



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

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MEMORANDUM

DATE: December 18, 2007
TO: Michigan Economic Growth Authority
FROM: Val Hoag, Director, Office of
Portfolio Management & Packaging
Toni Brownfield, Project Manager
Portfolio Management & Packaging
SUBJECT: Briefing Memo – ProQuest LLC
High-Technology MEGA Credit

COMPANY NAME AND ADDRESS:

ProQuest LLC
789 Eisenhower Parkway
Post Office Box 1346
Ann Arbor, Michigan 48106-1346

HISTORY OF COMPANY:

ProQuest traces its beginnings to University Microfilm, Inc. which was founded in Ann Arbor, Michigan in 1938. In February 2007, ProQuest was acquired by Cambridge Information Group (CIG). ProQuest provides seamless access to and navigation of more than 125 billion digital pages of the world's scholarship documents, delivering content to the desktop and into the workflow of serious researchers in multiple fields, from arts, literature, and social science to science, technology, and medicine. CIG is a privately owned group of information services and publishing companies and educational institutions. Founded in 1971, the CIG companies are headquartered in Bethesda, Maryland, and currently have over 1700 employees in their operating companies located throughout the world. ProQuest LLC employs 478 associates in Michigan.

PROJECT DESCRIPTION:

CIG is considering where to consolidate the headquarters of its portfolio companies engaged in digital information collection and dissemination. Should CIG choose to consolidate the headquarters of these companies in Michigan, the consolidation will require an initial capital investment of approximately \$6.5 million for build out of a new data center, with a total 5-year investment of up to \$19 million. ProQuest is proposing the consolidation at its existing leased facility in the City of Ann Arbor, Washtenaw County. Over the course of the next five years, ProQuest expects to create up to 303 new jobs, paying an average weekly wage of \$1,747.

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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, it is estimated that this facility will generate a total of 809 jobs in the state by the year 2018. Total state government revenues through the year 2018, net of MEGA costs and adjusted for inflation, would be increased by \$19.2 million (2007 dollars) due to the presence of this facility.

BUSINESS CASE:

CIG's principals are located in Maryland and New York. Various holding company functions exist in Bethesda, where CIG already has unoccupied leased space that would accommodate the project. The lease rate in Maryland is more favorable than the Michigan lease rate, and operations would be closer to the owners for a more centralized management team.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Ann Arbor has proposed a 50% abatement of the company's new real and personal property taxes under PA 198 for up to 12 years. The property tax abatement application is scheduled to be presented to city council at its January meeting. The estimated value of this abatement is \$1.2 million.

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 ten years, for up to 303 net new employees.