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PUBLIC HEARING OF THE
COUNTY OF CHAUTAUQUA
INDUSTRIAL DEVELOPMENT AGENCY
REGARDING ATHENEX. INC

Held at 10:00 a.m. on Tuesday, July 18th,
2017, at the Town of Dunkirk Town Hall,
located at 4737 Willow Road, Dunkirk, New
York.

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A P P E A R A N C E S :

KRISTINE R. MORABITO, Business Development
Manager

MATTHEW R. MAZGAJ, Phillips Lytle LLP
Associate

RICHARD PUROL, Town of Dunkirk Supervisor

JUAN PAGAN, Town of Dunkirk Councilman

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1 MS. MORABITO: Hello. My name is
2 Christine Morabito, and I am the Business
3 Development Manager for the County of
4 Chautauqua Industrial Development Agency
5 (hereafter, the "Agency") and members of the
6 Agency have directed me to hold this public
7 hearing. Today is July 18, 2017, and the time
8 is now 10:01 a.m. We are at the Town of
9 Dunkirk Town Hall Meeting Room, located at
10 4737 Willow Road, Dunkirk, County of
11 Chautauqua, New York.

12 This is a public hearing pursuant to
13 Section 895-a of the New York General
14 Municipal Law, as amended. The Agency has
15 received an application for financial
16 assistance in connection with the following
17 matter (which I will refer to as the
18 "Project):

19 The Agency received an application from
20 Athenex Inc., a publicly held corporation
21 incorporated under the laws of the State of
22 Delaware and qualified to do business in the
23 State of New York as a foreign business

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1 corporation. The application describes
2 Athenex as a "global biopharmaceutical company
3 dedicated to becoming a leader in the
4 discovery, development, and commercialization
5 of next generation drugs for the treatment of
6 cancer." I will refer to Athenex during this
7 public hearing as the Applicant.

8 The Applicant presented an application to
9 the Agency, that requested that the Agency
10 consider undertaking a Project consisting of
11 the following: (A) (1) the acquisition of an
12 interest, by sublease, in an approximately
13 33.6 acre parcel of vacant land located at
14 3799 Lake Shore Drive East, Dunkirk, County of
15 Chautauqua, New York, (the "Land"), (2) the
16 construction of an approximately 320,000
17 square foot building, (the "Building") on the
18 Land with potential parking, landscaping, and
19 related improvements to the Land (together
20 with the Building, the "Facility"), and (3)
21 the acquisition and installation therein and
22 thereon of certain furniture, fixtures,
23 machinery, and equipment (the "Equipment), all

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1 of the foregoing for use by the Applicant as a
2 biopharmaceutical manufacturing facility
3 (collectively, the "Project Facility"); (B)
4 the granting of certain "financial assistance"
5 (within the meaning of Section 854(14) of the
6 Act) with respect to the foregoing, including
7 potential exemptions or partial exemptions
8 from sales and use taxes and real property
9 taxes (collectively, the "Financial
10 Assistance"); and (C) the lease (with an
11 obligation to purchase) or sale of the Project
12 Facility back to the Applicant or such other
13 entity as may be designated by the Applicant
14 and agreed upon by the Agency.

15 The Application identifies the Project as
16 an opportunity for a Athenex Inc. to grow its
17 business and become a world leader in
18 manufacturing and distributing products that
19 support cancer treatment. The Applicant
20 estimates that after three years of operation,
21 the Project will employ over four hundred
22 (400) employees with an estimated payroll of
23 nearly \$23 million. The Project is also

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1 estimated to employ over one hundred (100)
2 full time equivalent construction jobs during
3 the construction of the Project.

4 With respect to Financial Assistance, the
5 Applicant has requested real property tax
6 abatement and sales tax abatement but did not
7 request any abatement of mortgage recording
8 taxes. As to real property taxes, the
9 Applicant made a request for abatement that
10 falls outside of the Agency's Uniform Tax
11 Exemption Policy, that Policy provides the
12 typical schedule for payments in lieu of taxes
13 for Agency projects. The Applicant requested
14 a twenty-year PILOT agreement and requested
15 that it make no PILOT payments for that term.
16 The Applicant indicated that the Project may
17 not occur in Dunkirk without the requested
18 real property tax abatement. Before the
19 Agency can grant the Applicant's request, the
20 members of Agency will need to decide to
21 deviate from its Uniform Tax Exemption Policy,
22 and the members will consider the Applicant's
23 request this month. As to sales tax

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1 abatement, the Applicant requests abatement on
2 portions of the estimated \$208,027,000
3 project-cost investment that are subject to
4 sales tax.

5 The purpose of this hearing is to provide
6 an opportunity for all interested parties from
7 the public to present their views, both orally
8 and in writing, with respect to the Agency's
9 involvement in this Project and the Financial
10 Assistance proposed in the Application. I am
11 here on behalf of the Agency, not the
12 Applicant. I cannot address any of the
13 specifics of the Project itself; that is the
14 task of the Applicant. During the course of
15 this hearing, the Agency will be unable to
16 respond to comments or questions. The Agency
17 will, however, transcribe all of the comments
18 made by those interested in the Agency's
19 proposed involvement with the Project and
20 provide that transcription to the Agency's
21 Board of Directors.

22 Notice of this public hearing was
23 published in the Observer on July 8, 2017 and

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1 mailed to the Chief Executive Officer of each
2 affected tax jurisdiction on July 6, 2017.

3 Is there anyone wishing to be heard with
4 respect to the project?

5 MR. PUROL: We're your only customers.
6 Naturally we're excited it's going to be in
7 the Town of Dunkirk.

8 MS. MORABITO: May you please identify
9 yourself.

10 MR. PUROL: I'm Richard Purol,
11 P-U-R-O-L. I'm Supervisor for the Town of
12 Dunkirk.

13 MS. MORABITO: Thank you. Please
14 continue.

15 MR. PUROL: Naturally as Supervisor and
16 representing the Town, we're extremely excited
17 that Athenex is going to come into the area.
18 We are concerned already that the IDA is going
19 to help them, which is a good thing. They
20 need it. We need to get them in here and
21 soon. I just came to see what else they were
22 going to be doing.

23 MS. MORABITO: Thank you for your

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1 comments. On behalf of the Agency, I would
2 like to thank the members of the public for
3 attending -- I'm sorry. Let me take a step
4 back. Is there anyone else wishing to be
5 heard with respect to the Project?

6 MR. MAZGAJ: This will be going to the
7 Board of Directors, so if you want to be part
8 of the record.

9 MR. PAGAN: Again, my name is Juan
10 Pagan. I'm a Town Councilman for the Town of
11 Dunkirk. Like Mr. Purol indicated, we're most
12 definitely glad that Athenex first of all is
13 coming in and the IDA is very instrumental in
14 helping them to whatever process they need,
15 just like we're doing. So thank you, and I'd
16 like to have you on board.

17 MS. MORABITO: Thank you for your
18 comments. And is there anyone else wishing to
19 be heard with respect to the Project? On
20 behalf of the Agency, I would like to thank
21 the members of the public for attending this
22 public hearing and for their comments with
23 respect to the Project. It is now 10:09 a.m.

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I now call this hearing to a close.

(Hearing concluded at 10:09 a.m.)

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STATE OF NEW YORK)

) ss

COUNTY OF ERIE)

I, Shannon Gallagher, Notary Public, in and for the County of Erie, State of New York, do hereby certify:

That the witness whose testimony appears hereinbefore was, before the commencement of their testimony, duly sworn to testify the truth, the whole truth and nothing but the truth; that said testimony was taken pursuant to notice at the time and place as herein set forth; that said testimony was taken down by me and thereafter transcribed into typewriting, and I hereby certify the foregoing testimony is a full, true and correct transcription of my shorthand notes so taken.

I further certify that I am neither counsel for nor related to any party to said action, nor in anyway interested in the outcome thereof.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my seal this 19th day of July, 2017.

Shannon Gallagher

Shannon Gallagher
Notary Public-State of New York



County of Chautauqua Industrial Development Agency

Public Hearing Attendance Sheet

Project :Athenex, Inc.

Public Hearing Location: 4737 Willow Road, Dunkirk, NY 14048

Public Hearing Date and Time: July 18, 2017 10:00 a.m.

Full Name (Please Print)	Signature	Affiliation
1. <u>Juan Pagan</u>		<u>Town Rep</u>
2. <u>Rockland Pura</u>		<u>Town SUPERVISOR</u>
3. <u>Matt Mazgaj</u>		<u>Counsel for IDA</u>
4. <u>Kristine Morabito</u>		<u>CCIDA</u>
5. _____		
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