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MEMORANDUM

Date: June 15, 2010

To: Michigan Economic Growth Authority

From: Valerie Hoag, Director
Packaging Team

Phil Santer, Project Specialist
Packaging Team

Subject: Briefing Memo -- NanoBio Corporation
High-Technology MEGA Credit

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COMPANY NAME

NanoBio Corporation
2311 Green Road, Suite A
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HISTORY OF COMPANY

The NanoBio Corporation ("NanoBio") is a biopharmaceutical company that develops and commercializes products for the treatment and prevention of infectious diseases like cold sores, nail fungus, acne, and cystic fibrosis, among others. NanoBio emerged from the University of Michigan's Center for Biologic Nanotechnology in 2000. NanoBio's platform technology, called NanoStat™, is a topical solution that is toxic to microbes while non-irritating to the skin, according to the company.

In 2007, NanoBio was the recipient of a \$2.4 million loan through the Strategic Economic Investment and Commercialization Board.

NanoBio currently has 20 full-time employees in Michigan.

PROJECT DESCRIPTION

NanoBio is planning to expand its operations by building new research labs related to the development of their vaccine work. The company projects vaccine production to increase significantly over the next five years and believes their products are uniquely positioned to interact in this market. The attraction of employees with technical skills related to vaccine research and development is important to this project's success.

NanoBio will invest up to \$1.47 million and create up to 32 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$1,894. 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 67 jobs in the state by the year 2014. Total state government revenues through the year 2014, net of MEGA costs, would be increased by \$720,000 (current dollars) due to the presence of this facility.

BUSINESS CASE

NanoBio is also considering an expansion in Alexandria, Virginia, which is within the Washington, DC metro area. Hiring qualified employees with vaccine experience and talent is critical for this project, and the company feels that recruiting costs would be significantly lower by expanding in Alexandria. In addition, the company believes that the proximity to federal agencies in the Washington, DC metro area would provide the company greater access to funding related to vaccine development.

OTHER STATE AND LOCAL ASSISTANCE

The City of Ann Arbor is considering a property tax abatement for this project under P.A. 198 of 1974, which is valued at \$38,000 over five years. The City expects to consider the abatement in July.

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.

The company has certified that at least 10 percent of its total operating expenses are related to research and development.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for five years for up to 32 net new employees in excess of the company's established base of 20.