



MEMORANDUM

ORIGINAL
FILE

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DATE: April 17, 2007
TO: Michigan Economic Growth Authority
FROM: Jim Donaldson, Vice President
Business Development
SUBJECT: Briefing Memo – Cayman Chemical Company, Inc.
High Technology Credit

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COMPANY NAME AND ADDRESS:

Cayman Chemical Company, Inc.
1180 East Ellsworth Road
Ann Arbor, Michigan 48108

HISTORY OF COMPANY:

Cayman Chemical Company was incorporated June 6, 1980 in Denver, Colorado. In November of 1981, Cayman Chemical closed its first sale of affordable, high quality prostaglandins to the research community. After several years of growth, the company moved to Ann Arbor, Michigan, and established its first complete synthetic chemistry laboratory. The company has experienced growth over the years, and today 2,481 different biochemicals are manufactured and analyzed at the company's 66,000 square foot facility. These products are sold worldwide to scientists in cutting edge and diverse areas of research including metabolic systems, cancer, nitric oxide, neuroscience, apoptosis, oxidative injury, and endocrinology.

PROJECT DESCRIPTION:

The company is considering the construction of specialized research and manufacturing space for new areas of research including medicinal chemistry and regulated product production and packaging at its Pittsfield Township facility. The first phase of the project requires a building expansion and conversion of existing warehouse space into wet laboratory space. The second phase of the project will include construction of a 40,000 square foot laboratory and office building on their campus to house the research, production and packaging of new product lines. Capital investment for this project is expected to be approximately \$9.7 million.

Cayman Chemical expects to hire up to 208 new employees over the next five years at an average weekly wage of \$1,101.

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BENEFIT TO STATE:

According to the economic analysis done by the Michigan Economic Development Corporation, utilizing Regional Economic Models, Inc. software, it is estimated that this facility will create a total of 525 jobs in the state by the year 2016. It is also estimated that the project would create total state government revenues through the year 2016, net of MEGA cost and adjusted for inflation, of \$12.2 million (2007 dollars) due to the location of this facility.

BUSINESS CASE:

The company has also considered expanding their wholly-owned subsidiary, Cayman Pharma, s.p.o.l., located in Neratovice, Czech Republic, where laboratory space is currently available and investment would be less than fifty percent of the investment required in Michigan.

OTHER STATE AND LOCAL ASSISTANCE:

Pittsfield Township approved a 50 percent abatement of the company's taxes on new real property for ten years and new personal property for eight years on March 27, 2007. The estimated value of the local property tax abatement is up to \$409,000.

The State of Michigan will also abate 100 percent of the State Education Tax (SET) mills for the length of the local property tax abatement. The value of the SET abatement is worth up to \$118,000 over the term of the local property tax abatement.

QUALIFYING HIGH TECHNOLOGY ACTIVITY:

The company is a qualified high-technology business, whose primary business activity is life sciences technology, as defined in the Act.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent high technology employment tax credit for 10 years, for up to 208 net new employees.