

MEMORANDUM

Date: February 25, 2010

To: Michigan Economic Growth Authority

From: Amy Deprez, Manager
Packaging Team

Phil Santer, Project Specialist
Packaging Team

Subject: Briefing Memo – CIBER, Inc.
Standard (Look-Back) MEGA Credit

COMPANY NAME

CIBER, Inc.
4000 Town Center
Suite 1400
Southfield, Michigan 48075

HISTORY OF COMPANY

CIBER, Inc. ("CIBER") was established in 1974 in Southfield, Michigan and provides information technology (IT) outsourcing and consultancy services to clients in several industries including government, finance, and manufacturing. CIBER offers IT integration, data hosting, customized software solutions, and other services.

CIBER is headquartered in Denver, Colorado and currently has 473 employees in Michigan.

PROJECT DESCRIPTION

CIBER is seeking to establish a U.S. Development Center in Southfield, Michigan that will provide a comprehensive range of IT services, including IT infrastructure, operations, application management and support over two phases. The U.S. Development Center will provide an alternative or complementary range of services to those conducted offshore.

CIBER will invest approximately \$8 million and create up to 700 jobs over the course of the project. The average weekly wage for the newly created jobs will be \$1,270. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

The effect on other Michigan businesses in the same industry was taken into consideration when recommending the amount and length of this tax credit.

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 1,394 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs, would be increased by \$22.9 million (current dollars) due to the presence of this facility.

BUSINESS CASE

CIBER is also considering an expansion in Tampa, Florida, where it currently operates a U.S. Development Center and has the capacity to support this project. In addition, the company has found lower labor costs in Tampa as well as a lower lease cost in the region. A MEGA Tax Credit would help address the cost difference between a location in Southfield and that in Tampa.

OTHER STATE AND LOCAL ASSISTANCE

The City of Southfield is supportive of this project and is considering a personal property tax abatement under Public Act 328 of 1998. The abatement has an estimated value of \$1.2 million.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for 7 years for up to 700 net new employees in excess of the company's established base of 473, provided that the company creates and maintains 500 employees by the end of the fifth credit year, otherwise the remaining years will be forfeited.

A look-back period will be established as of January 18, 2010, or 90 days prior to the execution of the Credit Agreement, whichever is shorter. Employees hired after the establishment of the look-back period will count as qualified new jobs provided that they meet all the requirements outlined in the MEGA Credit Agreement.