

Pine Pharmaceuticals, LLC
\$5,600,000
INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section - 325412

COMPANY INCENTIVES

- Approximately \$873,000 in real property tax savings.
- Approximately \$278,250 in sales tax savings
- Up to 1% of the final mortgage amount. At this time, the estimated amount of the mortgage is \$3,700,000 for a savings of \$37,000.

PROJECT BENEFITS

- The project will generate approximately \$232,000 of revenue to the local taxing jurisdictions over the abatement period representing \$32,400 to the county of Erie, \$80,000 to the Town of Tonawanda, \$120,000 to the Kenmore-TTN School District.

EMPLOYMENT

- Current Jobs = 15
- New Jobs Projected = 12
- Total Jobs after project completion = 27

PROJECT HISTORY

- 01/23/2017 - Public hearing held. Transcript attached
- 02/22/17- Inducement Resolution presented to Board of Directors adopting a Negative Declaration in accordance with SEQRA.
- 02/22/17- Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: Pine Pharmaceuticals, LLC

Project Address: 355 Riverwalk Parkway
Tonawanda, New York 14150
(Kenmore –TTN UFSD)

Agency Request

A sales tax, mortgage recording tax and real property tax abatement in connection with the construction of a manufacturing facility.

Land Acquisition	\$ 300,000
New Building Construction	\$4,500,000
Manufacturing Equipment	\$ 200,000
Non-Manufacturing Equipment	\$ 300,000
Soft Costs	\$ 300,000

Total Project Cost	\$5,600,000
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85%	\$4,760,000
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Company Description

Pine Pharmaceuticals is an FDA-registered outsourcing facility. This entity was created in November, 2013 to allow custom pharmaceuticals to be shipped directly to a physician for in office use. The company creates sterile and non-sterile compounds and sells them to practitioners for administration in office to the patient. Products are made for ophthalmologists, dermatologists as well as for hospital use.

Project Description

Pine Pharmaceuticals currently operates out of 4,280 sq. ft. of leased space in the Town of Tonawanda.

The proposed projects consists of the acquisition of land and construction of a 25,000 square foot manufacturing facility to accommodate current and future growth. Significant equipment purchases will be made to equip new cleanrooms.

New Tax Revenue Estimated

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue over 10 Year Abatement Period	Additional City Revenue over 10 Year Abatement Period	New Yearly Taxes Upon Expiration of Abatement Period
N/A	\$1,161,000	\$32,000	\$200,000	\$110,000
Combined Tax Rate: \$95				

PILOT Table

The project will generate approximately \$232,000 of revenue to the local taxing jurisdictions over the abatement period representing \$32,400 to the County of Erie, \$80,000 to the Town of Tonawanda, \$120,000 to the Kenmore-TTN School District.

Year	% payment under PI-LOT	Est. County PILOT	Est. Town PILOT	Est. School PILOT	Est. Total PILOT	Full Taxes without PILOT	Net Exemption
1	10%	\$1,544	\$3,796	\$5,717	\$11,057	\$110,571	\$99,514
2	10%	\$1,544	\$3,796	\$5,717	\$11,057	\$110,571	\$99,514
3	10%	\$1,544	\$3,796	\$5,717	\$11,057	\$110,571	\$99,514
4	20%	\$3,088	\$7,592	\$11,434	\$22,114	\$110,571	\$88,457
5	20%	\$3,088	\$7,592	\$11,434	\$22,114	\$110,571	\$88,457
6	20%	\$3,088	\$7,592	\$11,434	\$22,114	\$110,571	\$88,457
7	30%	\$4,632	\$11,389	\$17,151	\$33,171	\$110,571	\$77,400
8	30%	\$4,632	\$11,389	\$17,151	\$33,171	\$110,571	\$77,400
9	30%	\$4,632	\$11,389	\$17,151	\$33,171	\$110,571	\$77,400
10	30%	\$4,632	\$11,389	\$17,151	\$33,171	\$110,571	\$77,400
TOTAL PAYMENTS		\$32,422	\$79,721	\$120,057	\$232,200	\$1,105,713	\$873,513

Draft Recapture Material Terms

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount. Total project Amount = \$5,600,000 85% = \$4,760,000
Employment	Coincides with 10-year PILOT	Maintain Base = 15 Create 85% pf Projected Projected = 12 85% = 10 Recapture Employment = 25
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with 10-year PILOT	Adherence to Policy
Unpaid Tax	Coincides with 10-year PILOT	Adherence to Policy
Recapture Period	10 year PILOT term	Real Property Taxes State and Local Sales Taxes Mortgage Recording Taxes

Recapture applies to:

- State and Local Sales Taxes
- Real Property Taxes
- Mortgage Recording Taxes

Recapture

Pursuant to New York State General Municipal Law, the agency shall modify, recover, recapture or terminate any financial assistance taken by the company that is in violation of the GML.

At completion of project company must certify i) total investment amount equal to or greater than 85% of the anticipated project amount proposed ii) confirm that company has 25 employees at the facility iii) confirm adherence to ECIDA unpaid taxes, pay equity and local labor hiring policy for the recapture terms.