



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: April 22, 2008  
TO: Michigan Economic Growth Authority  
FROM: Val Hoag, Director *WH*  
Portfolio Management & Packaging  
Steve Haakenson, Project Manager  
Portfolio Management & Packaging  
SUBJECT: Briefing Memo – MPI Research, Inc.  
High-Technology Look Back MEGA Credit

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COMPANY NAME AND ADDRESS:

MPI Research, Inc.  
54943 North Main Street  
Mattawan, MI 49071

HISTORY OF COMPANY:

MPI Research, Inc. (MPI) is a privately held preclinical contract research organization (CRO) that focuses on the safety evaluation and toxicology needs of the biotechnology, pharmaceutical, medical device, chemical, agricultural and related industries. MPI offers a wide spectrum of services including: General Toxicology, Bioanalytical / Analytical Services (BAS), Safety Pharmacology and Abuse Liability, Surgery, Pharmacokinetics (PK), Developmental and Reproduction Toxicology (DART), Infusion Toxicology, Absorption, Distribution, Metabolism, Excretion (ADME), Target Discovery Research (TDR), and Immunotoxicology. MPI, which was founded in 1995 through the purchase of International Research and Development Corporation out of bankruptcy, has grown from less than 300 employees to 1,500.

MPI's main facility is located in Mattawan, Michigan, but also has a facility in State College, Pennsylvania with 90 employees. A third location is in China, where they have a presence through a joint venture.

PROJECT DESCRIPTION:

The planned expansion by MPI is for a multi-site location. The first site will be an expansion at their current facility in Mattawan. The second site will be a new location in the City of Kalamazoo where they will occupy two existing buildings located at 126 E. Lovell St. and 267 Portage St. These buildings were left vacant as a result of the Pfizer layoffs. This location will provide further capacity for MPI's existing services described above. The estimated capital investment for this project is \$300 million over the next seven years in Mattawan and over \$30 million in Kalamazoo.

MPI expects to add a combined total of 3,300 jobs at these two locations by the end of 2013. MPI estimates an initial average weekly wage of \$864.

**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 6,600 jobs in the state by the year 2022. Total state government revenues through the year 2022, net of MEGA costs and adjusted for inflation, would be increased by \$337 million (2008 dollars) due to the presence of this facility.

**BUSINESS CASE:**

As an alternative to growing operations in Michigan, MPI is considering the expansion in China. MPI has recently entered into a Joint Venture agreement in China and therefore has already established a presence in the country. There is growth opportunities in China and a substantial cost savings in labor if MPI expands in China.

**OTHER STATE AND LOCAL ASSISTANCE:**

The City of Kalamazoo and the Village of Mattawan will be providing local assistance for the expansion. Kalamazoo has committed to providing \$150,000 toward environmental due diligence and infrastructure analysis required for the renovation work at the Kalamazoo location. Mattawan has committed to providing \$100,000 to support the infrastructure needed for expanding the I-94 intersection in partnership with MDOT. This expansion is needed to accommodate the projected growth at Mattawan's headquarters.

The Michigan Economic Development Corporation is also recommending the approval of the Kalamazoo location to be designated a Renaissance Zone, and the transfer of a \$2 million grant provided through the 21<sup>st</sup> Century Jobs Fund to Western Michigan University for the redevelopment of Pfizer's building in Kalamazoo.

**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.

**LOOK BACK AGREEMENT REQUEST:**

MPI Research has requested a look back to March 4, 2008. The rationale being that it is imperative that the company begin preparations at its facility for work that is slated to begin soon. Key personnel will need to be hired to begin the protocol development for testing procedures related to its contract research work. The MEDC recommends that the Board authorize a look back agreement to March 4, 2008.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 100 percent high-technology look back employment tax credit for 15 years, for up to 3,300 net new employees.