



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: March 18, 2008
TO: Michigan Economic Growth Authority
FROM: Val Hoag, Director
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Amy Deprez, Program Manager
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SUBJECT: Briefing Memo – North American Bancard, Inc.
Standard Credit

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ELIGIBLE BUSINESS:

North American Bancard, Inc.
969 Chicago Road
Troy, Michigan 48083

HISTORY OF COMPANY:

North American Bancard, Inc. was formed in 1992 by its President, Marc Gardner, and has historically operated in Troy. The company has built itself as a leader in the electronic payments industry by offering multifaceted payment solutions to merchants needing the ability to process credit card transactions seamlessly. Merchant customers utilize NAB's services and infrastructure in order to efficiently process credit, debit, or gift card transactions by utilizing leading technology in e-commerce including check verification and point-of-sale equipment, hardware and software. The Company has experienced successful growth over the last decade in offering exceptional customer service and tailored solutions to smaller merchant customers having limited processing needs (e.g., merchants with 1 to 50 stores).

The company currently employ 214 full time people, at its location in Troy, Michigan.

PROJECT DESCRIPTION:

North American Bancard has developed a proven business model, established substantial and sustainable growth in the recent years, generated the financial success to make necessary long-term investments, and cultivated a competitive advantage for the company to seize the opportunity for market growth. With growth being inhibited only by its current building space constraints, NAB is considering an expansion/relocation of its Troy facility. The growth of the Company will include a significant increase in its sales force which will require necessary support staff, including managers, and technicians for its North American Bancard services and solutions.

NAB has identified a new facility in Troy and proposes to invest over \$25 million to purchase, renovate and outfit this location and will create up to 1500 jobs paying an average weekly wage of \$672.

BENEFITS 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 create a total of 1,899 jobs in the state by the year 2019. We also estimate that the project would create total state government revenues through the year 2019, net of MEGA cost and adjusted for inflation, of \$31.7 million (2008 dollars) due to the creation of these new jobs.

BUT FOR:

Alternatively, NAB has received an incentive package from Florida, valued at \$6.5 million, to locate their operations there. Additionally, the company identified several other cost disadvantages associated with expanding in Michigan, including the significant implications of the Michigan Business tax on the service industry; the limited availability of commercial real estate offering adequate parking for operations with high density usage of space; and the ability to attract key executive talent in the industry to the area which is reflected in the wages and salary gap.

STATE AND OTHER LOCAL ASSISTANCE:

Oakland County supports the NAB expansion of operations and has dedicated over 45 hours of staff time to this project. Staff time is valued at \$1000. In addition, Oakland County will support the company through offering a job fair or other appropriate recruitment strategies and, assuming the company is eligible, \$50,000 in Workforce Investment Act training funds for training new and retained employees.

In addition, Automation Alley, an organization that drives the growth and image of Southeast Michigan's technology economy through a collaborative culture that focuses on workforce and business development initiatives, supports the NAB project through an "in kind" donation of a two year foundation level membership for the company, valued at \$30,000.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for twelve years, for up to 1500 net new employees, in order for the company to collect the credit in years 8, 9 and 10 the company must create 800 net new jobs and in years 11 and 12 they must create 1,000 net new jobs. Failure to meet the job creation thresholds will result in NAB forfeiting the remaining five or two years respectively.