

Riverhead, Apollo close to \$470 million deal

By DAWN WOTAPKA HARDESTY

Riverhead's historic pact to redevelop its downtown is poised to take a giant leap forward.

At tonight's Riverhead Town Board meeting, Supervisor Phil Cardinale should get permission to sign a master developer designation agreement giving Apollo Real Estate Advisors the \$470 million assignment. The plan could include as many as six phases designed to transform this tired waterfront community into an East End showpiece.

"This is essentially the first formal step in defining the relationship between the town and Apollo," Cardinale said Tuesday morning. "It's the first of, I hope, several agreements that I will be authorized to sign."

Richard Mack, an Apollo partner, said Tuesday afternoon he's being cautious.

"This is a partial celebration and we won't have a full celebration until we have the approvals in hand to change the character of downtown Riverhead," Mack said. "We are thrilled, excited, delighted, but we recognize this is a step in the process."

If the document is inked within a week – as Cardinale expects – a qualified and eligible hearing, wherein Manhattan-based Apollo proves it has the funding and abilities for the project, would follow in August.

Apollo owns the sprawling 1111 Marcus Ave. office complex in Lake Success and is a partner in the 800,000-square-foot outlet mall under way in Babylon. It was also part of a group that ponied up about

\$1.2 billion for the Lord & Taylor department store chain last month.

"They've got a lot of money," Cardinale said. "So long as they can establish what everyone seems to acknowledge, the capacity and experience, it should be no problem."

Apollo would also have 120 days to hammer out a deal with Riverhead for two 1-acre parcels crucial to its \$120-million initial phase. While the property would be sold at market rate – a price that hasn't been determined – Apollo would be responsible for some infrastructure on and off the site, Cardinale said.

Apollo, which worked with Spector Group architects, must also assure the town of how the land will be used.

"There are some issues that could derail us at that point," Cardinale acknowledged.

Morton Weber, whose Weber Law Group represents Apollo in this project, said Tuesday, "There is a sense and a spirit of cooperation between Apollo as a developer and the Town of Riverhead."

One acre off East Main Street is slated for a Whole Foods grocery, a 12-screen theater and a 100-room Marriott hotel. On another acre adjacent to the Peconic River, a 40,000-square-foot, three-story building is planned. Future phases haven't been defined.

Cardinale said construction could start next spring.

"It's very exciting for downtown Riverhead. I applaud the supervisor and the Riverhead Town Board in their continued efforts to entice Apollo," Barry Barth, owner of Barth's Pharmacy, which has been in the area since for 1917, said Tuesday.

"It will certainly have a positive effect on all our businesses, those of us who have been here a long time and those merchants who are just starting out in downtown."

Town board member Ed Densieski wasn't as supportive. Densieski said he's upset that he only received the 30-page contract Friday and couldn't get an electronic version, and said the contract, contains several red flags, such as designating Apollo the "sole and exclusive master developer."

"There's a lot of things in there that I don't think are quite right. What's the big hurry?" Densieski asked. "I can't go to the community, people I trust and people I respect, and get any input. There's not any time."

According to a draft of the master developer designation agreement, Apollo can back out of the deal after six months. "After the expiration of six months ... the company may decide to discontinue the project," the agreement states.

The Apollo deal isn't likely to kill another downtown revitalization project. Vintage Group Inc. has worked for four years to build Vintage Square, a multiplex and parking spaces between Railroad and Court streets. Because Riverhead doesn't need 20 movie screens, both developers have raced to build first.

"I would be pleased to see that revitalization effort a success as well, however I think the only nuance is which of the two development proposals will include the theater," Cardinale said. "Vintage has already indicated they're prepared to move forward and substitute for the theater."