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MEMORANDUM

Date: April 20, 2010

To: Michigan Economic Growth Authority

From: Amy Deprez, Manager
Packaging Team

Marcia Gebarowski, Project Specialist
Packaging Team

Subject: Briefing Memo – PSCU Financial Services, Inc.
Standard MEGA Credit

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COMPANY NAME
PSCU Financial Services, Inc.
560 Carillon Parkway
St. Petersburg, Florida 33716

HISTORY OF COMPANY
PSCU provides credit card related products and services to member Credit Unions across the country. PSCU develops many of the products they provide to their customers, and they provide their own support services from locations in Florida, Arizona and Michigan. In 2007, PSCU acquired and integrated Digital Dialogue, a software company in Southgate, into their business model.

Currently the company has 366 full-time and 54 part-time employees in Michigan.

PROJECT DESCRIPTION
PSCU is considering expanding their software development, sales and technology-based call center operations and related support services in Michigan. This would consist of consolidating two existing Michigan facilities (Auburn Hills and Southgate) into a single new facility in the City of Auburn Hills. The expansion of services may also include automated lending, student loan processing, cloud computing, automated decisioning, 24/7 call center support and the development and management of these technologies.

PSCU proposes to invest approximately \$12 million and create up to 837 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$585. 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 1,792 jobs in the state by the year 2014. Total state government revenues through the year 2014, net of MEGA costs, would be increased by \$13,134,267 (current dollars) due to the presence of this facility.

BUSINESS CASE

The company has Michigan operations as a result the purchase of Digital Dialogue, a highly successful software development firm, by PSCU in 2007. This project requires the ability to transmit large amounts of encrypted data between different PSCU locations, including their headquarters in Florida. An existing facility owned by PSCU in Arizona has the infrastructure to allow the secure transfer of data, but the Michigan facility does not. The company currently pays for a temporary service for the Michigan facility.

The facility in Arizona has the capacity to accommodate the growth as a result of this project. The company is also concerned with inclement weather in Michigan versus Arizona. In the event of inclement weather a power outage occurs or employees cannot come to work because of weather, business will have to be serviced from a back-up facility.

OTHER STATE AND LOCAL ASSISTANCE

The City of Auburn Hills is supportive of this project and will consider a PA 198 property tax abatement application upon application by the company. MEDC staff estimates the value of an eight year PA 198 abatement at \$349,836.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for 5 years for up to 837 net new employees in excess of the company's established base of 366 contingent on the following:

- The company locates into a permanent facility in Auburn Hills by 2014; and
- The company secures local property tax abatement from the City of Auburn Hills prior to activation of this credit.