



N. WASHINGTON SQ.
LANSING, MI 48913

MEMORANDUM

CUSTOMER ASSISTANCE
517 373 9808

WWW.MICHIGAN.ORG

DATE: December 17, 2002
TO: Michigan Economic Growth Authority
FROM: Jim Donaldson, Vice President
Michigan Business Development
SUBJECT: Briefing Memo – HTC Global Services, Incorporated
Standard Credit

COMPANY NAME AND ADDRESS:

HTC Global Services, Incorporated
28588 Northwestern Highway, Suite 450
Southfield, Michigan 48034

HISTORY OF COMPANY:

HTC Global Services (HTC) was formed in 1990 and is an information technology solutions company focusing on core solutions for computer system architecture, application integration, support services and software quality management. HTC provides services to customers globally in the automotive manufacturing, financial services, healthcare, retail and government sectors. The company, headquartered in Southfield, is a privately held Michigan S-corporation employing 134 associates in Michigan.

PROJECT DESCRIPTION:

HTC Global Services needs to consolidate their project development laboratory and expand their operations. The growth opportunities require the company to consider a new location, as their current facility is unable to accommodate additional growth. HTC is considering Troy, Michigan and Bloomington, Illinois, where HTC has a major client and 300 employees. If the Michigan location is selected, HTC will transfer the 300 employees from Illinois and add an additional 550 new positions over a five-year period. The new positions will pay an average weekly wage of \$907.

Total capital investment for the project would be approximately \$20 million, including \$17.8 million for building improvements and lease costs, and \$2.2 million for new machinery and equipment.

- EXECUTIVE COMMITTEE
GOVERNOR JOHN ENGLER
General Chair
MATTHEW P. CULLEN
Chair
General Motors
PHILIP H. POWER
Vice-Chair
HomeTown Communications
Network
FACUNDO BRAVO
Uni Boring Co., Inc.
JOHN W. BROWN
Stryker Corporation
DR. DAVID E. COLE
Center for
Automotive Research
J. ANN CHARY
Saginaw Future Inc.
STEVEN K. HAMP
Henry Ford Museum &
Greenfield Village
HAYDEN H. HARRIS
EDF Ventures
DEWITT J. HENRY
Wayne County
PAUL HILLEGONDS
Detroit Renaissance
MAYOR DAVID HOLLISTER
City of Lansing
MICHAEL J. JANDERNOA
Perrigo Company
BIRGIT M. KLOHS
The Right Place Program
DR. IRVIN D. REID
Wayne State University
S. MARTIN TAYLOR
DTE Energy Company
PETER S. WALTERS
Guardian Industries
Corporation
PRESIDENT & CEO
DOUG ROTHWELL

Briefing Memo
HTC Global Services, Incorporated
December 17, 2002
Page Two

BENEFIT TO STATE:

According to the economic analysis done by the University of Michigan, we estimate this facility will generate a total of 790 jobs in the state by the year 2012. Total state government revenues through the year 2012, net of MEGA costs and adjusted for inflation, would be increased by \$23.0 million (2002 dollars) due to the presence of this facility.

BUT FOR:

As part of the company decision-making process, HTC compared the costs of the project in Troy and Bloomington, Illinois. The major cost gaps being faced by the company include leasing costs, relocation costs and tax incentives in Illinois. The company estimates that lease space in Illinois is available at \$8 a square foot, nearly half the cost of lease space in Michigan. HTC will also incur significant relocation costs for the employees moving from Illinois, estimated to be around \$3 million. In addition, Illinois has offered the company tax incentives including an EDGE credit, valued at nearly \$10 million, and job training assistance. Finally, it should be noted that Illinois has no personal property tax.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Troy Downtown Development Authority will provide \$50,000 for public improvements to the facility HTC will occupy in Troy. This funding was approved by the DDA on December 11, 2002 and by the Troy City Council on December 16, 2002.

Oakland County and Automation Alley have also extended a three-year Tier 1 membership in Automation Alley to HTC in order to encourage further growth in Oakland County. The value of this membership is \$15,000.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends an employment tax credit of 100 percent for 10 years, for up to 500 net new employees.