



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: May 20, 2008
TO: Michigan Economic Growth Authority
FROM: Val Hoag, Director
Portfolio Management & Packaging
Ken Murdoch, Project Manager
Portfolio Management & Packaging

SUBJECT: Briefing Memo – TransIT Solutions, LLC
High-Technology MEGA Credit

COMPANY NAME AND ADDRESS:

TransIT Solutions, LLC
1320 Washington Avenue
Bay City, Michigan 48708

HISTORY OF COMPANY:

TransIT Solutions, LLC (TransIT) was established in October 2005 as a software solutions provider for the transportation industry. Since its inception, TransIT has developed unique relationships with several key customers including Go-To Transport Inc. a truckload and logistics services company.

Currently, TransIT is preparing to undertake a project with an in-cab communications and GPS positioning company. TransIT is developing a solution that harnesses data from a fleet management system. The resultant product will consolidate transportation and trucking data from within the United States into one centralized database creating efficiencies and eliminating waste in the supply chain.

Currently the company has a small office in Bay City and employs four associates in Michigan.

PROJECT DESCRIPTION:

TransIT plans to rehabilitate a building in Bay City, Michigan into office space for information technology (IT) software writers. The company expects to create 105 new jobs during the first five years of operations, paying an average weekly wage of \$959 and investing a total of approximately \$3 million (over the next 5 years) to support the company's growth efforts.

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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 247 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs and adjusted for inflation, would be increased by \$2.9 million (2008 dollars) due to the presence of this facility.

BUSINESS CASE:

The company is considering locations in Green Bay, Wisconsin, San Diego, California and Phoenix, Arizona as alternatives for this project. The company has indicated that locating the project in Michigan leads to challenges both in attracting qualified IT talent to the Bay City area and the perceived quality of life in Michigan versus other areas. San Diego has a greater pool of technical talent and Green Bay, and Phoenix are homes to large trucking companies that would likely be Trans IT customers and have more people that are familiar with the IT needs of the trucking industry.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Bay City supports this expansion and anticipates approval of a property tax abatement for 12 years under PA198 of 1974. This abatement is valued at \$114,000. The city also supports an Obsolete Property Rehabilitation District (OPRA) over the next 12 years. The OPRA is valued at \$62,000. Approval of these tax abatements is expected to take place on June 2, 2008.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY:

The company is a qualified high-technology business, whose primary business activity is advanced automotive, manufacturing and materials technology, as defined in the Act.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for seven years, for up to 105 net new employees.