



Greater Jamaica  
Development  
Corporation

90-04 161 Street  
Jamaica, NY 11432  
718 291-0282  
Fax 718 658-1405

www.gjdc.org ■

October 29, 2009

Testimony by Greater Jamaica Development Corporation to the New York City Council

In Re: Intro 1014, Regionally Significant Projects and Empire Zones

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Good day Mr. Chairman, committee members and council staff. I am Richard Werber, Director of the Business Services Group at Greater Jamaica Development Corporation (GJDC).

Thank you for this opportunity to speak with you about Epic Pharma LLC's application for designation as a Regionally Significant Project under the New York State Empire Zone program. GJDC is the local administrator for the Jamaica Empire Zone and as such helped them complete their application; collected, confirmed and presented the facts regarding their application to the Jamaica Zone Administrative Board; and provided the Administrative Board an opinion regarding approval.

We recommended to the Jamaica Zone Administrative Board that Epic Pharma LLC be deemed eligible as a Regionally Significant Project. We are pleased that the Board supported that designation per their resolution dated January 6, 2009. New York State Department of Economic Development concurred with that resolution by issuing a letter of preliminary approval dated April 30, 2009. We are here today to respectfully ask the Council to take the next, important step in that process.

Epic Pharma produces and packages medical powders, tablets, capsules and time-release drug products at their FDA-approved facility in Laurelton, Queens. The company has a track record of growth and a solid plan for continued growth into the future, which includes expansion of their packaging capabilities and research and development to improve the efficacy of existing drugs. Total jobs at the company's current location were 171 in April of this year, when the State provided their preliminary approval for the project. They have already grown by 19 jobs to 190. Their business plan, which in addition to R&D for new products includes joint ventures with partner companies, bodes well for increased local employment.

They project minimum increases of 15 jobs in year 1; 20 jobs in year two; and 20 in year three following final approval of the project, a total of at least 55 jobs over three years.

Of particular interest to the City and the Council, Epic is a company that is aligned with the purposes of the South Jamaica Empire Zone and the economic development needs of Southeast Queens.

As stated in the Development Plan for the Jamaica Empire Zone, “The (Zone Administrative) Board will target the following industries: clean, light, labor intensive manufacturing...activities, such as food and food related industries.” When writing the development plan in 2004, we could have used the first-hand knowledge we gained when we toured Epic’s production facilities. When it comes to “clean, labor intensive manufacturing activities,” it is hard to find a better example than the pharmaceutical industry.

Epic Pharma is a minority-owned firm founded by their current management team in July of 2008. This team ran the pharmaceutical manufacturing facility they now occupy for Sandoz, Inc. They structured a deal to save the facility and its jobs by purchasing Sandoz’s assets and continuing operations as an independent company. They retained Sandoz as a key client.

Employees in the production, packaging and shipping departments, comprising approximately 60% of the total workforce, are unionized. Recent employment data showed that three-quarters of their total workforce resides in New York City; over half live in Southeast Queens. The company is committed to continuing their policy to hire locally.

GJDC, as the Empire Zone administrator, made an initial determination to assist with their application for designation as a Regionally Significant Project after meeting with the company and touring their facility on November 4, 2008. Empire Zone tax credits were requested to help retain the capital it required to pursue its aggressive growth strategy. Lacking the ability to take advantage of the tax credits offered through the Empire Zone program may require Epic to delay some of the research and development efforts that are linked to its expansion plans.

Therefore, Greater Jamaica Development Corporation, as the local Empire Zone administrator, respectfully asks the members of the Council to approve Introduction 1014, which will grant Epic Pharma LLC status as a Regionally Significant Project. Empire Zone certification will facilitate the company’s expansion at its present location. The company’s growth will continue to support the economic development of Queens, of the City of New York and the Empire State.

Thank you for your time and attention.

We would be glad to answer any questions you have.



October 29, 2009

**Testimony by Epic Pharma, LLC to New York City Council  
In Re: Intro 1014, Regionally Significant Project**

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Good morning. My name is Jai Narine, Executive Vice President of Epic Pharma. I, along with fellow owners Dr. Ashok Nigalaye and Mr. Ram Potti comprise the Executive management team at Epic. I am here today to testify in support of Intro. 1014, that designates Epic Pharma and its site as a Regionally Significant Project under the Empire Zone Program.

At this time, I would like to thank the Committee Chair, Council Member White, for convening this hearing. I would also like to thank the Council Members who sit on the Jamaica Zone Board, namely Council Members White (once more), Comrie and Gennaro. Thank you to Council Member James Sanders from our Council district for his support and also the staff of the Speaker's Office and this Committee who have been so helpful. I would also like to give a special mention to State Senator Malcolm Smith who encouraged us to make this application.

I would like to also thank the Mayor's Office, in particular the Office of Industrial and Manufacturing Businesses and its director Robert Walsh, and current staff member Jared Walkowitz. Finally, Thank you to the Economic Development Corporation and the Department of Small Business Services.

Now, I would like to make a few statements about Epic Pharma. Epic develops, manufactures, and distributes a wide array of pharmaceuticals. Epic currently has a contract with minimum sales volumes for the first three years of its existence with Sandoz, Inc., a global pharmaceutical company. We are using the financial security that this contract allows to launch our own Epic label products.

Epic began as one of among a multitude of contract manufacturers for Sandoz, spread throughout the United States. In less than one year, Epic has become the most reliable, most consistent and highest quality contract manufacturer used by Sandoz in the U.S. Sales for the first fiscal year will be more than double the first year's estimate. While keeping our long term goal and satisfying current demands, we are trying to grow the size of our facility by looking at expanding the current site and/or seeking additional space in the Empire Zone.

On a personal note, I previously held a variety of positions at this location for some of the previous owners, assisting them to grow into billion dollar companies. I have known most of the employees since I was a young man. Dr. Ashok Nigalaye, a PH.D., President of Epic Pharma, previously worked at this facility as well. He understands and defines future directions for the company. Ram Potti, a Certified Public Accountant and VP- Business Development, has an excellent business mind. We



believe we make an excellent team. As an example, since July 2008, we have revamped the product flow increasing production by 20%. As part of the Regionally Significant Project program, we expect to increase employment significantly and expand our customer base, most of which is outside of New York State.

On another front, Epic believes in providing benefits to employees. Over 93% of employees have health benefits through the company. Many of its employees are union members of Teamsters Local 210. Moreover, Epic's success has allowed it to work with its employees to improve their pay, and as a Regionally Significant Project, Epic intends to not only increase employment but to also expand its programs for its current employees.

Epic Pharma is committed to increasing employment, meeting its obligations and continuing to produce high quality products that make a difference. Once again, Epic Pharma would like to thank the Council and the Mayor's Office for its support and we look forward to being in the City for many years. And I thank you for this opportunity to testify.

## NYC Department of Small Business Services - Testimony

Good afternoon Chairman White and members of the Committee on Economic Development. My name is Jared Walkowitz and I'm the Director of the Empire Zones Program for the Department of Small Business Services. I am pleased to testify before you today in support of Intro No. 1014, which would authorize the designation of Epic Pharma, LLC as a Regionally Significant Project eligible for Empire Zone benefits.

The Empire Zones program was created by the New York State Legislature in 1986 to stimulate private investment and job creation in disadvantaged communities within New York State through a variety of State tax incentives, such as wage tax credits and investment tax credits. The program allows municipalities to retain and attract businesses that create jobs and are important to the local economy.

In April 2005, the State adopted legislation creating the Regionally Significant Project designation. Regionally Significant Projects allow local businesses that are outside of the boundaries of an Empire Zone to qualify for these valuable State tax credits. This program is of great importance because New York City real estate prices and available building stock limit the ability of employers to expand and grow operations within the City's limits. For a business outside an Empire Zone to qualify for these benefits, it must meet strict employment generation thresholds.

To ensure that the Regionally Significant Project designation is used prudently, the State has created an authorization process that involves the State, the local legislature and an environmental review process. Before this process even starts, the project must be approved by a Zone Administrative Board. In the case of this project, the South Jamaica Zone Administrative Board is comprised of the Commissioners of the Department of Small Business Services, Department of Housing Preservation and Development, Human Resources Administration, the President of the NYC Economic Development Corporation, the Queens Borough President, the respective Council Members who have presence in the zone and representatives from Community Boards 9, 12 and 13.

The Regionally Significant Project designation process begins with local input. The Zone Administrative Board must conduct due diligence to assure that the business will adhere to the Zone Development Plan, which outlines the economic goals of the specific Empire Zone in which the business is seeking certification. The business must present to the board and submit an application that outlines the business's growth plans for the following three years, during which time it must create at least 50 new jobs. If 50 new jobs are not created at the end of three years, then the Regionally Significant Project status is revoked. Businesses cannot collect credits on jobs that are not created or investments that are not made.

Epic Pharma manufactures pharmaceuticals. It is located in Laurelton, Queens. In July of 2008, Epic purchased the assets of a large, international drug manufacturer, Sandoz, Inc. and continued the operations as fully functional by maintaining a majority of Sandoz, Inc. employees, but operating under the name, Epic Pharma. This facility produces and ships powders, tablets, capsules and time-release products.

Epic Pharma will create 50 net new jobs and invest approximately \$2.4 million in capital improvements to the facility by the end of 2011. Epic Pharma currently employs 195 people, 120 of whom are from Queens, with an additional 31 employees from other areas in New York City. 85% of employees from Sandoz were retained by Epic Pharma.

The new jobs that will be created over the next three years are Specialty Machine Operators, General Machine Operators, IT, Supervisors, Office Workers and Sales. 60% of the jobs at Epic Pharma are union jobs.

Following my testimony, you will hear from the Executive Vice President of Epic Pharma, Jai Narini. He will describe Epic's existing operations and how the Regionally Significant Project designation will help them operate competitively and create new jobs in Southeast Queens. I believe that you will agree that the growth of businesses like Epic Pharma is crucial to our economy.

Thank you again for the opportunity to appear before you today. I am happy to address any questions you may have.

THE COUNCIL  
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. 1014 Res. No. \_\_\_\_\_

in favor  in opposition

Date: 10/29/09

(PLEASE PRINT)

Name: Dr. Ashok Nigal/yc Ram Potti

Address: 227-15 N. Conduit Ave, Laurelton NY-11413

I represent: Epic-Pharma LLC Laurelton NY-11413

Address: 227-15 N. Conduit Ave Epic-Pharma Laurelton NY-11413

THE COUNCIL  
THE CITY OF NEW YORK

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in favor  in opposition

Date: 10/29/09

(PLEASE PRINT)

Name: Ram Potti

Address: 227-15 N. Conduit Ave Laurelton NY-11413

I represent: Epic-Pharma

Address: 227-15 N. Conduit Ave Laurelton NY-11413

Please complete this card and return to the Sergeant-at-Arms

Appearance Card

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in favor  in opposition

Date: 10-29-09

(PLEASE PRINT)

Name: JAI VARINE

Address: 105 FIG DRIVE DIX HILLS

I represent: Epic Pharma

Address: 227-15 N. CONDUIT AV. LAURELTON N.Y 11413

Please complete this card and return to the Sergeant-at-Arms

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Appearance Card

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in favor  in opposition

Date: \_\_\_\_\_

Name: RICHARD WERBER (PLEASE PRINT)

Address: 315 W. 70 ST. 10023

I represent: GREATER JAMAICA DEV'T CORP.

Address: 90-04 161 ST. JAMAICA 11432

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**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1014 Res. No. \_\_\_\_\_

in favor  in opposition

Date: 10/29/09

Name: Jared Walkowitz (PLEASE PRINT)

Address: 110 William Street NY, NY 10038

I represent: Department of Small Business Services

Address: \_\_\_\_\_

Please complete this card and return to the Sergeant-at-Arms