman Kozakiewicz: "Andrea, was it for the entire system, the million? Yes. Which would have included the transmission system on Connecticut Avenue, correct?"

Member Cardinale: "And was there a breakdown?"

Andrea Lohneiss: (Inaudible)

Member Cardinale: "Right."

Andrea Lohneiss: (Inaudible)

Member Cardinale: "On the property that we're selling?"

Andrea Lohneiss: (Inaudible)

Member Cardinale: "My question is then- is distribution. We

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are selling that distribution system as part of this property and we are not getting any compensation for it. Whereas it is questionable whether it should come with the property. That is the concession."

Chairman Kozakiewicz: "It's not a concession."

Dawn Thomas: (Inaudible)

Member Cardinale: "Wait a minute. You're selling him something of value and the consideration is he's maintaining it. That's a wonderful consideration. It's like I'll sell you my car and all- for nothing, and all you do is maintain it."

Member Kent: "First of all, I'm sorry I wasn't here Tuesday."

Chairman Kozakiewicz: "Well (inaudible)."

Member Kent: "Okay. But I'm a little disappointed, okay, in this resolution. I think it's written in a very political way much the same as the ad that I saw in the paper yesterday and today. In fact, it's almost- a lot of the language is very similar. I'm very disappointed that- "

Dawn Thomas: "Which resolution are you looking at?"

Member Kent: "I'm looking at this one. It's written in a very political way and let me explain it and you can say what you want about it."

Chairman Kozakiewicz: "I am prepared to amend it and change it, however you see fit."

Member Kent: "Yes. Let me tell you what I think we should get out of this resolution and I'm going to make some suggestions. First of all, all the references that the contract did not provide this or did not do that- "

Dawn Thomas: "You're looking at the wrong resolution. That's the wrong one. This is the one I just distributed-- that was the one I told you hadn't been reviewed by Willke Farr and Gallagher."

Member Kent: "Okay- "

Dawn Thomas: "-- reviewed it."

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Member Kent: "Okay, can I see- this is the one that was just handed to me."

Dawn Thomas: "No. That's not the- that's the one you took- "

Member Kent: "This is the one I took at lunchtime? Oh, this one is different from an hour ago?"

Dawn Thomas: "Yes, yes."

Chairman Kozakiewicz: "We've been trying to work on this to get this thing resolved."

Member Kent: "All right. Well, this is- I spent time on it over lunch."

Chairman Kozakiewicz: "Okay. That's okay, Chris. We've been trying to get this worked out so that we can arrive at a suitable resolution that meets everybody's needs, which addresses the situation and which can accommodate a closing, to stop the losses occurring at the property and- "

Member Kent: "Yeah, here it is. It's still in here though."

Chairman Kozakiewicz: "All right."

Member Kent: "Okay, I'll make a suggestion. In the third Whereas clause where it says in addition to identifying the total acreage to be sold is approximate as a definitive (inaudible) description could not be provided, the property depicted in the agreement did not provide the buyer any access to public highway. Okay. Can't we just say something like the zoning adopted after the town entered into the contract required access to the public highway?"

Chairman Kozakiewicz: "Provide 400 feet of access?"

Member Kent: "Which would- no representation that the contract did not provide."

Chairman Kozakiewicz: "That's fine."

Member Kent: "We subsequently passed zoning that required access to a public highway. Let's stop making a political thing that the contract was inadequate or insufficient in some way. Facts change. Okay? Subsequent facts- we passed zoning that required

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access to a public highway which in turn means that the property needs an additional 7.5 acres. No reference that the contract was insufficient in any way because facts changed after the contract was entered. Okay? So instead of did not provide, why don't we say the property- that zoning was adopted subsequent to entering the contract. Said zoning required- "

Chairman Kozakiewicz: "(inaudible) foot of frontage."

Member Kent: "An additional 7.5 acres to be conveyed to the buyer to meet the zoning requirement that requires access to a public highway. I don't like- there's other- "

Chairman Kozakiewicz: "Okay."

Member Kent: "-- I'm sure- "

Dawn Thomas: "Why don't you take, you could even take- "

Member Cardinale: "Chris, could I ask- "

Dawn Thomas: "-- the whole paragraph out."

Member Kent: "Yeah, let's go back to the electric transmission. Hold on a second, let's go back to that one. Because the electric transmission is now- well, we are going to retain most of the electric transmission line. The new requirement is this: Whereas, the agreement of sale conveys a portion of the distribution system to the buyer and now requires the buyer to maintain the entire electric transmission system for the town. And I think based on that language- "

Chairman Kozakiewicz: "That would be the first Whereas on the second page?"

Member Kent: "Right. With that language- "

Chairman Kozakiewicz: "Okay."

Member Kent: "-- I'm willing-- if he's willing to do that, I'm willing to give him a consideration for that. But the way it's worded here- "

Chairman Kozakiewicz: "Repeat the language, Chris, just so we all have--"

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Member Kent: "It should say something like the agreement of sale conveys a portion of the electric transmission- electric distribution system to the buyer and the buyer agrees to maintain the electric transmission system for the town. Is that correct?"

Chairman Kozakiewicz: "The buyer- "

Member Kent: "With that language it still did not provide- he did not provide. I don't know what- why are we admitting? Why would we want to make an admission that it did not provide that?"

Member Cardinale: "Can I point out something when you work through the Whereas? At the end of it, the only Resolve clause (inaudible) is that the Board authorizes the Chairman to execute the attached general release. I would still like to know even if you guys get together on the language of the Whereas clause, where the modification document is that I'm supposed to read and authorize the Supervisor to sign modifying the existing contract as discussed. Where is the agreement that I have to read and sign as a Councilperson and then authorize him to sign? It's not here.

What they're doing, Chris, is the big picture, is they're taking- they're saying I don't want to put this down- I don't want to put this modification on paper and show you what's really happening, so I'll tell you what. We'll just give you a general release. At the end of it, we'll just exchange general releases to cover all of the things that happen at the closing that the public and the rest of the Board doesn't know about. That's what I object to."

Chairman Kozakiewicz: "To which you have been invited to attend."

Member Cardinale: "But the public hasn't, have they? They can't be there."

Chairman Kozakiewicz: "It's all being put on tape."

Member Cardinale: "No, not all of it because you haven't done what we have- what I have asked you, to simply give me a modification agreement."

Dawn Thomas: (Inaudible)

Chairman Kozakiewicz: "We have. You asked for that, Phil, and what I suggest- "

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Member Cardinale: "You don't need to do it but if you didn't do it- "

Chairman Kozakiewicz: "-- hold it, hold it."

Dawn Thomas: "Do you have any idea how long it would take to modify that contract?"

Chairman Kozakiewicz: "We spoke to Willke Farr- "

Member Cardinale: "Yeah, about an hour."

Dawn Thomas: "No. (Inaudible)."

Chairman Kozakiewicz: "No. We have gone through this process in the past trying to modify the agreement, change the agreement. What starts out as a two page amendment ends up a 15 page amendment."

Member Cardinale: "Why is that?"

Chairman Kozakiewicz: "It's just because that's how difficult it's been to negotiate this deal."

Member Cardinale: "We can't control our own attorneys?"

Chairman Kozakiewicz: "It has nothing to do with that, Phil."

Dawn Thomas: "It has nothing with- "

Chairman Kozakiewicz: "The question is you've been offered an opportunity to be in attendance if you fear me so much- "

Member Cardinale: "I'm not worried about you, Bob. You're going to do what you are told by the attorneys."

Chairman Kozakiewicz: "-- that I'm not going to do the right thing at the closing. That I'm such a bad guy, that- you can be in attendance. You can be there."

Member Cardinale: "That's not the point. That is not the point. It's not what you can do at the closing, it is- "

Chairman Kozakiewicz: "The conversation with Willke Farr- let's just be straight. You wanted it a certain way. Willke Farr did not say it had to be that way, in fact, this way- "

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Member Cardinale: "That's correct."

Chairman Kozakiewicz: "-- provides the flexibility at the closing. We're not going to take anything less than \$17 million. Believe me, I would not in any way, shape or form take a penny less to get this deal closed and if he comes back and says he wants to get any consideration for paying less, I'm walking out of the closing and there's no sense in doing it."

Member Cardinale: "Of course, the previous resolution- unless this is an improvement because the Resolve portion of this resolution which none of you have seen simply says Resolve that the general release can be signed. The previous resolution had said Resolve that the Chairperson, Bob, can execute any documents necessary to complete the closing without (inaudible)."

So what is really happening here is simply that instead of going to the trouble of a modification where it would be laid out clearly for the people, you're taking the easy (inaudible) in order to get your closing done before the election, you're taking the improper (inaudible) of not doing that- "

Chairman Kozakiewicz: "I'm trying to avoid \$6,000 or \$8,000 a day that continues to go out- "

Member Cardinale: "Yeah, it's amazing that I've been screaming about that for two years and you've been moving your airport lines for the last year."

Chairman Kozakiewicz: "Not at all. The airport line became an issue- "

Member Cardinale: "The airport line is critical."

Chairman Kozakiewicz: "-- the subdivision, we fought for how many months to arrive- "

(Tape change)

Member Kent: "The buyer shall acquire that portion of the agency's electric distribution system located within the boundaries of the subject premises and shall agree to maintain the balance of the electric transmission system that shall be retained by the agency. Is that true?"

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Chairman Kozakiewicz: "That sounds right."

Member Kent: "No, we're calling ourselves the agency."

Chairman Kozakiewicz: "Right."

Member Kent: "Well it's called agency."

Chairman Kozakiewicz: "Referred to agency."

Member Lull: "No, she asked which agency."

Member Kent: "Okay. Then we would get out of that negative language again. Anything else you want to add? What about the sewer? You guys took out the sewer language. Do you want to take that out? Discuss it?"

Dawn Thomas: "No. I think we had a conversation with counsel where we talked about it. If we went through every single negotiation that we've done over the past year and a half and tried to include it in this, it would be almost impossible. And that's what's happening. We'd be here all night."

Member Kent: "Well, I had language- I amended the language in this one so I don't even- "

Member Cardinale: "And how are we supposed to know what you guys did?"

Dawn Thomas: "You could have- it's been on the work session agenda. We've discussed it, there's been a meeting- "

Chairman Kozakiewicz: "Phil (inaudible)."

Member Cardinale: "How is the Board supposed to- you have not- we have no- you have not conveyed any of this information to the members of the Board- "

Chairman Kozakiewicz: "We had a meeting last week."

Dawn Thomas: "How about you pick up the phone and call me?"

Member Cardinale: "How about you- "

Chairman Kozakiewicz: "Hold it, hold it, hold it."

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Member Cardinale: "How about you tell me what you were doing in name?"

Dawn Thomas: "What? I didn't do anything in your name."

Member Cardinale: "You certainly did. You negotiated the modifications to the contract."

Dawn Thomas: "I negotiated nothing without Town Board approval. That's absurd."

Chairman Kozakiewicz: "Hold it, hold it."

Member Cardinale: "You negotiated- "

Dawn Thomas: "You are absurd."

Member Cardinale: "Yeah."

Chairman Kozakiewicz: "Point of order. We had an extensive discussion last week."

Member Cardinale: "For the first time. For the first- "

Chairman Kozakiewicz: "If you want to go back historically the issue on the boundary, we had those discussions, went through the boundary, depicted the boundary. The Town Board agreed with the metes and bounds. A letter went out from the Town Attorney, cc'ing the Town Board. No objections from any Town Board member."

Member Cardinale: "And no modification in writing ever forthcoming. You modified the boundary, there's no modification in writing."

Chairman Kozakiewicz: "Well, if this issue had of been raised at that time, I- "

Member Cardinale: "And you modified it on three votes, one of which has left."

Dawn Thomas: "What boundary? Modified what- "

Member Cardinale: "The modification. The boundaries of the property were moved west hundreds of feet to accommodate an airport."

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Dawn Thomas: "There was never any- you agreed to a boundary (inaudible) and everyone- "

Chairman Kozakiewicz: "We all agreed to it. It was a map that (inaudible)."

Member Cardinale: "Our boundary- hey, listen. Our boundary went down the runway line. You moved it to get a taxiway."

Dawn Thomas: "There was no metes and bounds in the contract, Phil."

Chairman Kozakiewicz: "This was all agreed to and all of this was part and parcel of discussion- "

Dawn Thomas: "No boundary existed. We finally settled on it in July of 2000."

Member Cardinale: "And you didn't change the contract to modify to give the description- "

Dawn Thomas: "It was (inaudible)."

Chairman Kozakiewicz: "Phil, you're never going to vote for this. You're never going to vote for this so vote no and say why you're not voting for it."

Member Cardinale: "Well, I think the real question is whether- "

Chairman Kozakiewicz: "Chris is working the changes up and let's adjourn- "

Member Cardinale: "I think you should not presume what I'm going to do. Because as you- "

Chairman Kozakiewicz: "Chris, what other changes are you making?"

Member Kent: "Well, I'd like to (inaudible) the entire resolution typed and everybody has the opportunity to- "

Chairman Kozakiewicz: "All right. So then we're going to have to adjourn this and we'll have to come back in about an hour to take this up."

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Member Kent: "- read it. I think it's more appropriate. Because it is too (inaudible)."

Chairman Kozakiewicz: "So let's adjourn it at this point in time unless there's a- I mean this is going to go on forever and ever. We're trying to close, you know."

Member Cardinale: "(inaudible), Bob. You know we are members of the Board. We do get- you come in here- you come here- "

Chairman Kozakiewicz: "Phil, we've been trying to get through this for a week and every time I do something, you have thrown up a roadblock in objections and obstacle. For a year and 10 months you have done nothing but throw up objections."

Member Cardinale: "You have come in here with this- "

Chairman Kozakiewicz: "When I wanted to take my salary, you fought me on my salary. When I didn't take my salary raise in the beginning of the year, you chastised me for taking a salary increase. You said you should be shot if you vote for a salary, yet you (inaudible) your salary increase."

Member Cardinale: (Inaudible)

Chairman Kozakiewicz: "And voted for a salary increase in January of 2000. I mean you've done nothing but chastise me, nothing but demean me, disparage me, throughout the whole time."

Member Cardinale: "I'm really sorry, Bob."

Chairman Kozakiewicz: "And this is not a productive way to do business. Either we want to close or we don't. I have tried to work with you. I held meetings. I had Willke Farr on the phone. We had Jim O'Callahan (phonetic) and John Cammeron (phonetic) come in with Jack to explain everything that happened during the process- of that mega-length meeting we had July 20<sup>th</sup>. And while you claimed to not know about the July 20<sup>th</sup> meeting, you did know about it. You knew there were subsequent meetings. You knew we were forging ahead with DEC approval. You knew we were forging ahead with Suffolk County Department of Health Service approval. We had undertaken to even put the notice in for DEC by ourselves so that we can keep the process moving along so that we weren't waiting for the applicant at his time and pace do the application to the DEC."

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Phil, I've tried to work with this contract. The contract did not have any language that said on or about 18 months from the date of this contract, the buyer shall achieve a subdivision. There was no time period described for when the subdivision must be achieved and when that subdivision must be approved and/or language that said on or about that date is subdivision is not achieved, the parties may cancel the agreement. No language. None. So that's the issue. And you know that. You know the contract did not have anything."

Member Cardinale: "Bob."

Chairman Kozakiewicz: "It just said that as a condition precedent we needed to get a subdivision approval that contained all municipal approvals and that was the condition precedent for the buyer and for the seller. We had- the contract was entered into before the zoning was put in place and when the zoning was put in place, there was a requirement that 400 foot of frontage on a highway be part and parcel of subdivision approval. You were made aware of that. That was a discussion that was had with the Town Board as well as with Mr. Hanley that we said well, in order to comply with and meet the subdivision requirements we're going to have to provide 400 foot of frontage on the roadway.

We talked about the fact that it was south of the Rivers Act. We talked about the fact that it couldn't be utilized for anything and at that point in time there was not any objections raised by any Town Board member to doing that, to amending the description of the property and to forge forward so that we could reach a closing with the developer."

Member Cardinale: "Are you finished?"

Chairman Kozakiewicz: "Yes, I am."

Member Cardinale: "Well, the truth of the matter is- the truth of the matter is this. I did not even receive by fax- I had received from WRIV by fax, the notice of the adjourned meeting to 11:00 today. Secondly, the truth- "

Chairman Kozakiewicz: "It was discussed- it was, in fact, on Tuesday it was adjourned without objection to today. You were here, you sat, you heard that, unless you were not paying attention."

Member Cardinale: "Yes. But I did not get the notice everyone else did. The second thing that I want to point out here is that Bob

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has done the exclusive negotiation in this matter and has not communicated with the Board and the only reason we're having this discussion is because when Ed Densieski will not vote for these modifications- for this and he needs to pick up another vote. Otherwise he would have ignored us, Chris and I, just as he has ignored us throughout this entire procedure."

Chairman Kozakiewicz: "I have tried bringing everybody into the process- "

Member Cardinale: "Thus (inaudible) that the public elected."

Chairman Kozakiewicz: "Totally false, totally untrue."

Member Cardinale: "Well, yes, of course, Bob, it's totally false. Of course."

Chairman Kozakiewicz: "Untrue. I have had work session where you don't show. I have had- "

Member Cardinale: "Oh, yeah, I've been at work- "

Chairman Kozakiewicz: "I have had Town Board meetings where you've failed to appear."

Member Cardinale: "Bob- "

Chairman Kozakiewicz: "The bottom line is- the bottom line is let's try and get through this. Chris, I think, is doing the right thing by amending the resolution so that we can adopt this, move forward and close."

Member Cardinale: "And he might actually have- he managed to create something that is passable."

Chairman Kozakiewicz: "Right. So rather than debate this and continue on since we want to change this, all right. I know, Phil, what you want to do. I know that you don't want to allow this to go forward."

Member Cardinale: "What I want to do- what I am going to do- "

Chairman Kozakiewicz: "You don't want to see any accomplishments (inaudible)."

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Member Kent: "I want to do it; I want to get it done right."

Chairman Kozakiewicz: "Okay, fine. That's fine. Let's get it done right."

Member Cardinale: "How come it wasn't done right by our counsel and how come it wasn't prepared in the manner in which you now are acknowledging it should have properly been prepared?"

Chairman Kozakiewicz: "Phil- "

Member Cardinale: "Why is that? Why is it that he has to rewrite it?"

Chairman Kozakiewicz: "We had a discussion on Thursday- "

Member Cardinale: "And I told you what I wanted and you didn't produce it."

Chairman Kozakiewicz: "We- and we were told- and then I asked you to speak to Willke Farr Gallagher- "

Member Cardinale: "I talked to Willke Farr- "

Chairman Kozakiewicz: "- and they have stated that it does not need to be the way you mandate it. There's nothing legally that requires it to be done that way. In fact, this was the mechanism that was discussed and they say it will work. You take an issue with Willke Farr's advice."

Member Cardinale: "Willke Farr said the way I wanted to do it would also work and was proper."

Chairman Kozakiewicz: "Well, and they also conversely said that the way I want to do it is proper as well. Yes or no?"

Member Cardinale: "And as long as you get your general release signed to get off the (inaudible)."

Chairman Kozakiewicz: "Yes or no? Was the way that we are talking about doing it here today is correct or not?"

Member Cardinale: "Chris, that authorizes him to sign a general release the second Resolve?"

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Member Kent: "No. The first Resolve is going to say that Resolved that the Town Board hereby wishes to close upon the sale of the subject premises to the buyer and to agree to certain modifications of the contract and the description of the property as depicted on a certain map entitled (inaudible) map situate at Calverton, Town of Riverhead blah, blah, blah, dated whatever date Jim's map is dated, prepared by- "

Chairman Kozakiewicz: "(inaudible) Engineering."

Member Cardinale: "Here's my point. The resolution says he's authorized to sign a general release?"

Member Kent: "Right."

Member Cardinale: "Make sure it also says that he is required to obtain one from them."

Member Kent: "Okay."

Member Cardinale: "Because that's what protects the town."

Member Kent: "Oh, it is. It is required. No, it doesn't say it on here. It doesn't say mutual- "

Member Cardinale: "It's a wonderful resolution."

Member Kent: "Yeah, I'm going to send you my bill."

Chairman Kozakiewicz: "A general release is a release from the Town of Riverhead Community Development Agency to the buyer and a release from the buyer to the town. It says right there, Phil, if you look at the general release."

Member Lull: "It says both ways."

Chairman Kozakiewicz: "It says both ways."

Member Cardinale: "Not in the resolution clause."

Chairman Kozakiewicz: "It's attached to the resolution. It's described as Exhibit "A". It is Exhibit "A", a general release which goes to both parties, both directions. A release from the Town Community Development Agency to the buyer and from the buyer to the Community Development."

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Unidentified: "Can I ask a question?"

Member Cardinale: "Sure, why not? Why not?"

Unidentified: "My question is that you now are giving them a buffer zone (inaudible)."

Member Cardinale: "It's the 10,000 foot runway."

Member Lull: "They don't go anywhere near the 7,000 foot runway."

Member Cardinale: "It's the 10,000. But same question."

Unidentified: "Oh, they're getting a buffer by the 10,000 foot runway?"

Member Cardinale: "Yes."

Unidentified: (Inaudible)

Member Cardinale: "That's correct."

Unidentified: (Inaudible)

Member Cardinale: "That's correct."

Chairman Kozakiewicz: "The original agreement required that Part 77 regulations be adhered to."

Member Cardinale: "What revisions?"

Unidentified: "What does that mean?"

Chairman Kozakiewicz: "That's the aviation- I mean we can go into the aviation issues until we're blue in the face."

Unidentified: "The Planning Board had to conform to zoning and part of the zoning was aviation (inaudible) and that's why the buffer has (inaudible)."

Unidentified: (Inaudible)

(Adjourn)

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(Reconvene: 5:04 p.m.)

Chairman Kozakiewicz: "Let the record reflect that the time of 5:04 p.m. as arrived. At this point we are reconvening the previously adjourned, previously adjourned CDA meeting. Take up resolution #22. All right. Saying Resolution #22 of the Riverhead Community Development Agency. Is there a motion?"

Barbara Grattan: "Councilman Kent?"

Member Kent: "I'd like to- Resolution #22, is that the number?"

Barbara Grattan: "Yes."

Chairman Kozakiewicz: "Correct."

Member Kent: "I'd like to move Resolution 22 which authorizes the Chairman to execute a general release in connection with Calverton Camelot LLC closing."

Member Cardinale: "Seconded."

Chairman Kozakiewicz: "Moved and seconded. I know there may be some discussion. What I would like to do is do a little bit of an out of order without objection from the Board given the constraints upon Councilman Lull and take the vote up for purposes of his vote so that he can attend to personal matters."

Member Cardinale: "No objection."

The Vote: "Councilman Lull, yes."

Member Lull: "Yes."

Chairman Kozakiewicz: "Thank you."

Member Cardinale: "Thank you."

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

Member Cardinale: "In regard to this, there's been a lot of discussion and I have the following to say before my vote. I would prefer as I've indicated that this resolution which was just written by Chris with some additions at my request, had appeared at a regularly scheduled meeting with the public given an opportunity to

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comment on the matter and to share with us their insights about this matter which is important.

I would prefer that this administration were more inclusive and less inclined to act as a troika in a kingdom. And I believe that that is possible now that it appears or else you would not have been witness to this rewrite by the minority. That he will because I think he's lost one of the members of his troika.

In the ordinary course, this would have been approved routinely with Mr. Densieski voting with the majority. It wasn't and as a result the minority had an opportunity to rewrite it to I think, to a correct job in setting forth the facts.

I would prefer we had more honest full open discussion utilizing the insights and talent of the five members of this Board in the year preliminary to this vote and utilizing the insight and comment of the public to a greater degree. I would prefer not to have been put in a position of having to close on Burman's timetable and terms and be required to leave hundreds of thousands of dollars on the table to accommodate an airport future use or aviation future use which I do not believe to be in the best interests of this town.

If I were acting in a private capacity and not in a public one I would prefer to look Burman in the eye and tell him two years four months later after he signed his contract at a point where he has it re-sold for \$14 million dollars- a relatively minor portion of it, retaining all the construction rights and all of the- and a good portion of the improved property for what in effect is \$3 million dollars, I would have preferred to look him in the eye and tell him take it or leave it as written. No modified easements to accommodate an airport, no reduction in the purchase price of \$342,000.

But I'm not acting in a private capacity, I'm acting in a public capacity and I hope I'm acting for the public good in requiring myself to set aside the preferences I've just indicated and to focus instead upon my obligations to the public to stop the hemorrhaging of \$8,000 per day which is impacting- will impact dramatically our taxes and will impact dramatically our way of life if we get it out of hand- let it get further out of hand.

I am hopeful that the minority are joining Bob and Jim in this matter with a rewritten resolution will be the beginning of greater cooperation and I am hopeful that the public will- that it will be made clear to the public by all parties that this is a united Board

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that is doing this but that has been placed in an awkward position by the actions of the current administration.

With that, I vote yes."

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

Member Kent: "It's with great relief that I am having the opportunity to place my vote on this matter. Over the four years that I've been on the Town Board, I believe that the redevelopment and sale of the Grumman property was the single most important issue of my term and perhaps the single most important issue of many terms to come because this is the source of revenue by which the town can enjoy the quality of life that I think we deserve.

Unfortunately over the last year and a half this issue has been politicized to a great degree. I am proud to say that I have never politicized the issue and never will because I think it's too important for the public (inaudible) of the world of politics and strictly deal with it in terms of what's best for the people of our town.

So I hope that the people realize that I went to great lengths to try to put this resolution into words that contained really no politics. What was presented to me today five minutes before we started the prior discussion was resolution that contained quite a bit of politics. I hope this ends it so that I don't have to see ads like this appearing in the paper that include my name saying that we left minefields for incoming administrations.

I have never- first of all, the contract was adopted in June of '99, not even during the political season. There was no intention on my part nor on Mr. Villella's or Mr. Cardinale's to create a minefield for anyone. So I hope such characterizations end now and I would like to get the Supervisor's words that he will not in the future in the next couple of weeks use this as some type of an issue for political gain.

Because I think it's too important to the people of the town to try to take political advantage over this issue. It's as if you're taking advantage of the World Trade Center as a political issue. I just think it's completely morally wrong and shows a lack of character. This is too important for this to be politicized.

Once you get the opportunity to read it- I know you haven't had

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the opportunity to read it but once you do, you'll see that it states the reasons that we as a town believe that we should be conveying more than the originally agreed upon 472 acres. It speaks for itself.

The most important issue that I think I'd like to get across to the public prior to casting my vote is that certain things happened after June 15, 1999, which required us to include more acres within the property to be conveyed. Seven and a half acres are included just so that we can comply with our own zoning which requires access to a public highway. Additional acreage is included so that we can maintain access to the runway, taxiways and tie down areas adjacent to the 10,000 foot runway.

Mr. Burman is foregoing certain conditions precedent that should have been accomplished prior to the closing which are not being accomplished by the town. And we're foregoing in exchange for those few items additional purchase price that we would have been entitled to. In addition, the buyer is agreeing to maintain in perpetuity that portion of the electric transmission lines that run from our switching station all the way to the property.

I think for those reasons we now have before us justification to convey 491 acres for the original purchase price of \$17 million and I cast my vote yes so we can close on Monday."

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

Chairman Kozakiewicz: "Picking up on Councilman Kent's words, certainly I would prefer not to make this a political issue. I would prefer not to politicize this matter any further. I would have preferred that the contract had been entered into after the zoning had been put in place on the property. I would have preferred that the contract had included language which sets forth a date by which the subdivision described and which was a condition precedent to the closing should have been complete.

Taking that, I would have preferred that if the subdivision had not been completed by that date, it would have provided a clear and exact mechanism by which the parties could have parted their ways in a fair and reasonable manner. I would have preferred that the contract had been clear on the question of whether the subdivision described therein was a minor subdivision or a major subdivision. I would have preferred that the contract did not have a representation that the 3 million square foot could be achieved by the then not adopted Planned Industrial Zoning District.

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I would have preferred that the parties had agreed to have a survey done prior to the entering of a contract of sale which would have set forth in clear and on certain terms the metes and bounds of the property to be conveyed and the exact acreage to be conveyed. I would have preferred that if the contract had been entered into after the zoning had been put in place, this issue with respect to the seven and a half acres that's within the Wild Scenic Rivers Act would not have been an issue. I would have preferred all those things had been the case. I would have preferred that this would not have been as involved in a debate as it has been.

Saying that I am hopeful that we can proceed forward. I am hopeful that we can get this closing accomplished. I am hopeful that it will bring to the property all that has been desired to be brought to the property, taxes, good paying jobs, the redevelopment and the start of the redevelopment of the property, a maintenance of the quality of life and that those items will be achieved as a result of this conveyance. Therefore, I vote yes."

Barbara Grattan: "The resolution is adopted."

Chairman Kozakiewicz: "Thank you. Any other business? I declare the meeting adjourned, the time of 5:15 p.m. Thank you."

Meeting adjourned: 5:15 p.m.

*Barbara Grattan*  
*Town Clerk*

10/11/01

TOWN OF RIVERHEAD

COUNCILMAN KENT OFFERED THE  
RESOLUTION, WHICH WAS SECONDED  
BY COUNCILMAN CARDINALE.

Community Development Agency

Resolution # 22

AUTHORIZES CHAIRMAN TO EXECUTE  
GENERAL RELEASE IN CONNECTION  
WITH CALVERTON CAMELOT, LLC CLOSING

WHEREAS, in June of 1999, the Town of Riverhead Community Development Agency (the "Agency") entered into an Agreement of Sale (the "Agreement") with Calverton Camelot, LLC (the "Buyer") for the sale of approximately 472 acres of property located at the former Naval Weapons Industrial Reserve Plant, now known as Calverton Enterprise Park (the "Property"), and

WHEREAS, in addition to identifying the total acreage to be sold as "approximate", as a definitive boundary description could not then be provided, it was a condition precedent of said Agreement that boundary of the property to be conveyed be shall be agreed upon prior to the closing; and

WHEREAS, the Agency shall retain an easement for the use and maintenance of the taxiway and tie down areas adjacent to the 10,000 foot runway for the purpose of maintaining the aviation buffer areas for possible future aviation use, and

WHEREAS, the Town of Riverhead subsequently adopted zoning of the subject premises on September 15, 1999, that required the Buyer's parcel to have access to a public highway, necessitating that the Agency convey an additional 7.5 acres of property not originally depicted in the Agreement (which 7.5 acres is located within the New York State Wild, Scenic and Recreational Rivers Boundary), and

WHEREAS, the Buyer shall acquire that portion of the Agency's electric distribution system within the subject premises and an easement for the non-exclusive use over that portion of the Agency's electric transmission system that lies outside the subject premises and the buyer shall agree to maintain the Agency's entire electric transmission system in perpetuity, and

WHEREAS, there is disagreement between the parties to the Agreement as to (a) whether certain conditions precedent for the Buyer to close the transaction have been satisfied, including, without limitation, the following items: (i) pursuant to Section 7(b)(ii) of the Agreement, the condition precedent

to the Buyer closing regarding the physical condition of the property, and (ii) pursuant to Section 7(b)(v) of the Agreement, the condition precedent to the Buyer closing regarding the initial assessed valuation of the Property, and (b) pursuant to Section 2(a) of the Agreement, the additional \$342,000.00 (as defined in the Agreement) beyond the \$17,000,000.00 Purchase Price that Buyer would have paid at the closing; and

WHEREAS, the aforementioned issues together with additional issues that arose during the context of pressing the matter toward closing, require the waiver of performance of certain provisions of the Agreement by both parties, including, without limitation, those items listed above, and

WHEREAS, the parties have reached an accord on all issues that have arisen during the pendency of the sale and now desire to complete the closing, and

WHEREAS, special counsel to the Agency has advised that a general release in the form attached as Exhibit A hereto should be executed by the Agency and the Buyer to address any provisions of the Agreement that the parties have waived the performance of to permit the closing;

NOW, THEREFORE, BE IT

RESOLVED, that for all of the foregoing reasons, the Agency hereby agrees to convey to the Buyer the premises depicted on a certain map entitled "Perimeter Description Map: Situate: Calverton, Town of Riverhead, Suffolk County, New York", which map was prepared by John C. Ehlers, land surveyor, and dated August 6, 2001, last revised, September 17, 2001, showing a parcel of land comprising of 491.04 acres, and be it further

RESOLVED, that the Board of the Town of Riverhead Community Development Agency hereby authorizes the Chairman to execute and deliver the attached general release upon receipt of same from Buyer, and be it further,

RESOLVED, that the Town Clerk is hereby directed to forward a copy of this resolution to Robert F. Kozakiewicz, Chairman, Town of Riverhead Community Development Agency, Town of Riverhead Community Development Agency, Andrea Lohneiss, Director, Town of Riverhead Community Development Agency, Town Attorney, Willkie, Farr & Gallagher, Esqs., Berkman, Henoch, Pederson & Peddy, Esqs., Calverton Camelot, LLC.

*Robert* THE VOTE  
Denaloid  Yes  No Cardinals  Yes  No  
Kent  Yes  No Lull  Yes  No  
Kozakiewicz  Yes  No  
THE RESOLUTION WAS  WAS NOT   
THEREUPON DULY ADOPTED

**Exhibit A**

## GENERAL RELEASE

THIS GENERAL RELEASE, (this "General Release") is entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 2001, by THE TOWN OF RIVERHEAD COMMUNITY DEVELOPMENT AGENCY, a New York public benefit corporation ("Seller"), having an address at 200 Howell Avenue, Riverhead, New York 11901 and M-GBC, LLC, a New York limited liability company (as successor in interest to Calverton LLC (as defined herein), the "Buyer"), having an address at \_\_\_\_\_.

WHEREAS, Buyer and Calverton/Camelot LLC, a New York limited liability company, ("Calverton LLC") have entered into that certain Agreement of Sale, dated as of June 15, 1999, (the "Agreement") for the purchase of certain land and related property (as defined in the Agreement, the "Property");

WHEREAS, pursuant to that certain Assignment and Assumption Agreement, dated \_\_\_\_\_, 2001, Calverton LLC assigned all of its rights and obligations relating to the Agreement and the Property to the Buyer;

NOW THEREFORE, in consideration of the promises herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Seller and the Buyer hereby agree as follows (any capitalized term not defined herein shall have the meaning ascribed to such term in the Agreement):

1. Release. The Seller and the Buyer hereby unconditionally and without any reservation, jointly and severally irrevocably release, waive, relieve and forever discharge, each other including, but not limited to, their present and future direct or indirect affiliates, officers, agents, employees, successors and assigns of and from any and all duties, covenants, obligations, liabilities, indebtedness, claims, liens, damages, , demands, actions, suits, covenants, contracts, agreements, causes of action, offsets, and recoupments, whether known or unknown, suspected or unsuspected, choate or inchoate, in law, equity or otherwise (collectively "Claims"), that the Seller and the Buyer (and their respective affiliates) have asserted or could, in the future, assert against each other arising out of, based upon, or relating to the Agreement or the Property, from the beginning of the world to the day of the date of this General Release.

2. No Admissions. It is expressly understood and agreed that this General Release is not to be construed as an admission on the part of any party hereto of any liability whatsoever in connection with any Claims, and that to the contrary, each party to this Release has denied and continues to deny any Claims asserted or which may be asserted by any party hereto.

3. Exclusions. Notwithstanding anything contained in this General Release to the contrary, the following is hereby excluded from the provisions of this General Release and shall survive the execution and delivery of this General Release:

(i) Any covenants or obligations of either Seller or Buyer as set forth in the Agreement which are specifically stated to survive the consummation of the transactions set forth therein.

4. Accord and Satisfaction; Merger. Both Seller and Buyer acknowledge and agree that this General Release is an accord and satisfaction of all Claims relating to the matters being released hereunder, that all prior documents and all negotiations and stipulations by them or their agents are merged herein, and this General Release contains all the terms and conditions agreed upon by the Seller and the Buyer with reference to the subject matters hereof. No other agreements, oral or otherwise, shall be deemed to exist or to bind the Seller or the Buyer regarding the subject matter hereof.

5. Counterparts. This General Release may be executed in separate counterparts, each of which shall be deemed to be an original, and all of which, when taken together, shall be deemed to be but one agreement.

6. Governing Law. This General Release shall be interpreted and enforced in accordance with the internal laws of the State of New York as the same may from time to time exist, without giving affect to the principles of conflict of laws.

7. No Modifications. This General Release may not be altered, amended, changed, waived, terminated or modified in any respect unless the same is in writing and signed by the Buyer and the Seller.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, this General Release has been duly executed by the parties hereto as of the day and year first above written.

**SELLER:**  
**TOWN OF RIVERHEAD**  
**COMMUNITY DEVELOPMENT AGENCY**

By: \_\_\_\_\_  
Name:  
Title:

**BUYER:**  
**M-GBC, LLC**

By: \_\_\_\_\_  
Name:  
Title: