



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

DATE: January 18, 2005
TO: Michigan Economic Growth Authority
FROM: James Donaldson, Vice President
Michigan Business Development
SUBJECT: Briefing Memo – Raymond James Financial, Inc.
Standard MEGA Credit

COMPANY NAME AND ADDRESS:

Raymond James & Associates, Inc.
880 Carillon Parkway
P.O. Box 12749
St. Petersburg, FL 33716

HISTORY OF COMPANY:

Raymond James & Associates, Inc. is a subsidiary of Florida-based holding company Raymond James Financial, Inc., (RJF). RJF's subsidiaries are engaged in various financial services businesses. Founded in 1962, RJF is now one of the largest financial services firms in the United States, with 2,200 locations worldwide. They are traded on the New York Stock Exchange (RJF). RJF has several offices located throughout Michigan and currently has 243 employees.

PROJECT DESCRIPTION:

Raymond James & Associates, Inc. is considering a relocation and expansion of their Business Contingency Operations which is currently located in Detroit, MI. They are proposing to relocate and grow this site to a Regional Operations Center with significant information technology equipment and staff, as well as other operational/administrative support staff. Because the company could not find a suitable site in Detroit to accommodate their growth needs, they are considering sites located in Southfield, Michigan (in Oakland County) and San Antonio, Texas. This expansion will lead to a capital investment of \$15 million and the creation of an estimated 200 jobs paying a minimum average wage of \$17.23 per hour.

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BENEFIT TO STATE:

According to the economic analysis done by the MEDC, we estimate that this facility will create a total of 200 jobs in the state by the year 2010. We also estimate that the project would create total state government revenues through the year 201x, net of MEGA cost and adjusted for inflation, of \$x million (2005 dollars) due to the location of this facility.

BUT FOR:

Raymond James is considering locations in Southfield and San Antonio, Texas for this expansion. When comparing the two locations, the company estimates that wage rates in San Antonio are significantly lower than Southfield. When this project is fully staffed, that wage differential would save the company up to \$1 million per year in wage and benefit costs, if the expansion were to take place in Texas.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Southfield has proposed 100 percent abatement of the company's new personal property for three years. The estimated value of the local property tax abatement is \$193,000. The abatement is expected to be finalized in February 2005.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 10 years, for up to 200 net new employees.