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December 21, 2016

Via: Federal Express

Town of Brookhaven Industrial Development Agency  
One Independence Hill  
Farmingville, NY 11738

Attn: Lisa M. Mulligan  
Chief Executive Officer

Re: Application of Aarco Products, Inc.- 21 Old Dock Road, Yaphank, NY  
(and realty company to be formed)

Dear Ms. Mulligan:

I am pleased to enclose my client's original and one copy of an application for financial assistance through the Town of Brookhaven Industrial Development Agency. The application contemplates a "straight lease" transaction for the acquisition of an approximately 20,000 square foot industrial building located at 21 Old Dock Road, Yaphank, NY (the "Facility"), and which is currently occupied by Aarco Products, Inc.

The Facility is currently owned by the New York Job Development Authority (the "JDA") after the JDA acquired same in or about February 1, 1993 following the foreclosure of this property, and is leased to George DeMartino, the principal of Aarco Products, Inc., (the "Company") with an option to purchase at the expiration of the lease, subject to an extension by the lessee. There is a balance due to the JDA of approximately \$120,000 after repaying the JDA installments during the lease for the total principal amount of \$1,336,070. As a result of the ownership of the Facility by the JDA, the Facility is presently exempt from taxation and will continue to be exempt from taxation during any extension of the JDA lease.

The Facility is valued at approximately \$2,000,000 and, in connection with the proposed purchase by the Company (or a real estate LLC to be formed) for the remaining balance due under the lease with the JDA, will secure a first mortgage loan from Suffolk County National Bank of \$1,300,000, the proceeds of which will be used to (i) pay off the balance due to the JDA; (ii) reduce a secured line of credit to Aarco Products, Inc. from Suffolk County National Bank in the amount of \$1,000,000; and (iii) remaining proceeds, if any, towards closing costs.

The Company proposes that, if it elects to proceed with the herein purchase and utilize the equity for the purposes set forth above, the Agency grant a PILOT Agreement with the Company which would, over a period of ten (10) years, put the Facility back onto the tax rolls of the Town of Brookhaven. It is proposed that a PILOT be approved based on an agreed upon initial assessment which fixes real estate taxes over that PILOT period, beginning with zero dollars to be paid for the first PILOT year and increasing by ten percent of the agreed upon tax payment

each year during the term, such that by the eleventh year, the premises and Facility will be fully restored to the tax rolls. If the Agency was unable or unwilling to grant the foregoing benefits, the Company would be compelled to negotiate for a ten year extension of its lease with the JDA and re-amortize the balance due over that period of time. If this transaction proceeds as proposed hereinabove, the Company would acquire the property and simply utilize the equity therein to pay loan obligations of Aarco Products, Inc. to SCNB and satisfy the JDA in full.

The Company, through three affiliated limited liability entities, owns three additional facilities, one at 20 Old Dock Road, Yaphank, NY, which consists of approximately 21,000 sq. feet, one at 30 Old Dock Road, Yaphank, NY, which consists of approximately 27,000 sq. feet and one at 3 Horseblock Road, Yaphank, NY, which consists of approximately 40,000 sq. ft. The first two properties previously benefited from IDA PILOT benefits through the Suffolk County Industrial Development Agency with the PILOT benefits for the property located at 20 Old Dock Road, Yaphank, NY having ceased and the PILOT benefits for the property located at 30 Old Dock Road, Yaphank, NY terminating in or about January, 2017. The Horseblock Road Facility is subject to a Town of Brookhaven PILOT entered into in 2015.

The Company was incorporated in 1975. Their business consists of the manufacture and distribution of educational supplies, visual aids, bulletin boards, chalkboards, "smart" boards and related products for the educational visual aid and display industry. Its customers include wholesalers, retailers, governmental agencies, contractors and others throughout the United States and Canada.

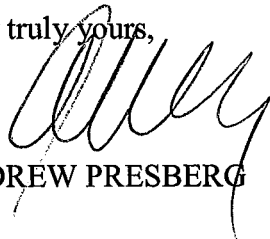
With the job projections made with regard to the Horseblock Facility, the Company presently employs and projects to employ over 90 full time and 3 part time jobs in the Town of Brookhaven within the next year. The Facility will employ approximately 43 full time employees from that total. The acquisition of the Facility will enable the Company to use the equity of the Facility to reduce ongoing debt obligations, thus freeing up needed cash flow for the continued growth of the Company.

In connection with this application, I have enclosed my client's check in the amount of \$2,000.00, representing the application fee in this regard. I have also enclosed one copy of their Financial Statements for Aarco Products, Inc. for the fiscal periods ending June, 2015 and June, 2016 and Consolidated Financial Statements for Aarco Products, Inc. and Affiliates for the same periods, as well as NYS-45 for the quarter ending September 30, 2016.

Finally, we have enclosed a copy of the Short Form Environmental Assessment Form for you to review and sign off as lead agency since this is clearly an unlisted action.

If you should require anything further, please don't hesitate to contact the undersigned.

Very truly yours,



ANDREW PRESBERG

ADP:ea  
Encl.