



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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Date: November 17, 2009

To: Michigan Economic Growth Authority Board

From: Amy Deprez, Manager
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Subject: Briefing Memo – Consolidated Resource Imaging, LLC
High-Technology MEGA Credit

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COMPANY NAME

Consolidated Resource Imaging, LLC
5241 Edgeway Drive, Suite F
Allendale, MI 49401

HISTORY OF COMPANY

Consolidated Resource Imaging, LLC (CRI), formed in Michigan in 2004, is a high-technology electronic and aerospace systems solutions provider. The company develops these solutions for both government and private sector customers as well as provides test and field services for these types of systems. Over the past five years, CRI has experienced significant growth nationwide, both in revenue and in its service platform.

CRI currently has 11 employees in Michigan.

PROJECT DESCRIPTION

For the project, CRI will be relocating its headquarters from Allendale, Michigan to a larger facility in the City of Walker, Kent County, which will accommodate business and staffing growth. The facility will be used to house administrative functions as well as a significant amount of research and development, engineering and computer applications, prototype development, and other highly technical functions.

The effect on other Michigan businesses in the same industry was taken into consideration when recommending the amount and length of this tax credit.

CRI has demonstrated that over 10 percent of its operating expenses have been utilized for research and development in the previous two years.

The company will invest approximately \$3 million and create 50 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$1,099. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

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 96 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs, would be increased by \$1.8 million (current dollars) due to the presence of this facility.

BUSINESS CASE

CRI is also considering Huntsville, Alabama as the location for this headquarters project. This location is very attractive to CRI due to its proximity to the Redstone Arsenal, and the large number of aerospace customers and suppliers in the greater Huntsville area. In addition, Michigan's tax structure and labor costs are higher than the Huntsville location. The company also experiences high travel costs to access testing facilities and its Southern customer base.

OTHER STATE AND LOCAL ASSISTANCE

The City of Walker is supportive of this project and anticipates approval of a 12 year PA 198 tax abatement. The estimated value of this incentive is \$248,000.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY

The company is a qualified high-technology business, whose primary business activity is Electronic Device Technology, as defined in the Act.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for seven years for up to 50 net new employees in excess of the company's established base of 11.