



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM


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DATE: September 23, 2008

TO: Michigan Economic Growth Authority

FROM: Val Hoag, Director 
Portfolio Management & Packaging

Amy Deprez, Project Manager
Portfolio Management & Packaging

SUBJECT: Briefing Memo – Sequenom, Inc.
High-Technology MEGA Credit

COMPANY NAME:

Sequenom, Inc.
3595 John J. Hopkins Court
San Diego, California 92121

HISTORY OF COMPANY:

Sequenom, Inc., incorporated in 1994 and based in San Diego, California, is a genetics and molecular diagnostic company providing genetic analysis products and services and developing diagnostic tests initially targeted at non-invasive prenatal genetic disorders. The company is developing various molecular diagnostic tests in prenatal genetic disorders, oncology and infectious diseases. Sequenom's research and development team is working on technologies and methodologies that will provide accurate information early in the pregnancy and anticipate that it will reduce the need for amniocentesis and contribute to the care and prevention of birth defects. The introduction of Sequenom's Fetal Nucleic Acid Technology has the potential to be the long-sought-after alternative to common procedures, such as amniocentesis and chorionic villus, because the technology is non-invasive, thereby posing no risk to the baby, and has the possibility to be performed earlier in the pregnancy.

Currently, the company has one associate in Michigan.

PROJECT DESCRIPTION:

Sequenom plans to purchase an existing CLIA lab in Grand Rapids for clinical testing of maternal blood-seeking fetal nucleic acid for the purpose of genetic testing on the fetus utilizing all non-invasive techniques within the first trimester and later. The company anticipates the creation of approximately 523 new jobs by the year 2013, paying an average weekly wage of \$1,720. As a result of the project, the company anticipates a total capital investment of approximately \$20.25 million, including over \$9.5 in machinery and equipment. The company will also offer health care benefits and pay a portion of the benefit costs.

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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 generate a total of 1,141 jobs in the state by the year 2020. Total state government revenues through the year 2020, net of MEGA costs and adjusted for inflation, would be increased by \$43.5 million (2008 dollars) due to the presence of this facility.

BUSINESS CASE:

Alternatively, Sequenom is considering purchasing a lab in either Chattanooga, Tennessee or Indianapolis, Indiana. The wages in these two states are approximately 20% lower than wages for equivalent positions in Michigan. Additionally, the company has identified transportation, land costs, property taxes, and other state incentives as disadvantages to a Michigan location.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Grand Rapids supports this project and anticipates approval of a property tax abatement for up to 12 years. Approval of the tax abatement is expected to take place within 90 days of the MEGA Board meeting.

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:

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for 12 years, for up to 523 net new employees.

- Provided that the company creates a minimum of 450 new jobs by the end of the tenth year of operations (2018) and continues to maintain that number in future years. Failure to do so will result in the remaining years to be forfeited.