



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: March 17, 2009
TO: Michigan Economic Growth Authority
FROM: Amy Deprez, Packaging Team Manager
Portfolio Management & Packaging

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SUBJECT: Briefing Memo – Emergent Biodefense Operations Lansing, Inc.
High Technology MEGA Credit

COMPANY NAME:

Emergent Biodefense Operations Lansing, Inc.
3500 N. Martin Luther King Blvd.
Lansing, Michigan 48906

HISTORY OF COMPANY:

Emergent Biodefense Operations Lansing, Inc. is a biopharmaceutical company focused on the development, manufacturing, and commercialization of immunobiotics. The company develops products for both the biodefense and commercial markets.

The company's Lansing location commenced operations in 1998 as BioPort Corporation and in June of 2004, the company was reorganized as a subsidiary of Emergent Biosolutions Inc. of Rockville, Maryland.

The company currently has a Retention MEGA Tax Credit at the Lansing location to retain at least 275 employees at the location. Emergent Biodefense Operations Lansing, Inc. currently has 367 employees in Michigan, all in Lansing.

PROJECT DESCRIPTION:

Emergent Biodefense Operations has bid on a U. S. Department of Health and Human Services contract to supply Recombinant Protective Antigen Anthrax Vaccine to combat a potential anthrax bioterrorism threat in the United States. The contract will expand manufacturing capabilities at the Lansing site. To accommodate this new work, the company must build out a portion of their current site including modification to its existing fermentation train to allow for aerobic fermentation process.

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The proposed project will create 93 jobs in the City of Lansing over the next five years, paying an average weekly wage of \$1,197. The company will also offer healthcare benefits and pay a portion of the benefit costs. The company plans to make a total capital investment of \$10.9 million related to this project.

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 302 jobs in the state by the year 2018. Total state government revenues through the year 2018, net of MEGA costs, would be increased by \$11.6 million (current dollars) due to the presence of this facility.

BUSINESS CASE:

Emergent Biodefense Operations Lansing, Inc. is also considering San Diego, California and Gaithersburg, Maryland for this project. At each of these locations it would be easier for the company to recruit the talent needed for the project.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Lansing is supportive of this project and anticipates approval of a property tax abatement extension under PA 328 of 1998 within the next 60-90 days. The approximate value of this incentive is not known at this time.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY:

Emergent Biodefense Operations Lansing, Inc. is a qualified high-technology business, whose primary business activity is Life Sciences 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 10 years for up to 93 net new employees in excess of the company's established base of 367.