



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

Date: May 19, 2009

To: Michigan Economic Growth Authority

From: Amy Deprez, Manager
Packaging Team

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Packaging Team

Subject: Briefing Memo – Velesco Pharmaceutical Services, LLC
High-Technology MEGA Credit

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COMPANY NAME

Velesco Pharmaceutical Services, LLC
46701 North Commerce Center Drive
Suite A-8 Plymouth Township, MI 48170

HISTORY OF COMPANY

Velesco Pharmaceutical Services, LLC (Velesco) was founded in 2007 by former Pfizer employees. The company provides analytical and drug formulation laboratory services to small to medium-sized pharmaceutical companies. Velesco is located in Plymouth Township.

In 2008 Velesco received a \$450,000 loan through the Pfizer Company Formation and Growth Fund.

Velesco currently has 2 employees in Michigan.

PROJECT DESCRIPTION

The proposed project will be a new office and manufacturing facility in Comstock Township and an expansion of their laboratories in Plymouth Township. The new Comstock Township location will be a manufacturing facility for the manufacture of clinical trial supplies, including capsules and powder in bottles, for pharmaceutical companies that are developing new medicines. This operation will complement the Plymouth Township facility and make Velesco a "turn key" operation to accelerate company growth.

Velesco will invest approximately \$1.8 million and create 35 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$960. 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 109 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs, would be increased by \$2 million (current dollars) due to the presence of this facility.

BUSINESS CASE

Velesco also considered Massachusetts and California for this expansion. The majority of the company's clients are located in those two states and locating in Michigan adds travel costs, and a competitive disadvantage due to the lack of proximity to their customers.

OTHER STATE AND LOCAL ASSISTANCE

Comstock Township is supportive of this and plans to approve a property tax abatement under PA 198 of 1974 within the next 90 days. The value of this incentive is not known at this time.

Plymouth Township is supportive of this project and plans to reimburse the MEGA application fee of \$1,000.

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 seven years for up to 35 net new employees in excess of the company's established base of 2.