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Institution of Higher Earning

Express Scripts Chooses University Campus for Corporate Campus



by **ADAM BRUNS**,
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The 320,000-sq.-ft. (29,728-sq.-m.) HQ for Express Scripts should be ready for occupancy by March 2007. It's a huge first step at a research and technology park that could see as much as \$500 million in investment when fully developed.

Helped along by a late insertion in a new state law and several developers' promises not to participate in competing offers from nearby Illinois, St. Louis-based pharmacy benefit plan management company Express Scripts on September 8 announced its intention to build a new corporate headquarters on the campus of the University of Missouri-St. Louis (UMSL).

"The move to UMSL will facilitate an unprecedented opportunity for employee education and growth," said George Paz, president and CEO of Express Scripts, heretofore headquartered in nearby Maryland Heights. "It will enhance our position as an employer of choice for a diverse and best-in-class workforce. We envision a flourishing collaboration that will serve as a model for public/private initiatives throughout the United States."

Several of those United States were in the running early this year, including South Carolina and Nebraska. But the stretch run came down to downstate Illinois and the St. Louis area. Key to the decision was a modification — lobbied for by the company — to Missouri's new Quality Jobs Act that extended tax breaks to companies that retain jobs as well as those that create them.

'Helloooo ... We're Packing'

The agreement between Express Scripts and the state maintains the current Missouri work force of more than 1,100 corporate headquarters workers and supports the creation of as many as 480 additional jobs at its new US\$34-million facility over the next five years. According to the state, Express Scripts will receive \$1 million annually in tax credits for five years under retention provisions of the Missouri Quality Jobs Act. The company will also receive new jobs incentives estimated at \$7.5 million for five years in a combination of retained state withholding taxes and tax credits. The actual amount of Quality Jobs Act incentives may vary depending upon the actual, net new jobs created by the project over the next five years.

"This is the first of what I believe will be a series of major economic development opportunities that will be created by the Missouri Quality Jobs Act," Missouri Gov. Matt Blunt said. "Clearly, business decision makers are taking quick notice of our efforts to create jobs and improve Missouri's business climate."

In effect since August 28, the Quality Jobs Act allows withholding tax incentives to be used to target three economic development areas: small and expanding businesses, new technology companies, and high impact projects. The law requires qualifying businesses to create a minimum number of jobs at competitive wage levels, offer health insurance to these new employees and pay at least half their premiums. The portion of the law utilized by Express Scripts provides retention incentives to companies that employ at least 1,000 people at competitive wages, provide health insurance and can demonstrate that the company is getting ready to leave Missouri.



Express Scripts' new home will be built on a parcel of UMSL land. Adjacent to the HQ, University Place/NorthPark, a University of Missouri-St. Louis Business, Technology and Research Park is taking shape on 600 acres (243 hectares) the City of St. Louis began acquiring from Lambert International Airport in the 1980s in order to fulfill noise abatement obligations.

The Express Scripts headquarters will be designed and developed by NorthPark Partners ESI next door to a development at UMSL and near Lambert-St. Louis International Airport, called University Place/NorthPark: A University of Missouri-St. Louis Business, Technology and Research Park. NorthPark Partners ESI is an alliance, whose members will include affiliates of McEagle Properties and Clayco. The land parcel for the Express Scripts project, owned by UMSL, was at one time a rival location to the adjacent NorthPark development. But Express Scripts brought the two together by choosing NorthPark as its developer.

The company expects 1,100 people to occupy its new 320,000 headquarters by March 2007.

But the 1,600 people at its customer-contact center and pharmacy operations in Maryland Heights will stay right there for the foreseeable future. The company is also launching a new patient care contact center in Pueblo, Colo.

Pre-eminent Domain

It wasn't so long ago that the 600 acres of University Place/NorthPark were being gobbled up by eminent domain proceedings, as the City of St. Louis began purchasing property in the 1980s in order to fulfill noise abatement goals mandated by the Federal Aviation Administration. One early vision saw the property being part of Lambert's expansion plans, but the airport's \$1.1-billion [growth plan](#), currently unrolling beneath its arrivals and departures, went in other directions.

So much the better for the NorthPark partners. Now the property is slated to see 4 million sq. ft. (371,600 sq. m.) of light industrial and warehouse space, 680,000 sq. ft. (63,172 sq. m.) of office space, 400,000 sq. ft. (37,160 sq. m.) of lab and retail space, 433,000 sq. ft. (40,226 sq. m.) of service center and office-light industrial space and 20,000 sq. ft. (1,858 sq. m.) of retail-restaurant space. The partners are tossing in \$38 million in development funding, while public sources are contributing up to \$29 million.

The Express Scripts decision amounts to an early-bird feather in the cap for all parties. Express Scripts says it now will be the highest-ranking Fortune 500 company (No. 151) with its corporate headquarters on a university campus. The company and UMSL intend to capitalize on each other's information technology and health economy research resources, and the location is certainly a recruiting advantage for Express Scripts and a professional development edge for UMSL. The international business program at UMSL was recently named the 16th best by *U.S. News and World Report*, and more than 75 percent of UMSL graduates remain in St. Louis to live and work.

In his annual State of the University address, delivered on the same day as the project announcement, UMSL Chancellor Thomas F. George had a lot more than the start of a new academic year to smile about:

"Express Scripts is the type of company we had in mind when we began developing UMSL's business, technology and research park," George said. "It's a growing company whose operational needs, vision and values meld with UMSL's academic strengths and



UMSL Chancellor Thomas George says Express Scripts is just the type of company his university is looking to work with at the school's new research and technology park.

diverse connections to the region ... Companies such as Express Scripts that locate in the business park will bring internship and job opportunities to our students, and potential research opportunities to our faculty. The communities, including the Normandy School District, will benefit from increased property tax income and other taxes generated by business-park employees as they begin to buy homes in nearby neighborhoods and patronize local retailers and restaurants."

It's not every day that a newborn development gets an anchor project like this, which has to bring more smiles to the faces of all three development partners. Key to the Missouri offer was the promise from each of the developers not to get involved in competing bids for Express Scripts. This was especially relevant in the case of TriStar Business Communities, whose best-known project is its giant Gateway Commerce Park in southwestern Illinois.

But the partners go well beyond developers.

"Strong support from Gov. Matt Blunt, the Missouri Department of Economic Development, the Missouri General Assembly, University of Missouri President Elson Floyd, UMSL Chancellor

Thomas F. George, St. Louis County Executive Charlie A. Dooley, and the St. Louis County Economic Council was critical to making this unique and exciting collaboration between Express Scripts and UMSL possible," said Paz. Dooley, for one, has called the project "the greatest reinvestment project in the history of St. Louis County."

Other partnering work is being accomplished among the municipalities of Berkeley, Ferguson and Kinloch, formerly squabbling cities which will see some form of infrastructure improvement related to the park, in which they all have a stake.

Rivalry Not So Sporting

The victory over Illinois comes as Gov. Blunt finds himself in a war of words with Illinois Gov. Rod Blagojevich over the Show-Me State's dedication to supporting the life sciences industry. Express Scripts is not exactly a life sciences company, but when the going gets ugly, a win is a win.

On Aug. 29, one day after Missouri's Quality Jobs Act came into being, Gov. Blagojevich and his state comptroller Dan Hynes made a very public grab at some of those jobs, sending out a letter and accompanying press release inviting Missouri doctors and scientists involved in stem cell research to come on over to the Illinois side. Their prime reasoning? Illinois is supporting such research with \$10 million in funding, while Missouri legislators have been debating the suppression of stem cell work. Illinois, New Jersey, California and Connecticut are the only states to create funding mechanisms for stem cell work.



The runway expansion and related projects at Lambert International (shown in an August 2005 photograph) are just part of an area transportation and facility makeover that may prove Express Scripts chose the right place at the right time.

In fact, a piece of legislation introduced this year to ban stem cell creation in Missouri by defining it as cloning never came to a state senate vote.

Blagojevich singled out Kansas City's Stowers Institute as having to curtail some funding and recruiting work as the debate plays out. The institute has delayed construction of a 600,000-sq.-ft. "(55,740-sq.-m.) facility — part of a \$300-million expansion — until that takes place.

Earlier this week, Blunt wrote his own carefully worded letter to Missouri life science companies:

"I wanted to personally thank you for the excellent work you are doing in Missouri and also reassure you that the Illinois Governor's allegations are unfounded," he wrote. "One of my top priorities as Governor of Missouri is to grow our economy and no sector of our economy is as ripe for growth as the life sciences. Accordingly I am wholly committed to ensuring that Missouri maintains an environment that not only fosters but also attracts responsible and innovative scientific research."

As if to quickly underscore that point, the very next day, Sept. 13, the national Biotechnology Industry Organization (BIO) presented Gov. Blunt with its "Award for Leadership Excellence" for his support of bioscience industry development in Missouri. The award was presented during the inaugural meeting of the Advisory Council for Plant Biotechnology in St. Louis.

"Gov. Blunt has made development of innovative technologies a major tenet of his administration since being elected governor," said Hugh Grant, president and chief executive officer of St. Louis-based Monsanto Corp. "The governor understands the value and potential of the life sciences, particularly as they apply to making Missouri a world-renown center of excellence for technology development."

Much like fellow Republican and U.S. Senate Majority Leader Bill Frist, while he has taken political heat for it, Blunt has opposed the "prohibition and criminalization" of stem cell research. Further discussion of the issue was not expected to occur during a special session of the Missouri Legislature, convened last week.

In the meantime, the Governor can relish a bit of economic momentum. State exports are \$500 million ahead of a record-setting 2004. The state's unemployment rate of 4.5 percent in August was the lowest in four years. GM just said it would invest \$30 million in its Hazelwood complex. And Express Scripts' choice was validation of his push for quality jobs.

"While we are encouraged by these results, we will continue to work to build on this positive economic momentum, create jobs and enhance our ability to compete in the global economy," Blunt said.

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