

Redacted

FORM APPLICATION FOR FINANCIAL ASSISTANCE
TOWN OF HEMPSTEAD
INDUSTRIAL DEVELOPMENT AGENCY

PROJECT APPLICATION

11/19

DATE: December 23, 2021

APPLICATION OF: Parabit Realty LLC & Parabit Systems, Inc.
Name of Owner and/or User of Proposed Project

ADDRESS: 2677 Grand Ave.
Bellmore, NY 11710

CONTACT: Richard Kick

PHONE NUMBER: _____

EMAIL ADDRESS _____

FAX NUMBER: _____

- Type of Application: Tax-Exempt Bond Taxable Bond
- Straight Lease Refunding Bond
- Special Straight Lease

*Town of Hempstead Industrial Development Agency
350 Front Street, Rom 234A
Hempstead, New York 11550
516-489-5000 extension 4200*

Part I: Owner & User Data

1. Owner Data:

A. Owner (Applicant for assistance): Parabit Realty LLC

Address: 2677 Grand Avenue
Bellmore, NY 11710

Federal Employer ID #: _____ Website: www.Parabit.com

Owner Officer Certifying Application: Robert Leiponis

Title of Officer: President/CEO

Phone Number: _____ E-mail: _____

B. Business Type:

Sole Proprietorship Partnership Privately Held

Public Corporation Listed on _____

State of Incorporation/Formation: New York

C. Nature of Business:

(e.g., "manufacturer of _____ for _____ industry"; "distributor of _____"; or "real estate holding company")

Real Estate Holding Company

D. Owner Counsel:

Firm Name: Certilman Balin Adler & Hyman, LLP

Address: 90 Merrick Avenue, 9th Floor
East Meadow, NY 11554

Individual Attorney: Daniel J. Baker, Esq.

Phone Number: _____ E-mail: _____

E. Principal Stockholders, Members or Partners, if any, of the Owner (5% or more equity):

Name

Percent Owned

Robert Leiponis

100%

F. Has the Owner, or any subsidiary or affiliate of the Owner, or any stockholder, partner, member, officer, director or other entity with which any of these individuals is or has been associated with:

i. ever filed for bankruptcy, been adjudicated bankrupt or placed in receivership or otherwise been or presently is the subject of any bankruptcy or similar proceeding? (if yes, please explain)

ii. been convicted of a felony, or misdemeanor, or criminal offense (other than a motor vehicle violation)? (if yes, please explain)

G. If any of the above persons (see "E", above) or a group of them, owns more than 50% interest in the Owner, list all other organizations which are related to the Owner by virtue of such persons having more than a 50% interest in such organizations.

N/A

H. Is the Owner related to any other organization by reason of more than a 50% ownership? If so, indicate name of related organization and relationship:

No.

I. List parent corporation, sister corporations and subsidiaries:

Parabit Systems, Inc. and 1Serv Realty, LLC.

J. Has the Owner (or any related corporation or person) been involved in or benefited by any prior industrial development financing in the municipality in which this project is located, whether by this agency or another issuer? (Municipality herein means city, town or village,

or if the project is not in an incorporated city, town or village, the unincorporated areas of the county in which it is located.) If so, explain in full:

Yes. Parabit Systems currently enjoys the benefits of the IDA's PILOT program for properties located at 35 Debevoise Ave., Roosevelt, NY 11575, and

2677 Grand Ave., Bellmore, NY 11710

K. List major bank references of the Owner:

Bank of America,

14-15 College Point Blvd., College Point, NY 11356

2. User Data

*** (for co-applicants for assistance or where a landlord/tenant relationship will exist between the owner and the user) ***

A. User (together with the Owner, the "Applicant"): Parabit Systems, Inc.

Address: 2677 Grand Avenue
Bellmore, NY 11710

Federal Employer ID #: _____ Website: _____

NAICS Code: _____

User Officer Certifying Application: Robert Leiponis

Title of Officer: President/CEO

Phone Number: _____ E-mail: _____

B. Business Type:

Sole Proprietorship Partnership Privately Held

Public Corporation Listed on _____

State of Incorporation/Formation: New York

C. Nature of Business:

(e.g., "manufacturer of _____ for _____ industry"; "distributor of _____"; or "real estate holding company")

Manufacturers of Kiosks and ATM Access Control Systems for Banks.

D. Are the User and the Owner Related Entities? Yes No

i. If yes, the remainder of the questions in this Part I, Section 2 (with the exception of "F" below) need not be answered if answered for the Owner.

ii. If no, please complete all questions below.

E. User's Counsel:

Firm Name: Certilman Balin Adler & Hyman, LLP

Address: 90 Merrick Avenue, 9th Floor

East Meadow, New York 11554

Individual Attorney: Daniel J. Baker, Esq.

Phone Number: _____

E-mail: _____

F. Principal Stockholders or Partners, if any (5% or more equity):

Name	Percent Owned
<u>Robert Leiponis</u>	<u>100%</u>
_____	_____
_____	_____

G. Has the User, or any subsidiary or affiliate of the User, or any of these individuals immediate family members, or any stockholder, partner, officer, director or other entity with which any of these individuals is or has been associated with:

i. ever filed for bankruptcy, been adjudicated bankrupt or placed in receivership or otherwise been or presently is the subject of any bankruptcy or similar proceeding? (if yes, please explain)

ii. ever been convicted of a felony or criminal offense (other than a motor vehicle violation)? (if yes, please explain)

H. If any of the above persons (see "E", above) or a group of them, owns more than 50% interest in the User, list all other organizations which are related to the User by virtue of such persons having more than a 50% interest in such organizations.

N/A

I. Is the User related to any other organization by reason of more than a 50% ownership? If so, indicate name of related organization and relationship:

No.

J. List parent corporation, sister corporations and subsidiaries:

Parabit Realty LLC & 1Serv Realty, LLC

K. Has the User (or any related corporation or person) been involved in or benefited by any prior industrial development financing in the municipality in which this project is located, whether by this agency or another issuer? (Municipality herein means city, town or village, or if the project is not in an incorporated city, town or village, the unincorporated areas of the county in which it is located.) If so, explain in full:

Yes. Parabit Systems currently enjoys the benefits of the IDA's PILOT program for properties

located at 33-35 Debevoise Avenue, Roosevelt, NY and 2677 Grand Avenue, Bellmore, NY.

L. List major bank references of the User:

Bank of America,

14-15 College Point Blvd., College Point, NY 11356

Part II – Operation at Current Location

*** (if the Owner and the User are unrelated entities, answer separately for each) ***

1. Current Location Address: **33-35 Debevoise Ave., Roosevelt, NY 11575**

2. Owned or Leased: **Owned**

3. Describe your present location (acreage, square footage, number buildings, number of floors, etc.):

1.43 acres, 25,000 square footage, 2 buildings, both building are one floor.

4. Type of operation (manufacturing, wholesale, distribution, retail, etc.) and products and/or services:

Manufacturing of kiosks, welcome centers, power stanchions and access control systems for banks and commercial use.

5. Are other facilities or related companies of the Applicant located within the State?
Yes No

A. If yes, list the Address: 2677 Grand Ave., Bellmore, NY 11710

6. If yes to above ("5"), will the completion of the project result in the removal of such facility or facilities from one area of the state to another OR in the abandonment of such facility or facilities located within the State? Yes No

A. If no, explain how current facilities will be utilized: Parabit Systems purchased an adjoining

vacant lot from the Town of Hempstead at 19 Debevoise Avenue, and now is planning on constructing an addition to its current facility at 33-35 Debevoise Ave., Roosevelt.

B. If yes, please indicate whether the project is reasonably necessary for the Applicant to maintain its competitive position in its industry or remain in the State and explain in full:

7. Has the Applicant actively considered sites in another state? Yes No

A. If yes, please list states considered and explain: Southeastern States.

Cheaper acquisition & construction costs, lower taxes, and cheaper labor costs.

8. Is the requested financial assistance reasonably necessary to prevent the Applicant from moving out of New York State? Yes No

A. Please explain: See response to question 7.

9. Number of full-time equivalent employees at current location and average salary: 57 FTEs
(35 Salaried Emps avg \$118,427, and 22 Hourly Emps avg \$24.32 an hr.)

Part III – Project Data

1. Project Type:

A. What type of transaction are you seeking?: (Check one)

Straight Lease Taxable Bonds Tax-Exempt Bonds
Equipment Lease Only

B. Type of benefit(s) the Applicant is seeking: (Check all that apply)

Sales Tax Exemption

Mortgage Recording Tax Exemption

PILOT Agreement:

2. Location of project:

A. Street Address: 33-35 & 19 Debevoise Ave., Roosevelt, NY 11575

B. Tax Map: District _____ Section 55 Block 415 Lot(s) 260, 261, 1 & 2

C. Municipal Jurisdiction:

- i. Town: Town of Hempstead
- ii. Village: Roosevelt
- iii. School District: Roosevelt

D. Acreage: 1.77

3. Project Components (check all appropriate categories):

A. Construction of a new building Yes No
i. Square footage: 7,820 sq. ft.

B. Renovations of an existing building Yes No
i. Square footage: 21,005 sq. ft.

C. Demolition of an existing building
i. Square footage: N/A

D. Land to be cleared or disturbed Yes No
i. Square footage/acreage: 7,820 sq. ft.

E. Construction of addition to an existing building Yes No
i. Square footage of addition: 7,820 sq. ft.
ii. Total square footage upon completion: 28,825 sq. ft.

F. Acquisition of an existing building Yes No
i. Square footage of existing building: N/A

G. Installation of machinery and/or Equipment Yes No
i. List principal items or categories of equipment to be acquired: Please see

the schedule of same annexed hereto.

H. To what length will the project ensure energy efficiency in the design and operations?
To the extent that same is commercially practicable and available in light
of current supply chain issues.

4. Current Use at Proposed Location:

A. Does the Applicant currently hold fee title to the proposed location? Yes.

i. If no, please list the present owner of the site: _____

B. Present use of the proposed location: Vacant lot.

C. Is the proposed location currently subject to an IDA transaction (whether through this Agency or another?) Yes No

i. If yes, explain: _____

D. Is there a purchase contract for the site? (if yes, explain): Yes No

E. Is there an existing or proposed lease for the site? (if yes, explain): Yes No
Planning on constructing an addition to the current facility located at 35 Debevoise Ave., Roosevelt, NY.

5. Proposed Use:

A. Describe the specific operations of the Applicant or other users to be conducted at the project site: The new expansion will be fully dedicated to Parabit's Research and Development Department's operations.

B. Proposed product lines and market demands: Cardless access control systems and kiosks.
25 of the top 30 banks in America use Parabit's access control system.

C. If any space is to be leased to third parties, indicate the tenant(s), total square footage of the project to be leased to each tenant, and the proposed use by each tenant:

N/A

D. Need/purpose for project (e.g., why is it necessary, effect on Applicant's business):

Every business must evolve. Parabit needs this new R&D space to stay ahead of its competitors, and to maintain and grow its market share.

E. Will any portion of the project be used for the making of retail sales to customers who personally visit the project location? Yes No

i. If yes, what percentage of the project location will be utilized in connection with the sale of retail goods and/or services to customers who personally visit the project location? _____

6. Project Work:

A. Has construction work on this project begun? If yes, complete the following: Construction has not begun.

i. Site Clearance:	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	% COMPLETE	_____
ii. Foundation:	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	% COMPLETE	_____
iii. Footings:	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	% COMPLETE	_____
iv. Steel:	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	% COMPLETE	_____
v. Masonry:	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	% COMPLETE	_____
vi. Other:	_____			

B. What is the current zoning?: Business X

C. Will the project meet zoning requirements at the proposed location?

Yes No

D. If a change of zoning is required, please provide the details/status of the change of zone request: N/A

E. Have site plans been submitted to the appropriate planning department? Yes No

7. Project Completion Schedule:

A. What is the proposed commencement date for the acquisition and the construction/renovation/equipping of the project?

i. Acquisition: Completed

ii. Construction/Renovation/Equipping: Spring 2022

B. Provide an accurate estimate of the time schedule to complete the project and when the first use of the project is expected to occur: 12-18 months after commencement of construction

Part IV – Project Costs and Financing

1. Project Costs:

A. Give an accurate estimate of cost necessary for the acquisition, construction, renovation, improvement and/or equipping of the project location:

<u>Description</u>	<u>Amount</u>
Land and/or building acquisition	\$ <u>130,000.00</u>
Building(s) demolition/construction	\$ <u>1,250,000.00</u>
Building renovation	\$ <u>150,000.00</u>
Site Work	\$ _____
Machinery and Equipment	\$ <u>1,310,000.00</u>
Legal Fees	\$ <u>50,000.00</u>
Architectural/Engineering Fees	\$ <u>100,000.00</u>
Financial Charges	\$ <u>35,000.00</u>
Other (Specify)	\$ _____
Total	\$ <u>3,025,000.00</u>

2. Method of Financing:

	Amount	Term
A. Tax-exempt bond financing:	\$ _____	_____ years
B. Taxable bond financing:	\$ _____	_____ years
C. Conventional Mortgage:	\$ <u>2,525,000.00</u>	<u>15</u> years
D. SBA (504) or other governmental financing:	\$ _____	_____ years
E. Public Sources (include sum of all State and federal grants and tax credits):	\$ _____	
F. Other loans:	\$ _____	_____ years
G. Owner/User equity contribution:	\$ <u>500,000.00</u>	_____ years
Total Project Costs	\$ <u>3,025,000.00</u>	

i. What percentage of the project costs will be financed from public sector sources?

0%

3. Project Financing:

A. Have any of the above costs been paid or incurred (including contracts of sale or purchase orders) as of the date of this application? Yes No

i. If yes, provide detail on a separate sheet.

B. Are costs of working capital, moving expenses, work in progress, or stock in trade included in the proposed uses of bond proceeds? Give details:

N/A

C. Will any of the funds borrowed through the Agency be used to repay or refinance an existing mortgage or outstanding loan? Give details:

N/A

D. Has the Applicant made any arrangements for the marketing or the purchase of the bond or bonds? If so, indicate with whom:

N/A

Part V – Project Benefits

1. Mortgage Recording Tax Benefit:

A. Mortgage Amount for exemption (include sum total of construction/permanent/bridge financing):

\$ 2,525,000.00

B. Estimated Mortgage Recording Tax Exemption (product of Mortgage Amount and .0075 %):

\$ 18,937.500

2. Sales and Use Tax Benefit:

A. Gross amount of costs for goods and services that are subject to State and local Sales and Use Tax (such amount to benefit from the Agency's exemption):

\$2,150,000.00 _____

B. Estimated State and local Sales and Use Tax exemption (product of 8.625 % and figure above):

\$ 185,437.50 _____

C. If your project has a landlord/tenant (owner/user) arrangement, please provide a breakdown of the number in "B" above:

i. Owner: \$ _____

ii. User: \$ _____

3. Real Property Tax Benefit:

A. Identify and describe if the project will utilize a real property tax exemption benefit other than the Agency's PILOT benefit: N/A

B. Agency PILOT Benefit:

i. Term of PILOT requested: 10 years in addition to remainder of current PILOT.

ii. Upon acceptance of this application, the Agency staff will create a PILOT schedule and indicate the estimated amount of PILOT Benefit based on anticipated tax rates and assessed valuation and attached such information to Exhibit A hereto. At such time, the Applicant will certify that it accepts the proposed PILOT schedule and requests such benefit to be granted by the Agency.

*** This application will not be deemed complete and final until Exhibit A hereto has been completed and executed.***

Part VI – Employment Data

1. List the Applicant's and each users present employment, and estimates of (i) employment **at the proposed project location** at the end of year one and year two following project completion and (ii) the number of residents of the Labor Market Area* ("LMA") that would fill the full-time and part-time jobs at the end of the second year following completion:

	<u>Present</u>	<u>First Year</u>	<u>Second Year</u>	<u>Residents of LMA</u>
Full-Time	<u>57</u>	<u>63</u>	<u>70</u>	<u>70%</u>
Part-Time**	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

* The Labor Market Area includes the County/City/Town/Village in which the project is located as well Nassau and Suffolk Counties.

** Agency staff converts Part-Time jobs into FTEs for state reporting purposes by dividing the number of Part-Time jobs by two (2).

2. Salary and Fringe Benefits:

Category of Jobs to be Retained and Created	Average Salary or Range of Salary	Average Fringe Benefits or Range of Fringe Benefits
Salary Wage Earners	\$118,427.00	Medical, Life, Dental, Vision, 401k, Paid time off.
Commission Wage Earners	N/A	
Hourly Wage Earners	\$50,595.00 (\$24.32/hour)	Medical, Life, Dental, Vision, 401k, Paid time off.
1099 and Contract Workers	N/A	

Note: The Agency reserves the right to visit the facility to confirm that job creation numbers are being met.

Part VII – Representations, Certifications and Indemnification

1. Is the Applicant in any litigation which would have a material adverse effect on the Applicant's financial condition? (if yes, furnish details on a separate sheet)
2. Has the Applicant or any of the management of the Applicant, or any of these individuals immediate family members, the anticipated users or any of their affiliates, or any other concern with which such management has been connected, been cited for a violation of federal, state or local laws or regulations with respect to labor practices, hazardous wastes, environmental pollution or other operating practices? (If yes, furnish details on a separate sheet)
3. Is there a likelihood that the Applicant would not proceed with this project without the Agency's assistance? (If yes, please explain why; if no, please explain why the Agency should grant the benefits requested)

Yes No

Parabit Systems may move its operation to the Southeastern U.S. due to

Cheaper acquisition & construction costs, lower taxes, and cheaper labor costs.

4. If the Applicant is unable to obtain financial assistance from the Agency for the project, what would be the impact on the Applicant and on the municipality?

See question #3 above.