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MEMORANDUM

Date: November 17, 2010

To: Michigan Economic Growth Authority

From: Ken Murdoch, Project Specialist
Packaging Team

Subject: Briefing Memo –It Group, LLC
d/b/a Member Driven Technologies
High Technology MEGA Credit – High Wage

COMPANY NAME

It Group, LLC d/b/a Member Driven Technologies
7415 Chicago Road
Warren, Michigan 48092

HISTORY OF COMPANY

Member Driven Technologies (MDT), started in 2003, by five Michigan Credit Unions as an information technologies service provider for credit unions. The company is headquartered in Warren, Michigan and has 61 employees in Michigan.

PROJECT DESCRIPTION

In 2009 MDT entered into a contract with Jack Henry and Associates to be one of the preferred out source options for credit unions that utilize their software. This new contract has greatly expanded MDT's potential client base and the company needs to expand and build a second data center. They have identified office space in Southfield that would be ideal and will continue to maintain their existing operations in Warren.

The company plans to invest approximately \$6.4 million and create 101 jobs over the next five years, with 14 jobs projected in year 1, as a result of this project. The average weekly wage for the newly created jobs is anticipated to be \$976. 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 233 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs, would be increased by \$1,991,908 (current dollars) due to the presence of this facility.

BUSINESS CASE

The company considered potential locations in Colorado as the majority of MDT future growth is expected to occur in the West. The company also indicated Colorado has a lower corporate tax rate and a work force with more qualified programming and network engineering employees.

OTHER STATE AND LOCAL ASSISTANCE

The City of Southfield is planning to offer a 3yr P.A. 328. The estimated value of this abatement is approximately \$79,800.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY

The company is a qualified high wage business as the company's existing employees are paid more than 300% of the federal minimum wage and wages of the new employees will exceed 300% of the state minimum wage.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 75 percent high-technology employment tax credit for 5 years for up to 101 net new employees in excess of the company's established base of 61.