



## MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

# MEMORANDUM

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**Date:** August 18, 2009

**To:** Michigan Economic Growth Authority

**From:** Amy Deprez, Manager  
Packaging Team

Marcia Gebarowski, Project Specialist  
Packaging Team

**Subject:** Briefing Memo – Draths Corporation  
High-Technology MEGA Credit

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### COMPANY NAME

Draths Corporation  
2367 Okemos Parkway, Ste. 2  
Okemos, MI 48864

### HISTORY OF COMPANY

Draths Corporation was founded in 2005 to commercialize technology developed in the Michigan State University laboratory of John Frost and Karen Draths. Draths is a next generation chemical company focused on manufacturing biobased materials used in everyday products. Their platform technology enable the production of nylons, resins, paints and other materials, currently made by using petroleum-based chemicals, to be manufactured using renewable feedstocks (ie; various forms of biomass).

Draths Corporation currently has 13 employees in Michigan.

### PROJECT DESCRIPTION

Draths Corporation is planning to scale-up their nylon precursor technology, through the construction and operation of a new pilot plant in Delhi Township in Ingham County. The new facility will enable the company to develop the commercial scale manufacturing data for their new product, caprolactam, as well as provide large scale sample quantities to key partners and customers. Approximately 8 billion pounds of caprolactam are consumed each year in the production of nylon 6, which is used in car parts, carpet, clothing, etc.

Draths Corporation will invest approximately \$41.25 million and create 200 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$952. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

### 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 generate a total of 642 jobs in the state by the year 2018. Total state government revenues through the year 2018, net of MEGA costs, would be increased by \$21,677,327 (current dollars) due to the presence of this facility.

**BUSINESS CASE**

Alternatively, this project is being considered for Plymouth, Minnesota where the state has provided an incentive package including a low-interest loan and a forgivable loan which has long term benefits for the company vs. short term incentives MI can provide. Draths Corporation headquarters is currently located in Plymouth, MN as well.

**OTHER STATE AND LOCAL ASSISTANCE**

Delhi Township is supportive of this project and anticipate providing a PA 198 property tax abatement.

**QUALIFYING HIGH-TECHNOLOGY ACTIVITY**

The company is a qualified high-technology business, whose primary business activity is Alternative Energy Technology, as defined in the Act.

**RECOMMENDATION**

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for ten years for up to 200 net new employees in excess of the company's established base of 13.