



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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WWW.MICHIGAN.ORG

DATE: August 14, 2007
TO: Michigan Economic Growth Authority
FROM: Mark Morante, Vice President
Development Finance

Steve Haakenson, Program Specialist
Development Finance

SUBJECT: Briefing Memo – MediaSpan Group, Inc.
High-Technology Look Back MEGA Credit

COMPANY NAME AND ADDRESS:

MediaSpan Group, Inc.
333 Jackson Plaza
Ann Arbor, MI 48103

HISTORY OF COMPANY:

MediaSpan Group began operations in Ann Arbor in 1986 under the name Baseview. Baseview merged with a Florida based business, Harris Corporation, in the mid 1990's and was renamed MediaSpan Group. MediaSpan currently provides digital content management and online marketing solutions for leading media companies such as Reuters, Sun Media, Radio One, Scripps, Media General, ABC Radio and Gannett.

MediaSpan conducts most of their corporate functions out of Melbourne, FL. Other locations include Santa Clemente, CA (online services) and New York City (network services). MediaSpan currently employs 96 full time associates at its Ann Arbor facility.

PROJECT DESCRIPTION:

The company is considering relocating their headquarters and corporate functions to the Ann Arbor facility. The Ann Arbor office currently houses their software development functions, which are also expected to grow.

Over the first five years of the project, the company anticipates total capital investment of \$1.75 million to expand and equip their Michigan offices, and the creation of up to 82 new jobs with an average weekly wage of \$1,007.

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BENEFIT TO STATE:

According to the economic analysis done by the MEDC utilizing Regional Economic Models, Inc. software, it is estimated that this facility will create a total of 191 jobs in the state by the year 2014. Total state government revenues through the year 2014, net of MEGA costs and adjusted for inflation, would be increased by \$2.8 million (2007 dollars) due to the expansion of this facility.

BUSINESS CASE:

The company is also considering an expansion of their Florida location or remaining in Raleigh, NC, where their chief financial officer is currently located. Higher capital costs and wages in Michigan will cost the company approximately \$500,000 per year once the project is fully staffed.

OTHER STATE AND LOCAL ASSISTANCE:

Scio Township has approved a local property tax abatement under Public Act 198 of 1974 for 12 years on new real and personal property. This abatement has an estimated value of \$89,000.

QUALIFYING HIGH TECHNOLOGY ACTIVITY:

The proposed facility is a qualified high-technology business, whose primary business activity is advanced computing technology used in the design and development of computer software and data communications, as defined in the Act.

LOOK BACK AGREEMENT REQUEST:

Because MEGA Board consideration was delayed due to the cancellation of the July board meeting, MEDC staff is recommending that the Board authorize a Look-Back credit so that the company can begin hiring new employees as of July 16, 2007.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent high technology look back employment tax credit for seven years, for up to 82 net new jobs.