



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

ORIGINAL

MEMORANDUM

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DATE: June 19, 2007
TO: Michigan Economic Growth Authority
FROM: Mark Morante, Vice President
Development Finance
Amy Banninga, Project Team Manager
Development Finance

SUBJECT: Briefing Memo – Media Genesis, Inc.
High-Technology MEGA Credit

COMPANY NAME AND ADDRESS:

Media Genesis, Inc.
1401 West Girard Avenue
Madison Heights, Michigan 48071

HISTORY OF COMPANY:

Media Genesis was founded in 1996 by former EDS employees, and provides development, design, maintenance and hosting of websites and e-learning solutions. The company offers a full production of video and audio needs, language translation, consultation, promotion, Corporate Identity, as well as any print work collateral that is needed. Clients include Altair Engineering, ArvinMeritor, DaimlerChrysler, Detroit Regional Chamber, Dickinson Wright, General Motors, Kelly Services, Kia Motors, Olga's Kitchen, Wal-Mart, and Warner Brothers.

The business has been on a steady increase, with an average 30% growth rate over the past several years. The company is currently headquartered in Madison Heights, and has hosting and contracting locations in Southfield, MI and Miami, FL, and global hosting in Germany and India. Media Genesis currently employs 22 associates in Michigan.

PROJECT DESCRIPTION:

The company needs a new facility to accommodate expanding operations. Since Media Genesis has a creative dimension, it is critical to find a location that is desirable to future staff - specifically the creative staff who are harder to recruit and most sensitive to work environment.

The company has identified an existing building in the City of Royal Oak and will invest approximately \$3,750,000 to rehabilitate and equip this facility. The company anticipates the creation of up to 155 new positions in the next five years, with an average weekly wage of \$867.

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Briefing Memo
Media Genesis, Inc.
June 19, 2007
Page Two

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 288 jobs in the state by the year 2014. Total state government revenues through the year 2014, net of MEGA costs and adjusted for inflation, would be increased by \$4.4 million (2007 dollars) due to the presence of this facility.

BUSINESS CASE:

Media Genesis is also considering locations in and around the Miami, Florida area. The company's recruiting and retention cost for talented developers is greater in Michigan because of the amenities offered by communities such as Miami, Chicago, New York and San Francisco. Many of the best candidates produced here in Michigan leave to seek employment elsewhere. The company has hired recruiters and offers more in salary, benefits, housing and transportation to recruit and retain staff, and has extensive support and retention programs for their employees.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Royal Oak has approved a reduction of \$45,742 to the established selling price of city owned property adjacent to the project site. The property had been listed at \$19 per square foot based on a prior sale of similar property, but the price was reduced to \$14 per square foot in support of this project. This property is suitable for a company parking lot, and the offer is contingent on Media Genesis purchasing and redeveloping the property at 916 North Main Street in Royal Oak.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY:

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

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for 7 years, for up to 155 net new employees.