

Group V Real Estate, Inc. (Athenex Pharma Solutions)
Inducement Resolution
\$1,517,500

ELIGIBILITY

- NAICS Section - 531110

COMPANY INCENTIVES

- Approximately \$53,000 in real property tax savings.
- Approximately \$59,063 in sales tax savings.
- Up to \$19,000 in mortgage tax savings

PROJECT BENEFITS

- The project will generate approximately \$14,000 of revenue to the local taxing jurisdictions over the abatement period representing \$3,000 to the County of Erie, \$1,000 to the Town of Newstead, \$10,000 to the Clarence Central School District

EMPLOYMENT

- Current Jobs FT = 55
- Projected Jobs FT = 80

PROJECT HISTORY

- 01/30/2018 - Public hearing held. Transcript attached.
- 02/21/2018 - ECIDA Board of Directors adopts a Negative Declaration in accordance with SEQRA.
- 02/21/2018 - Lease/Leaseback Inducement Resolution presented to the Board of Directors.

Project Title: Group V Real Estate, Inc.
(Athenex Pharma Solutions)

Project Address: 11342 Main Street
Newstead, New York 14001
(Clarence Central School District)

Agency Request

A real property tax abatement, sales tax and mortgage tax exemption in connection with the construction of an 8,000 sq. ft. expansion to an existing facility for lease to Athenex Pharma Solutions.

New Building Addition	\$ 600,000
Infrastructure	\$ 250,000
Renovation	\$ 500,000
Soft Costs	\$ 167,500

Total Project Cost	\$ 1,517,500
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85%	\$ 1,289,875
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Company Description

Group V Real Estate, Inc. was founded in 1992 by the members of the Casilio family. The original PR Casilio company was founded in 1965 as a commercial, industrial and institutional construction management and real estate company. Today the Casilio group of companies are composed of professional construction estimators, project managers, real estate analysts, real estate brokers and financiers.

Project Description

The proposed project consists of the construction of an 8,000 sq. ft. expansion to an existing facility located in the Town of Newstead which facility will be leased to Athenex Pharma Solutions. Athenex currently operates out of 18,500 sq. ft. of space at the same location. The increased square footage is necessary for Athenex' anticipated growth.

Athenex is a global specialty oncology pharmaceutical company focused on the development and commercialization of next generation therapies for cancer diseases and supportive therapies. Athenex began as a University of Buffalo startup, Kinex Pharmaceuticals, and has product manufacturing facilities both in the U.S. and China.

New York State is investing \$200 million to construct a facility in the Dunkirk area which will create a High Pharmacy Oncology Manufacturing Facility. Athenex will manufacture sterile, high potency oncology drugs in a specialized, controlled environment.

In addition, New York State has invested \$25 million to expand and improve the 6th floor of the Conventus building on the Buffalo Niagara Medical Campus for Athenex' s North American headquarters.

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	\$300,000	\$3,400	\$10,000	\$6,700
Combined Tax Rate:				

Draft Recapture Material Terms

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of the project amount. Total Project Amount = \$1,517,500 85% = \$1,289,875
Former Employment	Coincides with 10-Year PILOT	Maintain Base = 55 Create 85% of Projected Projected = 25 85% = 21 Recapture Employment: 76
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	Coincides with 10-Year PILOT	Recapture of Real Property Taxes, State and Local Sales Taxes and Mortgage Recording Tax

Recapture applies to:

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

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 maintained 55 employees at the facility and created an additional 25 jobs iii) adhere to local labor policy and iv) confirm adherence to ECIDA unpaid taxes and pay equity policy for the recapture term.