



**MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

**MEMORANDUM**

300 N. WASHINGTON SQ.  
LANSING, MI 48913

CUSTOMER  
CONTACT CENTER  
517 373 9808

WWW.MICHIGAN.ORG

**DATE:** September 14, 2004

**TO:** Michigan Economic Growth Authority

**FROM:** Jim Donaldson, Vice President  
Business Development 

**SUBJECT:** Briefing Memo – Mobius Microsystems, Inc.  
High-Technology, Look-back Credit

**COMPANY NAME AND ADDRESS:**

Mobius Microsystems, Inc.  
313 North First Street  
Ann Arbor, Michigan 48103

**HISTORY OF COMPANY:**

Mobius Microsystems, Inc. was launched in 2002 by a team of visionary technologists and committed entrepreneurs, who share a vision to change the way that semiconductor technology is integrated. The company is quickly establishing itself as a leader in analog and mixed-signal semiconductor integration. The company is currently located in Ann Arbor where the company has three employees.

**PROJECT DESCRIPTION:**

Mobius has developed and patented revolutionary clock technology which provides microprocessor “chip” manufacturers with a way to incorporate a fully integrated on-chip clocking function. This new technology is expected to create substantial customer demand and Mobius is seeking a location for the establishment of their headquarters to meet this demand. Mobius is considering leasing space in an existing office building in the City of Detroit’s Central Business District. The location will lead to the creation of 19 new jobs in the first year of the project, 111 new jobs by the fifth year of the project and up to 500 new jobs by the tenth year. The new positions are well compensated, with an average weekly wage of \$1,125.

Total capital investment for the project would be approximately \$12.0 million if the company develops as expected. This investment includes \$7.8 million for capitalized lease costs and \$4.2 million for new machinery, test equipment and computers. Initial investment for the project is less than \$1 million as it will need only limited space.

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**BENEFIT TO STATE:**

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, we estimate this facility will generate a total of 1,594 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 \$21.53 million (2004 dollars) due to the presence of this facility.

**BUSINESS CASE:**

In addition to Detroit, Mobius Microsystems is also considering Columbus, Ohio for their operations. Columbus would provide Mobius with the urban workplace environment they desire as well as a scientific labor force related to Ohio State University. The company also expects cost efficiencies in Columbus due to lower wages and rents. The company is also feeling pressure to locate closer to their equity investors, including a significant investor in Columbus, Ohio.

**OTHER STATE AND LOCAL ASSISTANCE:**

The City of Detroit Downtown Development Authority has proposed up to 80 free parking spaces a year for ten years, up to a maximum yearly parking expense of \$72,000. The total ten year cost is expected to be \$523,020. Final DDA approval for the parking assistance is expected on September 15, 2004.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for ten years, for up to 500 net new employees.