



MEMORANDUM

100 N. WASHINGTON SQ.
ANN ARBOR, MI 48103

1000 EAST WASHINGTON
ANN ARBOR, MI 48103
734.769.9808

WWW.THEMEDC.ORG

Date: March 16, 2010
To: Michigan Economic Growth Authority
From: Amy Deprez, Manager
Packaging Team

Marcia Gebarowski, Project Specialist
Packaging Team

Subject: Briefing Memo – Saab Cars North America, Inc.
High-Technology High Wage (Lookback) MEGA Credit

EXECUTIVE COMMITTEE
MATTHEW P. CULLEN
Chair
Rock Ventures

PHILIP H. POWER
Vice-Chair
The Center for Michigan

GREGORY MAIN
President and CEO

CHARLES E. BLOUSE JR., CCE
Detroit Regional Chamber

HN W. BROWN
Stryker Corporation

DAVID E. COLE
Center for
Automotive Research

ANN CRARY
Saginaw Future Inc.

HAIFA FAKHOURI
Arab American and
Chaldean Council

EVEN K HAMP
Hamp Advisors, LLC

UL HILLEGONDS
DTE Energy Company

ORGE W. JACKSON JR.
Detroit Economic
Growth Corporation

REGIT M. KLOHS
The Right Place, Inc.

THOMAS LEWAND
Bodman LLP

ANLEY "SKIP" PRUSS
Michigan Department of Energy,
Labor & Economic Growth

IRVIN D. REID
Wayne State University

NORFORD "SANDY" RING
Hino Motors
Manufacturing U.S.A., Inc.

CHAELE B. STAEBLER
Pepper Hamilton LLP

TER S. WALTERS
Guardian Industries Corp.

DAVID A. WYETT
Versa Development, LLC

COMPANY NAME
Saab Cars North America, Inc.
100 Renaissance Center
Detroit, Michigan 48265

HISTORY OF COMPANY
Saab AB is a Swedish company engaged in vehicle manufacturing. In 1990, General Motors purchased controlling interest in Saab AB, and in 2000 bought the remainder of the company. Spyker Cars N.V. purchased GM's interest in Saab Automobile AB, for a mixture of cash and preference shares, resulting in Saab Cars North America, Inc. being established as the North American operations of Saab AB.

Spyker Cars N.V., no relation to the prior Spyker Company, is a private company, founded in 1999, and headquartered in Zeewolde, Netherlands. Saab will be a stand-alone niche manufacturer with three or four model lines. Spyker believes strongly in the benefits to be achieved in the sharing of certain assets and technology services, especially Saab's extensive global network of 1,100 dealers, marketing & sales, merchandising, promotion and sponsorship activities.

Saab Cars North America, Inc. is a new entity without a presence in Michigan currently.

PROJECT DESCRIPTION
The project under consideration is locating the headquarter facility for Saab Cars North America in Royal Oak. The company proposes to manage its sales and marketing operations, handle all brand and retail advertising, technical assistance and customer support from this location and additionally may also perform some parts testing and vehicle evaluations. Included in the scope of the headquarter operations will be administrative functions including human resources, accounting, IT, legal and clerical staff. Future operations may include distribution for Canada and Mexico and an onsite call center operation.

Saab proposes to invest approximately \$2.4 million and create up to 60 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs is expected to be \$1,693. 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 158 jobs in the state by the year 2014. Total state government revenues through the year 2014, net of MEGA costs, would be increased by \$1,995,863 (current dollars) due to the presence of this facility.

BUSINESS CASE

A US location for Saab Cars North America distances itself from its parent company in the Netherlands. A facility in Michigan further enhances that distance compared to a site on the East Coast due to a smaller availability of international flights. The majority of Saab cars and parts are imported to the US through New Jersey and South Carolina ports, making a Midwest location at a disadvantage logistically.

OTHER STATE AND LOCAL ASSISTANCE

The City of Royal Oak is supportive of this project and approved a PA 328 tax abatement on all new personal property in November, 2009. The estimated value of this abatement is \$29,000.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY

The company is a qualified high-technology business, whose primary business activity is High Wage Activity, as defined in the Act.

The company is not qualifying with the 10 percent research and development requirement.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for five years for up to 60 net new employees in excess of the company's established base of 0 including the look-back period as described below.

- The lookback period is defined as 90 days prior to the execution of the MEGA Credit Agreement or the date in which the definitive sale documents are signed between General Motors Company and Spyker Cars N.V., the parent of Saab Cars North America, Inc. whichever is shorter.