



**VIA E-MAIL & FEDERAL EXPRESS
Priority Overnight**

March 28, 2008

James Galvin
Executive Director
Columbia – Hudson Partnership
State Street
Hudson, NY 12534

**RE: WIDEWATERS GREENPORT PROJECT
GREENPORT, NEW YORK**

Dear Jim:

Thank you for your consideration of our application for IDA benefits, including sales tax, mortgage recording tax and payment in lieu of taxes assistance for the Widewaters project in the Town of Greenport. As you know, we plan a Wal-Mart SuperCenter at this location, an additional big-box retail store and a host of smaller retail and commercial establishments on this site.

IDA benefits are essential for the ultimate success of this project. We discussed the difficult state of the national and upstate New York economy with you at our meeting in February. Since that time, the economic news has gotten worse; in some cases, much worse. In our firm, we are in constant communication with representatives of many national retailing chains. I can report that virtually all the firms with which we routinely work are telling us of reexamining development plans and in some cases, putting a freeze on new development for the foreseeable future.

The facts are all around us. The cost of construction and basic raw materials continues to rise; the price of energy contributes to economic uncertainty; and, financing of projects is becoming more difficult and costly as credit conditions worsen.

These factors are also influencing our situation in Greenport. While the Wal-Mart SuperCenter is definitely moving forward, other prospective tenants are more tentative in their commitments. It is essential that we offer the lowest possible cost to these other prospective tenants as we move this project forward. Having the IDA benefits, including sales and mortgage tax exclusions, is critical to our success.

In addition, the PILOT we have proposed would simply mirror the Sec. 485-b Real Property Tax Law program for which this project is eligible as of right. However, combining all these benefits now will greatly assist our marketing efforts with potential retailing tenants.



Reductions in our property taxes are passed thru directly to tenants to reduce their operating costs.

We greatly appreciate all your advice and assistance as we advance this important project. Please call me or John Faso with any questions or concerns.

Very truly yours,

THE WIDEWATERS GROUP, INC.
Managing Agent

Marco J. Marzocchi
General Counsel
Real Estate Development

cc: John J. Faso, Esq. via e-mail