



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: August 14, 2007
TO: Michigan Economic Growth Authority
FROM: Mark Morante, Vice President
Development Finance
Toni Brownfield, Project Manager
Development Finance
SUBJECT: Briefing Memo – HandyLab, Inc.
High-Technology MEGA Credit

COMPANY NAME AND ADDRESS:

HandyLab, Inc.
5230 South State Road, Suite 100
Ann Arbor, Michigan 48108

HISTORY OF COMPANY:

HandyLab, Inc., a Delaware corporation, was founded in Ann Arbor, Michigan in 2000 based on technology exclusively licensed from the University of Michigan. The company is dedicated to the development, manufacture and sale of novel diagnostic products based on its patented and proprietary microfluidic, miniaturized real time PCR, and nucleic acid extraction technologies. HandyLab currently employs 33 full-time employees.

PROJECT DESCRIPTION:

HandyLab is moving from development to commercialization of its Jaguar system, a bench top nucleic acid testing system, and is considering manufacturing this product in Pittsfield Township located in Washtenaw County, Michigan. The operation will initially be a reconfiguration of some existing manufacturing space, but in 2008 and beyond, will require new space to meet production needs. HandyLab anticipates creating up to 56 new jobs over 5 years with average weekly wages of \$1,052. Total capital investment for this project is expected to be \$3 million.

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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 138 jobs in the state by the year 2013. Total state government revenues through the year 2013, net of MEGA costs and adjusted for inflation, would be increased by \$3 million (2007 dollars) due to the presence of this facility.

BUSINESS CASE:

HandyLab, Inc. currently uses a contract manufacturer located in Chanhassen, Minnesota, to manufacture its products. The company is considering maintaining its manufacturing in Minnesota or relocating it to their current Pittsfield Township operation. When comparing the Michigan and Minnesota locations, the company estimates that the cost of production in Minnesota is significantly lower than the wage rates they will pay in Michigan.

OTHER STATE AND LOCAL ASSISTANCE:

The Charter Township of Pittsfield has proposed and will consider a 50 percent abatement under PA 198 for 6 years for real and personal property at its August 28 board meeting. The estimated value of this abatement is \$75,000.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY:

The company is a qualified high-technology business, whose primary business activity is medical device technology, as defined in the Act.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for seven years, for up to 56 net new employees.