CITY COUNCIL ACTION REPORT

October 23, 2006

TO: Phillip L. Nelson, City Manager

FROM: John M. Lamerato, Assistant City Manager-Finance/Administration
Brian Murphy, Assistant City Manager - Services
Nino Licari, City Assessor

SUBJECT: Public Hearing for Establishment of an Industrial Development District (IDD) for Grid4 Communications, 2107 Crooks, Troy MI 48084-5534

Background:

- Grid4 Communications is currently located at 900 Wilshire, Ste 310, in Troy. They are a telecommunications, cable, and Internet service provider. They have recently purchased the contracts of other firms, and are ready to expand their operations significantly. In conjunction with Michigan Economic Growth Authority (MEGA) grants, they are seeking (and MEGA requires) a local match to facilitate their ability to stay in Michigan, and more particularly, Troy.

  Our requested local match is for an Industrial Facilities Exemption Certificate (IFEC) to be issued by the City of Troy (application attached). This is according to Public Act 198 of 1974 (as amended) and local City policy. As you will recall, this amounts to an approximate 50% reduction in personal property taxes that they would pay, over a twelve (12) year period (the total percent may be slightly higher or lower than 50%, depending on how much of the 6 mill State Education Tax the State levies).

  In order to grant the IFEC, an Industrial Development District (IDD) must first be established. This District sets the boundaries wherein the exemption may exist.

  The IDD and the IFEC do require separate Public Hearings, unless the local unit has delineated all areas where IDD's may locate, in advance. Council's policy is to set the district as each application is received. For this reason, the bulk of the information for this application is presented with the District public hearing.

Financial Considerations:

- The estimated amount of investment in personal property is $750,000 for the project. Over a twelve (12) year life, the estimated total taxes are $54,844.35, of which $10,762.15 would be City taxes.

  A 50% abatement amounts to a savings of $27,422.18 in total taxes, of which $5,381.07 would be saved on City taxes. This is the financial cost to all taxing authorities.

Legal Considerations:

- The application meets all requirements of Public Act 198 of 1974 (as amended), the Plant Rehabilitation and Industrial Development Districts legislation.

Policy Considerations:

- The application is in compliance with the newly amended tax abatement policy of the City Council of the City of Troy (Resolution #2006-06-238, attached).

  City Council Goal II, "Retain and attract investment while encouraging redevelopment" is met with this expansion. Grid4 Communications currently occupies 4,600 square feet on Wilshire Drive. They will be substantially renovating and filling a vacant 32,901 square foot building on Crooks, and increasing their employee base dramatically.

  Since both legal and policy considerations are met, staff would recommend establishing the District.

Options:

- City Council has the option to establish an Industrial Development district, or not. If Council does not establish a District, then no Exemption can be granted. A public hearing is still necessary to deny the exemption.

NL/nl H:\I.F.T.\Grid4\CouncilPakIDD PH

grid4 communications
900 Wilshire Drive, Suite 310
Troy, MI 48084

RECEIVED
SEP 11 2006
CITY OF TROY
ASSESSING DEPT.

City of Troy
500 W. Big Beaver
Troy, MI 48084-5254
Attention: Mr. Leger A. Licari

Mr. Licari,

Please be advised, Grid4 Communications will be submitting an application for personal property tax exemption thru the Industrial Facility Tax Act.

Grid4 will be purchasing equipment to support various upcoming projects at 2107 Crooks Road, Troy, MI 48084.

Sincerely,

Douglas Black

Douglas Black
VP Network Engineering & Business Development

CELEBRATING 50 YEARS 1955-2005
City of Troy

500 West Big Beaver
Troy, Michigan 48084
www.troymi.gov

Area code (248)

Assessing
524-3311

Bldg. Inspections
524-3344

Bldg. Maintenance
524-3368

City Clerk
524-3316

City Manager
524-3330

Community Affairs
524-1147

Engineering
524-3383

Finance
524-3411

Fire-Administration
524-3419

Human Resources
524-3339

Information Services
619-7279

Law
524-3320

Library
524-3545

Parks & Recreation
524-3484

Planning
524-3364

Police-Administration
524-3443

Public Works
524-3370

Purchasing
524-3338

Real Estate & Development
524-3498

Treasurer
524-3334

General Information
524-3300

August 29, 2006

Leah Maher
Michigan Economic Development Corporation
300 North Washington Square, 3rd Floor
Lansing, Michigan 48913

Re: Grid 4

Dear Ms. Maher,

The City of Troy is excited about working with MEDC to try to secure the headquarters of Grid 4 in our community. Troy is aware that this is a very competitive situation, and with Council's concurrence, the city will do everything we can as a community to attract these operations to the City of Troy.

We are pleased that our community has a building that meets the needs of Grid 4. We understand that the opportunity is conditioned on a MEGA set of financial incentives from the State of Michigan.

The MEGA legislation requires a local contribution. Management will recommend to the City Council that we fulfill the local match by offering a PA198 IFT tax abatement for personal property. We will present the matter at the earliest Council meeting after receipt of the complete application.

Please use this letter as an indication of our commitment of support for this project. After formal approval has been secured, we will forward a copy of our council's resolution, formalizing our support.

I look forward to working with you and your staff on this project.

Sincerely yours,

Phil Nelson
City Manager

cc: Mark Adams

H:\MurphyBP\Grid 4 MEDC Mega letter.doc

Michigan Department of Treasury
1012 (Rev. 4-06)

Application for Industrial Facilities Tax Exemption Certificate

Issued under authority of P.A. 198 of 1974, as amended. Filing is mandatory.

INSTRUCTIONS: File the original and two copies of this form and the required attachments (three complete sets) with the clerk of the local government unit. The State Tax Commission (STC) requires two complete sets (one original and one copy). One copy is retained by the clerk. If you have any questions regarding the completion of this form or would like to request an informational packet, call (517) 373-3272.

To be completed by Clerk of Local Government Unit	
Signature of Clerk	Date received by Local Unit
STC Use Only	
Application Number	Date Received by STC

APPLICANT INFORMATION

All boxes must be completed.

1a. Company Name (Applicant must be the occupant/operator of the facility) Grid4 Communications	1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (Four or Six Digit Code) 4813	
1c. Address of Facility (real property or personal property location) 2107 Crooks Road	1d. Name of City/Township/Village (Indicate which) Troy	1e. County Oakland
2. Type of Approval Requested ☒ New (Sec. 2(4)) ☐ Transfer (1 copy only) ☐ Speculative Building (Sec. 3(8)) ☐ Rehabilitation (Sec. 3(1)) ☐ Research and Development (Sec. 2(9))	3a. School District where facility is located Troy	3b. School Code 63150
	4. Amount of years requested for exemption (1-12 Years) 12	

5. Thoroughly describe the project for which exemption is sought: Real Property (Type of Improvements to Land, Building, Size of Addition); Personal Property (Explain New, Used, Transferred from Out-of-State, etc.) and Proposed Use of Facility. (Please attach additional page(s) if more room is needed).

See attachment for details

SEP 29 2006
CITY OF TROY
ASSESSING DEPT.

6a. Cost of land and building improvements (excluding cost of land) * Attach list of improvements and associated costs. * Also attach a copy of building permit if project has already begun.	Real Property Costs
6b. Cost of machinery, equipment, furniture and fixtures * Attach itemized listing with month, day and year of beginning of installation plus total costs	$750,000.00 Personal Property Costs
6c. Total Project Costs * Round Costs to Nearest Dollar	$750,000.00 Total of Real & Personal Costs

7. Indicate the time schedule for start and finish of construction and equipment installation. Projects must be completed within a two year period of the effective date of the certificate unless otherwise approved by the STC.

	Begin Date (M/D/Y)	End Date (M/D/Y)	
Real Property Improvements	10/27/06	9/1/08	☒ Owned ☐ Leased
Personal Property Improvements	1/1/07	9/1/08	☒ Owned ☐ Leased

8. Are State Education Taxes reduced or abated by the Michigan Economic Development Corporation (MEDC)? If yes, applicant must attach a signed MEDC Letter of Committment to receive this exemption. ☐ Yes ☒ No

9. Number of existing jobs at this facility that will be retained as a result of this project. 15	10. Number of new jobs at this facility expected to be created within two years of project completion. 50

11. Rehabilitation applications only: Complete a, b and c of this section. You must attach the assessor's statement of valuation for the entire plant rehabilitation district and obsolescence statement for property. The SEV data below must be as of December 31 of the year prior to the rehabilitation.

a. SEV of Real Property (excluding land) .....
b. SEV of Personal Property (excluding inventory) .....
c. Total SEV .....

12a. Check the type of District the facility is located in:
☒ Industrial Development District ☐ Plant Rehabilitation District

12b. Date district was established by local government unit (contact local unit)	12c. Is this application for a speculative builiding (Sec. 3(8))? ☐ Yes ☒ No

APPLICANT CERTIFICATION - complete all boxes.

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all are truly descriptive of the industrial property for which this application is being submitted.

It is further certified that the undersigned is familiar with the provisions of P.A. 198 of 1974, as amended, being Sections 207.551 to 207.572, inclusive, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local unit of government and the issuance of an Industrial Facilities Exemption Certificate by the State Tax Commission.

13a. Preparer Name	13b. Phone Number	13c. Fax Number	13d. E-mail Address
Douglas Black	(248) 918-2851	(248) 244-9400	dblack@grid4.com
14a. Name of Contact Person	14b. Phone Number	14c. Fax Number	14d. E-mail Address
Douglas Black	(248) 918-2851	(248) 244-9400	dblack@grid4.com
15a. Name of Company Officer (No Authorized Agents)			
C. Christopher Hopkins			
15b. Signature of Company Officer (No Authorized Agents)		15c. Fax Number	15d. Date
		(248) 244-9400	9/20/06
15e. Mailing Address (Street, City, State, ZIP)		15f. Phone Number	15g. E-mail Address
900 Wilshire Drive, Suite 310, Troy, MI 48084		(248) 244-8100	chopkins@grid4.com

LOCAL GOVERNMENT ACTION & CERTIFICATION - complete all boxes.

This section must be completed by the clerk of the local governing unit before submitting application to the State Tax Commission. Check items on file at the Local Unit and those included with the submittal.

16. Action taken by local government unit

- ☐ Abatement Approved for _____ Years (1-12)
  - After Completion ☐ Yes ☐ No
- ☐ Denied (Include Resolution Denying)

16a. Documents Required to be on file with the Local Unit
Check or Indicate N/A if Not Applicable

- ☐ [illegible]
- ☐ 2. Notice to taxing authorities of opportunity for a hearing.
- ☐ 3. List of taxing authorities notified for district and application action.
- ☐ 4. Lease Agreement showing applicants tax liability.

16b. The State Tax Commission Requires the following documents be filed for an administratively complete application:
Check or Indicate N/A if Not Applicable

- ☐ 1. Original Application plus attachments, and one complete copy
- ☐ 2. Resolution establishing district
- ☐ 3. Resolution approving/denying application.
- ☐ 4. Letter of Agreement (Signed by local unit and applicant)
- ☐ 5. Affidavit of Fees (Signed by local unit and applicant)
- ☐ 6. Building Permit for real improvements if project has already begun
- ☐ 7. Equipment List with dates of beginning of installation
- ☐ 8. Form 3222 (if applicable)
- ☐ 9. Speculative building resolution and affidavits (if applicable)

16c. LUCI Code	16d. School Code
17. Name of Local Government Body	18. Date of Resolution Approving/Denying this Application

Attached hereto is an original and one copy of the application and all documents listed in 16b. I also certify that all documents listed in 16a are on file at the local unit for inspection at any time.

19a. Signature of Clerk	19b. Name of Clerk	19c. E-mail Address
19d. Clerk's Mailing Address (Street, City, State, ZIP Code)		
19e. Phone Number	19f. Fax Number	

State Tax Commission Rule Number 57: Complete applications approved by the local unit and received by the State Tax Commission by October 31 each year will be acted upon by December 31. Applications received after October 31 may be acted upon in the following year.

Local Unit: Mail one original and one copy of the completed application and all required attachments to:

State Tax Commission
Michigan Department of Treasury
P.O. Box 30471
Lansing, MI 48909-7971

(For guaranteed receipt by the STC, it is recommended that applications are sent by certified mail.)

STC USE ONLY			
LUCI Code	Begin Date	End Date	End Date2

Grid4 Communications looks to make a substantial investment by renovating a newly purchased commercial building in Troy, Michigan. This investment provides for improvements in the premises' exterior, interior and the addition of personal property to support our new business unit.

Exterior renovations include, but not limited too, replacing numerous damaged windows, sandblasting and repainting of the brick, landscaping modifications and the complete resurfacing of a 116-spot parking lot.

Interior renovations include the addition and removal of interior walls, new carpeting, paint and the removal of previous occupant's industrial systems. Major interior renovations also include establishing our planned state-of-the-art data center. This center will provide affordable solutions for businesses to address data back-up for business disaster recovery.

Additions to our personal property will come from adding the assets require to support new employees at this location. Personal computers, printers, scanners, fax machines, network servers and numerous other components will be required. Additionally, a substantial investment will be made in computer related hardware necessary to support our new businesses unit.

City of Troy
2107 Crooks

Personal Property	Total Cost	Date
Generator	$ 150,000.00	3/1/2007
FM-200	$ 60,000.00	3/1/2007
HVAC	$ 80,000.00	3/1/2007
Power Distribution Unit	$ 15,000.00	3/1/2007
UPS	$ 45,000.00	3/1/2007
MISC: Racking, Labor, Iron Work, ETC	$ 70,000.00	3/1/2007
Office Furniture & Fixtures	$ 150,000.00	1/1/2007
Employee Property	$ 100,000.00	1/1/2007
Total:	**$ 670,000.00**	

Land And Building Improvements	Total Cost
Data Center Construction-Building	$ 80,000.00
Parking lot resurface	
Landscape Improvement	$ 10,000.00
Window Replacement	$ 15,000.00
MISC building modifications	$ 10,000.00
Total:	**$ 115,000.00**

Michigan Department of Treasury
3222 (Rev. 6-05)

Applicant Name
Grid4 Communications

Fiscal Statement (to be completed by local unit)

Is this project:	YES	NO
Real Property?	☐	☒
Personal Property?	☒	☐
Both Real and Personal Property - New Facility?	☐	☒
Both Real and Personal Property - Rehabilitation Facility?	☐	☒
Both New and Replacement Facility?	☐	☒

Estimated Project Investment (not assessed value):

Real Property	Personal Property	Total
	$750,000.00	$750,000.00

	YES	NO	REMARKS
1. A. Has the proper local authority reviewed the plan?	☒	☐	
B. Is the project located in a certified industrial park?	☐	☒	
C. Is this a renovation or expansion of an existing building?	☐	☒	
2. Will this project require improvement of your road service?	☐	☒	
3. Will this project require improvement of your sanitary sewer services?	☐	☒	
4. Will this project require improvement of your storm sewer services?	☐	☒	
5. Will this project require improvement of your water services?	☐	☒	
6. Will this project require additional police personnel, police equipment or a need for new police building expansion?	☐	☒	
7. Will this project require the need for additional fire personnel, additional or specialized fire equipment or the need for a new fire building?	☐	☒	
8. Will this project require other costs?	☐	☒	
9. Are costs of infrastructure elements to be provided through Local Development Finance Authority or Tax Increment Finance Authority Bonds?	☐	☒	

If you answered yes to any of questions 2 through 8, the appropriate sections of the Supplement to Fiscal Statement form must be completed and accompany the IFT application. Call (517) 373-3272 to obtain that form.

LOCAL UNIT CERTIFICATION

This is to certify that the following has been provided as accurately as possible.

Signature	Name and Title of Local Governmental Unit Official
Lynn A. Mundt Kucari	City Assessor, City of Troy

City of Troy - Assessing Department
Grid4 Communications
Estimate of Total Taxes and Tax Savings for IFEC Application

Market Value	750,000	687,525	572,983	429,795	286,587	167,224	83,645	34,872	11,633	2,912	486	41	0
50% of Value	375,000	343,763	286,492	214,897	143,294	83,612	41,823	17,436	5,817	1,456	243	20	0
Year		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
Depreciation		0.9167	0.8334	0.7501	0.6668	0.5835	0.5002	0.4169	0.3336	0.2503	0.1670	0.0837	0.0004
Taxable Value		343,763	286,492	214,897	143,294	83,612	41,823	17,436	5,817	1,456	243	20	0
Taxes		**Taxes**	**Taxes**	**Taxes**	**Taxes**	**Taxes**	**Taxes**	**Taxes**	**Taxes**	**Taxes**	**Taxes**	**Taxes**	**Taxes**
	100% of Millage												
Trans	0.59500	$204.54	$170.46	$127.86	$85.26	$49.75	$24.88	$10.37	$3.46	$0.87	$0.14	$0.01	$0.00
County	4.64610	$1,597.15	$1,331.07	$998.43	$665.76	$388.47	$194.31	$81.01	$27.02	$6.76	$1.13	$0.09	$0.00
Int Schools	3.36900	$1,158.14	$965.19	$723.99	$482.76	$281.69	$140.90	$58.74	$19.60	$4.90	$0.82	$0.07	$0.00
Comm Coll	1.58440	$544.66	$453.92	$340.48	$227.03	$132.47	$66.26	$27.63	$9.22	$2.31	$0.39	$0.03	$0.00
State Ed	6.00000	$2,062.58	$1,718.95	$1,289.38	$859.76	$501.67	$250.94	$104.62	$34.90	$8.74	$1.46	$0.12	$0.00
School Op	18.00000	$6,187.73	$5,156.85	$3,868.15	$2,579.28	$1,505.01	$752.81	$313.85	$104.70	$26.21	$4.38	$0.37	$0.00
Sch Debt	4.13000	$1,419.74	$1,183.21	$887.53	$591.80	$345.32	$172.73	$72.01	$24.02	$6.01	$1.00	$0.08	$0.00
Admin	0.38310	$131.70	$109.75	$82.33	$54.90	$32.03	$16.02	$6.68	$2.23	$0.56	$0.09	$0.01	$0.00
City	9.45000	$3,248.56	$2,707.35	$2,030.78	$1,354.12	$790.13	$395.22	$164.77	$54.97	$13.76	$2.30	$0.19	$0.00
Total	48.15760	$16,554.78	$13,796.75	$10,348.94	$6,900.68	$4,026.54	$2,014.08	$839.67	$280.11	$70.11	$11.71	$0.98	$0.00

Total 12 Years	$54,844.35	
Total City 12 Yr	$10,762.15	
50% Total 12 Yr	$27,422.18	**Net Total Taxes Abated**
50% Total City 12	$5,381.07	**Net Total City Taxes Abated**

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

300 N. WASHINGTON SQ.
LANSING, MI 48913

CUSTOMER
CONTACT CENTER
517 373 9808

WWW.MICHIGAN.ORG

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ROBERT W. SWANSON
Michigan Department of Labor
& Economic Growth
DENNIS R. TOFFOLO
Oakland County
PETER S. WALTERS
Guardian Industries Corp.

October 9, 2006

RECEIVED
OCT 11 2006
CITY OF TROY
CITY MANAGER'S OFFICE

Mr. Phil Nelson
City Manager
City of Troy
500 West Big Beaver
Troy, Michigan 48084

Dear Mr. Nelson:

Thank you for working with Ms. Jennifer Owens and the Michigan Economic Development Corporation (MEDC) to facilitate Grid 4 Communications' expansion in the State of Michigan. Enclosed is a copy of our correspondence that commits up to $560,000 in local and state assistance for this project.

As you review the commitment letter, I want to reiterate the conditions for awarding our state incentives. First, the resulting project must meet program requirements. Second, the offered incentives are subject to an application review process. Acceptance of this offer must be received by December 8, 2006, otherwise, the incentives and services in this letter will be subject to renegotiation.

If you have any questions regarding this project or the state's commitment for this project, please call Ms. Jennifer Owens directly at (517) 335-0761. Otherwise, please sign where indicated below, and return to the MEDC by the due date.

Sincerely,

James C. Epolito
President and CEO

Enclosures

cc: C. Christopher Hopkins
Jennifer Owens
Leah Maher

We concur with the terms and conditions outlined in the MEDC commitment letter dated October 9, 2006.

Phil Nelson, City Manager

Oct. 11, 2006
Date

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

300 N. WASHINGTON SQ.
LANSING, MI 48913

CUSTOMER
CONTACT CENTER
517 373 9808

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Michigan Department of Labor
& Economic Growth
DENNIS R. TOFFOLO
Oakland County
PETER S. WALTERS
Guardian Industries Corp.

October 9, 2006

Mr. C. Christopher Hopkins
President and Chief Executive Officer
Grid 4 Communications
900 Wilshire Drive, Suite 310
Troy, Michigan 48084

Dear Mr. Hopkins:

Grid 4 Communications' proposed project is very important to the State of Michigan and the City of Troy. We want to attract your proposed expansion, which requires an investment of $500,000, and will create 33 new jobs in the next 5 years. The Michigan Economic Development Corporation (MEDC) would like to take this opportunity to summarize the support and commitment we are willing to provide to Grid 4 Communications if you decide to expand your business in Michigan.

MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA) EMPLOYMENT TAX CREDIT: Michigan provides a corporate tax credit based on the personal income tax generated through the development of high-tech businesses that create high wage, high quality jobs in Michigan that would not otherwise occur without the incentive program. Because of the economic benefit to the State of Michigan that this project presents, the MEDC and the MEGA board of directors have approved corporate tax credits should your company locate the data center in the City of Troy. Assuming 33 new jobs and a $500,000 investment, the MEDC estimates the value of this incentive could be up to $542,500 over six years.

It is important to note that the Single Business Tax, the tax to which the MEGA credits were traditionally applied, has been repealed by the Michigan Legislature. As no replacement tax has been named, the credits awarded by the MEGA are awarded with the assumption that the credits will be applied to the replacement tax when such tax has been identified.

PROPERTY TAX ABATEMENT (PA 198): The City of Troy is eligible to grant a property tax abatement of 50 percent of the state and local operating mills for a negotiated period of time. Using the figures you provided of $420,000 of equipment value and $80,000 of building improvements, and assuming a 6-year tax abatement is provided by the local community, the property tax abatement is estimated to be worth up to $17,485.

The total value of this economic development package is up to $560,000 in state and local resources. Proposed incentives are dependent on availability of funds each year through the legislative budget process. This amount is contingent upon your project: (1) meeting program requirements and (2) being subject to an application review process. Acceptance of this offer must be received by the MEDC by December 8, 2006, otherwise, the incentives and services in this letter will be subject to renegotiation.

We look forward to your company's continued growth in the City of Troy. If you have questions or concerns, please contact Ms. Jennifer Owens at (517) 335-0761. Ms. Owens will coordinate all aspects of your company's expansion process in Michigan.

Sincerely,

James C. Epolito
President and CEO

cc: Phil Nelson
Jennifer Owens
Leah Maher

The undersigned agrees to accept the above incentives and services of the MEDC subject to the conditions stated in this letter.

_____ _____

Mr. C. Christopher Hopkins
Grid 4 Communications

Date

Incentive/Tax Savings Summary
Grid 4 Communications
The City of Troy

	Local Tax Savings	State Tax Savings	Other Savings	Total
MEGA Employment Tax Credit		$ 542,500		$ 542,500
Property Tax (PA 198)	$ 10,000	$ 7,500		$ 17,500
EXPECTED SAVINGS	$ 10,000	$ 550,000	$ -	$ 560,000
TOTAL SAVINGS*				$ 560,000

* Cost Savings are estimates based on job creation, investment, and other information provided by the client.

STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

JOHN D. CHERRY, JR.
LT. GOVERNOR

FOR IMMEDIATE RELEASE
September 19, 2006

Contact: Michael Shore, MEDC
(517) 335-4590

Granholm Announces Grid4 Communications to Expand in Troy, Create High-Tech Michigan Jobs

Telecommunications Company Chooses Michigan for State-of-the-Art Data Center

Governor Jennifer M. Granholm today announced Grid4 Communications Inc. will invest $500,000 to expand its headquarters in Troy, including the installation of a state-of-the-art data center to support new products and services for Michigan businesses. The project will create 48 new jobs, including 33 directly by the company. Assistance offered through the Michigan Economic Development Corporation helped convince the company to choose Michigan instead of competing sites in Florida and Texas.

"We are working every day to bring high-tech companies, and jobs, to Michigan," Granholm said. "Grid4's decision to invest and create these high-paying jobs in Michigan is further evidence that our comprehensive economic plan is beginning to pay dividends."

The MEDC approved a Single Business Tax credit valued at $501,000 over six years to win the company's investment. The city of Troy has proposed a six-year tax abatement valued at $17,485 to support the project.

"This project will be mutually beneficial for both Grid4 and the state," MEDC President and CEO James C. Epolito said. "Michigan's deep pool of talented and educated workers will help the company succeed in a fiercely competitive global economy and in turn Grid4 will help strengthen the state's high-tech infrastructure and entice more high-tech companies to choose Michigan."

An economic analysis conducted by the MEDC estimates that increased economic activity created by the expansions will generate an additional 15 indirect Michigan jobs, in addition to the 33 created directly by the company. The project is expected to generate more than $13 million in personal income for Michigan workers over the life of the tax credit.

(more)

"Michigan represents a unique opportunity for high-tech competitive phone companies like Grid4," Grid4 President and CEO Chris Hopkins said. "This data center build supported by the MEDC is a clear win for both Michigan businesses and residents in the selection of a communications provider and the creation of much-needed high-tech jobs. We want to thank the MEDC, Oakland County and the city of Troy for recognizing the value that high-tech companies like Grid4 bring to the state."

The Grid4 Communications expansion is one of nine economic development projects the Governor announced today. In all, they are expected to create and retain a total of 1,009 Michigan jobs.

Founded in 2001, Grid4 Communications is a Michigan-based, privately-held, facilities-based Competitive Local Exchange Carrier. The company delivers a host of retail and wholesale carrier class Next Generation IP Communication services including Voice over IP (VOIP), Hi-Speed Internet, Private Data Networking Services, Unified Communications and Managed Solutions for Business.

"Grid4 is just the kind of company we envisioned when we created the Emerging Sectors business development strategy," Oakland County Executive L. Brooks Patterson said. "It is a growing technology company whose presence here increases our tax base and enhances our attractiveness as a business location while creating high-paying technical jobs for our residents. I'm thrilled for Troy and for Oakland County."

In her 2006 State of the State address, Granholm emphasized the importance of making Michigan a global economic powerhouse in the 21st century. Since January 2005, the Governor and the MEDC have announced the creation or retention of more than 152,000 jobs as a result of targeted assistance provided by the MEDC.

"The city of Troy is very excited to partner with the state of Michigan, and Grid 4, to help to insure that this outstanding high-tech company is able to expand it's facilities, increase the number of employees it has, and remain here in Troy, where so many other high-tech firms have chosen to do business," Troy City Manager Phillip Nelson said.

The Michigan Economic Development Corporation, a partnership between the state and local communities, promotes smart economic growth by developing strategies and providing services to create and retain good jobs and a high quality of life. For more information on the Michigan Economic Development Corporation's initiatives and programs, visit the Web site at www.michigan.org.

(more)

Grid4 Communications Inc.
Economic Analysis
Summary Estimates
(All estimates in 2006 dollars)

TOTAL JOBS CREATED		**48**
Direct		33
Indirect		15
NET POSITIVE STATE REVENUE IMPACT	$	565,000
Revenue Foregone	$	501,000
Revenue Gain	$	**1,066,000**
Average Weekly Wage	$	1,276
Personal Income Generated Over Life of the Seven-Year Tax Credit Agreement	$	13,845,000

# # #

F-5 Amending the Personal Property Tax Abatement for Manufacturing and Headquarter Companies

Resolution #2006-06-238
Moved by Beltramini
Seconded by Fleming

WHEREAS, The City of Troy has the economic objective of (a) increasing employment opportunities, (b) diversifying and stabilizing the industrial base of the community, (c) reducing economic obsolescence of the industrial base, (d) providing homogenous industrial areas, (e) encouraging industrial expansion, (f) providing for improved public facilities in industrial areas, and (g) encouraging attractive, viable industrial sites, and

WHEREAS, The Industrial Facilities Tax Act (P.A. 1974 No. 198), as amended, empowers cities to establish Industrial Development Districts (IDD) and to grant tax exemptions for certain industrial properties which meet certain criteria established by the Act;

THEREFORE, BE IT RESOLVED, By the City Council of the City of Troy, that the following criteria are to be met, applied or measured by the City Manager or his designees in the review of areas and locations to be considered for designation as Industrial Development Districts (IDD) by the City Council:

1) That the tax exemption shall <u>not</u> apply to real property except those building improvements which are uniquely required to support the personal property to be abated; and

2) That the tax exemption shall not apply to leasehold improvements or building improvements <u>except</u> those uniquely required to support personal property to be abated; and

3) That said abatement of taxes shall cease at such time as applicant fails to prove by factual evidence that such personal property is being used in compliance with the basic guidelines established above.

4) The applicant would document that they are Michigan Economic Growth Authority (MEGA) eligible, would be filling vacant Troy space, or will retain or expand the number of jobs in Troy.

BE IT FINALLY RESOLVED, That the term of abatement for any and all property meeting the aforementioned criteria **SHALL NOT** exceed 12 years, it being the **INTENT OF THE CITY COUNCIL TO APPROVE** various lengths of abatements to the extent provided by laws of the State of Michigan.

Yes: Fleming, Lambert, Schilling, Beltramini
No: Howrylak
Absent: Broomfield, Stine

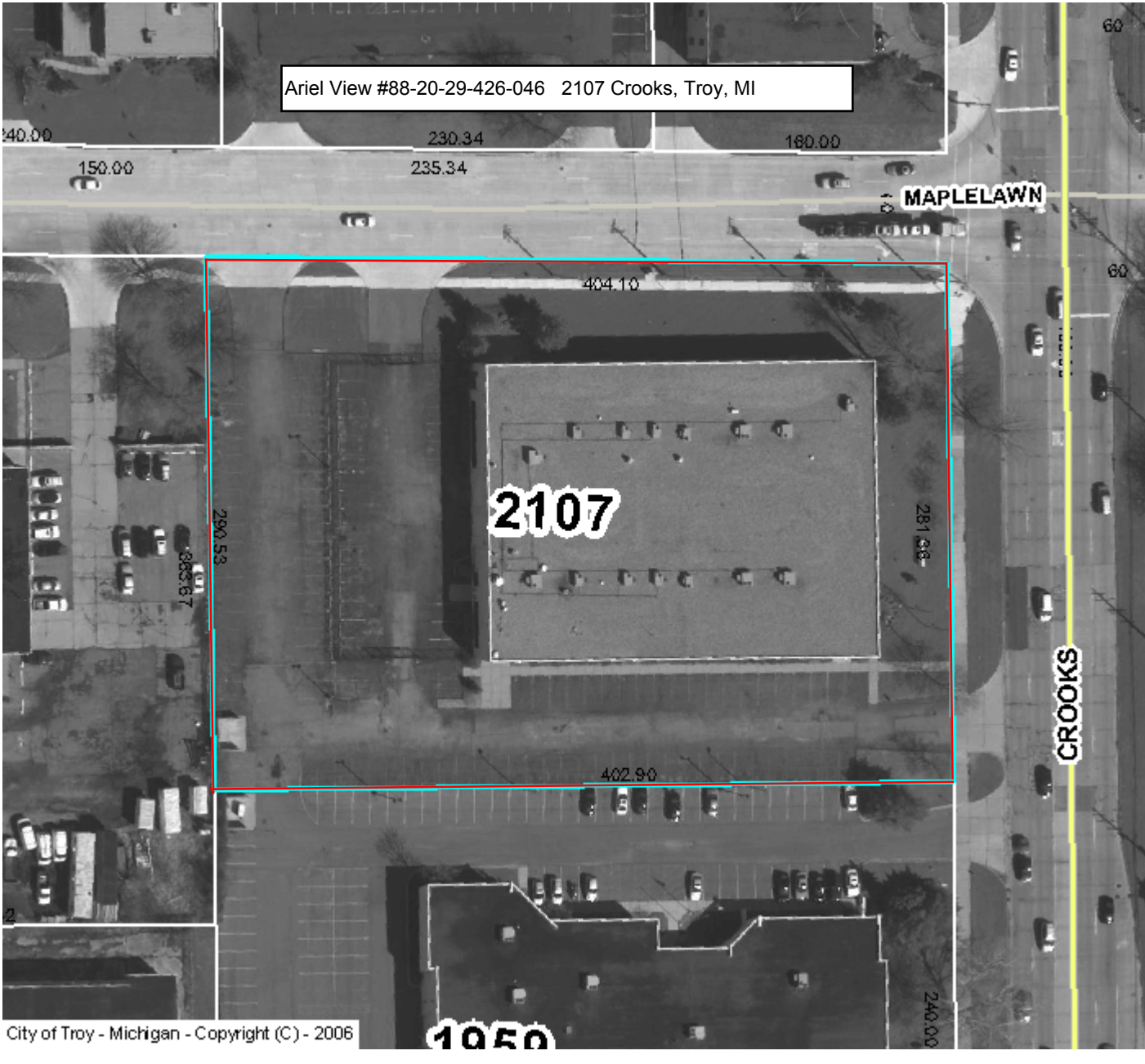
MOTION CARRIED

Legal Description for Grid4 Communications property at 2107 Crooks, Troy, MI.

88-20-29-426-046

T2N, R11E, Sec 29
Part of SE ¼
Beg at Pt Dist
N 00-53-00 E 1,556.20 Ft &
N 89-07-00 W 60.00 Ft
From SE Sec Cor,
Th N 89-07-00 W 402.90 Ft,
Th N 00-41-00 E 290.53 Ft,
Th S 87-49-00 E 404.10 Ft,
Th S 00-53-00 W 281.36 Ft
To Beg. 2.65A
12/20/84 From –012, -013, & -014

Parcel Map #88-20-29-426-046 2107 Crooks, Troy, MI


Ariel View #88-20-29-426-046 2107 Crooks, Troy, MI
240.00
230.34
160.00
150.00
235.34
MAPLELAWN
60
404.10
2107
290.53
281.88
88367
CROOKS
402.90
240.00
City of Troy - Michigan - Copyright (C) - 2006

October 10, 2006

To: State Tax Commission
P.O. Box 30471
Lansing, MI 48909-7971

From: Leger (Nino) Licari, Assessor

Re: Affidavit of Application Fees For IFEC

This affidavit attests that no payment of any kind has been made or promised in exchange for favorable consideration of an exemption certificate application by the City of Troy, in regards to the application of Grid4 Communications, at 2107 Crooks, Troy, Michigan.

_____ _____
Signed, Leger (Nino) Licari, City Assessor Dated

_____ _____
Signed, Dated

CITY OF TROY
INDUSTRIAL FACILITIES EXEMPTION
CERTIFICATE LETTER OF AGREEMENT

This agreement between **Grid4 Communications**, ("Company") and the **City of Troy**, is for the purpose of fulfilling the requirements of Public Act 198, as amended in Public Act 334, Section 22.

In consideration of approval of an Industrial Facilities Exemption Certificate (IFEC), **Grid4 Communications**, understands that through its investment of $ 750,000 and its qualification for Michigan Economic Growth Authority incentives, and the **City of Troy**, by its investment of the Industrial Facilities Exemption Certificate, are mutually investing in and benefiting from this economic development project, and furthermore, agree to the following:

1.) The length of time for which the abatement is approved is __ years after either completion of construction of the facilities, or December 31, 2008, whichever is sooner.

2.) At the end of two (2) years or no later than December 31, 2008, **Grid4 Communications** will report to the Assessing Department of the City of Troy the actual cost of this project and indicate any differences and the reason for any differences in the cost or scope of the project as compared to the IFEC application submitted by the Company.

3.) **Grid4 Communications,** agrees to remain within the City of Troy for the period of the Industrial Facilities Tax (IFT) abatement in order to retain the benefits of the IFT, unless permission for relocation is granted by the **City Council of the City of Troy.**

Grid4 Communications, further understands that if it chooses to leave the City of Troy without permission for relocation prior to the end of the term of the IFT, the **City Council of the City of Troy** has the right to recapture from the Company the total amount of taxes abated by the IFT.

4.) **Grid4 Communications,** understands that the City of Troy may reduce the term of the IFEC, revoke the IFEC and/or recover from the Company, the amount of taxes which were abated if the project has not been completed, expenditures made, as represented by the Company, in Section 12'C of its application, by sending a copy of this Agreement along with a copy of the City Council Resolution authorizing such action to the State Tax Commission.

5.) **Grid4 Communications,** agrees that it will operate the Project in accordance with all applicable Federal, State and Local laws or regulations, including but not limited to zoning, outside storage, industrial waste disposal, air and water quality, noise control, other environmental regulations, and all of the terms and conditions of the Consent Judgment governing the parcel.

6.) By execution of the Agreement, it is understood that the Company's investment in the Project, and the City of Troy's investment in the granting of the IFEC is to encourage economic growth within the City of Troy.

The City of Troy acknowledges that in some instances economic conditions may prevent the Company from complying fully with this Agreement, and the terms of the Application. The City of Troy will give the Company an opportunity to explain the reasons for any variations from the representations contained in the Application and will evaluate the Company's situation prior to taking any action authorized by Paragraph 4 and 5 of this Letter of Agreement.

7.) This Agreement constitutes the entire Agreement between the parties and there are no other remedies for breach of this Agreement other than as specified in this Agreement or as provided for in Public Act 198.

This agreement may only be altered upon mutual consent of both parties.

CITY OF TROY
INDUSTRIAL FACILITIES EXEMPTION
CERTIFICATE LETTER OF AGREEMENT
(Signature page)

Signed: _____ _____
(date)

Name:

Title:

Signed: _____ _____
Louise E. Schilling , Mayor (date)
City of Troy
500 W Big Beaver
Troy, MI 48084-5285

Signed: _____ _____
Tonni L. Bartholomew (date)
City Clerk

MICHAEL ADAMCZYK
TROY SCHOOL DISTRICT
4400 LIVERNOIS
TROY MI 48098-4799

CLARENCE E BRANTLEY
OAKLAND COMMUNITY COLLEGE
2480 OPDYKE
BLOOMFIELD HILLS MI 48304-2266

OAKLAND INTERMEDIATE SCHOOLS
2100 PONTIAC LAKE
WATERFORD MI 48328

PATRICK DOHANY
OAKLAND COUNTY PTA
1200 N TELEGRAPH Dept 479
PONTIAC MI 48341-0479

DAVID HIEBER
OAKLAND COUNTY EQUALIZATION
250 ELIZABETH LAKE RD 1000 W
PONTIAC MI 48341

GRID4 COMMUNICATION
900 WILSHIRE STE 310
TROY MI 48084

Formatted for Avery 5160 & 5960

AFFIDAVIT OF PUBLICATION

State of Michigan

County of Oakland

City of Troy

RE: Public Hearing for IDD & IFEC – Section 29, Grid4 Communications, for the Granting Of An Industrial Facilities Exemption Certificate (IFEC) and for the Establishment Of An Industrial Development District (IDD) at T2N, R11E, of Section 29 – 2107 Crooks, Troy, Michigan – Parcel # 88-20-29-426-046

I, hereby certify that I emailed the attached notice to the Somerset Gazette and mailed by first class mail to the attached listing on Tuesday, October 3, 2006:

Barbara A. Holmes

Barbara A. Holmes, CMC
Deputy City Clerk

PUBLISHED: Monday, October 9, 2006

CITY OF TROY

PUBLIC HEARING

A Public Hearing will be held by and before the City Council of the City of Troy at City Hall, 500 W. Big Beaver, Troy, Michigan on Monday, October 23, 2006 at 7:30 P.M. to consider the request from Grid4 Communications, for the establishment of an Industrial Development District (IDD) at the following location:

T2N, R11, E, of Section 29

2107 Crooks, Troy, Michigan 48084-5534,

Parcel # 88-20-29-426-046

You may express your comments regarding this matter by writing to this office, or by attending the Public Hearing.

_____

Tonni Bartholomew, MMC
City Clerk

NOTICE: *People with disabilities needing accommodations for effective participation in this meeting should contact the City Clerk by e-mail at clerk@ci.troy.mi.us or by calling (248) 524-3317 at least two working days in advance of the meeting. An attempt will be made to make reasonable accommodations.*

CITY OF TROY

PUBLIC HEARING

A Public Hearing will be held by and before the City Council of the City of Troy at City Hall, 500 W. Big Beaver, Troy, Michigan on Monday, October 23, 2006 at 7:30 P.M. to consider the request from Grid4 Communications, for the granting of an Industrial Facilities Exemption Certificate (IFEC) for a period not to exceed 12 years, beginning December 31, 2006, for personal property located at:

T2N, R11, E, of Section 29
2107 Crooks, Troy, Michigan 48084-5534,
Parcel # 88-20-29-426-046

You may express your comments regarding this matter by writing to this office, or by attending the Public Hearing.

_____
Tonni Bartholomew, MMC
City Clerk

NOTICE: *People with disabilities needing accommodations for effective participation in this meeting should contact the City Clerk by e-mail at clerk@ci.troy.mi.us or by calling (248) 524-3317 at least two working days in advance of the meeting. An attempt will be made to make reasonable accommodations.*